To the Members,

KOTAK MAHINDRA BANK LIMITED


FINANCIAL HIGHLIGHTS

(A) Consolidated*:

<table>
<thead>
<tr>
<th></th>
<th>FY 2022-23 (in crore)</th>
<th>FY 2021-22* (in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>68,142.03</td>
<td>58,681.68</td>
</tr>
<tr>
<td>Total expenditure, excluding provisions and contingencies</td>
<td>48,056.16</td>
<td>41,962.87</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>20,085.86</td>
<td>16,718.81</td>
</tr>
<tr>
<td>Provisions and contingencies, excluding provision for tax</td>
<td>439.68</td>
<td>770.51</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>19,646.18</td>
<td>15,948.30</td>
</tr>
<tr>
<td>Provision for Taxes</td>
<td>4,865.74</td>
<td>4,016.43</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>14,780.44</td>
<td>11,931.87</td>
</tr>
<tr>
<td>Add: Share in Profit of Associates</td>
<td>144.57</td>
<td>157.52</td>
</tr>
<tr>
<td>Consolidated Profit for the Group</td>
<td>14,925.01</td>
<td>12,089.39</td>
</tr>
<tr>
<td>Earnings per equity share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic (₹)</td>
<td>74.96</td>
<td>60.76</td>
</tr>
<tr>
<td>Diluted (₹)</td>
<td>74.94</td>
<td>60.73</td>
</tr>
</tbody>
</table>

Notes:
- 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. 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”).
- Previous year amounts have been re-classified for consistency with the current year presentation, wherever necessary.

(B) Standalone:

<table>
<thead>
<tr>
<th></th>
<th>FY 2022-23 (in crore)</th>
<th>FY 2021-22* (in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>41,333.90</td>
<td>33,024.74</td>
</tr>
<tr>
<td>Total expenditure, excluding provisions and contingencies</td>
<td>26,485.93</td>
<td>20,973.87</td>
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<tr>
<td>Operating Profit</td>
<td>14,847.97</td>
<td>12,050.87</td>
</tr>
<tr>
<td>Provisions and contingencies, excluding provision for tax</td>
<td>456.99</td>
<td>689.56</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>14,390.99</td>
<td>11,361.31</td>
</tr>
<tr>
<td>Provision for Taxes</td>
<td>3,451.69</td>
<td>2,788.62</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>10,939.30</td>
<td>8,572.69</td>
</tr>
<tr>
<td>Add: Surplus brought forward from the previous year</td>
<td>30,455.85</td>
<td>24,749.78</td>
</tr>
<tr>
<td>Amount available for appropriation</td>
<td>41,395.15</td>
<td>33,322.47</td>
</tr>
<tr>
<td>Appropriations:</td>
<td></td>
<td></td>
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<tr>
<td>Statutory Reserve under Section 17 of the Banking Regulation Act, 1949</td>
<td>2,734.83</td>
<td>2,143.18</td>
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<tr>
<td>Transfer to Capital Reserve</td>
<td>0.99</td>
<td>9.47</td>
</tr>
<tr>
<td>Transfer to Special Reserve</td>
<td>115.00</td>
<td>95.00</td>
</tr>
<tr>
<td>Transfer to Investment Fluctuation Reserve Account</td>
<td>525.32</td>
<td>400.00</td>
</tr>
<tr>
<td>Dividend paid **</td>
<td>258.92</td>
<td>218.96</td>
</tr>
<tr>
<td>Surplus carried to Balance Sheet</td>
<td>37,760.10</td>
<td>30,455.85</td>
</tr>
</tbody>
</table>

Notes:
- Previous year amounts have been re-classified for consistency with the current year presentation, wherever necessary.
- The Bank has paid interim dividend at the rate of ₹ 0.405 per share on the Non-Convertible Perpetual Non-Cumulative Preference Shares (“PNCPs”) for FY 2022-23 (Previous Year: ₹ 0.405 per share), to all holders of PNCPs, whose names appeared in the list of Beneficial holders on the Record Date of 17th March, 2023. Further, the Reserve Bank of India (“RBI”) has allowed banks to pay dividend on equity shares from the profits for FY 2022-23, 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 ₹ 1.50 per share (Face Value ₹ 5/-) for FY 2022-23 (previous year: ₹ 1.10 per share). As per the requirements of revised AS 4 – “Contingencies and Events Occurring after the Balance Sheet Date”, this dividend pay-out is appropriated from the amount available for appropriation in the year of pay-out.
FINANCIAL PERFORMANCE

On a standalone basis, Profit After Tax ("PAT") of the Bank was ₹ 10,939.30 crore in FY 2022-23 compared with ₹ 8,572.69 crore in FY 2021-22. Net Interest Income ("NII") of the Bank for FY 2022-23 was ₹ 21,551.92 crore as against ₹ 16,817.91 crore in FY 2021-22.

The consolidated PAT was ₹ 14,925.01 crore in FY 2022-23 compared with ₹ 12,089.39 crore in FY 2021-22. Further, the Group had Net Worth of ₹ 111,754.10 crore as on 31st March, 2023 (₹ 96,634.03 crore as on 31st March, 2022). The book value per equity share was at ₹ 562.55 as on 31st March, 2023 (₹ 486.90 as of 31st March, 2022).

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

CAPITAL

During the year, your Bank allotted 1,894,822 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.

After the allotment of the aforesaid equity shares, the total issued, subscribed and paid-up share capital of your Bank as at 31st March, 2023 stood at ₹ 14,932,782,910/- comprising 1,986,556,582 equity shares of ₹ 5/- each and 1,000,000,000 preference shares of ₹ 5/- each.

DIVIDEND

The Board of Directors of the Bank have, at their meeting held on 29th April, 2023, recommended a dividend of ₹ 1.50 per equity share for FY 2022-23. The dividend, if approved by the members, would entail a payout of approximately ₹ 298 crore based on the capital as of 23rd June, 2023 (Previous Year: ₹ 218.40 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. 4th August, 2023.

Further, the Board of Directors of the Bank, at their meeting held on 17th/18th March, 2023, declared an interim dividend on 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 2022-23, 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

Your Bank has not issued any capital under Tier II, during FY 2022-23.

During the year under review, your Bank has issued and allotted Senior Unsecured Rated Listed Redeemable Long Term Bonds in the nature of Non-Convertible Debentures ("Bonds") amounting to ₹ 1,500 crore and ₹ 300 crore on 1st December, 2022 and 20th March, 2023, respectively.

Further, Unsecured, Redeemable, Non-Convertible, Subordinated Debt Bonds aggregating ₹ 306 crore were redeemed on 14th December, 2022. As of 31st March, 2023, outstanding Bonds aggregated ₹ 1,950 crore. All the Bonds have been issued on a private placement basis and are listed on the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited.

CAPITAL ADEQUACY RATIO

Your Bank has a Capital Adequacy Ratio of 21.80% as of 31st March, 2023 under Basel III, with Tier I Capital being 20.78% (of which, Common Equity Tier I Capital being 20.64%).

CREDIT RATINGS

The details of all credit ratings obtained by the Bank for various instruments, including debt instruments outstanding as on 31st March, 2023, 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, Private 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 Banking 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 of 31st March, 2023, your Bank had 1,780 branches, 2,963 Automated Teller Machines ("ATMs") and Recyclers and 15,572 Micro ATM installations. Your Bank also has a branch at Dubai International Financial Centre ("DIFC") and Gujarat International Finance Tec-City ("GIFT City").

Your Bank always looks for innovative ways to add value in the investment experience of the customer. In FY 2022-23, your Bank introduced ‘Insta SIP’, a quick and convenient way to book multiple Systematic Investment Plans (“SIPs”) to enable the customer to book SIPs in more than one mutual fund in just two to three steps. Your Bank has also launched a first of its kind digital assisted journey to accept transaction requests digitally from the customer. The Relationship Manager enters the transaction details in the digital transaction request form and sends it to the customer for authenticating the transaction. Your Bank has also empowered the Do-It-Yourself (“DIY”) option for the customers to make informed investment decisions by providing them house views and fund factsheets on Internet Banking and Mobile Banking ("MBo"яд) platforms. FY 2022-23 has witnessed multiple regulatory announcements such as two-factor authentication of mutual fund transactions, nominee/opt-out of nomination declaration, validation of Aadhaar based Know Your Customer ("KYC") process, etc. Your Bank has, in a timely manner, amended the digital process to comply with these regulations, so as to provide seamless investment experience to its customers.

‘Privy League’, the flagship programme of your Bank is an offering for High Net Worth customers with features and benefits such as power packed cards, lifestyle benefits, preferential pricing and more. An enriched version of this programme was leveraged to craft a Premium Salary proposition i.e. ‘Kotak Crème’, which has been extended to top corporates having salary relationship with your Bank. The employees of such corporate customers are offered early access into this premium programme at reduced monthly salary levels, which enables them with a range of lifestyle and banking benefits like a life-time free premium credit card, dining and luxury stay offers and much more.

‘Kotak Silk’, your Bank’s programme designed for women, was re-launched and re-positioned with specially curated new features to partner woman customers in their financial journey. With preferential pricing on lockers and loans, a dedicated query resolution desk and exclusive lifestyle offers from popular brands such as Nykaa and Urban Company, Kotak Silk supports every life stage of the modern Indian woman. Your Bank is also building a dedicated platform for financial education among women and unveiled the ‘Meri Umaan Meri Peethaan’ sculpture in GIFT City, Gujarat, ahead of International Women’s Day, commemorating the indomitable spirit of self-reliant Indian women.

Your Bank introduced ‘Everyday Savings Account’ for the upper mass segment, offering benefits such as flexibility of balances. ‘#kharchepbech’ promotes savings whilst spending. The proposition packs in exclusive discounts in alliance with top service providers on a range of popular categories like groceries, pharmaceuticals, apparel, dining, movies, vacations and more to give customers higher value for their money.

This year, your Bank has improved the on-boarding experience for its Savings Accounts customers by transitioning to a new platform for assisted biometric based account opening. The platform offers seamless on-boarding experience to your Bank’s customers with an improved user interface, instant responses and a capability to handle scale. The new account opening module has capabilities to co-originate other most relevant products such as credit card, ActivMoney (a sweep facility for term deposits), Spendz (a prepaid offering for small daily expenses), Forex card and Hospi Cash (a daily cash benefit for hospitalisation), at the point of account opening, thus being able to efficiently meet a range of customer needs.

Launch of a DIY Savings Account journey has opened up a new avenue of online bank account opening for your Bank’s customers, offering them an easy and quick way to open their savings accounts with zero paperwork and documentation. Right from opening the Savings Account to carrying out transactions, the end to end journey can be completed by the customers themselves.

Your Bank was one of the few banks to be authorized for opening salary accounts for the Indian Army, the Indian Coast Guards and civilian employees of the Indian Navy. The Memorandum of Understanding ("MOU") was signed with the Indian Army for their ‘Agniveer’ programme, Indian Coast Guards and with the Indian Navy for offering salary accounts to all the Coast Guards and civilian Naval personnel. Further, MOUs were signed with the Association of Scientific and Technical Officers of Oil and Natural Gas Corporation (ASTO) for opening salary accounts of their employees.

During the year under review, three new Corporate Salary propositions were launched namely ‘NationBuilders Salary Account’, an account exclusively curated to suit the unique banking and lifestyle needs of Public Sector Undertaking and Government professionals; ‘Kotak Créme’, an enhanced banking proposition for employees of top corporates which gives them access to premium banking benefits and ‘Everyday Account for Salaried Professionals’, a product designed for millennials and early jobbers, offering value for money with power-packed benefits designed exclusively for the needs of customers who are value seekers.

Mirroring some of the initiatives in the Savings Account space, your Bank also introduced new variants of Debit Card to deliver superior features and experience to customers, namely, ‘Nation Builders Debit Card’ and ‘Everyday Debit Card’ on Rupay platform.

In order to improve customer experience and operational efficiency, your Bank enhanced its automated online outward remittance platform. With new system upgrades, 70% of the cross-border outward remittances transactions are now being processed online, directly by the customers.

Your Bank has also forged successful strategic partnerships with international investment brokers such as INDmoney and BSC arm-INDIAINX Global Access on Kotak Remit, to facilitate outward remittance by individual customers for the purpose of capital investments abroad.

Your Bank has launched Digital Current Account opening for small businesses (sole proprietorships and individuals) as an assisted journey, which empowers the acquisition teams to open current accounts for these customers in a seamless manner. With the capability of opening the current account on the same day using instant KYC verification, this journey provides a simple and intuitive user interface to the acquisition teams and an account opening flow designed to provide a ‘wow’ experience to the target segment of customers.

To acquire high-value accounts, your Bank has launched an ‘ActivMoney Current Account’, an account with a default auto-sweep facility where customers can earn interest through Sweep Term Deposit on the idle funds in their current account. Now, the Business Banking customers of your Bank can avail of curated offers through associated brands to take care of all the nitty-gritty of their business through the ‘Offers Beyond Banking’ platform, a digital platform to address the non-banking needs of Small and Medium-sized enterprises ("SMEs"). It comes across various categories such as Business Management and Marketing, Taxation and Legal, Human Resources, Supply Chain and Logistics and many more.
Your Bank has been pushing the envelope in the field of Digital Payments with a host of new Point of Service ("POS") and Quick Response ("QR") products and solutions targeted at merchants. Your Bank has launched a ‘Merchant One Account’ for the retail segment. This is an all-in-one Current Account that caters to the banking and other business-related needs of Micro, Small and Medium Enterprises ("MSMEs"), including small retailers. It helps MSMEs and store owners to bill, create a customer database, run campaigns/offers, track payments and inventories, place orders and more, digitally. It is a unique proposition that helps merchants digitise their daily business processes through smart automation. It also empowers retailers to collect payments conveniently using POS or mobile through QR, UPI or card or by sending secure payment links. Your Bank also entered into a strategic tie-up with American Express, thus enabling its POS merchants to collect high value payments from Amex cardholders. Your Bank has launched market leading services such as 365 Day settlements for POS merchants and Instant Settlement for UPI transactions, both adding to a superlative Merchant experience. Your Bank has continued to enhance the ‘Kotak.biz’ merchant application by launching link-based payments, multi-user capability and voice-based notifications. Your Bank is one of the first banks to enable acceptance for Digital Rupee.

On Father’s Day, your Bank presented ‘#DadMySuperstar’, a candid short heart-warming video that showed the son behind the superstar Mr. Ranveer Singh through the lens of his father, Mr. Jagit Singh. The video depicted the special bond between a father and a son and the important role of a father in his son’s journey towards his dream. The video garnered over 9.5 million views.

Your Bank has implemented behavioural biometrics on Net Banking and Payment Gateway. Proof of Concept (POC) is initiated in the MB app. This also makes your Bank to be first domestic bank to comply with guidelines issued by the RBI on Digital Payment Security Controls dated 18th February, 2021. One time Password (OTP) for fallback transactions for Kotak Debit card holders using Kotak Bank ATMs has been implemented to prevent skimming frauds. It has also helped in complying with the RBI guidelines on Digital Payment Security Controls.

Your Bank was recently felicitated with an award from Pension Fund Regulatory & Development Authority (PFRDA) in the third quarter of FY 2022-23 on its performance of National Pension System ("NPS"). With the Digital Initiative taken up by your Bank in the last financial year to open NPS accounts via Kotak MB App, 80% of its individual NPS account are now being sourced through the MB App. With persistent focus, your Bank is among the top three private banks in the industry on its NPS performance and is contributing towards making India a ‘pension enabled society’.

In an effort to enhance the General Insurance ("GI") product offering on the Insurance platform, your Bank has made available a first in the industry proposition, by way of floatier options on small ticket group plans. Your Bank has also made GI products available during the biometric account on-boarding process.

DIY journeys for Pradhan Mantri Bima schemes viz., Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) have been made live on the Kotak MB and net banking platforms.

Your Bank has implemented Central Bank Digital Currencies ("CBDC"), an RBI initiative, enabling the merchants to collect money through CBDC and making payments through the CBDC App.

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 authorised to provide such facility. In order to ensure enhanced and superior customer experience, a German Portal has been launched to service such requests, end to end digitally. This would ensure more applications along with new customer base.

Your Bank has introduced vernacular language option in Net Banking (Dashboard, Account and Deposits section) which would help to connect with the target audience in a more effective manner, resulting in exceptional user experience.

From 2021, Kotak811 operates as a ‘Semi-Autonomous’ Digital Bank within your Bank, with additional focus on service, user experience, engagement and cross-selling. As of March 2023, Kotak811 had over 1.7 crore customers residing in more than 1,000 cities and towns across India. In FY 2022-23, while the customer base grew by approximately 42% YoY, cross-selling grew by approximately 72%. Similarly, while the Book Value increased by 32%, overall throughput increased by 81% YoY in FY 2022-23. These metrics quantify the focus on cross-selling and engagement. Kotak811 has also started contributing meaningfully to your Bank, across various parameters. In FY 2022-23, 72% of new Savings account were acquired by Kotak811 and over 50% of Credit Cards, Unsecured Loan, Trading Accounts and Recurring Deposits were cross sold to Kotak811 customers.

Your Bank got empanelled as an Agency Bank and started collecting both Direct (Income Tax) and Indirect (GST and Customs) taxes, to bring forward the convenience of easy and seamless tax payments. Now all customers of your Bank can pay their taxes online directly from their Kotak Bank accounts. Further, your Bank has also widened its horizon by listing as a payment gateway on the recently launched Income Tax department’s TIN 2.0 platform https://eportal.incometax.gov.in/, thus becoming one of the first banking institutions to allow its customers to pay direct taxes via a variety of modes, such as domestic credit cards, domestic debit cards, internet banking, UPI, as well as international credit cards, with a bank of their choice through the Kotak payment gateway. As digital transactions are being encouraged and scaled up across ecosystems, your Bank is making strides into opening a plethora of options to further ease tax-paying journey for individual tax payers.

Consumer Assets have shown strong growth in both Secured and Unsecured segment. Secured portfolio has grown by 20% YoY while Unsecured segment has grown by 65% YoY. The Credit Card segment has registered a growth of 81% YoY. Your Bank’s market share in terms of number of outstanding Credit Cards has grown YoY from 4.2% to 5.8% as at end of March 2023. For Credit Cards, DIY journey has been made live and a significant contribution to the overall card issuance is coming from this channel. Your Bank has launched co-brand card partnering with Indian Oil and also launched ‘White Reserve Metal Card’ exclusively for premium segment of customers, thus widening Bank’s offerings for Credit Card customers.

Substantial investment in developing digital and analytical capabilities backed by strong technology in FY 2022-23 has started yielding results in the form of improved customer experience and cost efficiencies.

Your Bank has developed scorecards and machine learning models for identifying right segments of customers for unsecured lending, thereby improving overall number of products sold per customer. Further, it has launched new Loan Origination System (LOS) for Home Loans, reducing turn-around-time from login to disbursement. Your Bank has also achieved more than 90% Personal Loans (in number terms), being serviced end-to-end digitally, thereby providing enhanced customer experience.

Under its digital-first strategy, real-time Working Capital Finance for MSMEs, which are registered on Government’s e-Marketplace ("GeM") Sahay, a platform that connects sellers with lenders, was launched by your Bank.
Further, digital loans for merchants using Kotak POS terminals with a daily and weekly equated monthly instalment (EMI) option for making the repayment was launched. This ensures better cash flow management for the merchant. Your Bank integrated an end-to-end digital supply chain finance journey for distributors and retailers buying from Original Equipment Manufacturers (OEMs) on Business to Business (B2B) platforms.

**Commercial Banking**

Your Bank’s Commercial Banking business focuses on meeting the banking and financial needs of various segments, with specialised units offering financial solutions in the areas of Commercial Vehicles (“CV”), Construction Equipment (“CE”), Tractor and Farm Equipment (“Tractor”), SMEs operating in the Agri Value Chain and Microfinance. A significant majority of the customers catered to by this business is in semi-urban and rural area segment, forming a part of the priority sector. This business plays a significant role in meeting the financial inclusion goals by financing deep into “Bharat”.

The CV industry continued its growth momentum in FY 2022-23, registering a growth of around 34% YoY in unit terms, although the first three quarters of this year did not see sequential growth in unit sales. Overall operator economics continue to be fine with freight demand remaining good and improvement in availability of return load. However, some segments depending on the export-import (EXIM) traffic and E-commerce business have started to show some slowdown. Within CV, the passenger (bus) segment has grown more than 100% YoY, coming out of the COVID impact, and all verticals such as Staff, School and Tour and Travels are displaying increased demand. Your Bank has grown the CV business quite strongly during this period and disbursements have grown at almost double of industry growth. This has helped your Bank grow its market share during FY 2022-23. Collection efficiency continues to be stable and back to pre-pandemic levels, leading to a reduction in the Gross Non-Performing Assets (“GNPA”).

The CE industry registered a healthy growth of around 30% YoY. Healthy allocation towards capital spending by the Government, coupled with ambitious targets under the National Infrastructure Pipeline helped the ramp-up in spending towards infrastructure development in segments like roads, metros, railways, mining, sanitation, etc. Apart from this, improvement in the overall macro-economic environment led to a strong revival in construction activities and pick-up in demand for CE assets. Your Bank’s disbursements also followed healthy industry growth and grew at the same pace. As the cash flows in the segment improved the delinquency levels remained under control during the year.

The tractor industry grew by a healthy 12% YoY in FY 2022-23, backed by multiple years of healthy monsoon and aided by labour shortage. Your Bank has grown the tractor business well, led by a strong pick-up in disbursements, better than the industry growth, thereby improving its market share. Your Bank crossed the milestone of disbursing one lakh plus new tractor loans since inception of the tractor business. Small and marginal farmers constitute more than 75% of these loans, demonstrating your Bank’s continued commitment towards making difference in their lives and livelihood. Focus on new products/customer segments and on deeper geographies aided the effort. Collection efficiency for the business is now better than the pre-COVID period for the portfolio acquired post-COVID.

In the Agriculture value chain, during the year, prices of most essential agro commodities such as Basmati rice, wheat, maize and tur continued to increase to their highest levels due to lower stocks in India, weather related losses during pre-harvest and international shortages linked to war and weather. Farmers in India have also shown the capacity to hold onto their harvest output on expectation of higher price realisation. Demand for credit among traders and processors therefore remained positive. The Food and Agro trading and processing segment also saw improved margins due to consumption demand. The strong focus among banks for loans to this segment ensured that despite rising interest rates announced by the regulator, banks could pass on only a part of the rate increase to the customers, which had an impact on the margins for this business. Overall quality of credit in the segment showed improvement with higher past default recoveries and reduced fresh impairments. Your Bank continued to focus on implementing digital initiatives to reach to small and marginal farmers, by working on Application Programming Interface (“API”) based small loan for the dairy farmers.

Conducive regulatory and policy environment for Microfinance led to a strong growth for the industry during the year. Your Bank continued on its path of growth momentum and grew at more than 100%, while extending the outreach of the business in new locations across eleven states (six of which were added during the year). The business also crossed the one million-customer mark during the year. With the rural economy and livelihoods on a path of recovery, leaving the uncertainties of COVID behind, collection efficiency for the business saw a significant improvement with reduction in both delinquency and GNPA levels.

Your Bank continued its expansion strategy in the Gold Loan Business. Gold loans are now available in 541 branches covering 30% of the total branch network of the Bank. As a result, disbursements grew by around 50% during the year.

Your Bank’s Crop Loan Non Performing Asset recovery and portfolio quality improved as compared to last year, due to better resolution and collection focus. Better monsoon and good crop yields aided the same.

**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. In addition, this year, your Bank has set up a team of structuring experts to provide comprehensive structured financing solutions to clients. 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 structuring. Your Bank also aims to secure value addition through cross-selling of varied products and services.

Despite the challenges with respect to the reversals in rate cycle and liquidity, your Bank has successfully continued the positive momentum from the previous year by maintaining a focus on acquiring new customers in a profitable manner. The addition of New-to-Bank customers across assets and liabilities continued to be healthy across segments in FY 2022-23. This has further strengthened the foundation of the Corporate Banking business.

During the year under review, your Bank continued to focus on the SME segment and advances had grown by 18% YoY, with minimal slippages. The initiatives taken by your Bank to grow the priority sector business across the last couple of years have yielded good results, 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 in advances across all customer segments.

Your Bank’s share of credit substitutes increased significantly during FY 2022-23, driven by a combination of requirements by clients and preferences of your Bank. Your Bank’s investment positions led to a mark-to-market loss in FY 2022-23, due to an increase in the interest rates.
Your Bank also assisted several customers in raising debt through these challenging markets and was able to protect its Debt Capital Market and Loan Syndication revenue stream. Income from other non-credit income streams including Forex, Cash Management and other Transaction Banking products, also grew well. Your Bank has been focussing on generating and growing such streams of non-risk income as part of its overall growth strategy, and this philosophy has got ingrained in the core philosophy of the Corporate Banking division.

Assets under custody experienced mixed trends, with major foreign outflows counterbalanced by increased activity in domestic Portfolio Management Services (PMS) and domestic Alternative Investment Funds (AIFs). Your Bank has invested in technology and processes with an aim to offer better products and services to its clients. In addition, your Bank is investing to offer good overall solutions to offshore vehicles emerging in GIFT City.

In order to capitalise on market opportunities and offer holistic solutions to its clients, your Bank has taken steps to improve the integration between its different businesses, including Coverage, Products, Transaction Banking, Private Banking and Investment Banking. These steps have resulted in an increase in cross-sectional 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 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.

Your Bank has always had robust risk management practices and it is a testimony to these practices that your Bank has once again been able to end the year 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 customers or segments 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. A focused approach to recoveries has resulted in better than anticipated results and have given a positive impetus to the Profit and Loss in FY 2022-23.

Your Bank continues to target improvements in productivity and efficiency. There is a greater focus on measuring and improving employee productivity, including its sales force, through the use of technology and digital tools. Investments in technology and people, with a long-term view on productivity improvements, were one of the focus areas for this year, and many initiatives have been implemented or are in advanced stages of implementation. We expect these investments to yield results in the coming years.

Digital Initiatives and robust Business Continuity Practices continue to remain the focus of your Bank. Your Bank has made significant technological advancements over the last year to provide its Corporate Banking clients with a comprehensive product suite and holistic, sustainable growth solutions. In order to enhance customer experience, digital signature facility and online platform solutions for documentation have been introduced. Significant solutions in payments, custody, loans, trade and supply chain have also been introduced. Your Bank’s enterprise portal offering ‘Kotak fyn’ entered its next phase, with collections and liquidity available to all its customers. Kotak fyn is a game changer with an integrated one-stop digital platform for all business banking needs. Its innovative and intuitive user interface with several industry first features will further provide superior banking experience.

As a result of this customer-focused approach and investments in technology, the Corporate Banking team has already seen significant improvements in key product usage metrics in FY 2022-23. Your Bank’s vision is to go beyond normal and create unique experiences by offering best-in-class product suite to its clients.

Focus on risk-return metrics, strong growth in liability and non-risk fee income, controlled credit costs and investments in technology and product suites have ensured that your Bank has been able to grow the Corporate Banking business book and maintain a healthy Return on Equity.

Your Bank remains committed to building a high-quality differentiated corporate franchise and continues to focus on maintaining the health and profitability of the 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 institution, 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 ("HNIs") investors. In addition to comprehensive financial solutions that go beyond investments, the division provides banking and credit, consolidated reporting, referral for estate planning services, family office services, offshore investments 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 711 new families in FY 2022-23.

Digital and Technology are key pillars of future growth. Your Bank is constantly innovating and adding Value Added Services through platform, proposition and new age technology introductions across functions, to enhance customer experience across his lifecycle. Using data analytics to predict customer trends and 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 viz., 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 respective 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 the management of interest rate and currency risks, in addition to investments in offshore bonds.
The DIFC Branch is your Bank’s first overseas branch at Dubai, regulated by the Dubai Financial Services Authority (“DFSA”). 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 in 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 the RBI. Your Bank has been active in the 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 pandemic and slowdown in the economy. Resolution Process gained momentum in FY 2022-23 and functioning of various judicial forums like Debt Recovery Tribunals (DRTs), Debt Recovery Appellate Tribunals (DRATs), High Courts and National Company Law Tribunal (NCLT) proceedings under the Insolvency and Bankruptcy Code (IBC) normalised, which resulted in announcement of awards/judgements for various distressed accounts.

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.

Your Bank did sizable investment, both in corporate and retail stressed assets space in FY 2022-23, and expects a lot of opportunities in the acquisition side, especially in retail stressed loans segment in the coming years. If the prices offered are reasonable and attractive, your Bank shall be open to acquire several of them, post critical analysis and evaluation.

**HUMAN RESOURCES**

During FY 2022-23, your Bank prepared for re-opening offices and get back to a normal way of working with receding third wave and decrease in COVID cases across the country. 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.

Key HR Initiatives taken by your Bank were:

i. Health and Wellness: Your Bank launched Annual Health Screening Policy for all Kotakites above the age of 40 years or above certain grades. Your Bank has tied up with Metropolis, NM Medical and Apollo Hospital and Clinics for various tests covered under the Annual Health Screening Program. Various health and wellness related initiatives were launched through online and onsite interactions and online wellness initiatives such as yoga, meditation, zumba and quiz sessions. Your Bank also has Doctor Consultation, Nutritionist and Emotional Assistance Program, along with discounts on pharmacy on its “Health to the Power Infinity” site. Doctors and nutritionists are also available on call and in house. Regular updates on the pandemic including COVID and post COVID recovery tips, webinar on understanding the impact of Omicron, announcements and guidelines on precautionary measures were sent to all Kotakites.

ii. Leadership and Manager Connect: Your Bank remains heavily invested in regional initiatives such as Leadership Connect/Town Hall, Webcast, Meet forums for building manager connect and Skip level and also strengthens the platform for top down communication.

iii. Diversity and Inclusion: Building diverse and inclusive culture has been a focus for your Bank over few years. Your Bank has tied-up with a leading day care benefit management provider to provide crèche facilities and launched Day Care Policy from FY 2023-24, to set a reliable support system to take care of their children while the parents are working. Your Bank also amended the travel policy to provide higher level entitlements for women employees and bear travel expenses for a caregiver, if she is travelling with an infant of up to one year of age.

iv. Foundation Day: Your Bank celebrated 37 years of Kotak Foundation Day, virtually and physically, on 21st November, 2022. More than 10,000 Kotakites participated online along with their family members. The physical event was celebrated with the presence of entire Kotak Leadership Team (“KLT”) and all the winners of Kotak Infinity Awards and Kona Kona Kalakaar were felicitated during this event. Your Bank also launched a 21 day challenge to encourage managers to initiate fun activities within their teams, ahead of the 37th Kotak Foundation Day.

v. Employee Experience: Your Bank continues to focus on DigitAll and Employee Experience and launched several new modules in line with the Mobile First approach. On-boarding and joining journeys were digitised; Helpdesk chat services were launched on WhatsApp; Emergency Loans, Mediclaim benefit requests were made accessible via the Employee Mobile App; Goals and Performance and Mandatory Declarations were also
vi. 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 a chosen few who become the council get to interact with the leadership team and work as a cohort with them. Top 40 applicants across the Bank were selected through a rigorous selection process and were being mentored by KLT and go through specific Individual Development Plan.

vii. Eureka: 'Eureka' is an idea generation portal where employees can submit open ideas or ideas for specific business problems. Your Bank has successfully launched various themes during this financial year and got feedback in terms of ideas from its employees.

viii. 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' was conducted for the third time in September 2022, with an overall 76% response rate organisation wide. 79% of employees today believe that Kotak is a Great Place to Work (increased from 77% in the previous year). 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, second year in a row.

ix. Employee Development: Your Bank continues focus of learning and development of employees and has External Learning Courses Policy in place to encourage employees to take up relevant courses and training and upskill themselves. ‘Kotak Learning A-Fair’, a one of its kind learning initiative, has also received the ‘Brandson Hall Technology Excellence Gold award’ for Best Advance in Unique Learning Technology at a global level in the month of December 2022. ‘Drona’, one of our flagship managerial capability development programmes, has been launched this financial year. It aims to address managerial capability in four different tracks viz., Manager as an assessor, Manager as a trainer, Manager as a mentor and Manager as a Coach. We have also launched ‘WePower’, a leadership development programme for select women leaders in the organisation to enhance their leadership capability and help bolster their executive presence in the organisation.

x. Talent Acquisition: As an equal opportunity employer, your Bank has ensured that there is significant women participation in the workforce. Your Bank ran multiple campaigns across businesses to promote women membership and hired fresh women graduates from campuses. Over 2,300 women were hired with Science, Technology, Engineering and Math (“STEM”) qualification. The average age of women new joiners was 26.6 years and around 59.7% of the total woman hired (including freshers) were from non-banking industries.

xi. Your Bank has encouraged a culture of appreciation via monetary and non-monetary reward programmes through ‘K-Applaud’, Kotak’s Rewards and Recognition platform. 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.

xii. 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.

xiii. 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 the minds of the employees, which would help 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 faced by the customers of your Bank. Phase 1 saw a participation from 96% of the branches. Top eight branches were selected as final winners by the KLT panel.

xiv. Continuing the journey towards building an Engineering first company, your Bank has undertaken many talent transformational initiatives, amplified fresher intake from STEM campuses, off-campus hiring through Hire Train and Deploy Programs, re-organisation of roles with deep focus on developing engineering capability, increased lateral hiring from top tier technology organisations, introduced technical assessments in the hiring process to strengthen the quality of developers. Your Bank also launched a social media platform to engage with the technology enthusiasts and showcase the technology transformation journey at Kotak.

xv. Digi Q [in partnership with Catalyst Executive Education Institute (CEEI)]: Kotak DigiQ is a customised intervention for the senior leaders of your Bank, designed to instil 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. After a successful first cohort of the Kotak DigiQ programme, subsequent cohorts for Wholesale Business and Corporate were launched in FY 2022-23.

**EMPLOYEES**

As of 31st March, 2023, the full time employee strength of the Group was over 1,03,000. The standalone Bank had over 73,000 employees as on 31st March, 2023.

The information required pursuant to Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time-to-time, is given as an Annexure to this Report. Further, the statement containing particulars of employees as required above is given as an Annexure and forms part of this report. In terms of Section 136(1) of the Act, the annual report and the financial statements are being sent to the members, excluding the aforesaid Annexure. The Annexure is available for inspection and any member interested in obtaining a copy of the Annexure may send 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 The 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 complaint pertaining to sexual harassment is 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 of 1st April, 2022, seven complaints were pending for disposal. All these complaints were disposed off during FY 2022-23.
The following is a summary of sexual harassment complaints received and disposed off during FY 2022-23:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of complaints received during FY 2022-23</td>
<td>55</td>
</tr>
<tr>
<td>Number of complaints disposed off as of 31st March, 2023</td>
<td>42</td>
</tr>
<tr>
<td>Number of complaints pending as of 31st March, 2023</td>
<td>13</td>
</tr>
</tbody>
</table>

12 complaints pending as of 31st March, 2023, were disposed off as on the date of this Report.

CODE FOR PROHIBITION OF INSIDER TRADING

Your Bank has adopted the Kotak Mahindra Bank Limited - Insider Trading Code of Conduct (“Code”) for prohibition 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 Securities and Exchange Board of India (“SEBI”) with respect to the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Your 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/embarrassment, misappropriation of asset, bribery/corruption, collusion with vendor/customers, deliberate breaches and non-compliance with the Bank’s policies, processes, data leakage, questionable auditing/audit matters/financial malpractice, ethics violation, conflict of interest, dual employment and unauthorised 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://cwiportal.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 Chairperson of the Audit Committee in appropriate and exceptional circumstances. Further, the Chairperson 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 among the employees of the Bank, its subsidiaries and associate companies, as applicable.

The Employee Stock Options (“ESOPs”) and 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 under review, the Bank granted ESOPs and SARs to the eligible employees of the Bank and its subsidiaries, in accordance with the respective Schemes, from time to time.

The provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“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 the SEBI (SBEB & SE) Regulations, 2021, are not applicable for SARs.
The aforesaid Schemes complied with the 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 Governance Committee (“CSR & ESG Committee”).

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

i. Identify, execute and monitor Corporate Social Responsibility (“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 Environmental Social and Governance (“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 not for profit organisations, as per authorisation matrix approved by the Board from time to time.

Environment, Social and Governance Practices

In the financial and banking industry, ESG has become a critical area of focus and your Bank endeavours to continually improve its ESG performance. There is a robust ESG policy framework which articulates ESG focus areas and provides guidance for ESG practices such as corporate governance, environmental and employee related initiatives, policy revisions and other ESG related projects undertaken. There is an ESG taskforce comprising representatives from relevant functions and subsidiaries for the implementation of the framework. This taskforce plays a critical role in providing data on various ESG parameters which is subsequently collated, analysed and reported to the Head of Sustainability. The progress is also reported to the CSR & ESG Committee and the Board periodically.

Your Bank adheres to the highest standards of corporate governance, which includes disclosure, transparency, accountability and responsiveness. Details of some of the existing policies aligned to ESG principles are annexed to this Report.

The coverage of ESG disclosures on the operational environmental footprint and employee count has been extended to cover all locations where the Bank and its subsidiaries operate. Your Bank’s emphasis on integration of ESG in core business practices, environmental management, employee diversity, well-being and development, financial inclusion and community focused interventions, customer experience and data privacy, are covered in detail in the ESG sections of the Integrated Annual Report. During the reporting period, your Bank has undertaken risk assessments to understand impacts of climate on its operations and its portfolio (where it covered exposure to one sector). For details on the same, please refer ESG disclosures in the Integrated Annual Report.

Corporate Social Responsibility

Your Bank has undertaken socially impactful CSR Projects for welfare and sustainable development of the population at large, in accordance with the guidelines and robust mechanism laid out in the Kotak Mahindra Bank Limited’s Corporate Social Responsibility Policy (“CSR Policy”). Your Bank has collaborated with implementing agencies across to implement projects in the CSR focus areas defined under its CSR Policy viz., Education & Livelihood, Healthcare, Environment & Sustainable Development and Sports.


Your Bank’s CSR Projects and CSR Project Expenditure for FY 2022-23 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 notifications issued by the Ministry of Corporate Affairs (“MCA”) from time to time.

The CSR expenditure of the Bank for FY 2022-23 as per Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time to time, was ₹ 187.41 crore. After setting-off ₹ 0.88 crore from the excess CSR expenditure spend for FY 2021-22, your Bank’s total CSR obligation for FY 2022-23 was ₹ 186.53 crore.

For the period 1st April, 2022 to 31st March, 2023, your Bank’s spend on CSR Projects was ₹ 91.47 crore, amount spent as CSR Administrative Overheads was ₹ 3.06 crore and the amount spent on Impact assessment was ₹ 0.31 crore. In addition, an amount of ₹ 93.11 crore which was on account of the unutilised CSR Project Expenditure of Ongoing CSR Projects for FY 2022-23, has been transferred to the ‘Kotak Mahindra Bank Limited Unspent CSR Account FY 2022-23’, in April 2023. Your Bank is committed to utilise the unutilised CSR Project Expenditure of ongoing CSR Projects of FY 2022-23 of ₹ 93.11 crore within the stipulated period of three years i.e. from 1st April, 2023 to 31st March, 2026, which was towards completion of the Board approved Ongoing CSR Projects which have been initiated in FY 2022-23 and continue to be under implementation as on 31st March, 2023.

Together with the CSR Project spend, Impact assessment and administrative expenditure and amount transferred to Unspent CSR account, the total CSR Expenditure for FY 2022-23 was ₹ 187.95 crore, which is in excess of ₹ 1.42 crore over the total CSR obligation for FY 2022-23.

The excess CSR expenditure spend of ₹ 1.42 crore for FY 2022-23 is being carried forward to three succeeding financial years and would be available for set-off in those financial years. The details are more particularly described in the section on Annual Report on CSR activities for FY 2022-23.
Your Bank also maintains the following Unspent CSR Bank accounts pertaining to funds earmarked for its Ongoing CSR Projects for the previous financial years:

<table>
<thead>
<tr>
<th>Name of the Unspent CSR account</th>
<th>Financial Year to which Unspent CSR account relates</th>
<th>Amount transferred to Unspent CSR account in respective financial years</th>
<th>Amount disbursed from unspent CSR account upto 31st March, 2023</th>
<th>Balance as on 31st March, 2023 in the unspent CSR account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kotak Mahindra Bank Limited Unspent CSR account FY 2020-21</td>
<td>FY 2020-21</td>
<td>63.59</td>
<td>59.22</td>
<td>4.37</td>
</tr>
<tr>
<td>Kotak Mahindra Bank Limited Unspent CSR account FY 2021-22</td>
<td>FY 2021-22</td>
<td>96.06</td>
<td>25.20*</td>
<td>70.86**</td>
</tr>
</tbody>
</table>

* excludes unutilised balance of CSR expenditure amount with implementation agency as on 31st March, 2023, which was subsequently refunded by them in April 2023.
** includes unutilised balance of CSR expenditure amount with implementation agency as on 31st March, 2023, which was subsequently refunded by them in April 2023.

Your Bank is committed to utilise the amount available in Unspent CSR accounts towards completion of the Board approved Ongoing CSR Projects within the stipulated time limit specified under the Act. The details of the same are more particularly described in the section on Annual Report on CSR activities for FY 2022-23, annexed to this Report.

A brief outline of the CSR Policy, the composition of the CSR & ESG Committee and the CSR Project spends during the year under review, have been provided in detail 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 2022-23.

**Business Responsibility and Sustainability Report**

In May 2021, the 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 the Business Responsibility and Sustainability Report (“BRSR”). The Business Responsibility Report has been replaced by BRSR, which is a more comprehensive disclosure that can showcase ESG performance with enhanced transparency, shifting the focus to quantifiable metrics by providing essential and voluntary indicators rather than qualitative and subjective metrics. Your Bank published a BRSR for FY 2021-22, even as the SEBI mandated top 1,000 listed organisations to do so from FY 2022-23 onwards, endeavouring to be at the forefront of sustainability reporting by being an early adopter of BRSR since last year.

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., while governance related performance covers ethics, transparency and accountability, besides the Corporate Governance Report and Directors' Report.

BRSR for FY 2022-23 is part of the Annual Report of the Bank and is also available on the Bank’s website viz., URL: [https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html](https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html)

**TECHNOLOGY AND DIGITISATION**

This was a year of expanding capabilities and building on the capacities built the year prior. Customer experience remains the prime focus this year, it was achieved through empowering customers by providing avenues of self-onboarding and self-service. DIY journeys were launched for various products and services.

As an example, DIY on-boarding journeys were built for:

- New-to-Bank Current Account customers for opening a Current Account digitally, either through DIY or assisted journey, end to end, with preferred account number by Sole proprietor and Individual. Enabling of Video KYC has helped to simplify KYC and real time backend verification, thereby reducing the time taken for account opening from days to hours
- New-to-Bank Credit Card customers with real-time checks like PAN, Aadhaar, 26AS , Video KYC, Instant card generation
- Existing and new-to-Bank customers for Personal Loans
- Home Loan available to new-to-Bank and existing customers
- 811 account opening on-boarding journey (DIY) has been fully revamped and moved to cloud

Following are some examples of self-service facilities built for customers across digital channels:

- Customers can now raise complaints or service requests for loans and track these requests on the mobile app. Over 40 service requests are available for loans
- Interest Certificate, GST summary and tax invoice, PMJJBY and PMSBY Insurance, NRI service requests, etc. were built on net banking
- Dispute raising through WhatsApp and Keya chatbot
- Track outward cheque on Mobile and Netbanking, NACH Cancellation Service, etc.

On receiving the agency bank license in October 2021, your Bank launched new tax collection systems for various taxes and non-tax revenue, which include Central Board of Direct Taxes (Direct/Income tax), Customs, Goods and Services Tax Network and Non Tax Revenue Portal. Further, the Pension system for disbursements of Civil Pension (Central Pension Accounting Office) was launched.
The Kotak MB App continues to be an excellent one-stop shop for customer banking needs. Not only were various other features launched, but your Bank also has further strengthened the security aspects for fraud monitoring/prevention. On net banking, enhancement of user experience and providing new services requests continued to be key focus areas. The key focus of your Bank’s website viz., https://www.kotak.com/en/home.html remained on acquiring new customers across a range of products while supporting existing customers with services and self-help support.

Digitisation efforts were expanded, introducing three new service requests viz., re-KYC, tracking of outward cheques and manage transaction alerts on digital channel. Growing traction was observed for these services.

This year, your Bank has taken several initiatives for increasing the adoption of Digital Payments and improving customer experience. Your Bank has ramped up its technological capabilities to improve efficiencies and risk control measures. Your Bank is one of the pilot banks working with the RBI to launch Central Bank Digital Currency App and promoting customer and merchant adoption.

For business banking assets, the focus was on delivering supreme digital experience through aggregated and innovative financial services. Your Bank’s main agenda is to address the demands on working-capital needs by streamlining the complexities of running and growing a business while delivering timely intelligence for making more informed financial decisions. Open Credit Enablement Network (“OCEN”) is a framework of APIs launched last year. It facilitated standardised interaction between small borrowers, lenders, loan service providers and account aggregators. The capabilities of OCEN were expanded this year. Ecosystem lending is where unsecured Purchase Order (PO) financing/invoice will be financed to MSMEs (proprietors) from the lender (bank) registered on GeM portal as sellers. Your Bank was the first one to on-board in Ecosystem lending.

Your Bank has gone live on Account Aggregator (“AA”) ecosystem. The focus is to include AA in lending and Personal Finance Manager (PFM) journey. On API Banking, the focus is to expand the bouquet of available APIs. More than 360 API (both public and private) are now live on the API platform.

**SUBSIDIARIES AND ASSOCIATES**

As of 31st March, 2023, your Bank had nineteen subsidiaries in various businesses, as listed below:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the subsidiary</th>
<th>Business activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Kotak Mahindra Prime Limited</td>
<td>Car Finance and other Lending</td>
</tr>
<tr>
<td>2.</td>
<td>Kotak Mahindra Investments Limited</td>
<td>Investments, Lending</td>
</tr>
<tr>
<td>3.</td>
<td>Kotak Infrastructure Debt Fund Limited</td>
<td>Infrastructure Financing</td>
</tr>
<tr>
<td>4.</td>
<td>Kotak Securities Limited</td>
<td>Stock Broking, Distribution</td>
</tr>
<tr>
<td>5.</td>
<td>Kotak Mahindra Capital Company Limited</td>
<td>Investment Banking</td>
</tr>
<tr>
<td>10.</td>
<td>Kotak Mahindra Pension Fund Limited</td>
<td>Pension Fund</td>
</tr>
<tr>
<td>11.</td>
<td>Kotak Investment Advisors Limited</td>
<td>Alternate Asset Management, Investment Advisory</td>
</tr>
<tr>
<td>12.</td>
<td>Kotak Mahindra Trusteeship Services Limited</td>
<td>Trusteeship Services</td>
</tr>
<tr>
<td>13.</td>
<td>Kotak Mahindra (UK) Limited</td>
<td>Distribution of financial products and dealing in securities</td>
</tr>
<tr>
<td>14.</td>
<td>Kotak Mahindra (International) Limited</td>
<td>Advisory Services, Investments</td>
</tr>
<tr>
<td>15.</td>
<td>Kotak Mahindra Inc.</td>
<td>Broker/Dealer</td>
</tr>
<tr>
<td>17.</td>
<td>Kotak Mahindra Financial Services Limited</td>
<td>Advisory services for Middle East</td>
</tr>
<tr>
<td>18.</td>
<td>IVY Product Intermediaries Limited</td>
<td>Marketing and distribution of various financial products/services</td>
</tr>
<tr>
<td>19.</td>
<td>BSS Microfinance Limited</td>
<td>Banking Correspondent</td>
</tr>
</tbody>
</table>

During the year under review, your Bank has entered into share purchase agreements with the current shareholders of Sonata Finance Private Limited ("Sonata"), a Non-Banking Finance Company – Microfinance Institution, registered with the RBI, to acquire 100% of the issued and paid up capital of Sonata for a consideration of approximately ₹ 537 crore, on 10th February, 2023 ("Transaction"). Sonata Provides a strong and vintage platform to enable the Bank to become a significant player in the financial inclusion segment, catering to the economically weaker and underserved households in a commercially viable manner. The Transaction is subject to requisite approvals, including that of the RBI.

The various activities of the subsidiaries and the performance and financial position of the subsidiaries are outlined in detail in the Management’s Discussion and Analysis section appended to this Report, some of the highlights of which are given below:

**Kotak Mahindra Prime Limited and Kotak Mahindra Investments Limited:**

The Passenger Car market in India grew by 26.73% in FY 2022-23 compared with 12.68% growth in FY 2021-22. Profits of Kotak Mahindra Prime Limited were lower primarily due to brokerage hit on account of change in accounting policy. Further, there was higher reversal of COVID provision in FY 2021-22. In FY 2022-23, the business of Kotak Mahindra Investments Limited was marginally impacted by the slowdown in Initial Public Offerings ("IPO") on account of challenging macro economic factors.

**Kotak Securities Limited and Kotak Mahindra Capital Company Limited:**

In FY 2022-23, the Indian Equity Capital Markets witnessed slowdown in IPO activity on account of challenging macro at global and domestic levels. Deal activity was dominated by secondary sell-downs through block deals, which more than doubled in FY 2022-23 compared with FY 2021-22, on account of lock-up expiries of record number of IPOs being executed in FY 2021-22 and continued investor interest to back companies with established track record. Domestic Institutional Investors continued to support the markets with an inflow of USD 31.9 billion versus an FPI outflow of USD 6.6 billion during FY 2022-23. A total of ₹ 82,677 crore (as against ₹ 200,630 crore in FY 2021-22, down by 59% YoY) was raised in FY 2022-23 across deals other than blocks i.e. IPOs, Qualified Institutional Placements (QIPs), Further Public Offerings (FPO), Rights Issues and Offers for Sale (OFS), Consumer and Healthcare sectors.
saw maximum number of capital market deals being executed on the back of strong investor response. FY 2022-23 witnessed a volume growth in equity derivative, currency and commodity segment and volume decline in cash market segment over FY 2021-22. Market average daily volumes (excluding the proprietary segment) increased from ₹ 3,552,488 crore for FY 2021-22 to ₹ 7,223,485 crore for FY 2022-23. Consequently, volumes of Kotak Securities Limited also had gone up in derivatives segment while they had reduced in the cash segment. Accordingly, Kotak Securities Limited and Kotak Mahindra Capital Company Limited reported lower profits compared to the previous year.

**Kotak Mahindra Life Insurance Company Limited:**

Kotak Mahindra Life Insurance Company Limited (“KLI”) has recorded a growth of 17.71% on the gross written premium, mainly coming from Individual regular premium and Group premium. KLI has solvency ratio of 2.83 against a regulatory requirement of 1.50. The Net worth of KLI increased by 21.38% from ₹ 4,389.20 crore as of 31st March, 2022 to ₹ 5,327.70 crore as of 31st March, 2023. On Individual Adjusted Premium Equivalent (“APE”) Basis (Single 1/10), KLI was at rank 8 within the private industry. KLI has registered a growth of 29.15% against insurance Industry growth of 24.15% on Individual APE basis. KLI’s market share for Individual New Business premium (APE terms) was 3.99% for FY 2022-23 among private insurers. On Group APE Basis (Single 1/10), KLI was at rank 4 within the private industry. KLI’s market share for Group New Business premium (APE terms) was 10.37% for FY 2022-23 among private insurers. KLI saw an increase in its Assets Under Management (“AUM”) (including shareholders) by 15.70% YoY to ₹ 64,284.83 crore in FY 2022-23.

**Kotak Mahindra Asset Management Company Limited:**

The mutual fund industry registered a growth of 8.33% YoY in FY 2022-23 over FY 2021-22, with the Annual Average Assets under Management (“AAUM”) for FY 2022-23 at ₹ 39.95 lakh crore. During the same period, on the basis of AAUM, Kotak Mahindra Asset Management Company Limited was ranked No. 5 in the industry. The AAUM of Kotak Mahindra Mutual Fund which stood at ₹ 287,058 crore for FY 2022-23 saw growth of around 5.2% in FY 2022-23 over FY 2021-22, which was at ₹ 272,938 crore. The Market Share on AAUM was 7.2% in FY 2022-23 (7.4% in FY 2021-22).

**BSS Microfinance Limited:**

During the year ended 31st March 2023, the disbursements grew from ₹ 2,894 crore in FY 2021-22 to ₹ 6,597 crore in FY 2022-23. Further, the profit grew from ₹ 82.81 crore in FY 2021-22 to ₹ 297.21 crore in FY 2022-23. It has 652 branches spread across 11 states in India, providing Microfinance Loans to rural and semi-urban poor women. Loans originated by BSS Microfinance Limited are eligible for Priority Sector Lending of the Bank.

**Material Subsidiary:**

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

**Associate Companies:**

As at 31st March, 2023, your Bank had the following Associate companies:

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

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 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 Pursuant to the provisions of Section 129(3) of the Act, the Statement containing the salient features of the Financial Statements of the said subsidiaries and associates of the Bank, in Form AOC-1, is annexed to this Annual Report.

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.

**BOARD OF DIRECTORS**

**Board Composition**

The composition of the Board of Directors of the Bank is governed by the Act, the Banking Regulation Act, 1949 (“BR Act”) and Regulation 17 of the SEBI Listing Regulations and is in conformity with the same. As of 31st March, 2023, the Board of Directors comprised a combination of twelve Directors viz., Mr. Prakash Apte, Independent Non-Executive Part-time Chairperson, Mr. Uday Khanna, Mr. Uday Shankar, Dr. Ashok Gulati, Ms. Ashu Suyash and Mr. C S Rajan, 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 Ms. Shanti Ekambaram, 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 policy on Board Diversity adopted by the Board.

**Change in composition of the Board during the year**

At the Thirty-Seven AGM of the Bank held on 27th August, 2022, the members approved the appointment of Ms. Shanti Ekambaram and re-appointment of Mr. KVS Manian as Whole-time Directors of the Bank for a period of three years, with effect from 1st November, 2022 or the date of approval of the RBI, whichever is later. Further, in terms of Section 35B of the BR Act, the RBI had, vide its letter dated 19th October, 2022, conveyed its approval for the aforesaid appointment of Ms. Shanti Ekambaram and re-appointment of Mr. KVS Manian as Whole-time Directors of the Bank. These approvals were for a period of three years, with effect from 1st November, 2022.

Ms. Farida Khambata retired from the Board of the Bank, with effect from 7th September, 2022, upon completion of her term as an Independent Director. Mr. Gaurang Shah retired and thus, ceased to be a Whole-time Director and Director of the Bank, upon expiry of his term on 31st October, 2022. Your Directors place on record their sincere appreciation for the contribution made by Ms. Farida Khambata and Mr. Gaurang Shah during their tenure as Directors of the Bank.

At the meeting of the Board of Directors of the Bank held on 22nd October, 2022, the Board had approved the appointment of Mr. C S Rajan as an Additional Director, designated as an Independent Director, for a term of five years, with effect from 22nd October, 2022 up to 21st October, 2027 (both days...
As per the circular titled, ‘Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board’, dated 26th April, 2021, issued by the RBI, Mr. Uday Kotak cannot continue as Whole-time Director post completion of his current term on 31st December, 2023. In this connection, at the meeting of the Board of Directors of the Bank held on 18th March, 2023, the Board had approved Mr. Uday Kotak to become a Non-Executive Non-Independent Director of the Bank, designated and appointed as a Non-Executive Director of the Bank, for a term of five years, not liable to retire by rotation, upon his ceasing to be the Managing Director & CEO of the Bank, subject to the approval of the members of the Bank. Further, the members of the Bank granted their consent to the aforesaid appointment of Mr. Uday Kotak by way of Postal Ballot and the same is deemed to have been duly passed on 20th April, 2023.

**Directors retiring by rotation**

At the meeting of the Board of Directors held on 24th June, 2023, the Board approved the proposal for re-appointment of Mr. C. Jayaram and Mr. Dipak Gupta, as 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 re-appointment, as mentioned above, are included in the Notice convening the Thirty-Eighth 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 the 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’ Database. 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.

**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 2022-23.

**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 Evaluation**

The Board conducted the performance evaluation of the Individual Directors, Board Committees, Board as a whole and the Chairperson 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 the SEBI on 5th January, 2017.

The Nomination and Remuneration Committee (“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, board functioning, oversight of committee composition and functioning, ethics and compliance.

ii. Committees - Composition and quality, process and procedure, terms of reference and certain committee specific questions.

iii. Chairperson - 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, open-minded, driver of innovation, courteous, professionalism, impartial conduct, devotion of sufficient time, effective communication and facilitation of productive deliberation.

iv. Individual Directors - Function and duties, professional and ethical conduct, management relations, understanding of role, commitment, effective contribution, independent view to decision making, utilisation 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 Board 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 Chairperson and the individual Directors, the Board Evaluation Report was placed before the meeting of the Independent Directors held on 26th May, 2023, for consideration. Similarly, the Board at its meeting held on 27th May, 2023, assessed the performance of the Independent Directors and the outcome of the Board performance evaluation exercise.

The Directors noted that the results of the performance evaluation of the Board and its Committees, Chairperson and individual directors indicated a high degree of satisfaction among the directors. A few areas of improvement which were suggested included continuing education, training and awareness programmes for the Board, etc. The Bank has accepted the same and the status of compliance 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 2021-22. Implementation of various suggestions received from time to time, from the Directors of the Bank during the Board Evaluation exercise, has helped the Bank to overall improve and strengthen its governance processes.
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 31st March, 2023:

i. Mr. Uday Kotak, Managing Director & CEO
ii. Mr. Dipak Gupta, Joint Managing Director
iii. Mr. KVS Manian, Whole-time Director
iv. Ms. Shanti Ekambaram, Whole-time Director (with effect from 1st November, 2022)
v. Mr. Jaimin Bhatt, Group Chief Financial Officer
vi. Ms. Avan Doomasia, Company Secretary

Mr. Gaurang Shah, Whole-time Director, ceased to be a KMP of the Bank, upon expiry of his term as a Whole-time Director and Director of the Bank, on 31st October, 2022.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The appointment and remuneration of Directors of the Bank is governed by the provisions of Section 35B of the Banking Regulation 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 the 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 Directors (“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.
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
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 and the Board of the Bank have reviewed and approved all the amendments to the said Compensation Policy.

The details of the remuneration paid to the Non-Executive Part-time Chairperson, Executive and Non-Executive Directors of the Bank, for the year ended 31st March, 2023 is provided in the Report on Corporate Governance annexed to this Report.

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

The remuneration payable to the NEDs, other than Part-time Non-Executive Chairperson, is in accordance with the provisions of the Circular bearing Ref. No. RBI/2021-22/24DOR.GOV.REC.8/29.6.7.01/2021-22 dated 26th April, 2021 which, inter alia, provides for payment of compensation to NEDs, other than the Chair of the Board, in the form of a fixed remuneration commensurate with an individual director’s responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals, for an amount not exceeding ₹ 20 lakh per annum, including any statutory modification or amendment or re-enactment thereof for the time being in force, and the provisions of the Act.

The aforesaid Compensation Policy for NEDs, other than Part-time Non-Executive Chairperson was last amended on 22nd October, 2022.

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

i. Compensation structure is broadly divided into:
   - Sitting fees
   - Re-imbursement 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 Chairperson) 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 KMPs 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 34 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 Secretarial Auditor 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, 2023.

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 STANDARDS

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 2022-23.
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 2022-23. The Secretarial Audit Report for the financial year ended 31 March, 2023, as required under Section 204 of the Act and Regulation 24A of the SEBI Listing Regulations, is annexed to this Report. 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 31 March, 2023. 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 2022-23 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/kotakli/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:

i. your Bank has, in the preparation of the annual accounts for the financial year ended 31st March, 2023, 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;

ii. 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, 2023 and of the profit of your Bank for the financial year ended 31st March, 2023;

iii. 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;

iv. the annual accounts have been prepared on a going concern basis;

v. 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

vi. 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

Based on the recommendation of the Audit Committee and the Board, the members of the Bank, at the Thirty-Seventh AGM held on 27th August, 2022, approved the appointment of KKC & Associates LLP (formerly, Khimji Kunverji & Co LLP), Chartered Accountants (Firm Registration Number: 105146W/W100621), as one of the Joint Statutory Auditors of the Bank, to hold office from the conclusion of the Thirty-Seventh AGM until the conclusion of the Fortieth AGM of the Bank.

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 the RBI (“RBI Circular”)/“Guidelines”), prescribing the guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding Regional Rural Banks (“RRBs”)), Urban Co-operative Bank (“UCBs”) and Non-Banking Financial Companies (“NBFCs”) (including Housing Financial Companies (“HFCs”)) and in accordance with the requirements of Section 139 of the Act, read with Rules made thereunder, KKC & Associates LLP, Chartered Accountants and Price Waterhouse LLP, Chartered Accountants (Firm Registration Number: 301112E/E300264), act as the Joint Statutory Auditors of the Bank.

The term of Walker Chandik & Co LLP as one of the Bank’s Joint Statutory Auditors expired at the conclusion of the Thirty-Seventh AGM of the Bank.

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

At the Thirty-Seventh AGM of the Bank, the members approved an overall audit remuneration/fee not exceeding ₹ 35,000,000/- (Rupees Three Crore Fifty Lakh only), plus outlays and taxes, as applicable, for FY 2022-23, allocated by the Bank between the Joint Statutory Auditors, depending upon their respective scope of work.

Further, based on the recommendation of the Audit Committee, the Board at its meeting held on 24th June, 2023, approved an overall audit remuneration/fee not exceeding ₹ 37,500,000/- (Rupees Three Crore Seventy Five Lakh only), plus outlays and taxes, as applicable, for FY 2023-24, subject to the approval of the members, to be allocated by the Bank between Price Waterhouse LLP, Chartered Accountants and KKC & Associates LLP, depending on roles and responsibilities and the scope of work undertaken by each of them during the course of audit.

The approval of members of the Bank is, accordingly, being sought pursuant to the provisions of Section 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 fixing the remuneration of the Joint Statutory Auditors for FY 2023-24.
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 were no qualifications, reservations, adverse remarks or disclaimers made by Price Waterhouse LLP and KKC & Associates LLP in the Statutory Auditors Report for FY 2022-23.

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. 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, Government of India ("GOI"), had vide its press release dated 18th January, 2016 outlined the roadmap for implementation of International Financial Reporting Standards ("IFRS") converged Indian Accounting Standards ("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:

i. Formed Steering Committee for Ind AS implementation. The Steering Committee, headed by the Joint Managing Director, 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.

ii. 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. Further, there may be new regulatory guidelines and clarifications for Ind AS application, which the Bank will need to suitably incorporate in its implementation.

RELATED PARTY TRANSACTIONS

During the year, your 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.

For FY 2023-24, pursuant to the provisions of Regulation 23 of the SEBI Listing Regulations, no potential Material Related Party Transaction with any related party of the Bank (not being a wholly owned subsidiary) is currently anticipated, except for transactions with Mr. Uday Kotak and Infina Finance Private Limited. The approval of the members of the Bank was obtained for transactions with the above mentioned related parties, at the AGM held on 27th August, 2022, with such approval being valid till the next AGM. Further, the members of your Bank had, vide resolutions passed through postal ballot on 20th April, 2023, approved the potential Material Related Party Transactions with Mr. Uday Kotak and Infina Finance Private Limited for FY 2023-24.

However, during FY 2022-23, none of the related party transactions of the Bank exceeded the applicable materiality threshold, except for transactions with Mr. Uday Kotak for which the approval of the members of the Bank had already been obtained.

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. In addition, 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 23 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 the BR Act.

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. 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. Your Bank has a robust Risk Management Framework and 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’s 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 part of the Annual Report of the Bank and is also 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 Joint 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.

DESPATCH OF ANNUAL REPORT

The MCA has issued General Circular No. 20/2020 dated 5th May, 2020 read with other relevant circulars, including General Circular No. 10/2022 dated 28th December, 2022 and the SEBI has issued Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, read with other relevant circulars, including Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023, in relation to ‘Relaxation from compliance with certain provisions of the SEBI Listing Regulations relaxing the requirement of dispatching physical copies of the Annual Report and the Notice convening the AGM to Shareholders. 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, 2023, 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 the Bank’s website viz., URL: https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html.

ANNEXURES

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


iii. Secretarial Audit Report pursuant to Section 204 of the Act and Regulation 24A of the SEBI Listing Regulations.

iv. Report on Corporate Governance pursuant to Schedule V Part C of the SEBI Listing Regulations along with Certificate from the Secretarial auditors regarding compliance of conditions of Corporate Governance as stipulated in Schedule V Part E of the SEBI Listing Regulations.

v. Management’s 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 of India 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
Chairperson

Date: 24th June, 2023
Place: Mumbai
1. Brief outline on Corporate Social Responsibility Policy of Kotak Mahindra Bank Limited

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.

Your 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"). Kotak Mahindra Bank Limited's Corporate Social Responsibility Policy ("CSR Policy") sets out its vision, mission, governance and CSR focus areas to fulfill its inclusive growth agenda in India.

While ensuring that its 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 as also UN's SDGs.


2. Composition of the Corporate Social Responsibility and Environmental Social Governance ("CSR & ESG") Committee:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Director</th>
<th>Designation</th>
<th>Nature of Directorship</th>
<th>Number of meetings of CSR &amp; ESG Committee held during the year</th>
<th>Number of meetings of CSR &amp; ESG Committee attended during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Prakash Apte</td>
<td>Chairperson</td>
<td>Independent Director</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Mr. C. Jayaram</td>
<td>Member</td>
<td>Non-Executive Director</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Dipak Gupta</td>
<td>Member</td>
<td>Joint Managing Director</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Mr. C.S. Rajan*</td>
<td>Member</td>
<td>Independent Director</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

* Inducted as a Member of the CSR & ESG Committee, with effect from 22nd October, 2022

3. Web-link where composition of CSR & ESG Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Bank:


4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

The following CSR Projects undertaken by your Bank in FY 2020-21, were eligible for impact assessment which was conducted in FY 2022-23. The executive summary of the impact assessment reports pertaining to the CSR Projects for which Impact assessment was conducted and completed is given, as under:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Implementing organisation</th>
<th>CSR Project Unique ID</th>
<th>Executive Summary of the Impact Assessment reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pratham Education Foundation</td>
<td>03</td>
<td>Your Bank’s Education and Livelihood project implemented by Pratham Education Foundation in FY 2020-21, undertook a vocational training project in Beauty, Healthcare and Hospitality courses, reaching 5,224 beneficiaries across four states-Maharashtra, Andhra Pradesh, Odisha and Rajasthan. The impact assessment study conducted by Samhita Social Ventures indicated that:  • 63% of respondents who completed the course were given a placement offer, of which, 43% accepted the placements inspite of lockdown restrictions and other COVID-related anxieties.  • The study indicated that the Project had a positive impact on the students in terms of their self-confidence, respect received at the workplace and say in family finances.  • Overall, student satisfaction was found to be very high, with 85.4% of respondents indicating that they would recommend the course to their family and friends.</td>
</tr>
<tr>
<td>2</td>
<td>Head Held High Foundation</td>
<td>11</td>
<td>Your Bank’s Education and Livelihood project implemented by Head Held High Foundation in FY 2020-21, provided six month long training to the youth, i.e. young people with not much educational background or who were school drop-outs. The impact assessment study conducted by Soulace, indicated that:  • 75% of the candidates joined the Make India Capable program to upgrade their skills so as to align with well-paying employment opportunities in the industry.  • All the beneficiaries (100%) received training to prepare for their job interview. 95% of the beneficiaries received assessment feedback from the trainers.</td>
</tr>
<tr>
<td>3</td>
<td>IIMPACT</td>
<td>50</td>
<td>Your Bank’s Education and Livelihood project implemented by IIMPACT in FY 2020-21, offered educational opportunities to girls from underprivileged communities, who are typically excluded from education. The impact assessment study conducted by Soulace, indicated that:  • After the project implementation, 91.7% of the students were gradually doing better in their regular academic sessions.  • 98% of the parents reported that the project moderately helped to bridge the gap in providing education services in the community.</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Implementing organisation</td>
<td>CSR Project Unique ID</td>
<td>Executive Summary of the Impact Assessment reports</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------------------------</td>
<td>-----------------------</td>
<td>-----------------------------------------------------</td>
</tr>
</tbody>
</table>
| 4.     | Disha Foundation                             | 17                    | Your Bank’s Education and Livelihood project implemented by Disha Foundation in FY 2020-21, provided an alternative learning space to children with learning disabilities at Jaipur. The impact assessment study conducted by Soulace, indicated that: 
- Despite the disruptions caused by the COVID pandemic, construction of third floor was completed by leveraging learning-disability-focused design principles. 
- 12 children were enrolled in the centre after it was opened in September 2022. 
- The B.Ed. students were highly satisfied with the infrastructure and facilities provided by Disha Foundation. They praised the systematic and scientific facilities for children with learning disabilities, which were one of the best in Jaipur. |
| 5.     | Indian Institute of Management               | 22                    | Your Bank’s Education and Livelihood project implemented by Indian Institute of Management ("IIM") Bangalore in FY 2020-21, provided seed funding for women entrepreneurs enrolled in the Women Startup Program of Nadathur S. Raghavan Center for Entrepreneurial Learning of IIM Bangalore. The impact assessment study conducted by Soulace, indicated that: 
- 92% of the respondents found the seed funding very helpful in starting and running their businesses. 
- 100% of the respondents stated that the Women Startup Program gave them the motivation to move from ideation to actual product, facilitated future funding rounds and provided better market linkages. 
- Employment creation varied, with 8% of respondents being able to employ more than 20 members, while 40% of respondents were able to employ between 2 and 5 members. |
| 6.     | Parivaar Education Society                   | 49                    | Your Bank’s Education and Livelihood project implemented by Parivaar Education Society in FY 2020-21, provided education and nutrition support to children as part of the Seva Kutir initiative. The impact assessment study conducted by Soulace indicated that: 
- Regular attendance in formal school increased from 65% to 93% after project implementation. 
- 65% of the parents reported that their children became more streamlined as they listened to the instructions at home and formal school as well. 
- Majority of the students (95%) got sufficient food and had full stomach meals. |
| 7.     | Kotak Education Foundation (Project Umang, Unnati, Lead, Guru and Parvarish) | 01                    | Your Bank’s Education and Livelihood project implemented by Kotak Education Foundation ("KEF") in FY 2020-21, focussed on bringing about a holistic development of KEF partner schools and also livelihood opportunities to youth from less privileged back grounds. The impact assessment study conducted by Soulace, indicated that: 
- Lead (Head Teachers): Around 97% of the individuals displayed that the project had impacted concrete school development planning and 97.8% of the participants had seen the significance of the project in one or more areas of strategic development. 
- Guru (Teachers): The Guru Project had a positive impact on the professional development of teachers, particularly in adapting to online or virtual teaching during the COVID pandemic. 
- Parvarish (Parents): 73.8% of respondents recorded that they benefited from the project where their day-to-day interactions with their children became better. The project built enhanced channels of communication, safer homes and better socio-emotional ecosystems for children in their early years. 
- Unnati (vocational training): The curriculum on life skills taught in the Unnati project was generally well-received by the respondents and perceived as helpful, with 88.4% of the respondents finding it very useful, 55.1% strongly agreed and 39.1% agreed, showing the project helped respondents become self-sufficient financially. |
| 8.     | KARO Trust                                   | 26                    | Your Bank’s Healthcare project implemented by KARO Trust in FY 2020-21 provided financial support to 144 unique patients suffering from Ewing’s Sarcoma, Aplastic anaemia and diseases that require a bone marrow transplant. The impact assessment study conducted by Sattva Consulting, indicated that: 
- Financial support provided to the patients has enabled them to continue or complete treatment. 
- 100% of the surveyed patients and their families were satisfied with the support provided by KARO Trust. |
| 9.     | Borderless World Foundation                  | 33                    | Your Bank’s Healthcare project implemented by Borderless World Foundation in FY 2020-21, provided five critical care ambulances to the Indian army in Jammu and Kashmir, with the aim to increase accessibility and availability to healthcare facilities. The impact assessment study conducted by Sattva Consulting, indicated that: 
- High quality build and provisions of advanced medical equipment in the ambulances have received unequivocal appreciation from the army medical officers. 
- The service has helped in bringing a sense of belongingness and national integration among the community members. |

5. (a) Average net profit of the Bank as per Section 135(5) of the Act : ₹ 9,370.69 crore
(b) Two percent of average net profit of the Bank as per Section 135(5) of the Act : ₹ 187.41 crore
(c) Surplus arising out of the CSR projects, programmes or activities of the previous financial years : Not Applicable
(d) Amount required to be set off for the financial year, if any : ₹ 0.88 crore
(e) Total CSR obligation for the financial year \( [(b) + (c) - (d)] \) : ₹ 186.53 crore

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) : ₹ 91.47 crore
(b) Amount spent in Administrative Overheads : ₹ 3.06 crore
(c) Amount spent on Impact Assessment, if applicable : ₹ 0.31 crore
(d) Total amount spent for the Financial Year \( [(a)+(b)+(c)] \) : ₹ 94.83 crore
(e) CSR amount spent or unspent for the financial year:

<table>
<thead>
<tr>
<th>Total Amount spent for the Financial Year ( (\text{` in crore}) )</th>
<th>Amount Unspent ( (\text{` in crore}) )</th>
</tr>
</thead>
<tbody>
<tr>
<td>94.83*</td>
<td>93.11</td>
</tr>
<tr>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

* includes administrative overhead cost of ₹ 3.06 crore, impact assessment expenditure of ₹ 0.31 crore and excludes unutilised CSR expenditure amount with implementation agency, which was returned after 31st March, 2023.

(f) Excess amount for set-off, if any:

<table>
<thead>
<tr>
<th>Sr. No. Particulars</th>
<th>Amount (` in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Two percent of average net profit of the Bank as per Section 135(5) of the Act</td>
<td>187.41</td>
</tr>
<tr>
<td>(ii) Total amount spent for the financial year</td>
<td>187.95*</td>
</tr>
<tr>
<td>(iii) Excess amount spent for the financial year ( [(ii) - (i)] )</td>
<td>0.53</td>
</tr>
<tr>
<td>(iv) Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any</td>
<td>Nil</td>
</tr>
<tr>
<td>(v) Amount available for set off in succeeding financial years ( [(iii)+(iv)] )</td>
<td>1.42**</td>
</tr>
</tbody>
</table>

* includes unspent amount transferred to unspent CSR account and administrative overheads
** Including set off amount of previous financial years ₹ 0.88 crore, the overall surplus available for set off is ₹ 1.42 crore

7. Details of Unspent CSR amount for the preceding three financial years:

<table>
<thead>
<tr>
<th>Sr. No. Preceding Financial Year</th>
<th>Amount transferred to Unspent CSR Account under Section 135(6) of the Act ( (\text{` in crore}) )</th>
<th>Balance amount in Unspent CSR Account under Section 135(6) of the Act ( (\text{` in crore}) )</th>
<th>Amount spent in the reporting Financial Year ( (\text{` in crore}) ) *</th>
<th>Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act</th>
<th>Amount remaining to be spent in succeeding Financial Years ( (\text{` in crore}) ) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 2020-21</td>
<td>63.59</td>
<td>23.57</td>
<td>19.20</td>
<td>Nil</td>
<td>4.37</td>
</tr>
<tr>
<td>2. 2021-22</td>
<td>96.06</td>
<td>N.A.</td>
<td>25.20</td>
<td>Nil</td>
<td>70.86</td>
</tr>
</tbody>
</table>

* includes adjustment of unutilised CSR payment, which was returned by implementation agencies after 31st March, 2023.
8. Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year:

Yes ☑️  No ☐  38*

If Yes, enter the number of capital assets created/acquired

Furnish the details relating to such asset(s) so created or acquired through CSR amount spent in the financial year:

A. Capital assets created or acquired through CSR Projects of FY 2022-23:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Short particulars of the property or asset(s) [including complete address and location of the property]</th>
<th>Pincode of the property or asset(s)</th>
<th>Date of creation</th>
<th>Amount of CSR amount spent (in crore)</th>
<th>Details of entity/Authority/beneficiary of the registered owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PET CT scan machine and installation costs, air conditioning system, electrical cable, doors and windows, vinyl flooring, civil works</td>
<td>281121</td>
<td>4th February, 2023</td>
<td>10.20</td>
<td>CSR00006101 Ramakrishna Mission Sevashrama Charitable Hospital Swami Vivekananda Marg, PO Vrindavan, Dist. Mathura, Uttar Pradesh 281121</td>
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<td>2</td>
<td>Construction of Badminton Academy</td>
<td>500032</td>
<td>31st March, 2023</td>
<td>4.08</td>
<td>CSR0001555 Pullela Gopichand Badminton Foundation Survey No. 91, ISB Road, Madhava Reddy Colony, Gachibowli, Hyderabad 500032</td>
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<tr>
<td>3</td>
<td>Furniture, Fixtures and Office equipments</td>
<td>431001, 800002, 751003, 700107, 140110, 110001 and 03 221011, 431001</td>
<td>19th May, 2022</td>
<td>1.30</td>
<td>CSR0000341 Cankids Kidscan D 7/7, Vasant Vihar, New Delhi 110057</td>
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<td>4</td>
<td>DG Sets (includes installation costs), equipments for medical centre and air conditioning systems (includes installation cost)</td>
<td>412108</td>
<td>18th November, 2022</td>
<td>0.98</td>
<td>CSR0019118 The Mahindra United World College of India Village Khubavali, PO Paud, taluka Mulshi, Pune 412108</td>
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<td>5</td>
<td>Therapeutic Video Bronchoscope System and Blood Bank Refrigerator</td>
<td>360001</td>
<td>17th March, 2023</td>
<td>0.92</td>
<td>N.A PDU Medical College Civil Hospital, Opp PMSSY Block, AIIMS, Rajkot 360001</td>
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<td>6</td>
<td>Computers, Equipment and Servers</td>
<td>560012</td>
<td>18th February, 2023</td>
<td>0.81</td>
<td>CSR007370 Indian Institute of Science, Bangalore India Institute of Science, C V Raman Road, Bangalore 560012</td>
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<td>7(i)</td>
<td>Computers, Laptops and tablet</td>
<td>302017, 363641, 400024, 413516, 414001, 416008, 445402, 492013, 530008, 834004</td>
<td>30th September, 2022</td>
<td>0.41</td>
<td>CSR000258 Pratham Education Foundation 4th Floor, YB Chavan Centre, Nariman Point, Mumbai 400021</td>
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<tr>
<td>7(ii)</td>
<td>Beds, Chairs, Cupboards, Racks and Table</td>
<td>160055, 226202, 363641, 530008, 754001</td>
<td>7th May, 2022</td>
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<tr>
<td>Sr. No.</td>
<td>Short particulars of the property or asset(s) (including complete address and location of the property)</td>
<td>Pincode of the property or asset(s)</td>
<td>Date of creation</td>
<td>Amount of CSR amount spent (in crore)</td>
<td>Details of entity/Authority/beneficiary of the registered owner</td>
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<td></td>
<td>(iii) Batteries, CCTV Biometric machine and Camera</td>
<td>363641, 414001, 462042, 226202, 492013</td>
<td>4th July, 2022 23rd September, 2022 31st December, 2022 7th February, 2023 17th February, 2023 22nd February, 2023 22nd March, 2023 31st March, 2023</td>
<td>0.03</td>
<td>CSR Registration Number, if applicable S.No.232/1, Wing No.A1, Laliwani Vastu, Sakore Nagar, Pune 411014</td>
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<tr>
<td></td>
<td>(v) Office Equipment, Printers and Mini pulverizers</td>
<td>363641, 226202, 462024</td>
<td>31st December, 2022 30th January, 2023 31st January, 2023 7th February, 2023 16th February, 2023</td>
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<td>(vi) Sound speakers, Speaker box and Water filter</td>
<td>414005, 363641, 492013</td>
<td>22nd February, 2023 27th February, 2023 6th March, 2023</td>
<td>0.004</td>
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<td>8.</td>
<td>Neonatal Ventilator, Bubble Cap with humidifier, LED Phototherapy Unit, Jaundice Meter, ABG Analyser, Multipara Monitors, Baby Warmers, Central Station, Syringe Pumps and Neopuff</td>
<td>411001</td>
<td>3rd March, 2023</td>
<td>0.56</td>
<td>CSR00000769 Spherule Foundation S.No.232/1, Wing No.A1, Laliwani Vastu, Sakore Nagar, Pune 411014</td>
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<td>9.</td>
<td>Portable flow meter, Leak Detector, Thermal Imager, Load manager, manometer, Temperature and humidity data logger, Anemometer, tachometer and Clammpmeter</td>
<td>600036</td>
<td>31st March, 2023</td>
<td>0.53</td>
<td>CSR00004320 Indian Institute of Technology, Madras Indian Institute Of Technology, Chennai 600036</td>
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<td>10.</td>
<td>Wrestling mats, training bikes and furniture</td>
<td>583123</td>
<td>15th March, 2023</td>
<td>0.49</td>
<td>CSR00000123 Inspire Institute of Sports Bannihatti 583123</td>
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<tr>
<td>11.</td>
<td>(i) Tablets, Chairs, Printers, Office tables, Racks, Cupboards, Motor cycle and Containers</td>
<td>803201, 800023, 768000, 804453, 800007</td>
<td>14th March, 2023 15th March, 2023 29th March, 2023</td>
<td>0.10</td>
<td>CSR00000259 BAIF Institute for Sustainable Livelihoods and Development Dr. Manibhai Desai Nagar, NH-4 , Bypass, Wajre, Pune 411058</td>
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<td>(ii) Laptops Printers, Camera, Whiteboard, Office Table, Containers and Motor cycles</td>
<td>413512</td>
<td>31st March, 2023</td>
<td>0.10</td>
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<td>(iii) Motor Cycle and Containers</td>
<td>562101, 562105, 571114, 580001, 575001</td>
<td>28th February, 2023 10th March, 2023 25th March, 2023 27th March, 2023</td>
<td>0.21</td>
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Integrated Annual Report 2022-23
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Short particulars of the property or asset(s) [including complete address and location of the property]</th>
<th>Pincode of the property or asset(s)</th>
<th>Date of creation</th>
<th>Amount of CSR amount spent (in crore)</th>
<th>Details of entity/Authority/beneficiary of the registered owner</th>
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<tbody>
<tr>
<td>12.</td>
<td>(i) Racks and Cupboards</td>
<td>180002</td>
<td>25th October, 2022 4th November, 2022</td>
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<td>CSR00002223 Borderless World Foundation C1/1, S. No. 14/15 Yashwantrao Chavan Nagar Dhankwadi, Pune 411043</td>
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<td>(ii) Geysers</td>
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<td>6th December, 2022</td>
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<td>(iii) Cupboards</td>
<td></td>
<td>23rd December, 2022</td>
<td>0.02</td>
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<td>(iv) Beds</td>
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<td>18th January, 2023</td>
<td>0.01</td>
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<td></td>
<td>(v) Solar Panels</td>
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<td>13th February, 2023</td>
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<td>13.</td>
<td>Interactive Panel (Windows 10 pro) and Automatic Milk collection Unit</td>
<td>560029</td>
<td>8th March, 2023 15th March, 2023</td>
<td>0.24</td>
<td>N.A Karnataka Co-operative Milk Producers Federation Limited KMF Complex, P.B. No. 2915, Dr. M.H. Manigowda Road, Bengaluru 560029</td>
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<td>14.</td>
<td>40 Computer Systems</td>
<td>313001</td>
<td>31st March, 2023</td>
<td>0.22</td>
<td>CSR00003180 Vidya Bhawan Society Mohan Sinha Mehta Marg, Fatehpura, Udaipur, Rajasthan 313001</td>
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<td>15.</td>
<td>14 LED Televisions sets</td>
<td>312605</td>
<td>10th October, 2022</td>
<td>0.20</td>
<td>N.A Public authority Dhariyawad Road, Near Housing Board colony, Pratapgarh 312605</td>
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<td>16.</td>
<td>Ambulance (Veterinary Hospital)</td>
<td>411016</td>
<td>29th July, 2022</td>
<td>0.18</td>
<td>N.A Punyashlok Ahilyadevi Va Sheli Vikas Mahamandali Limited GRFF+RJ2, Mendhi Farm Rd, Gokhalenagar, Pune 411016</td>
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<tr>
<td>17.</td>
<td>Furniture and Fixtures (table, chair), Electrical fittings, fan and Fire extinguisher</td>
<td>400054</td>
<td>27th July, 2022 16th December, 2022 3rd January, 2023 23rd March, 2023</td>
<td>0.10</td>
<td>CSR00000703 Deeds Public Charitable Trust 651, Avinash House, 1st Floor, 20th Road, Khar West, Mumbai 400052</td>
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<td>19.</td>
<td>(i) Laptops</td>
<td>400088</td>
<td>30th March, 2023</td>
<td>0.09</td>
<td>CSR00001785 Kotak Education Foundation 1st Floor, North Side, Ujagar Compound, Sunder Baug, Opp. Deonar Bus Depot, Off Sion-Trombay Road, Deonar, Mumbai 400088</td>
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<td></td>
<td>(ii) Biometric machine</td>
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<tr>
<td>Sr. No.</td>
<td>Short particulars of the property or asset(s) (including complete address and location of the property)</td>
<td>Pincode of the property or asset(s)</td>
<td>Date of creation</td>
<td>Amount of CSR amount spent (₹ in crore)</td>
<td>Details of entity/Authority/beneficiary of the registered owner</td>
</tr>
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<tr>
<td>20.</td>
<td>Beds, cupboard, Furniture Fridge and Kitchen equipments</td>
<td>416013</td>
<td>29th March, 2023</td>
<td>0.07</td>
<td>Chetana Apangamati, Vikas Sanstha</td>
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<td></td>
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<td></td>
<td>30th March, 2023</td>
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<td>Shendra Park, Kolhapur 416012</td>
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<td>21.</td>
<td>(i) Laptops and tablet</td>
<td>110001</td>
<td>23rd September, 2022</td>
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<td>CSR00001762 Khan Academy India</td>
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<td></td>
<td>(ii) Podcast microphones and other equipments</td>
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<td>4th October, 2022</td>
<td>0.02</td>
<td>CSRO0000542 Youth4 Jobs Foundation</td>
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<tr>
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<td>(iii) DELL monitor with IPS technology</td>
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<td>29th December, 2022</td>
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<td>CSRO00002046 Youth4 Jobs Foundation</td>
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<td>22.</td>
<td>Computer Tables - Chairs, Desktops and Printers, Water Dispenser</td>
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<td>23rd December, 2022</td>
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<td>CSRO0000148 Cohesion Foundation Trust</td>
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<td>26th December, 2022</td>
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<td>6-Sejal Apartment, Behind Navneet Publications, Gurukul Road, Memnagar, Ahmedabad 380052</td>
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<tr>
<td>23.</td>
<td>LED TV and Desktops</td>
<td>384325</td>
<td>22nd December, 2022</td>
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<td>CSRO0000382 Samaranpan Foundation</td>
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<td>23rd December, 2022</td>
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<td>63, Jor Bagh, New Delhi 110003</td>
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<td>24.</td>
<td>(i) Desktops, Tablet and pen drive</td>
<td>110070</td>
<td>12th September, 2022</td>
<td>0.02</td>
<td>CSRO0000542 Youth4 Jobs Foundation</td>
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<td></td>
<td>(ii) Fan, CCTV cameras and Electric ring bell</td>
<td></td>
<td>15th September, 2022</td>
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<td>CSRO0000148 Cohesion Foundation Trust</td>
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<tr>
<td></td>
<td>(iii) Batteries, Inverters and Weighing machine</td>
<td></td>
<td>10th January, 2023</td>
<td>0.07</td>
<td>CSRO0000148 Cohesion Foundation Trust</td>
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<tr>
<td>25.</td>
<td>Printers, Desktop, Laptops, Furniture and Fixtures, Cupboards, chairs, fans and camera</td>
<td>384325</td>
<td>22nd December, 2022</td>
<td>0.02</td>
<td>CSRO00000148 Cohesion Foundation Trust</td>
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<td>20th January, 2023</td>
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<td>6-Sejal Apartment, Behind Navneet Publications, Gurukul Road, Memnagar, Ahmedabad 380052</td>
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<tr>
<td>26.</td>
<td>Laptops</td>
<td>400013</td>
<td>24th March, 2023</td>
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<td>CSRO0000148 Cohesion Foundation Trust</td>
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<tr>
<td>27.</td>
<td>Laptop, Desktop and Tablets</td>
<td>563102, 625016</td>
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<td>CSRO0000518 DHAN Foundation</td>
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<td>28.</td>
<td>(i) Laptop</td>
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<td>CSRO00009141 IT for Change</td>
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<td>(ii) Furniture and Stationery</td>
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<td>29th December, 2022</td>
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<td>CSRO00009141 IT for Change</td>
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**Grand total**: 22.51
B. Capital assets created or acquired through Unspent CSR amount of previous financial years spent in the financial year

(i) Capital assets created/acquired from amount in Unspent CSR account of FY 2021-22:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Short particulars of the property or asset(s) [including complete address and location of the property]</th>
<th>Pincode of the property or asset(s)</th>
<th>Date of creation</th>
<th>Amount of CSR amount spent (` crore)</th>
<th>Details of entity/Authority/beneficiary of the registered owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Computer, Laptops, web applications, Thermal Imager, Load manager, digital manometer, Temperature and humidity data logger, Anemometer, tachometer and Clampmeter, Gas analysers</td>
<td>600036</td>
<td>23rd May, 2022</td>
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<td>CSR00004320 Indian Institute of Technology, Madras</td>
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<td>20th June, 2022</td>
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<td>21st June, 2022</td>
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<td>24th March, 2023</td>
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<td></td>
<td>28th March, 2023</td>
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</tr>
<tr>
<td>2.</td>
<td>Laptops, Computers, Washing Machine, Study material for cancer treatment (Breast trainer and gynac model), Projector and Water Purifier</td>
<td>410203</td>
<td>16th June, 2022</td>
<td>0.15</td>
<td>CSR00001287 Tata Memorial Centre</td>
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<td>27th July, 2022</td>
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<td></td>
<td>2nd February, 2023</td>
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</tr>
<tr>
<td>3.</td>
<td>Bikes, Office furnitures, laptops, Printers and Containers</td>
<td>571128, 571417, 571424, 571430, 571606, 572201, 580001</td>
<td>15th April, 2022</td>
<td>0.09</td>
<td>CSR00000259 BAF Institute for Sustainable Livelihoods and Development</td>
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<td>27th September, 2022</td>
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<td></td>
<td>29th March, 2023</td>
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<td>4.</td>
<td>Office Equipments, Tablets, Computer accessories and Microphone</td>
<td>110001</td>
<td>1st April, 2022</td>
<td>0.03</td>
<td>CSR00001762 Khan Academy India</td>
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<td>5th May, 2022</td>
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<td>31st May, 2022</td>
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<td>5.</td>
<td>Laptops, Computers and Printers</td>
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<td>CSR00001785 Kotak Education Foundation</td>
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<td>6.</td>
<td>Stationery items and Sound system and accessories</td>
<td>411003</td>
<td>14th July, 2022</td>
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<td>CSR000006410 Urban Rural Management Empowerment and Establishment</td>
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<td>20th July, 2022</td>
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<td>7.</td>
<td>Music System</td>
<td>410206</td>
<td>29th July, 2022</td>
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<td>CSR00001865 Society of Parents of Children with Autistic Disorders</td>
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</tbody>
</table>

**Total**: 2.10
(ii) Capital assets created/acquired from amount in Unspent CSR account of FY 2020-21

<table>
<thead>
<tr>
<th>S. No.</th>
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<th>Amount of CSR amount spent ((\text{₹} ) crore)</th>
<th>Details of entity/Authority/beneficiary of the registered owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Construction of building - badminton academy</td>
<td>500032</td>
<td>31st March, 2023</td>
<td>13.30**</td>
<td>CSR00001555 Pullela Gopichand Badminton Foundation</td>
</tr>
<tr>
<td>2</td>
<td>Chairs, Tables and Cupboards</td>
<td>410206</td>
<td>1st April, 2022</td>
<td>0.16***</td>
<td>CSR00001865 Society of Parents of Children with Autistic Disorders</td>
</tr>
<tr>
<td>3</td>
<td>Furniture and Officer Equipments</td>
<td>700107, 110003, 110001, 140110</td>
<td>19th May, 2022</td>
<td>0.01</td>
<td>CSR00000341 Cankids...Kidscan D 7/7, Vasant Vihar , New Delhi 110057</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>13.47</td>
<td></td>
</tr>
</tbody>
</table>

* The capital assets created/acquired does not include the capital assets which are under work in progress and the number indicates implementing agency/organisation-wise creation and acquisition of capital asset

** The cost of construction and badminton academy under the CSR Project undertaken in FY 2020-21 is ₹34 crore, of which, ₹13.30 crore was spent in FY 2022-23 and ₹18.91 crore was spent in FY 2020-21 and FY 2021-22. The Badminton academy is constructed and commissioned, the CSR Project with implementing organisation shall be completed in FY 2023-24 on account of retention money to be paid in FY 2023-24 to the contractor appointed by the implementing organisation for fulfilment of contract (for construction and commissioning of badminton academy).

*** The total cost of building under the CSR Project undertaken in FY 2020-21 is ₹3.80 crore, of which, ₹0.165 crore was spent in FY 2022-23 and ₹3.40 crore was spent in FY 2020-21 and FY 2021-22. While the building is constructed and commissioned, the CSR Project with implementing organisation shall be completed in FY 2023-24 on account of retention money to be paid in FY 2023-24 to the contractor appointed by the implementing organisation for fulfilment of contract.

9. Specify the reason(s), if the Bank 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 : 24th June, 2023  
Place : Mumbai

Prakash Apte  
Chairperson – Corporate Social Responsibility and Environmental Social Governance Committee  
Date : 24th June, 2023  
Place : Mumbai
1. **Ratio of the remuneration of each Director to the median remuneration of the employees for the financial year**: 

<table>
<thead>
<tr>
<th>Directors</th>
<th>Title</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Prakash Apte</td>
<td>Non-Executive Part-time Chairperson</td>
<td>10.36x</td>
</tr>
<tr>
<td>Mr. Uday Khanna</td>
<td>Independent Director</td>
<td>7.41x</td>
</tr>
<tr>
<td>Ms. Farida Khambata (up to 6th September, 2022)</td>
<td>Independent Director</td>
<td>7.37x</td>
</tr>
<tr>
<td>Mr. Uday Shankar</td>
<td>Independent Director</td>
<td>6.88x</td>
</tr>
<tr>
<td>Dr. Ashok Gulati</td>
<td>Independent Director</td>
<td>7.41x</td>
</tr>
<tr>
<td>Ms. Ashu Suyash (with effect from 24th January, 2022)</td>
<td>Independent Director</td>
<td>5.95x</td>
</tr>
<tr>
<td>Mr. C S Rajan (with effect from 22nd October, 2022)</td>
<td>Independent Director</td>
<td>1.71x</td>
</tr>
<tr>
<td>Mr. C. Jayaram</td>
<td>Non-Executive Director</td>
<td>8.75x</td>
</tr>
<tr>
<td>Mr. Amit Desai</td>
<td>Non-Executive Director</td>
<td>2.91x</td>
</tr>
<tr>
<td>Mr. Uday Kotak</td>
<td>Managing Director &amp; CEO</td>
<td>0.07x</td>
</tr>
<tr>
<td>Mr. Dipak Gupta</td>
<td>Joint Managing Director</td>
<td>93.77x</td>
</tr>
<tr>
<td>Mr. KVS Manian</td>
<td>Whole-time Director</td>
<td>91.33x</td>
</tr>
<tr>
<td>Mr. Gaurang Shah (up to 31st October, 2022)</td>
<td>Whole-time Director</td>
<td>86.37x</td>
</tr>
<tr>
<td>Ms. Shanti Ekambaram (with effect from 1st November, 2022)</td>
<td>Whole-time Director</td>
<td>36.61x</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Directors/Key Managerial Personnel</th>
<th>Title</th>
<th>% increase in remuneration</th>
<th>% increase in remuneration excluding Stock Appreciation Rights (“SARs”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Prakash Apte</td>
<td>Non-Executive Part-time Chairperson</td>
<td>8.42</td>
<td>8.42</td>
</tr>
<tr>
<td>Mr. Uday Khanna</td>
<td>Independent Director</td>
<td>28.11</td>
<td>28.11</td>
</tr>
<tr>
<td>Ms. Farida Khambata (up to 6th September, 2022)</td>
<td>Independent Director</td>
<td>59.52</td>
<td>59.52</td>
</tr>
<tr>
<td>Mr. Uday Shankar</td>
<td>Independent Director</td>
<td>78.19</td>
<td>78.19</td>
</tr>
<tr>
<td>Dr. Ashok Gulati</td>
<td>Independent Director</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ms. Ashu Suyash (with effect from 24th January, 2022)</td>
<td>Independent Director</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mr. C S Rajan (with effect from 22nd October, 2022)</td>
<td>Independent Director</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mr. C. Jayaram</td>
<td>Non-Executive Director</td>
<td>27.75</td>
<td>27.75</td>
</tr>
<tr>
<td>Mr. Amit Desai (with effect from 18th March, 2022)</td>
<td>Non-Executive Director</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Uday Kotak</td>
<td>Managing Director &amp; CEO</td>
<td>34.47</td>
<td>27.24</td>
</tr>
<tr>
<td>Mr. Dipak Gupta</td>
<td>Joint Managing Director</td>
<td>16.33</td>
<td>28.43</td>
</tr>
<tr>
<td>Mr. KVS Manian</td>
<td>Whole-time Director</td>
<td>16.56</td>
<td>33.96</td>
</tr>
<tr>
<td>Mr. Gaurang Shah (up to 31st October, 2022)</td>
<td>Whole-time Director</td>
<td>0.65</td>
<td>0.65</td>
</tr>
<tr>
<td>Ms. Shanti Ekambaram (with effect from 1st November, 2022)</td>
<td>Whole-time Director</td>
<td>0.65</td>
<td>0.65</td>
</tr>
<tr>
<td>Ms. Jaimin Bhatt</td>
<td>Group Chief Financial Officer</td>
<td>16.56</td>
<td>33.96</td>
</tr>
<tr>
<td>Ms. Avan Doomasia</td>
<td>Company Secretary</td>
<td>0.65</td>
<td>0.65</td>
</tr>
</tbody>
</table>

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 2021-22 and FY 2022-23, increase in the median remuneration is 16.97%.

4. **Number of permanent employees on the rolls of Bank at the end of the year**: 73,481
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 2021-22 and FY 2022-23, the average increase was 18.48% and 19.50%, respectively, excluding SARs.

Average increase for managerial personnel is 35.51% [excluding SARs: 30.68%]

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. Median remuneration has been calculated for employees who were in employment for whole of FY 2022-23 and FY 2021-22

ii. Ratio of the remuneration of each Director to the median remuneration has been calculated based on the actual remuneration received for the period of office held by them as a Director during FY 2022-23 and not pro-rated for full financial year.

iii. 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.

iv. 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.

v. The remuneration of the Independent Directors (other than the Non-Executive Part-time Chairperson) and Non-Executive Directors of the Bank, for FY 2022-23 and 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 Chairperson 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.

vi. Mr. Uday Kotak had opted to forego his fixed salary and accepted a token amount of Re. 1 for FY 2022-23.

vii. Mr. Gaurang Shah retired and thus ceased to be a Whole-time Director and Director of the Bank, with effect from 1st November, 2022. His remuneration also includes retirement benefits paid to him.

viii. Percentage increase in remuneration has been given for Directors who were on the Board of the Bank for entire two financial years of 2021-22 and 2022-23.
SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

(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, 2023, 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, 2023 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 and Sweat Equity) Regulations, 2021;
   e) The Securities and Exchange Board of India (Issue of Equity Shares 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 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, 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; and
(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

Other laws to the extent applicable to the Bank as per the representations made by the Bank;

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.

The Corporate Social Responsibility ("CSR") expenditure for FY 2022-23, required as per Section 135 of the Act was ₹ 187.41 crore. After setting off ₹ 0.88 crore from the excess CSR spend of the previous FY 2021-22, the Bank’s total CSR obligation for FY 2022-23 was ₹ 186.53 crore. The actual CSR expenditure for FY 2022-23 was ₹ 91.47 crore. An amount of ₹ 93.11 crore remained unspent and has been transferred to the ‘Kotak Mahindra Bank Limited Unspent CSR Account FY 2021-22’, on April 28, 2023. The total CSR expenditure for FY 22-23 of ₹ 187.95 crore is more than the prescribed CSR expenditure requirement stipulated under Section 135 of the Act. The unspent amount of CSR for the FY 2020-2021 and FY 2021-2022, as on March 31, 2023 is ₹ 4.37 crores and ₹ 70.57 crore respectively.

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 18,94,822 Equity Shares of the face value of ₹ 5 each under the Employee Stock option Scheme of the Bank.
ii. During the year the Bank issued :
   a. 15,000 nos. of 7.63% Senior, Rated, Listed, Unsecured, Redeemable, Long Term Fully Paid Up Non-Convertible Bonds in the nature of Debentures ("NCDs"), of the face value of ₹ 10,00,000 each, aggregating ₹ 1,500 crore, on private placement basis
   b. 30,000 nos. of 7.85% Senior, Rated, Listed, Unsecured, Redeemable, Long Term Fully Paid Up Non-Convertible Bonds in the nature of Debentures ("NCDs"), of the face value of ₹ 1,00,000 each, aggregating ₹ 300 crore, issued on private placement basis.
iii. During the year, 3,060 nos. of Unsecured Redeemable Non-Convertible, Subordinated Bonds in the nature of Debentures of the face value of ₹ 10,00,000 each, aggregating ₹ 306 crore, were redeemed.

For Parikh & Associates
Company Secretaries

Jigyasa N. Ved
Partner
FCS No: 6488 CP No: 6018
UDIN: F006488E000492028
PR No.: 1129/2021

Place : Mumbai
Date : 24.06.2023

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. Wherever 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: F006488E000492028  
PR No.: 1129/2021  

Place : Mumbai  
Date : 24.06.2023
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023
(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, 2023, 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, 2023 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 was required to spent an amount of ₹ 11,04,45,418/- and there is an unspent amount of around ₹ 1.03 Cr during the financial year which will be transferred to Unspent CSR A/c 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 : F009697E000201790
PR No.: 1129/2021

Place : Mumbai
Date : April 26, 2023

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

Place : Mumbai
Date : April 26, 2023

Sarvari Shah
Partner
FCS No: 9697 CP No: 11717
UDIN : F009697E000201790
PR No.: 1129/2021