

Message from Ashok Vaswani

Transforming
for scale

“In all my 35 years of working experience, one lesson stands out: if you get it right by the customer, everything else will fall into place. If you don’t get it right by the customer, then nothing else matters. At Kotak, we are deeply determined to get it right by our customers.”

Ashok Vaswani
Managing Director & CEO



Dear Shareholders,

It is with a great sense of humility, excitement and determination that I share my first thoughts with you.

Kotak is one of the largest financial conglomerates in India, with a stellar reputation, a strong brand, global standards of governance, a prudent risk management mindset, and a dedicated management team. Therefore, it is no surprise that Kotak has delivered excellent financial results, growing consolidated Profit After Tax at a 5-year CAGR of 20.4% – fiscal year 2023-24 being no exception.

The credit goes to Uday Kotak, who has built this exceptional business, directed its growth from a bill discounting business to the most diverse financial organisation in the country today. His incredible attention to detail and to first principles have been pivotal in navigating difficult situations over the last few decades, such as the NBFC crisis, global financial meltdown, COVID-19 pandemic, etc. Uday's ability to build a strong management team that embodies entrepreneurial energy has been instrumental in our success over these years. Words cannot sufficiently express the institutional building that he has achieved. And this is exactly what we want to sustain – a preeminent institution that outlives generations!

I am humbled and grateful that I have been chosen to lead our company into its next phase of growth. I sincerely believe that we are extremely well poised to take this franchise to the next level. In a way, I have trained for 35 years across every geography in the world to take on this opportunity.

Of course, the Indian economy and the Indian drive and determination are clear tailwinds. India's growth trajectory, both in terms of stature and prominence, achieved on its own terms, is truly inspiring. Over the years, I have seen this first hand while managing businesses in India from abroad. As an Indian, my heart swelled with pride regardless of the geography that I was in. This, coupled with all the internal building blocks that we have, gives me a great sense of excitement and energy as we take this institution to the next level.



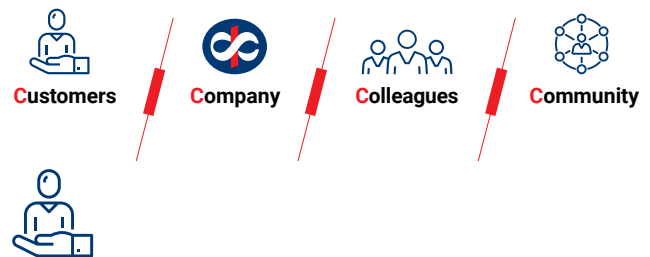
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This is also what drives my determination.

I am deeply committed to ensuring that our key stakeholders are proud of the Kotak Group and the Group achieves its rightful position in the financial services industry. That then brings me to our core strategy for the next phase –

Transforming for scale

Equally important while transforming for scale would be to Scale for Relevance and not for the sake of size.



Customers

The Heart of Our Business

The most important stakeholder is our **Customer**. In all my 35 years of working experience, one lesson stands out: if you get it right by the customer, everything else will fall into place. If you don't get it right by the customer, then nothing else matters. At Kotak, we are deeply determined to get it right by our customers by understanding their needs and building appropriate propositions and thus being the right partner to them – which sometimes may even mean saying no. The good news is that we have a comprehensive range of products and services within Kotak, enabling us to fulfil our promises. We assure our customers that we will make it easier for them to do business with us.

Every single financial product and service that we provide is a means to an end rather than the end in itself. Hence, making sure that we are there and deliver for the customer on their terms becomes critical. Getting this right will lead to our customers rewarding us with their loyalty and business. In turn, this approach will help us scale our business and expand market share. Where we already have a good market share, we will aim to maintain our position while simultaneously driving growth in other business segments.



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Company

Building Sustainable Value

You give us the capital to run our **Company**, and it is our commitment to deliver to you – to build a great company that you can be proud of and an institution that delivers sustainable and consistent financial returns.

On a consolidated basis in FY 2023-24, our Net Profit grew at 22% YoY to ₹ 18,213 crore translating into a strong Return on Assets of 2.66%. As on 31st March, 2024, our Networth was ₹ 129,892 crore, Book Value per Share was ₹ 653 and Capital Adequacy Ratio stood at 21.8%. Total Assets Under Management was over ₹ 560,000 crore.

At the Bank standalone level, our customer base grew to over 5 crore, Net Profit grew 26% YoY to ₹ 13,782 crore and Net Interest Margin stood at 5.32%. YoY we grew our deposits and advances by over 20% while maintaining credit cost at 45 bps.

We recognise that you have many options, but we will demonstrate, as we have in the past, that we will deliver for you consistently.

At this stage, it is appropriate to address the recent RBI order. Over the last few years, we had completely embraced the notion that leveraging technology is fundamental to growing the business. Towards this, we had significantly stepped up resources and investments in technology. However, it is evident that we have more to do. Changing customer expectations, the dramatic pace of business growth and the emerging risk landscape have meant that we have to move at a much faster pace. We are absolutely committed to further enhancing our resources and commitments in this area and I am very confident that collectively, as a team – we will deliver and use this as an opportunity to leapfrog.

It is also very clear that technology is going to be at the centre of our efforts to transform and hence, scale.



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Colleagues

Our Greatest Asset

We can only achieve our goals through our greatest asset and ambassadors – our **Colleagues**. Committed colleagues who are aligned with the Company’s purpose will deliver for the customer. The job of everyone in the Company is to become a customer facing colleague, or at the very least, serve the front-line colleague facing the customer. We will transform our internal processes to make it easier for our customer-facing colleagues to meet the needs of the customer.

Attracting and retaining colleagues who are excited about being customer obsessed will be our mantra as we transform for scale.



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Community

Thriving Together

Another very important stakeholder is our **Community**. Within this, the most important stakeholders are our regulators. Our regulators give us the licence to do business. They essentially want us to take care of our customers and do that in a prudent manner. That is exactly what the management team seeks to do. Hence, there is no ray of light between the regulators and the team.

More broadly, we can only thrive – if the community in which we live and operate thrives. It is in our self-interest to make sure that the community thrives. Our efforts in this regard will be reflected in the value of our brand.



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“As your management team, we will build a sustainable, high performing organisation. Our journey ahead is filled with opportunities and challenges, and I am confident that with your continued support, we will achieve our aspirations. We are determined to win and, more importantly, win in the right way!”



I am extremely proud of the CSR activity that we do as a Group, especially on education, livelihood, healthcare and environmental sustainability. Personally, I have benefited from my family's intense focus on education and sincerely believe in the adage of teach a person to fish and you feed them for life. Closely linked to that is the need to create employment and fuel entrepreneurship. That, in a sense, is Kotak's legacy, and we want to Transform for scale – Entrepreneurship. I have been going around the country, meeting many young people, and the confidence and sparkle in their eyes tell me that it is only the right thing to do. That's transforming and scaling the country, and as part of our community efforts, we will play our share.

These are, no doubt, ambitious goals, but we are not playing for the short term. Our commitment to you is to demonstrate consistent progress against these goals.

In conclusion, I want to leave you with one last thought – as your management team, we will build a sustainable, high performing organisation. Our journey ahead is filled with opportunities and challenges and I am confident that with your continued support, we will achieve our aspirations. We are determined to win and more importantly, win in the right way!

Let's keep going!

Ashok Vaswani
Managing Director & CEO
 6th July, 2024