



Acceler@ting
change

Welcome to Kotak Mahindra Bank

We expect more from ourselves than what others expect of us. This is what helps us create a rewarding and delightful experience for all our stakeholders while remaining responsible and open to new ideas. Always.

Established in 1985, Kotak Mahindra Group is one of India's leading financial services conglomerates. Kotak endeavours to provide a holistic perspective of its business, strategy, governance, risk management, financial, and sustainability performance through this Integrated Report.

Key highlights of FY 2022-23

52.8%

Current Account and Savings Account (CASA) Deposits (Bank Standalone)

5.4%*

Consolidated Net Interest Margin (NIM)

₹ 14,925 cr

Consolidated Net Profit

About the Report.

Kotak Mahindra Bank Limited ('We' or 'the Bank' or 'Kotak Mahindra Bank') and our subsidiaries (hereby collectively referred to as 'Kotak Mahindra Group' or 'Kotak' or 'We')¹ are pleased to present our third Integrated Annual Report (Report) for the period starting from 1st April, 2022 to 31st March, 2023. We at Kotak ensure that our efforts towards business growth, environmental stewardship and social development are published on an annual basis².

Our Integrated Annual Report strives to provide our readers with comprehensive disclosures on our financial and non-financial performance as well as value creation imperatives across our businesses and subsidiaries. Our Report narrates in detail the manner in which environment, social and governance aspects are embedded in the functioning of our businesses, with an emphasis on our strategy, governance, risks and prospects to provide insightful information about our activities and performance. The quantitative and qualitative information concerning our progress and initiatives is presented in this Report, through the material topics identified during the financial year (i.e. FY 2022-23).

Reporting Principles

The Integrated Annual Report has been developed as per the applicable regulatory requirements and the disclosure requirements detailed by the voluntary reporting standards and frameworks. This Report has been prepared in accordance with the National Guidelines on Responsible Business Conduct (NGRBC) and meets the requirements stated in the Business Responsibility and Sustainability Reporting (BRSR) format stipulated by the Securities and Exchange Board of India (SEBI). Furthermore, the contents of the Report are in alignment with the principles and guidance provided by the International Integrated Reporting Council's Integrated Reporting <IR> framework and with reference to the Global Reporting Initiative (GRI) Universal Standards 2021. The Report also highlights our alignment with the United Nations' Sustainable Development Goals (SDGs).

The financial and statutory information has been presented as per the requirements specified by the following regulations and standards:

The Companies Act, 2013 (including the rules made thereunder)

The Indian Accounting Standards notified under section 133 of the Companies Act, 2013 and General Accepted Accounting Principles prevailing in India

The SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Banking Regulation Act, 1949 and other relevant Reserve Bank of India (RBI) regulations

Insurance Regulatory and Development Authority of India (IRDAI) guidelines

In addition to this, the actions undertaken by the Bank to orient its climate risk framework according to the recommendations defined by the Task Force on Climate-Related Financial Disclosures (TCFD) are disclosed.

Reporting Boundary for ESG disclosures³

The boundary for BRSR disclosure is the Bank and the same is explicitly mentioned in the BRSR section of this Report. The ESG disclosures provided in this Integrated Annual Report cover details of our Group's national and international footprint including office premises, branch and ATM network. We have expanded our boundary to include all the subsidiaries within the Group. In the last year's Integrated Annual Report, fourteen of our subsidiaries were included in the boundary and they are: Kotak Infrastructure Debt Fund Limited, Kotak Mahindra Prime Limited, Kotak Mahindra Investments Limited, Kotak Mahindra Trusteeship Services Limited, Kotak Mahindra Pension Fund Limited, Kotak Mahindra Capital Company Limited, Kotak Securities Limited, Kotak Mahindra Life Insurance Company Limited, Kotak Mahindra General Insurance Company Limited, Kotak Investment Advisors Limited, Kotak Mahindra Asset Management Company Limited, Kotak Mahindra Trustee Company Limited, IVY Product Intermediaries Limited and BSS Microfinance Limited. For FY 2022-23, we have covered the remaining subsidiaries namely: Kotak Mahindra (UK) Limited, Kotak Mahindra (International) Limited, Kotak Mahindra Inc. (USA),

Kotak Mahindra Asset Management (Singapore) Pte. Limited and Kotak Mahindra Financial Services Limited.⁴ The boundary for BRSR disclosure is the Bank and the same is explicitly mentioned in the BRSR section of this Report. The boundary for the specific disclosures made are clearly mentioned in the notes of relevant sections in this Report. ESG disclosures are published on an annual basis and the latest disclosure report was released for FY 2021-22.

For this Report, no restatements have been made as was the case in the previous two years' reports⁵. A precautionary approach is adopted at the Group for risk management and lending decisions to mitigate any adverse impacts on the environment.

Assurance for ESG disclosures⁶

Our Group strives to ensure that high quality of information is disclosed in this Report by undergoing a robust assurance process, leveraging our internal expertise as well as external assurance. A limited assurance on certain agreed/ identified sustainability indicators in this Report has been provided by Price Waterhouse Chartered Accountants LLP, in accordance with the International Standards on Assurance Engagements (ISAE) 3000 (revised), International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and AA1000 Assurance Standard (AA1000AS v3). The subject matter, criteria, procedures performed, and limited assurance conclusion are presented in the assurance report attached at the end of this Report.

Feedback

For any suggestions, views and perspectives you may have about this Report, kindly reach out to us at investor_relations@kotak.com⁷.

Acknowledgement

Some photographs were contributed by our employee Devdatta Bhattacharya.

Acceler@ting change

Kotak embarked on a path to change last year as we recalibrated our approach to meet the needs of the future. This year, we accelerated the pace of change in our quest to make a demonstrable difference in our chosen areas. There is visible progress across customer centricity, technology adoption, digital enablement and our talent mix proposition.

As a new India emerges driven by her people's aspiration and determination to progress, we at Kotak are accelerating our efforts to not only stay in step but strive ahead with purpose and commitment.

Change heralds both opportunities and challenges. To make the most of it, one needs both scale and agility. On the one hand, we are harnessing technology to provide comprehensive offerings across segments and present differentiated propositions to deepen our presence in key segments (e.g., the mass affluent segment). On the other hand, we are redefining customer experience and convenience with a well-defined technology-enabled strategy. We are also building a future-ready talent pool and empowering them to take on the challenges of a new India. We aspire to be the 'go-to' bank for every Indian and we are doing all of this with a sense of purpose and urgency.

In the process, we continue to zealously guard the quality of our balance sheet, which provides a springboard for our growth in the years ahead. This will drive the Bank and its subsidiaries to deliver robust risk-adjusted returns to shareholders and sustained value to all stakeholders.

We continue to remain true to our core DNA of driving differentiation and trust, and building a franchise that is recognised for its promise and potential.

¹GRI 2-1 | ²GRI 2-3 | ³GRI 2-3 | ⁴GRI 2-2 | ⁵GRI 2-4 | ⁶GRI 2-5 | ⁷GRI 2-3 | *excluding dividend and interest on income tax refunds

Who We Are

Introduction to our Group along with brief overview of our esteemed Board of Directors.

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Year in Review

A brief overview of our businesses and financial performance alongside our MD & CEO's reflections on our performance.

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Value Creation Strategy

A glimpse of our business strategy that incorporates our ESG considerations, along with a snapshot of the sustainability outcomes for our stakeholders.

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Sustainability at Kotak

An in-depth look at our efforts toward contributing to stakeholder outcomes along with our initiatives to strengthen our governance.

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Rewards and Recognition

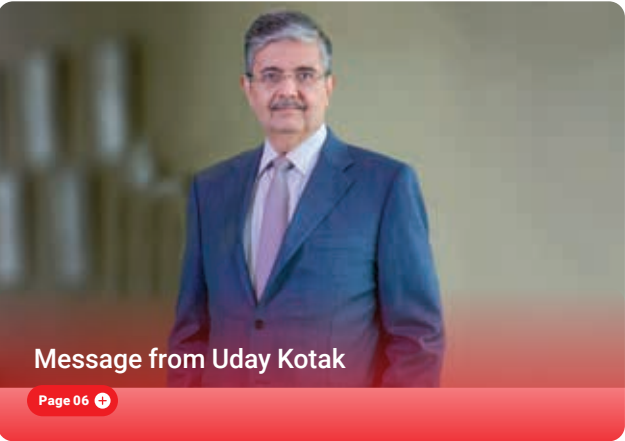
A glimpse of the recognitions we received during the year that showcases our commitment to achieve business excellence.

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An overview of the financial performance of the Group.

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ABOUT US

Driving Responsible Growth.

Embracing the winds of change, Kotak has emerged as a transformative force within India's financial landscape. Over the years, we have successfully navigated evolving market dynamics, consistently adapting offerings to meet the needs of a dynamic clientele. Powered by innovation and cutting-edge technology, we pioneer financial solutions, ushering in an era of convenience and empowerment. Further, we are embracing sustainability and ESG practices to drive transformative progress and create sustainable value for our stakeholders.

KOTAK UNIVERSE[^]

Kotak is one of India's leading diversified and integrated financial services conglomerates, providing a wide range of financial solutions, covering banking (consumer, commercial and corporate), credit and financing, asset management, alternate assets, life and general insurance, stock broking, investment banking, private banking, microfinance and asset reconstruction across customer and geographic segments within India.

As a Group, Kotak also operates in overseas markets through international subsidiaries and branches in key geographies. In line with our relentless focus on customers, technology and talent, the Bank is accelerating change, thus driving sustainable growth across businesses and customer segments.

Kotak's consolidated asset base stood at ₹ 6.2 trillion as of 31st March, 2023, with a market capitalisation of ₹ 3.4 trillion.¹

₹ 6,20,430 cr

Total assets

₹ 4,20,880 cr

Assets under management

₹ 3,61,273 cr

Total deposits

₹ 3,59,107 cr

Total advances

₹ 1,39,359 cr*

Total investments

5,82,000+

Shareholders base

41.2 mn

Number of customers of the Bank

1,00,000+

Full-time employees

[^]All numbers are on a consolidated basis except wherever stated | ¹GRI 201-1 | ^{*}Excludes Policyholders' investments

Creating seamless customer experiences across platforms

DIGITAL ECOSYSTEM

We have designed our digital universe to complement our physical infrastructure and create a seamless experience between the two ecosystems, driving efficiency and enhancing customer experience.

Our services are available on various digital channels, such as websites, mobile apps, WhatsApp, chatbots, voice bots and kiosks. To provide ease of access, information and short videos are made available in English, Hindi and other vernacular languages. Bots are deployed to automate services, go paperless and deliver customer responses faster.

Digital universe

28.3 mn

Debit cards in force

4.9 mn

Credit cards in force

2X[^]

Growth in transaction volume on mobile app

98%+

Savings account transaction volumes were in digital or non-branch modes in FY 2022-23



PHYSICAL FOOTPRINT²

Our pan-India distribution network comprising branches and franchisees enables us to reach out to a large customer base. We also have an international banking unit in Gujarat International Finance Tec-City (GIFT City), a bank branch in the Dubai International Financial Centre (DIFC), and international offices in New York, London, Mauritius, Dubai, Singapore and Abu Dhabi.

1,780[^]

Bank branches

834

Bank pan-India operating locations

2,963^{^^}

ATMs

4,417[#]

Group branch network in India

Group Branch Network in India



133



95



289



25

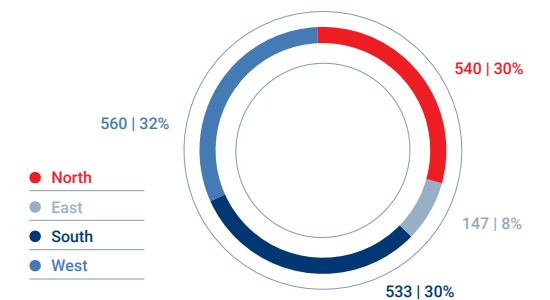


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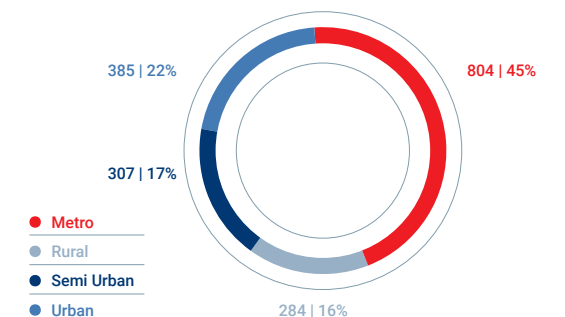


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Bank branch distribution



Bank branch classification



[^]YoY | [^]Does not include branches in GIFT City (Gujarat) and DIFC (Dubai) | ^{^^}Including cash recyclers | [#]Kotak Securities network includes branches, franchisees and referral co-ordinators | ²GRI 102-4, GRI 102-6, GRI 102-7

BOARD OF DIRECTORS

Guardians of Your Trust.



Standing Left to Right

- Uday Khanna**
Independent Director
- Uday Shankar**
Independent Director
- Ashok Gulati**
Independent Director
- C S Rajan**
Independent Director
- Dipak Gupta**
Joint Managing Director
- KVS Manian**
Whole-time Director
- Amit Desai**
Non-Executive Director
- C. Jayaram**
Non-Executive Director

Sitting Left to Right

- Ashu Suyash**
Independent Director
- Uday Kotak**
Managing Director & CEO
- Prakash Apte**
Non-Executive Chairman
(Independent)
- Shanti Ekambaram**
Whole-time Director

MESSAGE FROM UDAY KOTAK

 **Future
Ready.**

"I look at Kotak as a constant confluence of river waters, collaborating to build a sustainable ocean, aspiring to live in perpetuity."

Uday Kotak
Managing Director & CEO



As the years roll on, the temptation to look at the rear view mirror rather than the windshield in front increases for both the company and the individual. And if the past has been positive, it is even more so. Succumbing to that is dangerous. What matters is the road ahead and it is important to sift the past between lessons and baggage of history. Kotak is at one such juncture, where it has to not only embrace the change, but accelerate it. At the same time, Victor Hugo's words ring a bell: "Change your opinions, keep your principles; change your leaves, keep your roots intact."

An institution has to outlive individuals, including those who founded it. But like the water in an ocean, each contributory stream collectively makes up the institution. It is this continuous 'Manthan' that strengthens the core. I look at Kotak as a constant confluence of river waters, collaborating to build a sustainable ocean, aspiring to live in perpetuity.

What does it take to build a sustainable institution for the future? Product excellence, customer obsession and trust. We, at Kotak, are in midst of this mindset shift for these priorities. We have moved in part from the physical world to the 'phygital' (physical enabled by digital) one.

We are now leap frogging to 'digical' (digital first supported by physical), and soon, technology and AI may change this too. We need to live with conflicting emotions of paranoia and excitement at the same time.

For a long time, we believed that the best way to grow was to give our internal people new opportunities. But when we got the banking licence in 2003, we created a great blend by hiring experienced bankers and our internal team of non-bankers to build the bank. We are now looking at the new 'compound' required given the dynamic transformation happening in the banking industry.

[Continue to read the message](#)

"What does it take to build a sustainable institution for the future? Product excellence, customer obsession and trust. We, at Kotak, are in midst of this mindset shift for these priorities."

MESSAGE FROM UDAY KOTAK

We are willing to benchmark the internal talent vis-a-vis our needs and attract the talent from outside for Kotak to be the best in class in what we do for our stakeholders. I can see and feel a palpable change, both in the mindset and the execution.

In the last one year alone, we have onboarded a new CTO, a Chief of Customer Experience, a Head of Brand, Product and Marketing and a Chief of Retail and Commercial Risk to drive potentially transformative changes in each of these areas. At the same time we will grow internal talent, which is future ready.

Moving to the big picture. Geo-politics dominates the world economics and India has indeed played its cards well. From oil diplomacy which has given India access to cheaper oil to a strategic positioning among the US, Russia and China, India has pivoted herself to be a key player for Europe, the Middle East, Japan and Australia as well.

Indian economy in a sweet spot: Good time for bold thinking

Indian macro is in good shape. So is the micro. At this stage, a virtuous cycle for India is on the cards. Our financial sector is in its Goldilocks period. Clock striking midnight seems far away for Cinderella. Hence, this is the time to ask ourselves the tough questions. What are we doing for a USD 30 trillion economy by 2047 when India completes 100 years of Independence? Our financial sector needs significant capacity building for this aspiration.

The turbulent period post 2008, saw the Indian financial sector experiencing many crises till about 2020. That has created a certain backdrop. We must avoid a mindset that we want accident free roads hence we will restrict cars. Instead, to take this analogy further, we need more roads, more cars and better signals and traffic regulation. Accidents have to be minimised and managed, and cannot be eliminated without having a significant impact on growth aspirations.

The policy and regulatory framework needs to be aligned with this. We must let entrepreneurship thrive, as I was fortunate to see in most of my career. There is a need to build regulatory trust which requires action on both sides of the aisle.

I feel the financial sector players risk becoming more robotic, curbing the entrepreneurial flair since the fear of making a mistake overrides the joy of creation and development. While we need ‘Arjuna’s eye’ on risk management, we must prevent bureaucratisation of financial services.

"I would like us to pursue the Indian dream of a USD 30 trillion economy and unshackle the financial sector in a nuanced manner towards optimum regulation."

I would like us to pursue the Indian dream of a USD 30 trillion economy and unshackle the financial sector in a nuanced manner towards optimum regulation. The Finance Minister has identified the issues in her 2023 Budget speech Para- 99 that seeks to bring feasible public consultation into the process of regulation making and Para-100 that targets a comprehensive review of existing regulations to ease and cut down the cost of compliance. I look forward to seeing progress on that.

Our performance - A strong focus on fundamentals drives a stable growth

The optimism is well reflected in our full-year numbers too, especially in our growth in profits, margins and asset quality standards. In FY 2022-23, our Net Profit at the consolidated level witnessed a 23% YoY growth to 14,925 crore. The Return on Assets (ROA) at the consolidated level was 2.62% for FY 2022-23 (2.36% for FY 2021-22). Our Bank Standalone Net Interest Margin (NIM) stood at 5.33% (up 72 bps against FY 2021-22) and our Net Profit witnessed a 28% YoY growth to 10,939 crore.

Reflecting our conviction and commitment to growth, we grew our Net Advances in the year by 18% YoY of which our unsecured retail advances book (including retail microfinance) forms 10% of Net Advances as on 31st March, 2023. Our CASA stood at 52.8%, Capital Adequacy Ratio (CAR) at 21.8% with CET1 at 20.6%.

As on 31st March, 2023, the total Assets Under Management (AUM) for Kotak Group was more than 4,20,800 crore with our alternate assets book showing a growth of about 125% YoY at 46,077 crore (Include undrawn commitments, wherever applicable).

The focused ESG journey we began last year has reaped results in the form of better ESG ratings and recognition through various awards. We are proud of our growing focus on education and livelihoods, healthcare, sports and environmental sustainability through our Corporate Social Responsibility programs. We continue our relentless efforts to enhance gender diversity in our work force and we extend support for our employees who are new mothers or single parents by facilitating day care for their infants starting April 2023. We have achieved group wide coverage on key ESG disclosures for FY 23, enhancing the communication to our stakeholders.¹

As a responsible, homegrown ecosystem, we cater to the diversified financial needs of our customers in addition to banking and financing, be it mutual funds, insurance (life and general), investment banking, institutional and retail broking services, investment advisory, alternate assets, et al.

"We were at the right place at the right time. We are a quintessential product of the India growth story and the financial sector evolution. We have created value for stakeholders and now provide ~100,000 direct jobs and a multiple of that in indirect jobs. An investor who invested ₹ 10,000 with us in 1985 would be worth ~₹ 300 crore today. Most importantly, we have built an institution, on the basic tenets of trust and transparency."

Nurture a world class institution

As I step down from my whole-time role soon, I would like to reflect on what that role means. I am a manager, a board governance member and a strategic shareholder defined in

¹GRI 2-22, BRSR section B, Q7

"I am confident that the alignment and commitment of the shareholders, board and the management will navigate us through the changing times."

Indian terminology as a promoter. Yes, I have spent most of my life here, starting from scratch with very little capital in 1985, 3 people and a 300 sq. foot office.

We were at the right place at the right time. We are a quintessential product of the India growth story and the financial sector evolution. We have created value for stakeholders and now provide ~100,000 direct jobs and a multiple of that in indirect jobs. An investor who invested 10,000 with us in 1985 would be worth ~ 300 crore today. Most importantly, we have built an institution, on the basic tenets of trust and transparency.

Let me quickly move to the “windshield” in the front.

Going forward, I see my role as a non-executive board governance member and a strategic shareholder with a long term perspective of nurturing a world class institution. It is unusual in today’s world of banking anywhere to have an individual with ~26% skin in the game with disproportionate family assets in one stock, emotionally attached to living his dream of making India proud.

I am confident that the alignment and commitment of the shareholders, board and the management will navigate us through the changing times. And of course, dealing with the ever-evolving regulatory and policy landscape.

I end with my favourite quote from George Bernard Shaw: “The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.”



Uday Kotak
July 05, 2023

BUSINESS OVERVIEW

Our Growth Propellers¹



Consumer Banking
Kotak Mahindra Bank Limited

Provides a bouquet of products and services such as deposits, lending solutions and transaction services for retail customers, small businesses, NRIs, retail institutions, government departments and entities backed by convenient, innovative and digital-first solutions.

Products and services

Savings and Current Accounts, Term Deposits, Home Loans and Loans Against Property, Personal Loans, Consumer Finance, Business Banking, Credit Cards, Priority Banking, Small Business Loans, Working Capital to SME segment, Rural Housing, Business Loans and FASTags.

Key highlights

- Pursued a strategy to gain market share in secured and unsecured businesses by growing it at a higher pace.
- Launched real-time Working Capital Finance for MSMEs registered on the Government of India's e-Marketplace, Sahay.
- Continued focus on growing low-cost CASA deposit and building the Term Deposit book through product initiatives (e.g. ActivMoney Savings Account, Kotak Crème, Everyday Account, NationBuilders Salary Account).
- Focus on acquiring customers digitally through Kotak811 continues to grow.
- Started leveraging technology in enhancing customer experience

26%▲

Growth in Consumer Assets Book

65%▲

Growth in Unsecured Loan Book

Crossed
₹ 10K cr
Credit Cards Outstanding Book

40%▲

Growth in Term Deposits

82%

CASA and TDs below 5 cr as a percentage of Total Deposits



Commercial Banking
Kotak Mahindra Bank Limited

Plays a significant role in financing deep into 'Bharat' and meeting Financial Inclusion goals.

Products and services

Tractor & Farmer Loans, Commercial Vehicle and Construction Equipment Loans, Loans to Small & Medium Enterprises (Agri Value Chain, Logistics and EPC segments), Microfinance and Suvridha Loans to women borrowers under JLG through Business Correspondents and Gold Loans to Individuals and Small Businesses.

Key highlights

- Healthy disbursement growth across businesses led to higher YoY market share in Commercial Vehicle, Tractor and Microfinance businesses.
- Improvement in Collection Efficiency – now at pre-pandemic levels – leading to lower delinquency and GNPA levels.

22%▲

Growth in Commercial Banking Loan Book*

10.8%

Market Share^ and 4.2 lakh customers spread over 550 districts in Tractor and Farm Equipment



Wholesale Banking
Kotak Mahindra Bank Limited

Caters to a wide range of corporate customer segments, including large Indian corporates, conglomerates, financial institutions, public sector undertakings, multinational companies, new-age companies, small and medium enterprises and real estate developers.

Products and services

Offers a portfolio of products and services, including working capital finance, medium-term finance, structured financing solutions, foreign exchange services, trade finance, other transaction banking services, debt capital markets and treasury services.

Key highlights

- Focus on risk-return metrics, such as Risk-Adjusted Return on Capital (RaRoC) at a transaction level, has ensured that parameters like RoE have been maintained in a range-bound manner even in the face of rapidly changing market conditions.
- Another year of growth in advances offered to customers in the SME and priority sectors.
- Continued to deepen our relationships with top-tier corporates and achieved a higher share of wallets from these clients, including current account, deposits and other liability products, on account of our integrated corporate and investment banking approach.
- Went live with 'Kotak fyn', a holistic digital platform exclusively for business banking and corporate clients. The new integrated portal offers Kotak Bank customers comprehensive digital banking and value-added services across all products, including trade and services, account services and collections.
- Multiple tech and digital projects went live across various products and segments.

Another year of low credit costs and attractive RoE despite a sharp increase in policy rates during the year

Continued to stay on growth path in non-credit income streams, such as fees, current account and foreign exchange

Growth momentum continues on the asset side as well with robust growth of acceptable credit across customer segments



Custodial Services
Kotak Mahindra Bank Limited

One of India's largest home-grown custodians in offshore space and a leading provider of custody, clearing and fund accounting services.

Products and services

Caters to both domestic and overseas asset managers mainly from jurisdictions such as the Middle East, North America, Europe, United Kingdom, Mauritius, and the Far East region.

Key highlights

- The business saw increased activity in Domestic flows in PMS and Domestic AIFs while witnessing some outflows in the foreign custody segment.
- Digital initiatives include the Industry-first launch of Insta Demat for PMS Custody, along with various other Technical and Web module upgrades.

Having a substantial market share of the custody business across AIF III

▲ YoY | *Includes Microfinance loan book | ^Tractor and Mechanization Association (TMA) website | ¹GRI 2-6

BUSINESS OVERVIEW



Private Banking

Kotak Mahindra Bank Limited

Offers a comprehensive and holistic platform covering a gamut of financial services for UHNI and HNI clients comprising of entrepreneurs, business families and professionals.

Products and services

Strives to be the trusted partner for its client families for all their diverse wealth creation and preservation needs.

Offers a comprehensive platform covering a wide proposition of products and services through product partners and internal group companies.

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 and various other products and services to its Private Banking clients.

Key highlights

Focused on technological initiatives to enhance productivity and customer experience, coupled with improving cost efficiencies and reducing TAT, both with internal and external stakeholders via assisted and DIY solutions, Low Code Workflow Solutions and Robotics etc.

Launched ‘Réserve’, a new Savings programme for an elevated banking experience.

Continued to build on the theme ‘Live Your Purpose’ through unique client engagements throughout the year.

Provided unique product offerings through referral tie-ups (both internal and external) strengthening the existing position in the alternative space.

Dedicated service vertical and teams depending on the vintage and experience of the personnel in service, to focus on the three business segments viz UHNI, HNI and Professionals

Empowered the service team to deliver faster TAT and smoother client requirement execution by ensuring controls and high delivery standards with counterparties, resulting in improved Relationship NPS.

51%

of India’s top-100 families managed by Kotak Private Banking

(Source: Forbes India Rich List 2021)



Asset Reconstruction Division

Kotak Mahindra Bank Limited

Looks at potential turnaround cases and structured funding opportunities basis genuine borrower profile backed by commensurate cash lows and collaterals. Also considers opportunities in the corporate, SME and retail stressed assets space basis strong resolutions infrastructure.

Products and services

Amongst very few banks that provides vital financing required to revive stressed companies back to mainstream banking. Also provides effective options to other lending institutions to exist their stressed assets by offering to buy the same.

Key highlights

Clocked the highest-ever profitability in FY 2022-23.

Resolutions of stressed accounts has gathered momentum because of judiciary and enforcement authorities functioning without much break post COVID. However, as the economy still continues to be exposed to global crisis because of war, rising commodity prices and inflation we continue to monitor impact and adopt various measures empathetically and diligently to resolve the stressed and bad accounts with compassion.

12

Buyout Transactions



Car and Two-wheeler Loans

Kotak Mahindra Prime Limited

Caters to retail customers and dealers in the passenger vehicle and two-wheeler segments. Also caters to retail customers in the loan-against-property segment.

Products and services

Offers consumer loans for the entire range of passenger cars, multi-utility vehicles, pre-owned cars and two-wheelers. Provides complete financing solutions through a single window to car and two-wheeler dealers for their working capital and infrastructure set-up requirements in the form of inventory funding and term loans.

In addition, the Company offers Loan Against Property to its customers.

Key highlights

Launched key digital initiatives:

- Self-service module on WhatsApp for its existing retail customers to enhance customer experience.
- Introduced new loan origination system for the retail car finance business to improve credit decisioning and customer credit delivery experience.

Continued geographical expansion with car and two-wheeler finance businesses.

39%▲

Growth in Retail Auto Loan Disbursement

BUSINESS OVERVIEW

 Lending NBFC Kotak Mahindra Investments Limited	Lends to real estate and other sectors, provides structured financing and holds strategic investments.	Products and services Lends to developers across the entire spectrum—residential, commercial and retail. The team offers a trusted and dedicated platform with expertise in complex transactions, thereby help broadening access to capital. Key highlights Strong YoY growth in total customer assets of 35%. Leveraged our deep knowledge in real estate to refocus the portfolio towards the residential sector (tilted to 80% of sector exposure as on 31st March, 2023). This helped in maintaining good margin. Real Estate customer assets grew by 18% in spite of large repayment. Strong growth in corporate loan book (up 60% YoY), given our focus on acquisition finance, education (largely K-12) loans and securitised pools. 0.5% Net NPA on Customer Assets (0.5% as of 31st March, 2022)
 Infrastructure Financing Kotak Infrastructure Debt Fund	Provides long-term finance to operational infrastructure projects and forges relationships with multiple infrastructure developers.	Products and services Long-term finance Key highlights Customer assets have grown 58% YoY. Continued to be judicious about credit underwriting and selection of customers. Nil delinquency in entire book, indicating the quality of the book built. ₹ 981 cr Customer Assets
 Stock Broking (Retail) Kotak Securities Limited	Offers services to retail and institutional investors across the Indian Capital market.	Products and services A wide array of services including Investment and trading in equities, derivatives (equities, commodities, currency) and mutual funds. Also provides research services, margin trading facilities, depository services and third-party products like insurance. Key highlights NEO Platform contributed 56% of derivatives market volume in March 2023. As part of the organisation's strategy to invest in and partner with Startups – we acquired all the assets of FundExpert Fintech and made investments in fin-techs BankSathi and Multipl. Registered 423% (YoY) growth in the trading volume through Kotak Securities Mobile apps. 10.5% Market share in Cash¹ 5.5% Market share in Equity Derivatives¹

¹Retail and institutional market share after excluding BSE derivative and proprietary segments

 Institutional Equities Kotak Securities Limited	Leading institutional broker in India, catering to both global and domestic institutional equity investors.	Products and services Comprehensive offerings include top-ranked Equity Research, Trade Execution in cash equities and equity derivatives and Corporate Access. In addition, it executes equity capital market transactions such as IPOs/QIPs/OFS/block. Key highlights Executed 37 equity capital market transactions. 232 stocks under Research Coverage, representing 77% of market capitalisation. 82 New Institutional Investors (global and local) added
 Investment Banking Kotak Mahindra Capital Company Limited	Leading investment banking firm with leadership across capital market and advisory products.	Products and services Capital markets and advisory services. Key highlights Successfully completed 29 Equity Capital Markets (ECM) transactions amounting to 76,915 crore in FY 2022-23. Continued to be the Banker of Choice for IPOs such as Delhivery, LIC, Global Health, Five-star, Rainbow Hospitals and dominated large sell-downs in Max Healthcare, Macrotech Developers, Zee Entertainment, Embassy REIT, among others. Advised on 18 domestic and cross-border M&A transactions with an aggregate value* of USD 61.4 billion. #1 Ranking in IPOs with 7 out of 10 IPOs with issue size of over 1,000 crore executed with an 89% market share 51% Market share across ECM Transactions

*Aggregate deal value does not include the transactions where value is not disclosed.

BUSINESS OVERVIEW



Life Insurance

Kotak Mahindra Life Insurance Company Limited

With a customer-first approach, the Company offers enhanced propositions across the value chain - from policy purchase to servicing to claim or maturity settlement.

Products and services

Complete range of life insurance solutions across various life stage needs of customer through its multi-channel distribution network, including the digital channels.

Key highlights

Gross New Business Premium (NBP) grew strongly by 24.8% YoY, while Gross Written Premium (GWP) saw a healthy growth of 17.7% YoY.

Indian Embedded Value (IEV) stood at 12,511 crore as of 31st March, 2023, up by 17.2% YoY^{^^}.

Assets Under Management (AUM) (Policy Holders) as of 31st March, 2023 stood at 59,151 crore, up 14.2% YoY.

Overall Protection premium grew 42.8% YoY; Protection share 38.5% of Gross New Business Premium (FY 2021-22 - 32.9%).

Launched 17 product initiatives during the year across retail and group business (11 in FY 2021-22).

36 new branches opened.

3.4X Digital business growth from D2C (Direct-to-Customer) and digital partnerships.

38.8%

Value of New Business (VNB) Margin^{^^}

53.4%▲

Growth in VNB at 1,373 cr^{^^}

29.1%▲

Growth in Individual New Business Premium APE vs private industry growth of 24.2%*

4.6 cr ▲

Number of Active Lives as of 31st March, 2023, up 24.9% (YoY)[#]

98.25%

Individual Claim Settlement Ratio

99.60%

Group Claim Settlement Ratio



General Insurance

Kotak Mahindra General Insurance Company Limited

Caters to the growing non-life insurance needs of individual customers and businesses.

Products and services

Provides motor, health, home and commercial insurance, with a strong focus on digital for ease of doing business.

Key highlights

Improved the product mix with stronger focus on retail health business.

– Health portfolio recorded a strong growth of 75% YoY.

– Overall product mix stands well-diversified, with 45% Motor, 43% Health and 12% Commercial.

In line with our philosophy of positive customer experience and customer centricity, our Net promoter Score (NPS) stands at +37, up from +27 in the previous year.

Expanded our product basket, eight new products were launched to cater to different consumer segments, including 'Kotak Meter', a 'pay as you drive' product which offers cashback on insurance premium during renewal, making it very pocket friendly. Also launched an innovative health insurance product in association with GOQii, which incentivises customers for being physically active.

Overall digital business grew by more than 100%.

52%▲

Growth in Gross Written Premium (GWP) reflecting healthy growth across all channels



Mutual Fund

Kotak Mahindra Asset Management Company Limited

Serves investor requirements across active as well as passive funds on an ongoing basis, focusing on the local as well as offshore markets across Debt, Equity and Commodities segments for retail and institutional investors. Offers schemes that cater to investors with varying risk-return profiles.

Focus on ESG Investing as India's first signatory to the United Nations Principle of Responsible Investing (UNPRI).

Products and services

Diversified product portfolio across a wide range of equity, debt, exchange-traded funds (ETFs), index funds and overseas funds.

Key highlights

Kotak MultiCap fund collected highest-ever NFO of 3,532 crore amongst all Kotak MF schemes.

22% YoY increase in cumulative SIP count.

17% YoY growth in the number of unique investors.

Focus on training – more than 350+ distributor training events conducted covering 17,800+ participants.

5th

Largest fund house in the country in terms of QAAUM* as of 31st March, 2023

7.09%

Market share in QAAUM*

^{^^} Computed based on the principles prescribed by APS10. The methodology, assumptions and results have been reviewed by Willis Towers Watson Actuarial Advisory LLP | ▲ YoY | * Individual New Business Premium APE: Regular Premium + 1/10th Single Premium | # Source - Internal core Policy Administration System as of 31st March, 2023

▲ YoY | *Quarterly Average Assets under Management

BUSINESS OVERVIEW



Pension Fund

Kotak Mahindra Pension Fund Limited

Authorised as a pension fund management company under the National Pension System (NPS). Managing nine schemes across asset classes.

Products and services

Pension fund management

Key highlights

Among top two best-performing equity funds in the industry (NPS Tier 1) in 1, 3, 5, 7 and 10-year periods as of 31st March, 2023.

Among the top two best-performing government securities funds in the industry (NPS Tier 1) in 10-year period as of 31st March, 2023.

Source: NPS Trust website

28%▲

Growth of Assets Under Management (AUM)



Alternate Assets

Kotak Investment Advisors Limited

Diversified multi-asset investment manager providing private capital to Indian companies since 2005 across different verticals.

Products and services

Manages/advises funds across six verticals: Private Equity, Real Estate, Infrastructure, Special Situations, Data Centre and Investment Advisory, all led by independent investment teams. Kotak Cherry, a 100% digital investment platform for retail investors, offers one-stop solution for all investments across Mutual Funds, Mutual Fund Baskets, Stocks, Stock Baskets and Bonds.

Key highlights

Announced a first close at 10,248 crore for Kotak Strategic Situations Fund, which focuses on providing strategic solution capital across growth and value companies. This is the follow on fund to Kotak Special Situations Fund I, a 7,151 crore fund, which has now been fully deployed across 14 portfolio companies.

Kotak Realty Funds (KRF) has raised 4,411 crore to invest in office assets in India. The fund's maiden transaction is an investment of 1,600 crore in Embassy Real Estate Investment Trusts.

Announced the first close of a Real estate Opportunistic Fund with capital commitments of 4,411 crore. The fund concluded an investment of 1,100 crore in Bharat Hotels and has also deployed capital in 3 other portfolio companies.

Set up a dedicated fund to focus on building data centres, the backbone of digital infrastructure in India. The fund has achieved a first close at 3,755 crore with commitments from a sovereign wealth fund.

Kotak Private Equity team continues to focus on proprietary investments in early stage healthcare and life sciences ventures.

Kotak Infrastructure Investment Fund announced a first close with commitments of 5,328 crore to invest in operating infrastructure projects by providing senior secured credit.

Kotak Private Credit Fund was launched with a target corpus of 2,000 crore to focus on the performing credit space by providing debt to growth oriented companies.

USD 8.8 bn

Funds raised/managed/ advised as of 31st March, 2023

▲ YoY



International Business

Kotak Mahindra (UK) Limited | Kotak Mahindra (International) Limited | Kotak Mahindra Inc. | Kotak Mahindra Asset Management (Singapore) Pte. Limited | Kotak Mahindra Financial Services Limited

Provides financial services through offices in Singapore, London, New York, Dubai, Abu Dhabi and Mauritius.

Products and services

Offerings include India bound Asset Management, Investment Advisory and Alternate Assets; India bound Institutional Equities and Prime Brokerage; Global Bond Trading and Proprietary Investments and International Wealth Management for private clients.

Key highlights

Secured new institutional mandates from marquee investors exceeding USD 100 million.

Gross mobilisation in excess of USD 900 million across different asset categories indicating renewed interest in India.

Committed to promoting sustainable and responsible investment, incorporating ESG considerations into all of its funds and mandates, two of which are named ESG Funds with specific E&S exclusions.

USD 3.8 bn

Assets managed/advised



Microfinance

Kotak Mahindra Bank Limited and BSS Microfinance Limited

Focus on directly reaching retail microfinance borrowers through wholly owned subsidiary, BSS Microfinance, and through business correspondents. Caters primarily to women customers engaged in allied agri, micro enterprises and various income generating activities.

Products and services

Offers a bouquet of products that are designed to cater to the evolving needs of the customers through their life cycles. Our products cater both to retail microfinance customers and wholesale NBFC-MFIs & retail focussed NBFCs:

- For retail microfinance customers the Bank offers loan products designed to augment income generation and improvement in life quality. The Bank reaches out to customers through its wholly owned subsidiary, BSS Microfinance and its appointed Business Correspondents.
- Making available credit limits to MFIs and retail focused NBFCs for on-lending.
- Investing in securitised papers for loans originated by MFIs.

Key highlights

Directly funded over 14 lakh women customers through small-ticket unsecured loans for micro-enterprises and allied agri activities.

Retail microfinance loan book crossed 6,000 crore.

Provided credit facilities to 40 MFIs and retail-focused NBFCs, enabling them to on-lend to similar customer segments.

Undertook CSR initiatives such as integrated livestock development programme and improved classroom infrastructure of 40 government schools across five states, benefiting poor households in rural communities.

Over 100%▲

Growth in Retail Microfinance Loan Book

652

Branches of BSS Microfinance cater to rural and semi-urban markets

▲ YoY

KEY PERFORMANCE INDICATORS

Sustainable Value Creation.

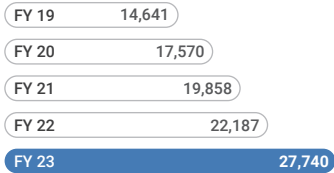
All numbers are on a consolidated basis except where stated

PROFIT & LOSS

Our Net Interest Margin (NIM)* is driven by our risk adjusted pricing and stood at 5.4% for FY 2022-23.

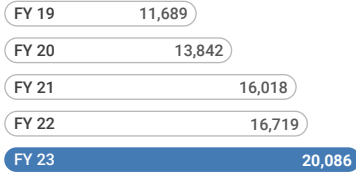
Net Interest Income
(in crore)

17%
CAGR



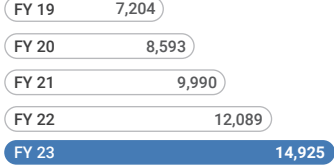
Operating Profit
(in crore)

14%
CAGR



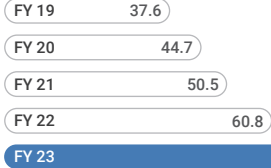
Net Profit
(in crore)

20%
CAGR



Basic Earnings Per Share (EPS)
()

19%
CAGR

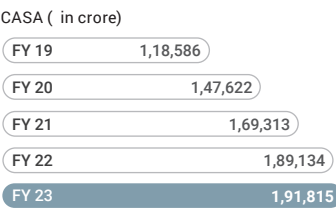


OPERATIONAL

A high CASA ratio has significantly contributed in lowering our cost of funds and enabled the engine to grow the asset book.

Current Account and Savings Account (CASA) Balances (Bank standalone)

13%
CAGR

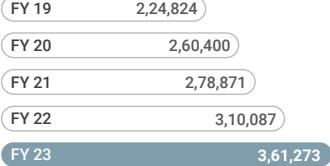


CASA (%)



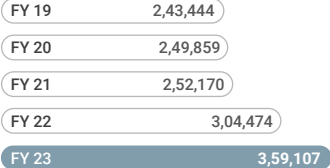
Deposits
(in crore)

13%
CAGR



Advances
(in crore)

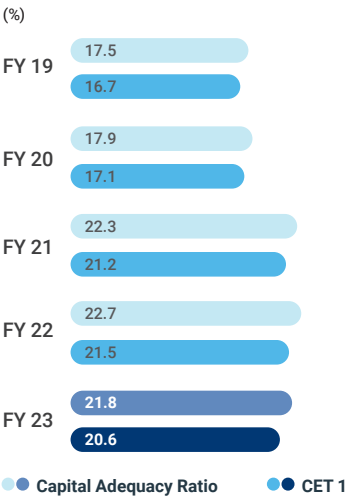
10%
CAGR



BALANCE SHEET

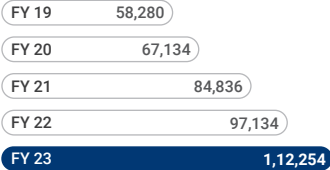
With a capital adequacy ratio in excess of 23%, we are positioned attractively to support our growth aspirations.

Bank Capital Adequacy Ratio and CET 1



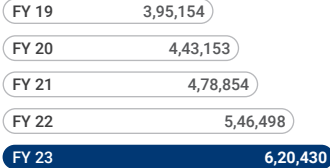
Capital and Reserves and Surplus
(in crore)

18%
CAGR



Total Assets
(in crore)

12%
CAGR

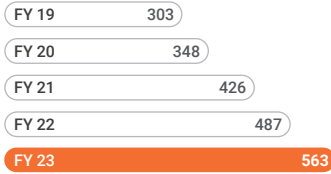


VALUATION METRICS

Our commitment to shareholder value creation is reflected in our sustained growth in book value per share.

Book Value Per Share
()

17%
CAGR



Market Capitalisation
(in crore)

8%
CAGR



23.1X

Price-to-earnings (P/E) as on 31st March, 2023

3.1X

Price-to-book (P/B) as on 31st March, 2023

2.62%

Return on Assets (RoA) for FY 2022-23

14.36%

Return on Equity (RoE) for FY 2022-23

GROUP COMPANIES

Our subsidiaries and associates contributed 27% of the consolidated Profit after Tax (PAT) for FY 2022-23, reinforcing the strength of our business model.

Total Assets Under Management
(in crore)

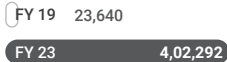
17%
CAGR



Kotak Securities – Average Daily Volume (ADV)^

(in crore)

103%
CAGR



Kotak Life Insurance - Gross Written Premium

(in crore)

17%
CAGR



Kotak Mahindra Asset Management – AAUM# - Overall

(in crore)

20%
CAGR



ESG

We are committed to the sustainability agenda with a focus on corporate governance and empowering our employees. We focus on responsible deployment of funds for shared prosperity and long-term growth of people and communities.

Environmental impact

9

LEED-Certified Buildings out of which 17,300+ employees operate

90%

Waste recycled of the waste generated at select corporate offices

100%

Energy efficient lighting (LEDs) installed across our Bank's branch network and corporate offices

Social impact

~57.2 hrs

Average hours of training per Bank employee

26%[▲]

Growth in Bank's Customer Base

10.6%[▲]

Increase in full-time women employees at the Group

₹ 265 cr^{**}

Total CSR expenditure (Group)

Governance

~36,240 hrs

AML and anti-terrorist financing training

~45,000 hrs

On ethical standards and IT learning hours

20+ yrs

Average tenure of the Kotak Leadership Team with the Group

◆ 4-year CAGR | *excluding dividend and interest on income tax refunds

◆ 4-year CAGR | ^excluding BSE Derivative and Proprietary Segments | #Average assets under management | ▲ YoY | **including transfer to Unspent CSR Account

Winning with the big 3



Customer Centricity



Digital Prowess and Technology Strengths



Talent Transformation

This year, we accelerated the pace of change in our quest to make a demonstrable difference in our chosen areas. Recognising the transformative power of technology and digitalisation, and to remain competitive and agile we continue to stay at the forefront of innovation. Our aim of improving the efficiency of our processes, strengthening our security measures, and delivering personalized experiences to our valued customers drives us to implement the most effective technologies.

Navigating the ever-evolving digital landscape requires the support of a strong and skilled team, making it imperative for us to develop, and retain skilled talent. Creating an environment that fosters a culture of innovation and continuous learning is crucial, and we are focused on driving change with a future-ready team capable of taking our digital initiatives forward.

With our skilled team, our ultimate goal is to deliver best-in-class customer experiences. By engaging with customers through various channels, we understand their needs and tailor our products accordingly. Our forward-thinking approach has led to the creation of modern digital platforms through which our customers can access our wide-ranging services anytime and anywhere, and receive personalised recommendations based on their financial needs.

Customer Centricity.

Customer Experience on our product platforms has been enhanced as we continuously engage with our customers through multiple channels to gauge their needs and design our product solutions accordingly.



Kotak Mahindra Bank

EASY AND SEAMLESS TAX PAYMENTS

We were empanelled as an Agency Bank and started collecting both Direct (Income Tax) and Indirect (GST and Customs) taxes, enabling customers to now pay their taxes online directly from their Kotak Bank accounts.

Further, by listing on the Income Tax Department's recently launched TIN 2.0 platform, we became one of the first banks to allow its customers to pay direct taxes via a variety of modes, such as debit and credit cards, internet banking and UPI, with a bank of their choice through the Kotak Payment Gateway.



INNOVATIVE SAVINGS ACCOUNT OFFERINGS

Launched three new Corporate salary propositions: 'NationBuilders Salary Account', which is focussed on unique banking and lifestyle needs of Public Sector Undertaking and Government professionals; 'Kotak Crème', an enhanced banking proposition for employees of leading 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.

EMPOWERING WOMEN

Kotak Silk, the Bank's offer for women, was relaunched and repositioned with specially curated new features to partner the woman customer in their financial journeys. We are also building a dedicated platform for the financial education of women.



ACCELER@TING CHANGE

DEBIT CARDS

Launched new variants of debit cards to deliver superior features and experience to customers, namely, 'Nation Builders Debit Card' and 'Everyday Debit Card' on the RuPay platform.

CREDIT CARDS

The Bank launched a highly rewarding co-branded fuel Credit Card by partnering with Indian Oil, with the benefits of reward points on usage at Indian Oil fuel stations.

Launched 'METRO Kotak Credit Card' in association with METRO Cash & Carry India to provide easy, interest-free credit facility (for up to 48 days) to over 3 million registered METRO India customers.

Launched 'White Reserve Metal Card' exclusively for the premium segment of customers, thus widening the Bank's suite of offerings for credit card customers.

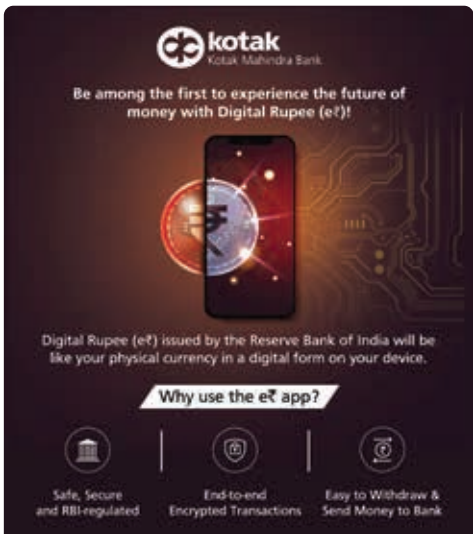
INVESTMENTS

The Bank introduced 'Insta SIP', a quick and convenient way to book multiple SIPs (Systematic Investment Plans), to enable the customer to book SIPs in more than one mutual fund in just 2-3 steps.

After the Digital Initiative taken up in the last financial year to open the National Pension Scheme (NPS) account via Mobile App, 80% of the individual NPS accounts are sourced from the Kotak mobile app. The Bank was also among the Top-3 Private Banks in the industry in terms of NPS performance.

DIGITAL RUPEE

We implemented the first phase of the RBI's Digital Rupee; we are amongst eight banks shortlisted by the RBI to implement a pilot project for the issuance of Digital Rupee.



BUSINESS BANKING

We launched 'Merchant One Account', a Current Account that caters to the banking and business-related needs of Micro, Small and Medium Enterprises (MSMEs), including small retailers. It is a unique proposition that helps merchants digitise their daily business processes through smart automation and avail features that are usually found in the organised retail sector, making their day-to-day operations easier, convenient and faster.

New-to-Bank Current Account customer can now open a Current Account digitally, either through DIY or assisted journey, end-to-end, with an option to have a preferred account number by Sole Proprietor and Individual, enabled through Video KYC and real-time back-end verification, reducing the time taken for account opening from days to hours.

COMMERCIAL BANKING

We re-imagined the processes to reduce NOC issuance to two working days for our Tractor Finance customers. We centralised credit assessment through Credit Hubs for our MSME customers in the Agri Business which helped us reduce the approval TAT for renewals to less than 48 hours. We initiated WhatsApp registration through multiple channels, such as SMS, Voice Bot calling and IVR.

The Bank introduced secured business loans through BSS Microfinance to microenterprises, and launched a multilingual customer-facing app for the customers of Kotak Bank (sourced through BSS Microfinance).

WHOLESALE BANKING

Launched 'Instant CMS', a product that enables clients to avail CMS products on the same day with zero documentation, via online DIY journey within a few clicks.

Launched 'Sigma', a new reporting platform with best-in-class technology and architecture to provide customised solutions for clients across various products with a unique capability to merge various data sources to create a consolidated MIS.

Launched paperless exports, white label supply-chain platform, LC confirmation and negotiation automation with the use of BOTs amongst other trade and supply chain products.

KOTAK fyn

A one-of-a-kind digital enterprise portal designed for business banking customers entered its next phase as an integrated one-stop digital platform offering all four elements for a corporate's business banking needs, such as Trade Services, Account Services, Collection Services and Payments. Its innovative and intuitive UI, with several industry-first features, will further provide the customer with a superior banking experience.

31%[▲]

Increase in number of users registered on Corporate Mobility App

35X[▲]

Increase in number of fyn transactions



Kotak Cherry (Kotak Investment Advisors)

Kotak Cherry (launched last year) is a 100% digital investment platform focusing on retail investors. At present, Mutual Funds, MF Baskets, Stocks, Stock Baskets and Bonds are being offered through Cherry's mobile app and website. Though accessible to both Kotak Group and non-Kotak Group customers, it initially intends to leverage the huge customer base of Kotak Mahindra Bank.

▲ YoY

Stock Broking (Kotak Securities)

The digital-only plans, Trade Free Plan – with focus on the intraday segment and Trade Free Youth Plan – to encourage market participation from the youth of India, have seen huge adoption among the traders, as a result of which these plans cumulatively accounted for 48% of the overall acquisitions of KSL and 75% of derivatives market volumes for KSL in FY 2022-23.





Life Insurance (Kotak Life Insurance)

To provide personalised experience to its customers, Kotak Life continues to pursue the three identified impact pillars, viz.

- Easy and convenient access to customers
- Moving from product to solutions (enhanced value propositions)
- Building organisational agility to respond to changing market dynamics.

In keeping with the above pillars, Kotak Life launched 17 new/enhanced products across the Protection and Long-Term Savings categories (across retail and group business).

These include the innovative bite-sized ‘Protect India’, an affordable Term Plan that is designed for millennials and first-time buyers and ‘Pradhan Mantri Jeevan Jyoti Bhima’ (PMJJBY), which aims to include a wider section of the population under the protection basket.

The flagship protection product ‘eTerm plan’ now offers a host of wellness benefits, such as medical check-ups, tele-medicine consultation, personal medical care and lifestyle management programmes to provide a holistic solution and value.

General Insurance (Kotak General Insurance)

Launched ‘Kotak Meter’ – Pay as you drive – a product that treats customers fairly. This driver-based motor insurance add-on allows policyholders to SWITCH their car insurance ON and OFF, based on usage through an app. The innovative cover treats policyholders fairly who drive less by rewarding them for the unused days and providing up to 40% cashback during renewal.

Continues to pursue and enhance the features of #DriveLikeALady, a unique initiative that aims to celebrate the lady driver by building in special pricing on their car insurance policy.



Mutual Fund (Kotak Mutual Fund)

During FY 2022-23, the Kotak Mutual Fund has conducted Investor Awareness Programmes across India in an effort to educate and make prospective investors aware of mutual funds. It added over 8.75 lakh unique investors in the financial year.

8.75 lakh+

Unique investors added in FY 2022-23

Digital Prowess.

To stay ahead of the accelerated shift in the delivery model to digital, we undertook several initiatives aimed at enhancing customer delight and convenience by creating hassle-free, user-friendly journeys for existing and new-to-bank customers. The investments we made in transformation projects, and in up-fronting technology spends towards strengthening our core, are leading to new age of digital banking and experiences for its customers.



Kotak Mahindra Bank

CONSUMER BANKING

Mobile Banking: Super App For All Financial Needs

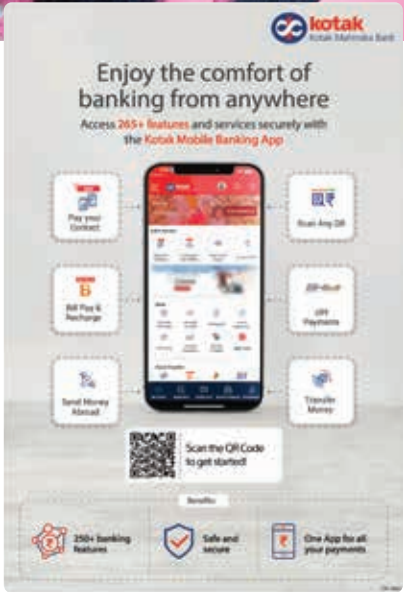
Offers a feature-rich mobile banking experience with 265+ features live. The App continues to be among the top-rated banking apps on both iOS and Android platforms. We augmented its versatility and enhanced the customer experience by adding new services such as UPI number-based money transfer, real-time status check of UPI transactions, a revamped journey for FD/RD, one view of the net worth, RM eKonnnect (direct connect with RMs over app), InstaSIP, App access for forex-only customers, accessing wealth portfolios by private banking customers and facilitating tracking of credit card spends. New-to-bank customers were enabled to avail products such as 811 account, credit cards and home loans directly via the mobile app. Customers can now raise service requests for loans and track these requests on the app (45+ services).

32%*

Increase in 90 days Active Users

2.0X^

Growth in Transaction Volume



*March 2023 vs March 2022 | ^ YoY

Net Banking

We added journeys such as downloading the GST Summary, Tax Invoice and Interest Certificate to the website. Based on consumer feedback, we redesigned the deposit section, improving the UI/UX for creating FDs, RDs and Tax-Saver Deposits. We enhanced the service request section by adding NRI services, ReKYC, tracking of outward cheques, management of transaction alerts, personalised offers widget and RM eKonnnect service.

We have implemented Behavioural Biometrics on Net Banking and Payment Gateway as advanced security feature.

29%^

Growth in Non-financial Transaction Volume

12%^

Growth in Financial Transaction Value

ACCELER@TING CHANGE

Kotak.com

For Personal Loan customers, journeys were improved to check their Loan Application status online, access Repayment Schedule, Statement of Account, etc. More than 90% of personal loans (by volume) are serviced end-to-end digitally.

30%[▲]

Growth in Organic Traffic

52%[▲]

Improvement in Product sales leads

31%[▲]

Increase in total Pre-login service requests on the website

Conversational Banking

Keya and WhatsApp have become the most interactive and secured service centres for Kotak customers with over 60 live enquiries and services. Customers can enable/disable credit card controls, download tax certificates for their home loans on Keya. WhatsApp had a complete revamp, enhanced UI, Next Best Actions and opening-up to NR customers. We also added Google Business Messages (GBM) Chatbot as another conversational banking channel.

1.3X[▲]

Increase in queries handled successfully by Keya Chatbot

1.5X[▲]

Increase in queries handled successfully by WhatsApp Banking



Digital Payments

We have enabled 'UPI Lite' as remitter, 'Send money to UPI number' and 'Unified Dispute and Issue Resolution (UDIR)' journey for customers to check the transaction status and raise complaints from our mobile app.

113%[▲]

Growth in in-app UPI Transaction volume

109[▲]

Growth in UPI transaction volume on Bank acquired merchants

▲ YoY | [▲]Q4FY23 vs Q4FY22

Wholesale Banking

Scalability

We have enabled all forms of tax payments for our customers by directly integrating with the central tax platform.

Our enterprise payments platform has now achieved 7X speed on transactions processed per second, offering seamless experience to our customers.

Enabled UPI acceptance at 1000 TPS through best-in-class enterprise architecture with asynchronous settlement, thus reducing per-second transaction TAT.

Payment Space

We have strengthened our BBPS (Bharat Bill Payment System) proposition, to a near-100% success rate by enhancing platform features. We also completed the UPMS certification with NPCI, and enabled credit card payments as a new category under BBPS.

The Bank's NACH backend platform was optimised with end-to-end automated solutions such as vendor module and initial rejection in physical and e-sign mandates. We also launched E-Nach variant (based on Aadhaar OTP) and increased the online direct debit limits to 50 lakh.

2.5X[▲]

Increase in transaction volume under BBPS

2.2X[▲]

Increase in E-Nach mandates

Life Insurance (Kotak Life Insurance)

Launched DIY (Do-It-Yourself) journeys on KLI Website, Bank mobile and net banking for key savings and protection products.

Launched KGSO, a few click insurance purchase journey enabled on Kotak Bank mobile app. KGSO, is a low-ticket group affinity product that covered 85,000+ members during FY 2022-23.

Launched Express Claims Portal (for faster and paperless claim processing in the Group business), thus enabling 61% claims processing in T+1 days.

Daily commissions were enabled for policies sourced with digital payments[▲].

61% of 'non-medical policies' were issued in T+1 days through the rapid issuance process, up from 40% in FY 2021-22.

4.8 mn

(78%) Customer Service transactions processed digitally

98.9%

Of Policies* were sourced through online platforms and Genie app

▲ YoY | [▲]subject to capping of ₹ 25,000, where the payment is done fortnightly | *Individual policies (non-rural)



General Insurance (Kotak General Insurance)

Launched QR Code-based customer journeys for our microfinance partners for easy on-boarding.

Launched 'GIA', an AI-based virtual assistant for easy query resolution and servicing.

Implemented CLOOTRACK, a digital insights platform to drive, track and measure customer experience across internal and external touchpoints.

95%+

Automation for Policy Issuance was achieved

231%[▲]

Growth in D2C (direct-to-customer) business



Mutual Fund (Kotak Mutual Fund)

Continued to enhance the distributor transaction platform, 'Kotak Business Hub', with 27,000+ distributors.

Launched a digital campaign, '#AapBasELSSkaro', to educate investors on the dual benefits of investment in Tax Saver Funds, i.e., Tax Saving and Growth Potential.

18%[▲]

Growth in Investor base through the website

24%[▲]

Growth in Assets Under Management (AUM) through website

50%[▲]

Growth in Systematic Investment Plan (SIP) through website

Technology Strengths.

Accelerating our core technology backbone and complementing it with our mindset change as we pivot to building a powerhouse of software engineers, software product managers and technical programme managers building new in-house platforms to enhance customer experiences and outcomes.

Customer Service Efficacy and Unified Onboarding Journeys for Customers

Salesforce, which was implemented (and went live) for customer servicing through branches and call centres, has improved productivity for our end-users. This success has enabled us to accelerate the replacement of many of our legacy systems with the latest technologies.



Data Analytics

CONSUMER BANKING

We have strengthened our application of predictive science using advanced machine learning across the customer lifecycle, specifically in the areas of customer acquisition, service and cross-selling. In lending, this has helped us with the precise application of risk-based pricing and deepening customer engagement. We have also modernised our advanced analytics stack through the addition of cloud-based solutions, resulting in enhanced scalability, speed and precision of data-backed business decisions.

We have launched initiatives in customer and marketing analytics using customer behaviour data to design innovative products and services, which, in turn, has helped us increase financial inclusion. We used advanced deep-learning applications for Speech-to-Text conversions, leading to a better understanding of customer interactions and subsequent service. We have also introduced straight-through interactive journeys via WhatsApp, which has helped us significantly in driving deposit and lending growth.



COMMERCIAL BANKING

The extensive utilisation of data analytics has helped the collections team prioritise high-risk accounts. We achieved this by predicting future defaults by analysing the repayment behaviour and historical delinquencies of customers. Data-led acquisitions based on deep data mining and propensity models have gained momentum, contributing to a noticeable boost in fresh acquisitions across most businesses.

WHOLESALE BANKING

Data and analytics applications focussed on increasing productivity and adding to the bottom line. We implemented new-age analytics tools, such as graph data and big data, to yield substantial business growth opportunities. We have identified and converted opportunities in deepening the cross-selling, acquisition across the supply chain using graph data science and transaction analytics.

Architecture and Infrastructure

Established joint prioritisation across business and IT on the resiliency of the core systems. A near-DR site was established for core systems for better resiliency and performance. Proactive upgrades to systems nearing their end of life were also undertaken.

Risk and Cyber Security

Established joint prioritisation across business and IT on IT risk and security metrics. Successfully completed weekday BCP runs for all core platforms. Implemented best practices on cyber security monitoring and analysis.

Achieved Card Security Standard (PCIDSS) certification, underscoring our commitment to ensure the highest level of security for cardholder data and reinforcing our position as a trusted and reliable financial institution for its customers. We also implemented DevSecOps practices for our critical home-grown applications to enhance software security and deliver more robust and secure solutions.

Talent Transformation.

We prioritise nurturing of the talent pool by creating a conducive work culture that fosters innovation, collaboration and continuous development. We are strengthening the technology quotient of the work force as we increase our reliance on digital enablement to improve customer experiences.

Talent Acquisition

Continuing our journey towards building an Engineering-first Company, we have undertaken many talent transformation initiatives, including amplified fresher intake from STEM Campuses, off-campus hiring through Hire, Train and Deploy Programmes, reorganisation of roles with a deep focus on developing engineering capability and increased lateral hiring from top-tier tech organisations. One of the key aspects of our hiring strategy is to focus on developing a young, agile and tech-savvy workforce for the organisation's digital preparedness and to conform to our new operating model for building new in-house platforms.

Our efforts to hire women with STEM qualifications have resulted in a more diverse workforce and a stronger representation of women at Kotak.

One of the key aspects of our hiring strategy is to focus on developing a young, agile and tech-savvy workforce for the organisation's digital preparedness and to conform to our new operating model for building new in-house platforms.



Talent Management

We excel at creating a high-performance environment that fosters innovation, collaboration and continuous development. Our flagship programmes such as Kotak Young Leaders, Kotak Young Managers and Kotak Young Bankers are designed to groom our young talent. The Kotak Young Leader Council (KYLC) provides young managers with a unique opportunity to work with senior leaders (mentors) and become changemakers to co-create innovative solutions. In addition, our Internal Job Posting (IJP) programme enables employees to fast-track their careers and gain a holistic experience.

Our Digi Q programme is a customised intervention designed for senior leaders to navigate through the rapid digital transformation.

To democratise learning, create a future-ready workforce and build a culture of learning within the Kotak conglomerate, we launched the second edition of the highly successful Learning A-Fair, wherein Thought Leaders, Influencers, Best-in-Class Facilitators and Celebrities grace the Virtual Metaverse platform to interact with Kotakites. It has focussed on seven themes, disseminated through 90 sessions across five days.

Talent Retention

Our K-Applaud Online Rewards and Recognition platform fosters an appreciation culture. Various recognition programmes such as Cheers for Peers, Kotak DNA Awards, SPOT and Heavy Lifters Rewards, Kotak Infinity Awards further recognise and reward the exceptional contributions of Kotakites.

We have digitalised the on-boarding and joining journeys, launched Helpdesk Chat Services on WhatsApp and made Emergency Loans and Mediclaim benefits accessible through the Employee Mobile App. In addition, we are actively leveraging AI conversational tools to engage with employees and improve their experience.

kotak811

Banking Meets Technology

Kotak811 customers are young, transaction-heavy and credit hungry. This tech-savvy chunk of the population, makes a perfect fit and offers immense opportunity to the digital-first bank.



17.5 mn

Kotak811 Savings A/c[^]
42% [^]



9.4 mn

Paid Debit Cards^{^^}
45% [^]



72%

Bank's new Savings A/c sourced through Kotak811



32%*

Growth in Savings A/c balances



81%[^]

Growth in Savings A/c throughput^{^^^}



72%[^]

Growth in cross sell units



59%

Of overall Credit Cards, Personal Loans, Business Loans and Consumer Finance were cross-sold to Kotak811 customers



31 years

Average customer age

[^] YoY | [^]Savings Account refers to Live Full KYC Accounts only | ^{^^}Paid Debit Card (physical DC) includes all cards sold to 811 customers | ^{^^^}Throughput includes both credit and debit transactions | ^{*}Average monthly balance (March 2023 vs. March 2022)



At Kotak811, the goal is to build a technology-enabled digitalised ecosystem. The entire acquisition journey was revamped and is now live in two languages - English and Hindi. It is built entirely in-house, on cloud with modular micro-services architecture.



~20%

Increase in conversion by new acquisition journey

Features such as QR code funding during KYC and on-the-fly credit card applications during the acquisition journey itself are intuitive and customer-friendly and have led to higher customer engagement.



47%

Customers fund their account during Full KYC



40%

Offered customers apply for credit card

To ensure that holistic feedback is gathered, customer intelligence from multiple siloed applications is consolidated to provide a 360 degree view of the customer's experience. Based on the customer quality score hence derived, products and services are pruned, and capabilities added.



Kotak811 is India's first downloadable digital bank account that offers an instant and paperless account opening journey. It operates as a semi-autonomous digital bank within Kotak Bank.

VALUE CREATION MODEL

How we
Create Value.

RESOURCES DEPLOYED

DRIVING, ENABLING AND CATALYSING

VALUE CREATION FOR OUR STAKEHOLDERS

Financial Capital*

₹ 3,63,096 cr

Deposits (Bank Standalone)

₹ 1,12,254 cr

Capital and Reserves and Surplus

₹ 57,034 cr

Borrowings

₹ 4,20,880 cr

Assets Under Management

Human Capital

1,00,000+

Group Full time employees

₹ 30.4 cr**

Investment in training and development at the Bank

Inclusive and equitable culture

Manufactured and Intellectual Capital*

4,417

Group Branch Network in India

33%

Semi Urban and Rural Bank Branches

172

Corporate offices

1,400+

Premises which are accessible to persons with disability

75%

% of virtual server in the total server base at the Bank

98%+

Savings account transaction volumes were in digital or non-branch modes in FY 2022-23

Social and Relationship Capital

48.8%

Total Priority Sector Lending (PSL) annual average achievement at the Bank (against target of 40%)

₹ 265 cr#

Group CSR Expenditure

1.4 mn

Microfinance Women borrowers (Bank)

Natural Capital*

17,300+

Employees working out of LEED-Certified Buildings

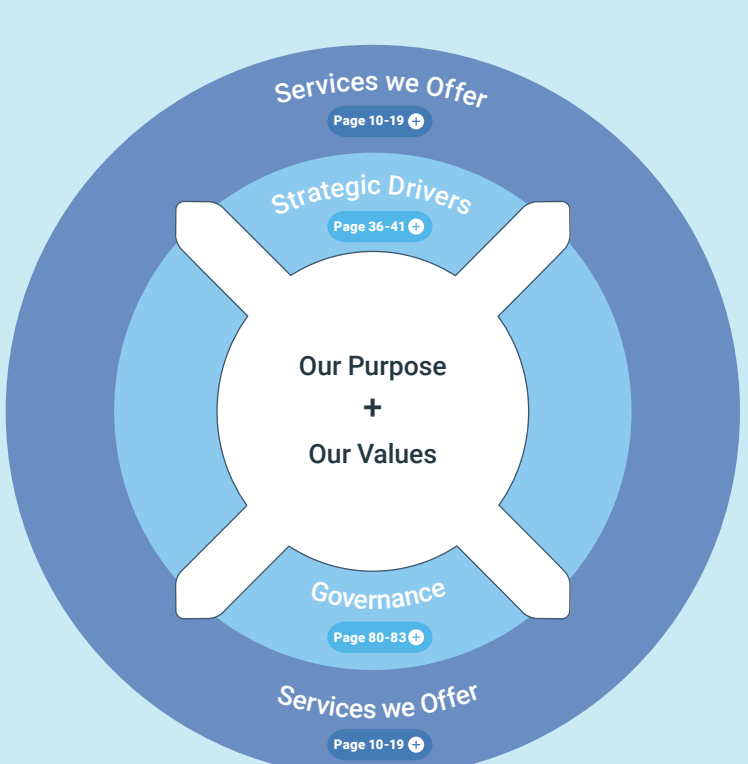
6

Organic waste convertors

12,585 GJ

Renewable Energy procured

We aim to provide our customers better financial well-being, more sustainable practices and generate higher lifetime value for our stakeholders, guided by our material topics. Material topics for Kotak are categorised as value drivers, value catalysts and value enablers. Further details on our material topics are found on [pages 46-49](#).



To embrace the opportunities and address the risks presented by the external environment and realise our vision, we are pursuing nine strategic drivers: Technology leadership to 'run the bank' and 'change the bank', Leadership in digital capabilities, Customer Centricity, Expanding access to low-cost liabilities, Pursuing growth in advances, disciplined execution, financial inclusion, Talent management and inorganic growth; and Drive a purpose and values-led transformation of the bank.

	Investors Creating long-term shareholder value in the form of strong financial returns.	₹ 14,925 cr* Consolidated Net Profit	2.62%* Return on Assets
	Regulators Ensuring consistent and proactive compliance.	23.3%* Capital Adequacy Ratio	123.7%* Liquidity Coverage Ratio
	Customers and Depositors Consistently deliver value and drive seamless customer services by leveraging tech-enabled innovation.	Safety and Returns	Convenience and Accessibility
	Employees Creating a diverse, inclusive, engaged and effective workforce.	10.6%▲ Increase in full-time women employees at the Group	57.2 Average hours of training per Bank employee
	Community Generating sustained positive societal and environmental value through CSR and financial inclusion initiatives as well as efforts to integrate ESG factors in lending, investments and operational decisions.	2,00,000+ Savings accounts opened for microfinance customers	Growing number of beneficiaries impacted by CSR projects
	Planet Our environmental management practices are focused on reducing the operational carbon footprint through transition to 'Phygital' service delivery, clean energy procurement, responsible resource utilisation, and conscious energy reduction measures.	100% Energy efficient lighting (LEDs) installed across our Bank branch network and corporate offices	90% of waste generated was recycled (Bank)

*On Consolidated basis except where stated.
**This includes cost of training staff, subscription for e-learning modules and conferences etc. | #Including transfer to unspent CSR Account.

*On Consolidated basis except where stated | ▲ YoY

Integrated Annual Report 2022-23

STRATEGY

Drivers of Value Creation.

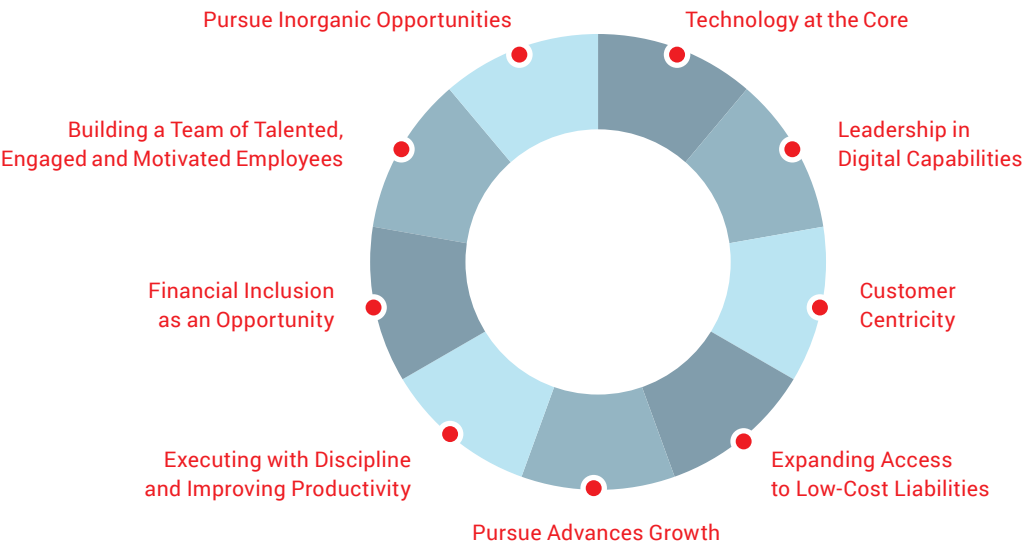
Our strategic drivers reinforce each other to deliver optimal value for all stakeholders including customers, employees and our shareholders.

As customers increasingly utilise digital channels to engage and transact with us, we consistently augment our digital capabilities, including the mobile suite, self-service options and digital-driven processes, to provide a multitude of opportunities for our customers to bank conveniently at their fingertips. We also work on blending talent with tools and technology to enable a more productive, informed and empowered employee ecosystem.

Our initiatives to be future-ready are underpinned by our time-tested values of customer centricity, managing risk, strong governance and community engagement. Our strategic drivers are dedicated to delivering the best possible experience for our customers and employees while also driving sustainable performance and delivering long-term shareholder value.



STRATEGIC DRIVERS



Technology at the Core: To 'Run the Bank' and 'Change the Bank'

SDG linkage#



Relevant material topics

- Enhancing customer experience
- Data security
- Customer data privacy

We aim to be at the forefront of new-age technology initiatives to drive customer experience through superior products and solutions. Through investments in technology, we are creating a strong back end that enables resilience, scalability and agility in operations.

Coupled with various front-end development initiatives, this translates to an enhanced experience for customers and employees through automation, platform convergence, cyber security, regulatory compliance and decision-making analytics to create a future-ready digital-first Bank.

KPIs

Features

- Biometric onboarding
- DIY journeys
- Auto service requests through Keya - our customer service chat-bot
- Digital merchant ledgers
- Multi lingual app for retail microfinance customers

2.2X^

Open Banking Partners



Leadership in Digital Capabilities

SDG linkage



Relevant material topics

- Enhancing customer experience
- Promoting financial inclusion
- Minimising environmental impact of operations

Our digital strategy is focused on serving the entire lifecycle of the customer including acquisition, engagement and experience. With our robust digital acquisition engine and advanced analytics capabilities, we can effectively harness the cross-selling potential of a wider customer base. We are investing to create tech-driven simplified digital journeys across products such as Home Loans (HL), Personal Loans (PL) and Credit Cards (CC).

Kotak811, India's first downloadable digital bank account developed completely in-house has morphed into a semi-autonomous digital bank within Kotak. Its contribution towards Bank's Deposits, PL disbursements and CC is expected to keep growing with revamped customer digital journeys and experiences.

Kotak Mobile Banking app continues to get enhanced and empowered, providing a feature-rich portfolio of 265+ services, enabling us to engage and service our customers anytime, anywhere.

A digital backbone also enables us to partner with business correspondents and new-age Fintechs for wider distribution and to create unique offerings for our customers.

KPIs

42%^

Growth in Kotak811 Savings Accounts

32%*

Increase in Mobile Banking 90-day active users

98%+

Savings account transaction volumes in digital or non-branch modes

2.0X^

Growth in Mobile Banking transactions volume

2.1X^

Growth in UPI transaction volume from Kotak Mobile Banking app

92%

Digital share of RDs opened

80%

Digital share of FDs opened

93%

Digital share of Investment accounts opened

2.0X^

Growth in volume of digitally sourced Credit Cards

1.9X^

Growth in value of digitally sourced Personal Loans

84%

Of customer requests serviced digitally

#SDG - Sustainable Development Goals | ^ YoY | *March 2023 vs March 2022



Customer Centricity

SDG linkage



Relevant material topics

- Enhancing customer experience
- Customer data privacy
- Ethical business processes

We believe that the convenience of the digital banking experience and trust through branch presence is among the most important factors influencing customers' choice of banks. This 'Phygital' proposition helps us expand our reach while enabling multi-modal customer engagement and service delivery.

The use of advanced analytics helps us anticipate customer requirements and engage them with the most suitable offerings. We also constantly broaden our product portfolio to create customized products that appeal to specific customer segments. Some notable initiatives include Kotak Crème, Everyday Savings accounts, Silk, Co-branded credit cards with PVR, Indian Oil, Metro Cash & Carry, and Merchant-focused Current account—Merchant One.

We aim to surpass customer expectations by adding a delightful experience layer across all customer touchpoints through advancements in digital journeys across products to create a seamless 'self-serving' banking experience at the click of a button. We also track the 'Net Promoter Score' on a regular basis and use it for understanding customer delight, loyalty and satisfaction levels with the Bank.

KPIs

9 point^{^^}

Increase in Customer NPS

1.5X[^]

Increase in queries handled successfully by WhatsApp Banking

1.3X[^]

Increase in queries handled successfully by Keya Chatbot

31%[^]

Growth in Website service requests



Expanding Access to Low-Cost Liabilities

SDG linkage



Relevant material topics

- Enhancing customer experience
- Brand and reputation

We continue our focus on retail banking business by growing our physical branch-led distribution and augmenting our digital acquisition through 811.

Our ability to cover all customer segments through a wide array of products, solutions, superior transaction and service experiences, enables us to create a granular current, savings and term deposit base. Being highly customer centric, we constantly revamp our product portfolio to fulfil all customer needs helping us become a primary bank for the customer and enhancing our product penetration across our retail customers, merchants, Small and Medium Enterprises (SME) and corporates.

KPIs

26%[^]

Growth in Bank's Customer Base

52.8%

CASA Ratio

82%

CASA and TDs below 5 cr as a percentage of Total Deposits

15%[^]

Growth in average CA deposits



Pursue Advances Growth, Ensuring Right Asset Quality Additions at Risk Adjusted Pricing and Appropriate Risk Management

SDG linkage



Relevant material topics

- Financing with a focus on environmental sustainability
- Minimising risk impact of climate change due to investments/advances
- Promoting financial inclusion

We continue to target a prudent balance between unsecured and secured advances with a focus on risk-adjusted returns. Advanced Analytics has enabled us to assess customers' needs, propensity for leverage and risk profiles which are critical drivers for the digital distribution of credit products such as credit cards and personal loans. The ability to instantly fulfil credit needs creates the necessary leverage to scale such assets at an optimal cost of acquisition.

In addition, the augmentation of product, process and risk-based pricing capabilities has driven growth in our secured retail, business banking and corporate portfolios. Besides the consumer and corporate portfolios, the bank continues to have strong growth in Commercial lending including Tractor financing, Commercial vehicles, Retail MFI, and SME segments by focusing on new products, customer segments and geographies.

The Bank has commenced evaluation of ESG as one of the metrics while assessing credit and portfolio risk and it aims to expand the scope of such ESG evaluations.

KPIs

81%[^]

Growth in Credit Card advances book

56%[^]

Growth in Personal Loans, Business Loans and Consumer Durables advances

10%

Unsecured Retail Advances (incl. retail microfinance) as a % of net advances vs 7% in FY22

18%[^]

Growth in Bank's Net Advances



Executing with Discipline and Improving Productivity

SDG linkage



Relevant material topics

- Enhancing customer experience
- Ethical business processes
- Corporate governance

We continue to leverage technology for scalability while also ensuring time and cost-efficient operations. We have revamped our internal processes to enable the customer to Do-It-Yourself (DIY) in addition to empowering our workforce with tech-enabled tools and processes to service our growing customer base, improving productivity and efficiency.

We have embraced open banking and modernized our technology infrastructure to improve analytics, underwriting processes and risk management systems, driving efficiency. We maintain high capital adequacy and track the risk in our asset portfolio judiciously, helping us maintain our earnings potential sustainably and navigate uncertainties in the external environment.

KPIs

2.62%[#]

ROA

14.36%[#]

ROE

23.3%[#]

Capital Adequacy Ratio (CAR)

^{^^}Dec 2022 vs Jun 2022 | [^]Q4FY23 vs Q4FY22 | [^]YoY

[^]YoY | [#]On Consolidated basis



Approaching Financial Inclusion as an Opportunity

SDG linkage



Relevant material topics

- Promoting financial inclusion
- Community well-being
- Regulatory compliance

Our digital focus has enabled us to serve under-banked customers efficiently. We have a fast-growing retail microfinance franchise, with over 1 million women customers that has helped bring several underbanked segments into the financial ecosystem. We continue to focus on expanding this franchise into new geographies.

We continue to widen our base of savings accounts to lower income groups and extend government-sponsored lending/insurance schemes and Aadhaar-Enabled Payment Systems through our digital, branch and Business correspondent network to these segments. Our focus is to convert these activities into sustainable opportunities on their own in the long run.

KPIs

69%▲

Growth in Underbanked Women Customers (Microfinance JLG customers)

101%▲

Growth in Retail Microfinance advances

18%▲

Growth in Organic PSL Advances of the Bank

46%▲

Growth in Jan Dhan accounts opened



Attracting, Retaining and Building a Team of Talented, Engaged and Motivated Employees

SDG linkage



Relevant material topics

- Promoting employee health, safety and well-being
- Enabling learning, development and an open work culture for employees
- Promoting diversity, equity, and inclusion among employees

Talent is a key contributor to our performance. We continue to invest in and develop tech-based internal tools for improving the productivity of our people. Learning A-Fair, our organisation-wide e-learning initiative with around 90 sessions, helps us drive learning on various themes such as technology and digital, leadership, soft skills, customer-centricity etc. In addition, we focus on ongoing training and upskilling programmes for our employees at various stages in their careers.

We have launched multiple health and lifestyle initiatives, specifically to improve our employees' well-being. We also have structured career development programmes to help identify future leaders and fast-track their career growth. Our focus on employee well-being, flatter organisational structures and diversity will ensure an engaged and productive workforce.

KPIs

75%

Score in Annual Employee Pulse Survey

20+ yrs

Average tenure of the Kotak Leadership Team with the Group



Certified as a 'Great Place to Work' again by the Great Place to Work® Institute for two years in a row



Bank's Learning A-Fair Platform won **Gold for Best Advance in Unique Learning Technology** at the Brandon Hall Technology Excellence Awards 2022



Pursue Inorganic Growth - Leverage Strong Standing

SDG linkage



Relevant material topics

- Brand and reputation

We are continuously evaluating acquisition and strategic investment opportunities in order to expand our market share, improve our value proposition and capabilities, or expand into new geographies.

KPIs



Sonata Finance: Announced acquisition of 100% stake (subject to regulatory and other approvals) - a microfinance provider with presence in the northern states of India, which is complimentary to Bank's microfinance network



DLL Financial Services India: Acquired the agri and healthcare equipment portfolio with 25,000 high-quality customers



MANAGING RISKS AND UNCERTAINTIES

Safeguarding Stakeholder Interests.

Backed by focus on strong risk management systems and controls, we have strengthened our ability to actively and effectively respond to risks. Kotak views risk management as a critical business enabler and tries to ensure sound management of risks through timely identification, assessment and management to ensure business resilience.

Key highlights

0.37%

Bank's Net NPA

21.8%

Bank's Capital Adequacy Ratio

Relevant material topics

Minimising risk impact of climate change due to investments/ advances

Financing with a focus on environmental sustainability

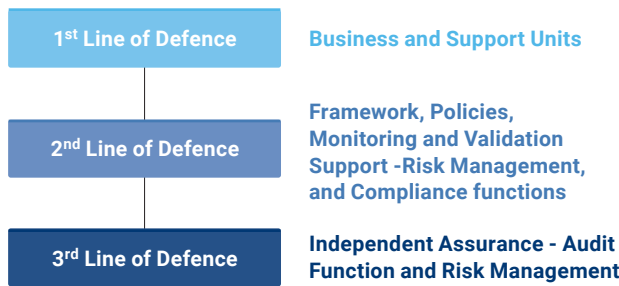
We have implemented an Enterprise Risk Management (ERM) framework that aligns risk and capital management to our business strategy, protects our financial strength and reputation, and supports business activities. Our ERM Policy sets the approach for risk management and is adopted at the Group level with suitable modifications by subsidiaries as appropriate for their individual businesses. At the Bank, we have adopted three lines of defence for risk management, as depicted in the figure below. The business units and the independent risk management function work in collaboration to ensure that business strategies and activities are consistent with the policies and limits. The roles and responsibilities for risk management at each line of defence are clearly defined and are shown in Figure 1.

The risk management framework is further strengthened by a strong risk-aware culture that is at all three defence levels where employees understand and manage risks within the context of their individual roles and responsibilities.

The MD and CEO and Chief Risk Officer (CRO) have oversight over the ERM framework which embeds a strong risk management and risk culture in the organisation.

The Board of Directors appoints the CRO, who heads the independent risk function in the Bank. The Risk function provides an independent and integrated assessment of risks across various business lines. The risk management function has separate units responsible for the management of credit risk, market risk, operational risk, liquidity and interest rate risk, group risk and technology risk. Every quarter, the CRO presents updates to the Risk Management Committee (RMC) and the Board on the performance against risk appetite and the risk profile. In addition, formal updates on various portfolios are provided to the RMC and the Board periodically. Our Board of Directors are apprised of developments in a wide variety of key topics such as risk management education, which is delivered by relevant functional experts or in the form of secondary research

Figure 1 | Three lines of defence



and analysis. Three of our non-executive directors and all our executive directors have expertise in enterprise risk management.

Further details on risk management, including categories of risks assumed, independence of the risk management function, controls, stress testing, governance structure, approach, risk categories, management and mitigation can be found in the [Management's Discussion and Analysis](#) section.

We undertake the Internal Capital Adequacy Assessment Process (ICAAP) annually to provide the management with an overview of the identified risks and their evaluation, which informs the internal capital allocation needs to address these risks. The ICAAP is linked to overall business planning and establishes a strategy for maintaining appropriate capital levels. The ICAAP outcomes are reviewed by senior management and formally approved by the Board. Where required, the ICAAP is enhanced to include greater detail and more in-depth analysis of the risks it covers.

In addition to this, we have a Stress Testing Policy approved by the Board that aligns with the regulatory guidelines and covers material risks. Stress testing is a key element of the ICAAP and an integral tool in the Risk Management Framework.

It is also essential for strengthening the predictive approach to risk management and supplementing other risk management tools by providing an estimate of tail risks. During the year, the Bank was above regulatory and internal target capital ratios under all approved stress scenarios. Further details can be found in the [Management's Discussion and Analysis](#) section of this Report.

Risk Culture

The Group embeds a strong risk culture through clear communication and appropriate training for employees. The objective is to develop a disciplined risk culture where managing risk is a responsibility shared by all employees. We achieve this through tailored training programmes, including a structured induction curriculum for new employees. The induction training enables employees to understand various businesses across the Group and how risk management culture and practices support building and bolstering the organisation.

All our employees are expected to be familiar with relevant risk management policies and are encouraged to escalate potential risks to senior management on a timely basis. Our risk culture places emphasis on responsible business practices, prioritisation of customer needs, and appropriate disclosures. Our senior management receives regular and periodic information on various matters for the respective business lines and communicates their plans, strategy and expected outcomes to team members. Risk management is taken into consideration during the preparation of business plans and the launch of new products. Our senior management's annual performance review includes an evaluation of their risk management performance. The [Management's Discussion and Analysis](#) section of this Report provides more details regarding the embedded risk culture.

The Landscape of Emerging Risks GEOPOLITICAL RISKS

In the current geopolitical landscape, countries are aiming to be better prepared to manage the risks emerging from global supply chains and manufacturing bottlenecks that arose during the pandemic. Events such as the war in Ukraine have also contributed to high inflation across many countries, which the central banks are trying to address via tightening monetary policy. More recently, some foreign banks have come to global attention due to their financial condition owing to their exposure to large portfolios of long-dated investment securities, following which in March 2023, we witnessed certain US-based banks being liquidated. With a strong balance sheet and adequate liquidity



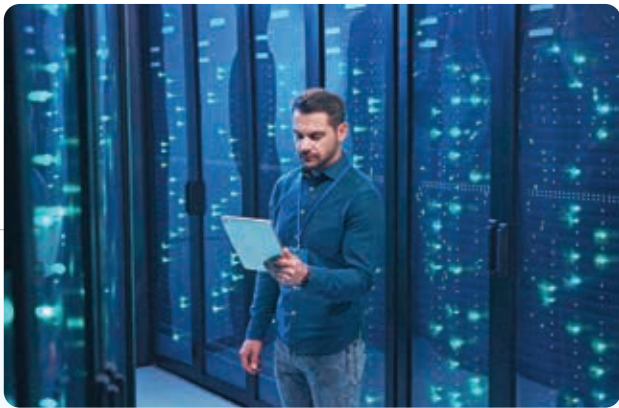
position, the Group is well-positioned to navigate the current economic environment and support its customers.

Large-scale geopolitical and local events can frequently materialise unexpectedly and originate externally, providing limited opportunities for mitigation. To gauge the potential price risks within our portfolio, we employ the Value-at-Risk (VaR) methodology. This also involves utilising stressed VAR and regular stress testing to evaluate exposure to market movements. We have also established a comprehensive market risk limit framework, which includes sensitivity measures. Furthermore, to comply with the RBI Guidelines, we have implemented an enterprise-wide Review and Early Warning Signal Framework that serves as an effective means of monitoring credit risk.

GROWING CHALLENGES IN CYBERSECURITY

Digital transformation across business operations has been gaining momentum across the world. As banking institutions gradually become a part of this digital transformation to improve their service offerings, they are bound to be more susceptible to cyber risks. The world is experiencing advanced cybercrimes, such as loss of privacy, data theft or fraud and numerous financial institutions across the globe have been the targets of such cyber threats and attacks. These include large-scale anti-fraud bypass, ATM malware, account-centric frauds, phishing, identity theft, ransomware, and in some cases, potential threats through employees. Banks could face serious financial, reputational, legal and regulatory repercussions in the event of a cyberattack, potentially leading to the compromise of sensitive customer data or proprietary information. Establishing robust information security systems and strategies is imperative to strengthen the Banks’ defence against the evolving set of cyber risks and reduce vulnerability to these attacks.

To protect our IT infrastructure and remain prepared in the face of any cyber threats or risks, we have continued to employ our cyber-resilience framework for addressing cyber risks. The programmatic nature of this framework enables us to prevent and tackle cyber threats and crimes in an effective manner. We also continue to hold timely cyber drills across our offices to examine the extent to which our currently established prevention and detection systems and response controls are capable of actively addressing cyber risks. Our approach to cybersecurity and data privacy is detailed further in the [‘Ethics and Governance’](#) section.



CLIMATE CHANGE RISKS¹

As revealed by the Intergovernmental Panel on Climate Change’s (IPCC’s) Synthesis Report for the Sixth Assessment Report: Climate Change 2023, the current set of climate commitments and policies introduced and implemented by nations are found to be insufficient in stopping the rise in temperature of 1.5°C above the pre-industrial levels - the Paris Agreement target, within this century. As articulated in the IPCC report, there is scientific consensus on the adverse impacts of climate change. The private sector commitments made by the G7 countries indicate that the global temperature may increase by 2.7°C by the middle of the century, which is significantly higher than the goals set during the Paris Agreement, as per analysis by CDP and Oliver Wyman. Given this, timely intervention in current climate policies and pledges is deemed critical.

We recognise the potential impacts of climate change as emerging risks to our business and have developed a detailed profile of probable risks and opportunities arising from climate change. Climate risks are broadly categorised into physical and transition risks. Physical risks are caused by chronic or acute changes in weather and climatic patterns. This can adversely impact physical infrastructure and have repercussions for business continuity. Transition risks are caused due to the economy’s transition to low-carbon activities and could directly impact businesses, primarily due to changes in policy and technology.

In FY 2022-23, we carried out pilot exercises to assess physical risk to operations and transition risks to the portfolio, focusing on exposure to one industry sector. This pilot was undertaken across three-time frames so as to align with national climate action commitments and global climate goals. The scenarios for the pilot assessments are based on presently available public information and proxies which would be updated in due course when more specific data is available.

To understand the potential of physical risks impacting the Bank’s operations, an assessment was conducted under two scenarios provided by the IPCC’s Representative Concentration Pathways - RCP 4.5 and RCP 8.5. The three time frames chosen for the physical risk assessment were short-term (2022-2027), medium-term (2027-2035) and long-term (2035-2050). The risk assessment sought to understand impacts of heat stress, extreme rainfall or flooding, cyclonic events, water stress and sea level rise on the bank’s infrastructure and its people².

We covered most of our operational corporate offices and the entire branch network of the bank spanning 25 states and 4 Union territories in the country, while the study of the impact of cyclones and sea level rise was limited to our presence in coastal districts. We identified quantitative measures for the acute physical risks and heat stress to be able to translate the physical impacts into financial impacts.

It is to be noted that the estimated annual financial impact due to physical risks to our operations was assessed to be within the bank’s current operational risk appetite for the short, medium and long-term periods. For chronic physical risks such as sea level rise and water stress, the assessment produced heat maps to highlight regions of potentially high risk that may be triggered over the long term, given the nature of these risks.

Our assessment indicated that financial impacts were primarily in the form of additional costs towards the recovery of damage to physical infrastructure due to acute climate-related events and increased energy costs towards cooling of premises brought on by heat stress. A minor impact due to the increasing heat stress could be on the health of our employees and the costs associated with it, which we address through various employee well-being initiatives such as facilitating regular health check-ups and conducting awareness sessions, details of which may be found in the [‘Empowering Our Employees’](#) section. The potential increase in energy consumption to meet the growing business requirements of additional space for an increasing workforce could likely result in an increase in our emission footprint, even as the grid increasingly incorporates electricity generated from renewable sources. We have been sourcing electricity generated from renewable sources of energy and continue to invest in energy efficiency initiatives to reduce our energy consumption. For more details about our initiatives, please refer to [‘Managing Our Environmental Footprint’](#) section. In the same vein, we continue to strengthen our business continuity plans to be resilient to such risks, even as this assessment showed that most of our offices and branches were found to be at low to medium risk from heavy rainfall and flooding, sea level rise and cyclones.

In addition to the physical risk assessment for operations, we undertook a pilot transition risk assessment, starting with an analysis of the bank’s exposure to the power sector. We intend to cover more industry sectors in the assessments being planned for the year ahead while limiting it to carbon-intensive sub-sectors. For the power sector, the exercise covered power generation excluding exposure to transmission and distribution from the scope, which was about 96% of the bank’s power sector portfolio as of 31st March, 2022. A scenario analysis was conducted using two scenarios, namely the International Energy Agency’s Net Zero Emissions by 2050 Scenario and the National Pledges Scenario made available by the London School of Economics’ Transition Pathway Initiative. The metric used for risk measurement was Weighted Average Carbon Intensity (WACI) and was compared against the scenarios at different points in time: current, 2030 and 2050.

For the power sector portfolio, carbon intensity expressed in tCO₂e/MWh was collected from public disclosures of portfolio companies wherever available. In cases where emissions data was not publicly available, proxies were developed based on generation capacity and utilisation data sourced from internal documentation and peer disclosures.



For projecting the emission intensities of companies for 2030 and 2050, publicly announced targets wherever available or India’s net-zero target by 2070 were used. Assuming a similar exposure pattern to the underlying companies, WACI was projected for the portfolio for the identified points in time. The scenario analysis concluded that Kotak’s power portfolio nearly converges with the IEA’s Net Zero Emissions (NZE) scenario towards the end of the analysis time period, and the emission intensity of our portfolio is well within the National Pledges Scenario’s estimated emission intensity throughout the timeframe considered for the analysis.

Based on both of these pilots, guidelines have been developed and internally adopted under the guidance of the Risk Management Committee. The guidelines include approaches for risk identification, measurement and benchmark scenario comparison, while also providing direction on additional data requirements that would strengthen the exercises moving forward. They also outline a governance and oversight structure under which the periodic assessments will be independently reviewed by the Head of Sustainability and the Chief Risk Officer. Given the evolving nature of the subject, the guidelines are subject to annual reviews.

Specifically, to address the transition risk, the guidelines set out a plan for rolling out capacity building for origination and underwriting teams. In FY 2022-23, we convened an ESG training programme for a cohort of these teams which focused on understanding the relevance of ESG from a banking perspective, with a specific emphasis on emerging climate technologies and the associated growth in sustainable finance transactions. The module focused on risks and opportunities that origination and underwriting must embed in sourcing and evaluating proposals. We are also working towards developing sector guidelines to help us proactively engage with clients and effectively apply an ESG lens in credit appraisal.

Climate change not only presents risks but also provides opportunities. These opportunities are in the form of lending and investments that enable companies to transition to environmentally friendly operations. Our risk assessments support us in identifying such opportunities across emerging sectors.

¹GRI 201-2, GRI 3-3 | ²GRI 203-2

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

■ Anchors of Value Creation.

Stakeholder Engagement

Active and consistent engagement with stakeholders is essential to foster meaningful relationships based on mutual trust, accountability and transparency. At Kotak Mahindra Group, we seek to engage with our stakeholders regularly. Our engagement strategy is designed with the goal of recognising the stakeholders' present and future needs and expectations. The outcome of this engagement forms the basis of our approach towards organisational strategy as well as risk management and helps enhance customer experience.

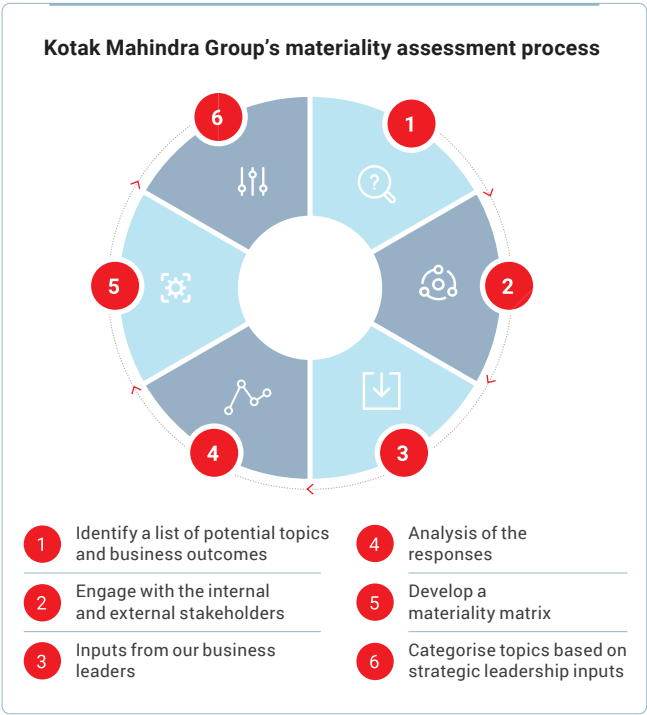
In line with our engagement strategy, we have identified seven critical stakeholder groups that are seen as being the most important for our business. The strategy is tailored for each stakeholder group as detailed on [page 368](#), the medium we have adopted for engaging with them, the frequency of such engagements and the key topics on which we engage. The table also provides the activities that we undertake based on stakeholder inputs.



Materiality Assessment Exercise¹

Material topics refer to topics that represent the organisation's most significant impacts on the economy, environment and people, including impacts on their human rights.² We adopt the principle of materiality to categorise topics for disclosure and integration into our ESG strategy. In FY 2021-22, we carried out a systematic materiality assessment exercise in compliance with GRI principles. An exhaustive list of material topics was identified on the basis of the material themes suggested by globally acknowledged sustainability standards and guidelines for the financial sector as well as a peer study. The identified topic universe was also developed in line with the impacts that arise as a result of our business activities. These included impacts that could arise from our products and services offered to clients across industry sectors and our operations.

We identified a list of key business outcomes that were used to gauge the impacts of material topics on business. Our senior leadership was involved in the review of the range of potential effects that the material topics could have on the identified business outcomes. An online survey mechanism was used to gather and consolidate perspectives from a diverse set of important internal and external stakeholders.



We sought views from the stakeholders to rank the topics based on their importance which helped us to determine the relative relevance of the identified material topics.

With the help of the exercise's results, we defined and grouped our major ESG emphasis areas, i.e. material topics into value drivers, value enablers and value catalysts, as follows:

Our Group's management continuously strives to bring about sustainable and positive changes in the lives of communities in which we operate. In view of this ethos, 'Financing with a focus on

Categories	Description
Value Drivers	Topics that ensure Kotak Mahindra Group's growth and position as one of the leading financial services conglomerates.
Value Enablers	Topics that underscore Kotak Mahindra Group's people-centric approach to deliver value to employees and customers.
Value Catalysts	Topics that catalyse broader positive environmental and social impact.

environmental sustainability' and 'Minimising risk impact of climate change due to investments/advances' were categorised as value drivers and 'Promoting financial inclusion' as a value enabler.

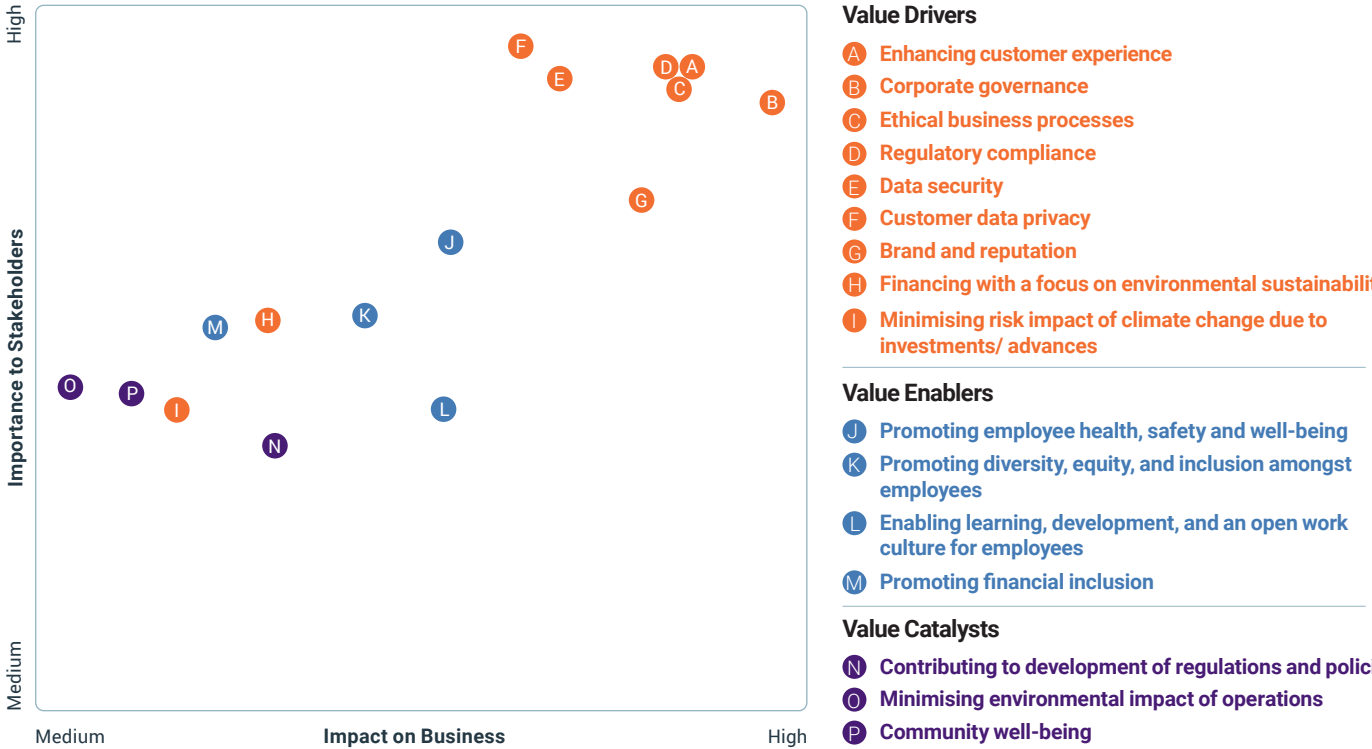
REVIEW OF MATERIALITY ASSESSMENT

We have set a biennial frequency to undertake a materiality assessment, with the next exercise planned for FY 2023-24, which would be in line with the materiality approach outlined in GRI 2021 standards. Even as an assessment is planned biennially, the material topics are reviewed on an annual basis to ensure relevance with our business and for staying up to date with emerging sector issues.

For the reporting period, we have undertaken a review of the materiality exercise conducted in the previous reporting period in consultation with key internal stakeholders. The exercise included revalidation of underlying identified business outcomes that informed the materiality exercise. The review concluded that the list of business outcomes, and by extension the material topics remain largely unchanged. It may be noted that the scope of one identified business outcome has expanded due to additional internal controls and monitoring processes that were put in place post the conclusion of the materiality exercise last year.

The materiality assessment exercise that would be undertaken in FY 2023-24 shall be in line with the GRI Universal Standards 2021. This periodic stakeholder engagement process would help us in aligning our material topics with the evolving business ecosystem and enable us to strengthen our business strategy.

Materiality Matrix



¹GRI 3-1 | ²As defined in the GRI Universal Standards 2021

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Table 1. Kotak Mahindra Group’s Material Topics and some key performance indicators are covered in this Report¹

Material Topic	Description	Rationale for materiality and management approach ²	Section of the Report covering management approach ^{2, 3}	Our performance ⁴
VALUE DRIVERS				
Corporate governance ■	Covers Board and management effectiveness and integrity, remuneration policies and practices, audit and financial reporting practices that promote high level of transparency, accountability, and Board oversight.	Failure to adhere to good governance practices could pose significant risks to operations, financial performance, and ultimately long-term success for the organisation. This could result in financial penalties, reduction in access to capital and reduced share price.	Ethics and Governance Corporate Governance report	Number of Board of Directors with expertise on ESG and Risk Management: 4 Average Board meeting attendance: 96.64%
Enhancing customer experience ■	Enhance customer satisfaction via product innovation, efficient processes, digital solutions, easy access to products and services, fair marketing practices and efficient complaint resolution.	Enhancing customer experience and satisfaction can help Kotak improve customer retention, increase revenue, differentiate the Bank from competitors, build a strong brand image, increase customer base and reduce costs.	Generating value for our customers Digital journey of Kotak	Transactions processed digitally without manual intervention: 78% Customer grievances resolved within stipulated turnaround time: 94%
Ethical business processes ■	Ethical conduct of business, including in areas such as taxation and accounting, anti-corruption, anti-money laundering, anti-competitive practices, insider trading and intellectual property issues.	Ethical business practices can present opportunities by building a strong reputation and brand, managing risks, attracting and retaining employees and customers.	Ethics and Governance Corporate Governance report	Percentage of employees who acknowledged adherence to Code of Conduct (CoC): 99% Total employee training hours on Anti money laundering: 36,240
Regulatory compliance ■	Adherence to laws, regulations and guidelines.	In an ever-evolving regulatory landscape it is imperative for organisations to ensure compliance on current and emerging regulations. Failure to keep abreast with the dynamic policy and regulatory landscape can lead to litigation, regulatory and reputational risks.	Ethics and Governance, Corporate Governance report	No non-compliance noted to applicable environmental laws and regulations ⁵
Data security ■	Prevent and address IT system failures and major cybersecurity incidents.	Data security is a significant risk for organisations handling large volumes of sensitive financial and personal data. Lack of robust data privacy systems can result in financial penalties, increased legal fees arising from lawsuits and reduction in customer retention.	Ethics and Governance	Zero data breaches Coverage of ISO 27001 for IT infrastructure: 100%
Customer data privacy ■	Measures taken to ensure safe and secure use and maintenance of customers’ data.	Data breaches or unauthorised access to customer data could lead to legal liabilities, including lawsuits from customers, regulatory investigations, financial penalties and damage to brand and reputation leading to reduction in customer retention.	Generating value for our customers Ethics and Governance	Zero identified leaks, thefts, or losses of customer data in the Bank
Brand and reputation ■	Build and enhance the reputation and brand to enable stakeholder confidence.	Positive brand and reputation helps attract and retain customers and other stakeholders such as investors, employees and shareholders. Positive reputation can also help dampen impacts of macroeconomic risks.	Generating value for our customers	YoY growth in the Bank’s customer base: 26%
Financing with a focus on environmental sustainability ■	Identify and leverage sustainable financing opportunities with positive environmental impact. Offer products and services with a focus on sustainability.	Environmentally conscious financing could help build trust among environmentally conscious stakeholders, reduce exposure and losses arising from climate risks and support transition to a low carbon economy.	Sustainability at Kotak	12X increase in electric 2-wheelers and 6X increase in number of electric cars financed by KMPL in FY 2022-23 compared to FY 2021-22
Minimising risk impact of climate change due to investments/ advances ■	Mitigate climate risks by managing the investment and advances portfolio mix to minimise expected losses resulting from climate change.	Mitigating climate risks by managing the portfolio mix of investment and advances can lead to new green and climate resilient financing opportunities.	Managing Risks and Uncertainties	Lending proposals evaluated for ESG: 1,700+ Power sector portfolio analysed for climate related transition risk

¹GRI 3-2, GRI 2-25 | ²BRSR, Section A, Question 24 describing rationale for identifying a material topic as risk or opportunity, approach to adapt or mitigate and the financial implications of the risk or opportunity | ³GRI 3-3 | ⁴The performance is indicated for the bank wherever it is not mentioned specifically. The static figures mentioned in the KPIs are as on 31st March, 2023. The period figures mentioned are for FY 2022-23. | ⁵GRI 2-27

Material Topic	Description	Rationale for materiality and management approach ²	Section of the Report covering management approach ^{2, 3}	Our performance ⁴
VALUE ENABLERS				
Promoting employee health, safety, and well-being ■	Provide a safe workplace and proactively address health and safety-related concerns through trainings, safety drills, ergonomics, insurance, etc.	Promoting employee health, safety, and well-being enhances employee productivity and minimises absenteeism, employee turnover and hiring costs.	Empowering our employees	ISO 45001:2018 certified offices: 6 Number of hours of health and safety trainings: 25,561
Promoting diversity, equity, and inclusion amongst employees ■	Provide equal and fair remuneration and advancement opportunities to all employees. Run programmes and activities to promote workforce diversity and inclusion.	Promoting diversity, equity, and inclusion (DEI) amongst employees can provide numerous benefits including increased innovation and creativity, enhanced reputation, better risk management, and compliance with regulations. By prioritising DEI, banks can create a positive work environment that supports overall business goals and contributes to its long-term success.	Empowering our employees	Percentage of women in the workforce at the Group: 26.70% Average tenure of the Kotak Leadership Team with the Group: 20+ years
Enabling learning, development, and an open work culture for employees ■	Initiatives to improve collaboration and mutual respect, towards creating an open and approachable work culture. Conduct training and leadership development programmes.	Enabling learning, development, and an open work culture for employees is an opportunity to increase employee engagement, retention and performance, decreased hiring costs, enhance reputation, attract top talent, and gain a competitive advantage.	Empowering our employees	Average person hours of training: 57.2 Investment in training and development: ₹ 30.4 cr
Promoting financial inclusion ■	Ensure the availability of and access to financial services for unbanked and underbanked people.	Promoting financial inclusion is an opportunity to access new markets, generate new revenue streams, improve reputation, and also contribute to the economic development.	Sustainability at Kotak	Total women microfinance borrowers: 1.4 million ATMs with voice guidance facilities: 567 Micro-ATM outlets set up across India: 15,000+
VALUE CATALYSTS				
Contributing to development of regulations and policies ■	Provide views and ideas to assist the development of regulations and policies for building sustainable practices in the industry.	Contributing to the development of regulations and policies could be an opportunity to demonstrate commitment to responsible governance, reduce regulatory risk, enhance collaboration and improve brand and reputation.	Ethics and Governance	Active participation as part of industry associations
Minimising environmental impact of operations ■	Optimise energy and water use, along with reducing greenhouse gas emissions and waste, and investments in environmentally sustainable programmes.	Minimising environmental impact can help meet regulatory requirements, enhance reputation, reduce costs, increase revenue and generate new business opportunities.	Managing our Environmental Footprint	Emission reduction due to installation of LED bulbs: 3,852 tCO₂e per annum Percentage of waste recycled out of the waste generated at select corporate offices: 90
Community well-being ■	Programmes to address the developmental needs of communities through CSR (social service initiatives).	By investing in community development, organisations can make a positive impact on the communities and contribute to the long-term sustainability of business operations. This can result in stronger relationship with communities.	Supporting our communities	Group’s CSR expenditure: ₹ 265 crore CSR focus areas are Education and Livelihood, Healthcare, Sports and Environment

Note

Each topic is marked with | or | to indicate (■) risk or (■) opportunity followed by a column on the rationale of identifying as such and our approach to addressing it, as required by BRSR.

²BRSR, Section A, Question 24 describing rationale for identifying a material topic as risk or opportunity, approach to adapt or mitigate and the financial implications of the risk or opportunity | ³GRI 3-3 | ⁴The performance is indicated for the bank wherever it is not mentioned specifically. The static figures mentioned in the KPIs are as on 31st March, 2023. The period figures mentioned are for FY 2022-23

Embracing a Sustainable Mindset.

At Kotak, we are consistently seeking avenues to strengthen ESG integration across our business activities and operations. In doing so, we strive to make sustainability an intrinsic component of our corporate conduct and aim to accelerate the adoption of sound, impactful and focused sustainability practices.

We are dedicated to educating our workforce on emerging ESG issues and empowering them to create positive impact through their work.

SDG linkage



Capital linkage



Relevant material topics

Financing with a focus on environmental sustainability

Promoting financial inclusion

KPIs

1,700+

Proposals were screened through our ESG Management Systems Plan (EMSP)

12X

Increase in electric 2-wheelers and **6X** increase in the number of electric cars financed by KMPL in FY 2022-23 compared with FY 2021-22

15,000+

Micro-ATM outlets set up across India

1.4 mn

Women Microfinance Borrowers

567

ATMs installed with voice guidance facilities



We aim to create value for all our stakeholders by incorporating social and environmental considerations into our strategy and operations.

Our ESG Policy Framework outlines our approach to harmonise our business strategy, processes and disclosures with domestic and international standards and frameworks. Some of our subsidiaries have dedicated ESG policies, which are available on their respective websites.

In FY 2022-23, we reviewed the earlier identified material topics in line with the GRI Universal Standards 2021, to ensure relevance. Details on this are elaborated on [page 46](#) of the 'Stakeholder Engagement and Materiality Assessment' section.

This biennial exercise helps strengthen our ESG strategy and disclosure, and the subsequent sections of this Report elucidate our commitment, management procedures and performance across the identified material topics.

Governance and Oversight¹

The CSR and ESG Committee is responsible for managing and providing strategic direction for the Group's ESG performance and strategy. The details of the Committee's terms of reference are explained on [page 273](#) of the Corporate Governance section of this Report. The following individuals are currently the members of the CSR and ESG Committee:

- Chair of the CSR & ESG Committee of the Board - Mr. Prakash Apte (Non-Executive Chairman, Independent)
- Other members:
- Mr. Dipak Gupta (Joint Managing Director)
 - Mr. C Jayaram (Non-Executive Director)
 - Mr. C S Rajan (Non-Executive Director, Independent)

The CSR and ESG Committee has played a pivotal role in guiding the Bank's ESG strategy and driving action across the focus areas of the ESG policy framework. The guidance from the Committee has provided the Bank with a strong impetus and clear direction to build and strengthen ESG-aligned practices in the short, medium and long term. The ESG function at the Bank plays an important role as the nodal team responsible for the overall implementation of the ESG policy framework, review of ESG performance across functions and communication of ESG progress through periodic reports to internal and external stakeholders, including the Board Committee. To help with the implementation of the ESG policy framework, this nodal team has created an ESG task force consisting of representatives from relevant functions and group companies.

Furthermore, the Committee is responsible for overseeing the development and implementation of the Bank's ESG framework. It provides strategic direction to the Bank's ESG performance, taking into consideration the relevant risks and opportunities. The Committee also oversees compliance with applicable ESG-related regulatory requirements, tracks progress against goals and targets, as well as reviews the Bank's ESG disclosures.

We have institutionalised an ESG policy framework to align our business strategy, processes and disclosures with national and international ESG standards and frameworks. The ESG policy framework details the ESG focus areas identified through our materiality assessment. The focus areas are:

- Corporate Governance
- Enhancing Customer Experience
- Creating an Empowered Workforce
- ESG integration in Risk Management
- Managing Climate Risk and Caring for the Environment
- Community Development

The CSR and ESG Committee has played a pivotal role in guiding the Bank's ESG strategy and driving action across the focus areas of the ESG policy framework.

Detailed information regarding each of the listed areas of focus can be accessed in our [Environment, Social and Governance Policy Framework](#) document which came into effect from 1st April, 2022. We have strengthened the relevant ESG-linked policies and processes across the identified focus areas to facilitate the organisational transformation to streamline and elevate ESG integration across the organisation. We have identified key performance indicators for each focus area to implement specific projects in order to improve our ESG performance. This approach has also enabled us to effectively monitor and report our ESG performance on a periodic basis.

We endeavour to enhance value for our stakeholders by integrating social and environmental considerations into our operational and financial decision-making. We have initiated a structured programme to raise awareness among our workforce on ESG aspects and empower each of them to make a difference through their professional pursuits. In FY 2022-23, we imparted training to the first cohort of origination, underwriting and risk management teams to help them appreciate the relevance of ESG aspects in their area of work.

In FY 2022-23, we integrated a CoC for service providers in our standard service contract format. This Code covers ESG topics such as labour practices, ethics and anti-corruption and environmental stewardship. The objective of incorporating this CoC in contracts is to inform our service providers of the expected ESG practices to be followed. In addition, we conducted an awareness programme for our vendors wherein we shared information on the basics of ESG, components of our CoC for service providers, and industry best practices and provided recommendations to enhance their processes and systems in the short and medium term.

We also engaged with regulatory bodies, industry associations and think tanks to actively contribute to the formulation of policies and regulations aiming to cultivate robust sustainability practices in our industry. One such emergent association is the Climate Finance Leadership Initiative (CFLI) India. Since 2021, we have been a member of the CFLI India, a global initiative that brings together leading institutions to build the momentum for mobilising private capital for climate-related solutions. We are active members of various working groups as part of our association with industry bodies such as the Indian Banks' Association, Confederation of Indian Industry, Federation of Indian Chambers of Commerce & Industry, Sustainable Markets Initiative and CDP (formerly the Carbon Disclosure Project). We are also a part of other associations mentioned on [page 355](#) of the BRSR disclosure of this Report. This helps facilitate engagement with regulators, policymakers, clients, peers and think tanks regularly and acts as a medium to discuss and address industry-specific challenges.

¹GRI 2-9

ESG in our Core Business

Taking cognizance of our corporate and fiduciary responsibility, we are embedding ESG aspects across the Bank and its subsidiaries.

KOTAK MAHINDRA BANK

At the Bank, we have designed an Environmental, Social and Governance (ESG) Management Systems Plan (EMSP or the Plan) based on IFC guidelines as well as other ESG evaluation frameworks to help identify, manage and review the potential ESG risks arising from lending. EMSP lays out the criteria to conduct necessary due diligence and evaluate identified borrowers by employing an ESG lens throughout the process.

The borrowers are placed into categories on the basis of the social and environment impact of their business activities. The ESG criteria applied for the assessment depends on the nature and category of the transaction. An evaluation is undertaken for capital expenditure and working capital loans above a certain size and tenor threshold as articulated in the plan. Based on the evaluation, a score is calculated, which is adjusted downwards for borrowers from sectors having unfavorable environmental and/or social impact. The final scores are included in the credit assessment note. In addition, the Plan clearly defines the exclusion list prescribing the threshold for exposure limits to be considered by the Bank for identified industries and activities.

The guidelines for periodic supervision and monitoring of the projects financed by us are included in the EMSP. It also covers the roles and responsibilities of administering and overseeing the Plan, as well as for facilitating training to relevant roles and functions. It is reviewed on a periodic basis to help determine its alignment with the evolving landscape of the ESG regulations and guidance frameworks.

KMAMC is the first Indian asset management company to become a signatory to United Nations Principles of Responsible Investment (PRI).



KOTAK MAHINDRA ASSET MANAGEMENT COMPANY

KMAMC is the first Indian asset management company to become a signatory to United Nations Principles of Responsible Investment (PRI). PRI is a United Nations-supported network of investors who collectively work towards promoting responsible investment through the incorporation of ESG factors in investment decision making process. KMAMC is also a signatory to Climate Action 100+ which is an investor-led initiative that facilitates corporates to achieve commitments on reducing emissions, improving governance and strengthening climate related financial disclosures.

KMAMC has incorporated ESG factors into its investment process and fundamental analysis. KMAMC's investment philosophy of Business, Management and Valuation (BMV) focuses on sustainability of business and corporate governance while being mindful of valuations. They also seek to integrate a '3E' ESG framework –Evaluation, Engagement and Exclusion which is specific to investment mandate. As active managers, KMAMC is committed to their role as stewards of capital and includes ESG in its stewardship strategy. Its commitment to ESG is evident as the Company links the KPIs of its MD, Chief Investment Officer- Equity, Head of Equity Research along with equity research analysts and ESG Coordinator (for fixed income) to incorporate ESG principles.

KMAMC assesses companies based on publicly available ESG information and some of the key considerations are detailed on its [website](#). A materiality-based approach to ESG investing

has been adopted by KMAMC to promote responsible investing. This approach takes into consideration ESG variables such as, but not limited to, climate change, talent management, and board composition. The following strategies have been adopted towards ESG integration:

Best-in-class Approach

The asset management subsidiary evaluates its investee companies on sector-specific ESG issues that could affect long-term risk-adjusted returns. Insights gained from this evaluation are embedded in its risk-management and investment procedures. KMAMC also assesses organisations based on their ESG strategies. Changes in the regulatory requirements also influences its investments, engagement and monitoring systems.

Active Ownership and Engagement

KMAMC has instituted a stewardship code and actively engages with its investee companies. The Company may also use services of a third-party service provider to assist in the process of ESG evaluation of organisations. It has also implemented a proxy voting policy and has a Voting Committee in accordance with the SEBI regulations. The Company's voting policy is accessible on its [website](#).

Exclusion List

The sector specific exclusions are fund and mandate specific and include screening of companies and sectors involved in specific activities such as controversial weapons, tobacco, gambling, alcohol etc. With respect to the Kotak ESG Opportunities Fund, KMAMC only invests in securities that have BRSR disclosures.

KOTAK INVESTMENT ADVISORY LIMITED

KIAL has a ESG Policy Framework, whose primary objective is to provide guidance to the business verticals which manage various pools of capital for multiple asset classes. To ensure adherence to this Policy Framework, KIAL has streamlined its governance system, and has formed an ESG Committee. This committee is responsible for providing strategic inputs and for ensuring consistency across the various fund strategies. This Committee will also be responsible for supervising and executing the ESG policy's requirements, and a designated coordinator ensures the efficient implementation of the ESG Policy.

KIAL has also undertaken a series of capacity building sessions to strengthen its alignment with the recommendations of TCFD. These training sessions covered the basics of climate change, sustainability reporting, practical steps for implementation of the TCFD principles and enhancement of disclosures. KIAL appointed a reputed & experienced consultant to conduct the capacity development sessions.

KIAL endeavors to introduce new funds that are in harmony with the environmental and societal development objectives of both national and state governments. These funds will strive to advance the Good International Industry Practices set forth by the best internationally accepted frameworks. Further, Kotak Infrastructure Investment Fund (KIIF), whose investment manager is KIAL has developed its own ESG Policy and also an Environmental and Social Management System (ESMS), detailing the integration of leading ESG practices in its investment process. The ESMS has a provision of diligently monitoring the identified gaps captured under an Environmental and Social Action Plan (ESAP). The ESAP is developed as part of the due-diligence via external experts and is expected to help in educating investee companies about ESG risks and mitigation approaches.

KOTAK MAHINDRA PRIME LIMITED

Our auto financing subsidiary, KMPL, is increasingly growing its asset book including by lending to customers purchasing electric, hybrid and energy efficient vehicles. In FY 2022-23, lending to electric 2-wheelers increased 12 fold versus FY 2021-22, contributing to 4.5% of the total value of the 2-wheeler loans disbursed. Similarly, EV car financing shot up 6 times in the same period.

KOTAK LIFE INSURANCE

Our life insurance company, KLI participated in the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) by launching a product for Kotak customers. This product is suitable for individuals from low-income group, aimed to provide life insurance cover of 2 lakh to individuals with bank / post office account for an affordable premium as low as 436. KLI also offers micro-insurance services to borrowers belonging to the socially and economically disadvantaged groups of society, who have availed micro loans from banks/NBFCs. Micro Insurance cover provides security to the family members of the borrowers, towards repayment of pending loan amount in case of unfortunate death of the borrower.

KLI covered ~3.45 crore lives (an increase of 31% YoY) of micro loan customers of its Bank and NBFC partners under the group platform. This cover ensures the loan liability will be paid off in case of unfortunate death of the earning member, thereby protecting their family members. Also, around 81 lakh individuals were covered from the social sector, accounting for 38% of KLI's total business as opposed to the regulatory requirement of at least 5%.

One of KLI's new products, 'Kotak Guaranteed Fortune Builder' offers an exclusive feature for women customers called 'Premium Break', wherein women customers can avail a break from paying the premium for a period of one year while continuing the policy with all the benefits, and can be availed in case of child birth or diagnosis of specific women-specific illnesses.

SUSTAINABILITY AT KOTAK

Financial Inclusion

Financial inclusion (FI) is one of our key strategic priorities to drive positive economic and societal impact by providing greater financial access to the under-served sections of the society. We work towards empowering under-served communities with a suite of tailored products and services. Our financial inclusion and priority sector lending strategies are designed to augment synergies and unlock the growth potential in these communities, including but not limited to small and marginal farmers, women borrowers and micro-enterprises.



Distribution of Pradhan Mantri Jeevan Jyoti Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) was given a further boost by launching them on our mobile banking platform.

At the Bank, we are committed to improving and expanding the accessibility of our products and services to underbanked segments of our society. At Kotak, FI is an independent horizontal function so as to ensure necessary rigour and focus on this important agenda. During FY 2022-23, we transformed our FI journey with a distinct focus to achieve our identified strategic objectives. These include meeting various government initiatives, creating cost-effective distribution networks, providing the right channels for accessibility, offering products and services to support the Bank’s sustainability objectives and meeting various regulatory requirements. Our FI strategy is built on two key pillars²:

PARTICIPATION IN GOVERNMENT SCHEMES

The first core area drives the distribution of numerous government lending schemes as well as the delivery of services under other government initiatives such as Aadhaar Seva Kendras and customer service points for beneficiaries of basic savings accounts. During FY 2022-23, the following initiatives were undertaken:

- Continuation of loans disbursed under several government sponsored schemes such as PM Street Vendor’s Atma Nirbhar Nidhi (PMSVANidhi), Pradhan Mantri Mudra Yojna (PMMY), Stand-up India Scheme and PM Agri Infrastructure Financing Scheme.
- Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts: Achieved over 70,000 basic savings and deposit accounts for the unbanked, thereby promoting the national mission for financial inclusion.
- Atal Pension Yojana (APY) scheme: This scheme aims to provide financial stability to the unorganised sector after retirement by granting pension. As on 31st March, 2023, we had 40,000+ APY subscriptions, out of which, about 19,000 were sourced during FY 2022-23. KMBL has been selected for ‘Annual Exemplary Award of Par Excellence’ by Pension Funds Regulatory Authority of India for achieving 88% persistency in APY for the period 1st May 2022 to 31st March 2023.

EXPANSION OF THE DISTRIBUTION NETWORK OF BUSINESS CORRESPONDENTS (BC)

The second focus area entails broadening our distribution reach by means of BSS Microfinance’s BC services and partnering with other corporate BC networks. The following initiatives were undertaken by us during the financial year:

- Opened over 2.17 lakh Saving Accounts through our digital facilities, of which 57% were opened in rural and semi-urban areas alone.
- 77% of Saving Accounts were opened for women beneficiaries through BC channels.
- Enabled Aadhaar-seeding functionality in our digital application wherein our customers can seamlessly link their Aadhaar with savings account through the assistance of BCs. This enables them to get their Direct Benefit Transfer (DBT) subsidies directly into their accounts.
- Our subsidiary BSS microfinance opened over two lakh savings accounts for its microfinance loan customers.
- Set up over 15,000 micro-ATM outlets across India, out of which 70% are located in rural and semi-urban locations. More than 3.9 lakh transactions were carried out through these outlets.
- Deployed more than 4,700 Aadhaar enabled Payment System points offering transaction services to customers.

In partnership with CSC e-governance services India Limited, we expanded our distribution network by appointing more than 900 BC agents who also manage outlets.

Deployed 23 Unique Identification Authority of India (UIDAI) approved Aadhaar on Wheel vans, enabling Aadhaar enrolment and update facilities at the customer’s doorstep in 23 cities across India. This facility on wheels makes it convenient and provides easily accessible services for senior citizens, hospitals, differently abled people and pregnant women. We also set up camps in housing societies, educational institutions, office premises, etc. providing an easy option to avail this service at the customer’s convenience. In FY 2022-23, we have fulfilled over 69,000 Aadhaar updates and enrolment transactions through this service.

Periodic training camps are conducted to create awareness and train our customers on effectively using mobile banking functionalities and other digital applications with the support of our wide network of BCs. We have also enabled social security schemes in mobile applications, facilitating customers to avail these benefits at their fingertips.

Periodic trainings are undertaken for our BCs with the objective of preventing mis-selling and ensuring customer financial protection.

We launched Aadhaar-based e-KYC for our customers that relies on face authentication. This has enabled us to facilitate convenient and nimble customer on-boarding and servicing. The authentication is done via a mobile application newly developed by the UIDAI and no additional device is required to perform the authentication. We have started offering this service for all savings account holders on-boarded via partner channels such as BSS Microfinance and plan to extend this service to other channels in a phased manner.

Our financial inclusion strategy imbibes our organisational ethos of diversity and inclusion. We are committed to empower women and provide curated offerings such as Joint Liability Group loans for women borrowers. In addition, in FY 2022-23, 77% of savings accounts were opened for women beneficiaries were through BC channels. Around 33% of our total branches, i.e. 591 branches are present in the rural and semi-urban areas. In FY 2022-23, we have announced the acquisition of Sonata Finance, a leading Microfinance institution to strengthen our presence in rural and semi-urban markets in the northern states of India. Subject to regulatory and other approvals, this acquisition would help us move forward in our goal of increasing access of financial services to women customers.



Financial literacy is a vital step towards educating customers for effective usage of banking services and to achieve meaningful inclusion. We organise financial literacy camps through our rural branches. During FY 2022-23, we conducted 1,986 such camps. We also regularly conduct various digital campaigns to educate customers.

FOCUS ON PRIORITY SECTORS

Priority Sector Lending (PSL) forms an integral part of our financial inclusion strategy and vision for enabling sustainable development. We aim to continuously grow our PSL advances across our business verticals.

We cater to marginalised and under banked customers such as small and marginal farmers, weaker sections of society (as defined by the RBI), women borrowers and micro-enterprises. In FY 2022-23, our annual average priority sector lending (including purchase and sale of certificates) was around 48.80% (prior to district weightage adjustments) of the applicable adjusted net bank credit for the year.

We achieved the overall regulatory targets for PSL as well as for its sub-categories. The annual average PSL achievement for agriculture was 18.18%, for small and marginal farmers was 10.51%, for non-corporate farmers was 13.84%, and for micro enterprises 8.62%. Further, the annual average PSL achievement for weaker sections was 14.72%.

We believe that inclusion for financial institutions needs to go beyond providing access to finance to under-served communities. Celebrating this ethos, our existing infrastructure accommodates the needs of differently abled customers with the installation of 567 ATMs with voice guidance facilities and ramps across our branches and offices, supporting our visually and physically-challenged customers respectively.

²GRI 3-3

MANAGING OUR ENVIRONMENTAL FOOTPRINT

Contributing to a
Brighter
Tomorrow.

We understand the criticality of conserving our planet’s natural resources for the future generations. As a responsible corporate citizen, we at Kotak are committed to take proactive steps towards environmental sustainability.

SDG linkage



Relevant material topics

Minimising environmental impact of operations

Capital linkage



At Kotak, our focus is to continuously transition towards ‘Phygital’ and ‘digital’ service delivery and adopting efficient and effective environmental management. Our focus is to ensure responsible resource utilisation, conscious energy reduction measures and adopting procurement practices that could reduce our environmental footprint.

The Bank’s environmental management practices are guided by the ESG Policy Framework, along with our Environmental Policy, which showcases our commitment to reducing energy and emissions, and water and waste management. Our aim is to implement effective procedures and continuously enhance our monitoring mechanisms to track our environmental footprint as well as address any adverse impacts of our operations on the environment. We are committed to transition towards a low-carbon ecosystem and have embarked on the path of developing a decarbonisation strategy, guided by the national goals. We have also undertaken assessments to understand the impact of climate change-related risks, detailed further in the [Managing Risks and Uncertainties](#) section.

The key components of our Environmental Policy are:

- Ensuring compliance with regulations
- Managing our direct impact to environment through effective environmental management
- Transition towards a low-carbon ecosystem
- Monitoring our greenhouse gas emissions and environmental performance
- Conducting awareness sessions for our stakeholders
- Utilising clean energy alternatives
- Evaluating climate risks

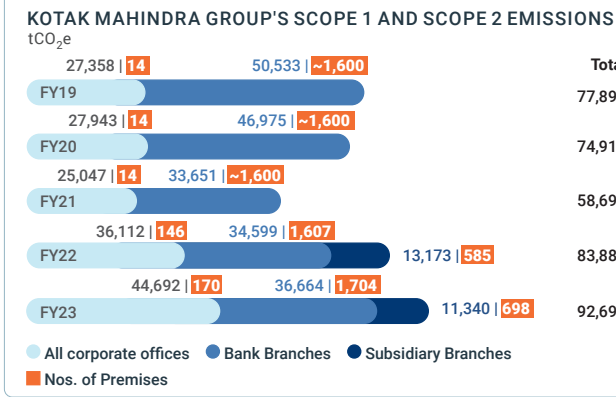
¹GRI 3-3

our approach towards minimising our operational environmental footprint. We monitor our impact and implement sustainable practices, while working towards a more sustainable future.

Our aim is to utilise and adopt the best available technologies and clean energy to reduce our environmental footprint. Consequently, we use renewable energy at three of our largest corporate offices that seat over 11,000 people for about three months in a year. This amounts to a total of 12,585 GJ in FY 2022-23.

Environmental Performance

We are addressing our growing business needs by adding more offices and branches to our physical footprint and inviting more talent. With more employees coming back to work physically and higher utilisation of our office premises, there is a noticeable increase in our environmental footprint. In FY 2022-23, we added 26 newly set-up corporate offices and 130 bank branches, along with our international subsidiaries, to our coverage of environmental performance. Our corporate offices are considered as bank premises even as a few of them are shared with our subsidiaries.



Note

- Large and small office premises represented separately in FY 2021-22 are shown together as corporate offices in FY 2022-23.
- Coverage of reporting has been enhanced to include 26 new corporate offices, 130 new bank branches and international subsidiaries compared to FY 2021-22.
- Emissions have increased across premises owing to growing business requirements of additional space and increasing workforce, with more employees returning to work from office premises and more customers visiting branches.
- In the graph presented last year, scope 1 emissions for FY 2019-20 were not accounted for, which is covered in this year's charts.
- Scope 1 emissions include refrigerant refilling related emission only from select corporate offices.
- Scope 2 calculation for FY 2022-23 is based on the latest emission factor for electricity, as published by the Central Electricity Authority (CEA), which is lower than last year.
- In the previous reporting period the total electricity bill amount was used for estimating units of electricity consumed. In this reporting period there has been a change of methodology - the average percentage paid towards energy charges was estimated through randomised sampling of electricity bills sourced from various premises across regions and this average was used for estimating the units consumed.
- The total number of bank branches as of 31st March, 2023 stand at 1,780. However, emission computation has covered only those branches that were operational for more than six months during the financial year.

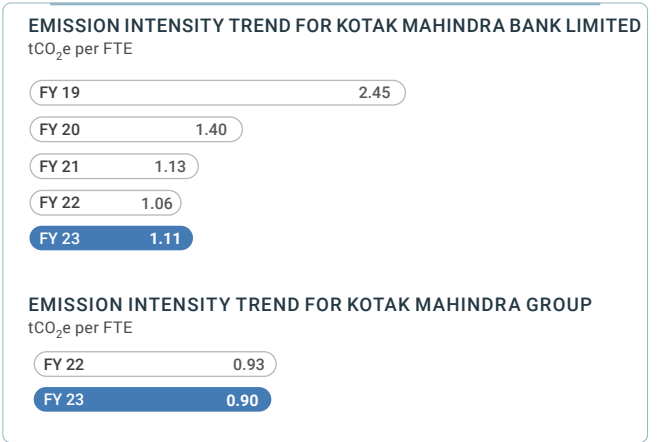
²GRI 305-1 | ³GRI 305-2 | ⁴GRI 305-4

Some corporate offices also house the Bank’s and/or subsidiary branches, and so subsume their environmental data. Wherever premises are managed by subsidiaries alone, the data is denoted separately.

GHG Emissions

The total Scope 1 emissions for the group for FY 2022-23 were 12,214 tCO₂e, while the total Scope 2 emissions stood at 80,482 tCO₂e^{2,3}. Our Scope 1 emissions cover CO₂ equivalent emissions from purchased and replaced firefighting equipment, diesel and petrol consumed in fuel-based electricity generator sets and refrigerants used for air conditioning at select corporate offices and Scope 2 emissions include grid electricity related emissions. Standalone Scope 1 and Scope 2 emissions for the Bank are mentioned in the [BRSR](#) disclosure section of this Report.

The Group observed an emission intensity of 0.90⁴ tCO₂e/FTE, which is 3.1% lower than the previous year. The bank’s emission intensity slightly increased from 1.06 to 1.11 tCO₂e per FTE. There was a notable increase in Scope 1 emissions due to enhanced scope and boundary for reporting, inclusion of the new fire extinguishers bought for our premises to meet the safety requirements and increase in fuel consumption due to increased footfall of employees at workplaces post pandemic. Both Scope 1 and Scope 2 emissions are calculated in accordance with the GHG Protocol. The emissions due to electricity consumption have been calculated based on the latest emission factor for electricity, as published by the CEA.



Note

- Coverage of reporting has been enhanced to include 26 new corporate offices and 130 new bank branches and international subsidiaries compared with FY 2021-22.
- Energy consumption has increased across premises owing to growing business requirements of additional space and increasing workforce with more of them returning to work from office premises more customers visiting branches.
- While emission coverage represents a majority of our offices, FTE refers to full time employees on board at the end of the financial year, representing the workforce at all premises, including remote employees.

Decarbonisation Strategy

We are in the process of developing a low-carbon transition plan and a decarbonisation strategy, taking into account India’s committed goals. We have conducted a modelling exercise covering our Scope 1 emissions arising from the use of refrigerants in ACs, Heating, Ventilation and Air Conditioning (HVAC) systems and fire extinguishers, and fuel use in electricity generator sets. The exercise also considered Scope 2 emissions arising from purchased electricity from the grid and helped us understand the amount of investment needed in various scenarios.

Our estimations covered the scenarios, including those where Kotak proactively works to reduce emissions from electricity every year initially, followed by other sources in the medium-term, and those where we work to reduce emissions related to some refrigerants and purchased electricity in the short-term, followed by all refrigerants in the medium-term. The initiatives considered for estimating the investments include increased use of renewable energy at our premises and the adoption of cleaner technologies to replace refrigerants in fire extinguishers and the procurement of energy efficient equipment. This exercise places us in a position to determine our decarbonisation path and also potentially define specific goals in the short-term.

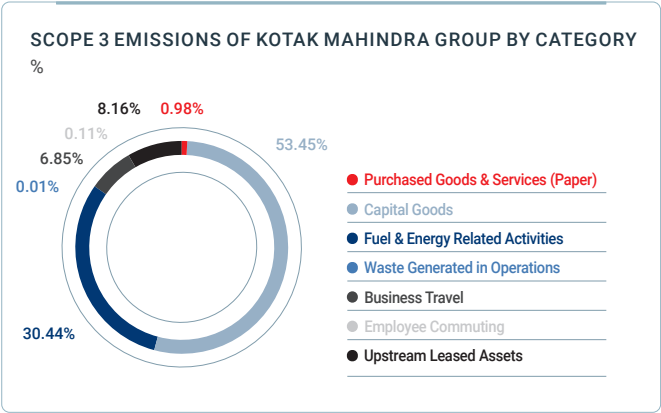
Scope 3 Emissions⁵

As we work towards increasing the coverage of emissions, we are also undertaking initiatives to reduce our Scope 3 emissions. With the economy moving back to normalcy after the pandemic, we observed an increase in our Scope 3 emissions due to increased business travel and investments in capital goods such as laptops and other electronic equipment, catering to the growing employee base, and vehicles procured for some employees under the ‘Company Car Scheme,’ accounting for the gradual transition to working at offices.

Total Scope 3 emissions are 77,055 tCO₂e for 7 out of the 15 categories reported and are computed as prescribed by the GHG Protocol. The seven categories were chosen based on the availability of data and the feasibility of estimation. These include employee commute, business travel covering air and rail modes, capital goods, purchased goods and services, waste generated in operations on the basis of the waste disposal method for each category of waste, fuel and energy-related emissions, as well as upstream leased assets. The initial four categories mentioned have emissions reported for Bank standalone, whereas e-waste under waste has data inputs from one of our subsidiaries as well.

The electricity consumption at offsite ATMs of the Bank (data reported for 1,047 ATMs out of the total 1,480 ATMs) and fuel (diesel) consumption in DG sets at limited subsidiary branches is considered as a part of the upstream leased assets category.

⁵GRI 305-3



The fuel and energy-related emissions category includes emission from the Bank and all the subsidiaries. Currently, we do not cover the Scope 3 categories which may not be fully relevant to us such as processing, use and end-of-life treatment of sold products, downstream leased assets and franchises.

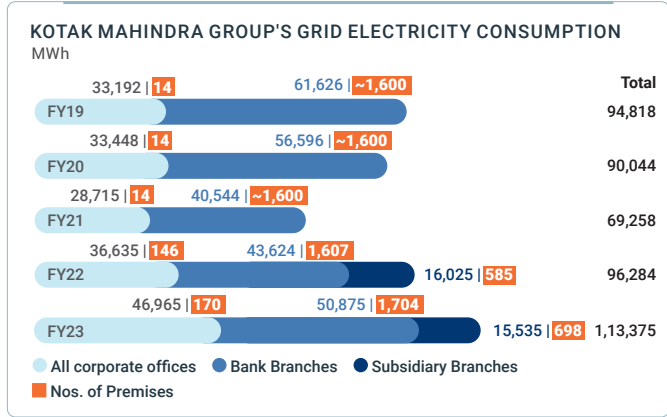
Out of the remaining categories, financed emissions are considered relevant for our industry sector. Hence, we had made an attempt to compute the Scope 3 emissions associated with our portfolio in the reporting period. This was planned in line with the guidance provided by Partnership for Carbon Accounting Financials (PCAF) Global GHG Standard. The Standard indicates that measuring emissions associated with financial activities is the starting point for financial institutions to manage risk and to identify opportunities associated with addressing reduction of GHG emissions and begin the journey towards decarbonisation. It provides guidance to estimate GHG emissions attributed to financial institutions due to their financing activity across seven asset classes namely, listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle loans and sovereign debt.

In our attempt, we discovered that higher-quality client-specific emissions data was needed for this exercise to prove decision-useful. Barring which, the estimated outcomes may not provide clear direction for identifying sources of risks and opportunities from the underlying portfolio. This attempt has pointed us to insights that will strengthen our systems to source quality data moving forward. Besides this attempt at computation of financed emissions, we also used WACI as a measure of climate related transition risk, details of which are found in [page 44](#) of the ‘Managing Risks and Uncertainties’.

The total Scope 1 emissions for the group for FY 2022-23 were 12,214 tCO₂e, while the total Scope 2 emissions stood at 80,482 tCO₂e, which are computed as prescribed by the GHG protocol.

Energy Consumption

We monitor our energy consumption from various sources covering diesel and petrol consumed in electric power generator sets and grid electricity consumed across our corporate offices, branches and subsidiaries.



Note

- Energy consumption was reported separately for select corporate offices in FY 2021-22; however, it is shown for other corporate offices, bank branches and subsidiaries as well in FY 2022-23.
- The coverage of reporting has been enhanced to include 26 new corporate offices, 130 new bank branches and international subsidiaries compared with FY 2021-22.
- Energy consumption has increased across premises owing to growing business requirements of additional space and increasing workforce with more of them returning to work from office premises more customers visiting branches.
- The total number of bank branches as of 31st March, 2023 stand at 1,780. However, energy consumption covered only those branches that were operational for more than six months during the financial year

3,200+ tCO₂e

Reduction in GHG emissions annually due to replacement of conventional bulbs with LEDs at bank branches

9

LEED-certified offices

During the reporting period, we consumed about 4,08,149 GJ of grid electricity, which includes 9,653 GJ of energy consumed from fuel consumed in the fuel-based generators used at our operating premises. We procured 12,585 GJ of renewable energy for three of our largest offices, out of the total 4,30,387 GJ of energy consumed in the reporting period⁶.

The energy intensity for the group in the year was 4.17 GJ/FTE⁷, which was higher than FY 2021-22. This increase in energy consumption may be attributed to the increase in our physical footprint, gradually increased customer footfalls after the COVID pandemic, as well as the need for additional cooling requirements of premises due to the increasing heat stress.

⁶GRI 302-1 | ⁷GRI 302-3 | ⁸GRI 302-1



As part of our strategy to reduce our environmental footprint and GHG emissions, electricity generated from renewable sources, i.e. from both solar and wind energy at three of our corporate offices amounted to a total of 3,496 MWh.

As part of our strategy to reduce our environmental footprint and GHG emissions, electricity generated from renewable sources,⁸ i.e. from both solar and wind energy at three of our corporate offices amounted to a total of 3,496 MWh.

We have also undertaken several energy reduction initiatives to reduce emission generation in the past few years. Most of our corporate offices have already been using energy-efficient lighting solutions. In the previous reporting year, we also transitioned most of our branches from traditional lighting to energy-efficient lighting solutions. The replacement of conventional bulbs with LEDs at branches in the last reporting period has helped us reduce 137 GJ of energy consumption per month and consequently helped us save more than 3,200 tCO₂e of GHG emissions annually. In FY 2022-23, we completed this transition and replaced the bulbs at the remaining locations with LEDs, which has helped us reduce our energy consumption further by 25.15 GJ on a monthly basis. As a result, total energy consumption was reduced by 163 GJ per month, helping us avoid a total of more than 3,800 tCO₂e GHG emissions annually.

Nine of the corporate offices we operate out of are LEED certified, where about 24% of the bank’s employees are located, allowing them to consume fewer resources and providing them with better indoor air quality. In a LEED-certified building, energy savings are expected to range between 20 to 30% and water savings between 30 to 50% as per the LEED framework. Such buildings are also designed to experience enhanced air quality, and excellent daylighting, which helps in maintaining the health and well-being of its occupants and enhancing safety and conservation of scarce natural resources.

MANAGING OUR ENVIRONMENTAL FOOTPRINT

Energy Conservation and Emission Reduction initiatives¹²

We are always on the lookout for adopting new practices to improve energy efficiency through various initiatives across our offices. The initiatives in FY 2022-23 include:

Integration of sensor-based lighting and timer-controlled lighting to reduce electricity consumption.

Transition of 75% physical servers to virtual servers so as to reduce our energy consumption and resource consumption.

Installation of glow sign boards with LED modules at 14 of our largest corporate offices and most of our other corporate offices and branches to reduce our energy consumption.

Pilot implementation of an AI-based module for monitoring the consumption of energy by air conditioners, efficiently managing the cooling process and reducing energy wastage by 10%.

Adoption of environmentally friendly refrigerants, such as R134A, to reduce emissions.

Installation of electric vehicle charging points at two of our largest offices to promote the usage of electric vehicles.

In addition to the initiatives during the year, we have also undertaken various other initiatives prior to FY 2022-23. They include:

Installation of pressure-independent Variable Air Volume (VAV) systems for air distribution to allow temperature control for different user needs and energy savings during non-occupancy hours.

Transitioning from traditional lighting to energy-efficient lighting systems (LEDs).

Installation of non-emergency light fixtures on lighting controls, i.e., occupancy and daylight sensors at all locations, for energy savings during hours of non-occupancy.

Usage of low-VOC, low-emitting materials, paints, sealants, adhesives, etc. that have a lower environmental footprint and minimal health effects at all our locations.

Usage of CFC-free refrigerants in HVAC systems.

Installation of sensor-based lighting in branch offices to reduce electricity consumption.

Optimisation of Air Conditioner (AC) refrigerants emission for AC units to reduce GHG emissions.

Replacement of Precision Air Conditioners (PAC) with Hybrid Air Conditioners using R407C Refrigerant that reduces our GHG emissions.

Installation of digital LED signage to lower energy consumption, leading to lower carbon emissions.

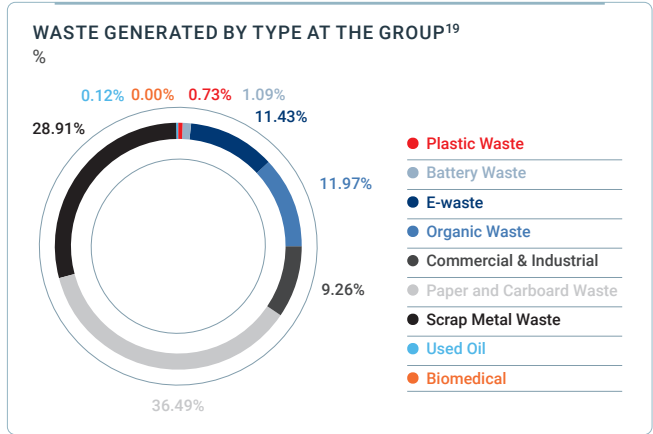
Water Management¹³

Our monitoring mechanisms have been strengthened over time, and we have expanded the coverage of our reporting on water consumption. At the corporate offices based in large cities, the primary source of water withdrawal is from Municipal Corporations and tanker services.⁹ Consumption of drinking water is reported for 1,268 branches and 143 corporate offices of the Bank. We have started to monitor and report drinking water for 462 branches of 8 subsidiaries as well from FY 2022-23. The total water consumption of the Group is 1,26,772 KL, which includes drinking water as well^{10, 11}. The water consumed at some of our select corporate offices also includes water consumption for a few subsidiaries, as they share the premises with the bank. Three

of our largest corporate offices use recycled water in toilets. We have also installed low-flow plumbing fixtures to reduce water consumption in buildings. Currently, the Bank doesn't track the water discharged, hence water withdrawal is equal to water consumption¹⁴. A detailed breakdown of the Bank's water consumption can be found in the [BRSR](#) section of this Report.

Waste Management^{15, 16}

Due to the nature of our organisation, the waste generated at our premises mainly constitutes stationery waste and organic waste generated through our canteens. Other categories of waste monitored include e-waste, construction waste, plastic, biomedical waste as well as scrap metal^{34A}. In this reporting period, we have tried to cover and report e-waste generated from all our corporate offices and bank branches and also from one of our subsidiaries, extending the scope from a small set of corporate offices from the last reporting period.



We encourage the segregation of waste at our facilities through dedicated waste collection bins, for dry and wet waste into e-waste, organic, hazardous and other non-hazardous waste, out of which the hazardous waste generated is of negligible quantity. This includes waste such as used oil from fuel-based generators, which is collected and safely disposed of through authorised waste management agencies.^{15, 18}

We also have organic waste converters (OWCs) at six of our corporate office premises that convert all our food waste into manure, which is utilised for landscaping within the premises and distributed to housing societies nearby. This data for waste generated is collected on a quarterly basis from all the premises and collated by a central team¹⁵. The total waste generated at all facilities of the Group was 190.4 MT^{34B}, out of which 90% was reused and recycled. 23.8 tonnes of hazardous waste comprising batteries and e-waste was recycled by authorised vendors¹⁶. 17.0 tonnes of non-hazardous waste was incinerated and the remaining 1.6 tonnes was sent to landfill. Non-hazardous waste recycled or diverted from disposal amounted to 147.7 tonnes¹⁷, out of which 86% was recycled off-site and the rest on-site through OWCs. The hazardous waste which includes used oil and biomedical waste, 0.2 tonnes of it was incinerated^{16, 17}. The detailed breakdown of the Bank's waste generation and disposal can be found in Section C - Principle 6 of the [BRSR](#) section of this Report.

We will continue to enhance our data monitoring and recording systems to further systemise processes for data management. We will continue to undertake initiatives to reduce our resource consumption, including our energy consumption and water consumption.

We will further strive to reduce our operational impact on the environment through the reduction of emission intensity by adopting energy efficiency measures and increasing the usage of renewable energy. We will also continue working with our suppliers in our efforts to procure sustainably and reduce the environmental impact in our supply chain. Furthermore, we will strive to strengthen knowledge of ESG across all our employees through dedicated awareness sessions.

Initiatives to reduce resource consumption

The Group is committed to make conscious and continuous efforts to reduce our resource consumption and have taken various initiatives¹⁵ towards the same. Some of our key initiatives during the reporting period include:

Use of duplex printing and lock printing to reduce our paper consumption across India.

Use of QR codes instead of visiting cards undertaken as a pilot exercise to reduce our paper consumption.

Utilisation of bio-degradable plastic bags as bin bags in offices to reduce plastic consumption.

Increasing the life span of old UPS batteries by two years post completion of their life span through refurbishment; thus, reducing our battery waste.

Adoption of Virtual Private Branch Exchange (PBX) instead of Electronic Private Automatic Branch Exchange (EPBAX) to reduce e-waste generation due to EPBAX machines.

Installation of sanitary pad disposal devices at our large offices to ensure proper segregation of waste at source.

⁹GRI 303-1 | ¹⁰GRI 303-3 | ¹¹GRI 303-5 | ¹²GRI 302-4, GRI 305-5 | ¹³GRI 303-2 | ¹⁴GRI 303-4

¹⁵GRI 306-2 | ¹⁶GRI 306-4 | ¹⁷GRI 306-5 | ¹⁸GRI 306-1 | ¹⁹GRI 306-3

EMPOWERING OUR EMPLOYEES

Nurturing a People-First Culture.

At Kotak, we believe our employees are at the forefront of driving our business success and unlocking new avenues of growth. We are invested in fostering a thriving work environment that encourages collaboration, celebrates diversity, ensures well-being and brings out the potential in each of our employees.

SDG linkage



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH

Capital linkage



Human capital

KPIs

Relevant material topics

Promoting employee health, safety, and well-being

Promoting diversity, equity, and inclusion amongst employees

Enabling learning, development, and an open work culture for employees

1,00,00+

Total Full-time Employees at our Group

56,115

Full-time Employees of the Bank

33,697

Women Employees at our Group

19,388

Women Employees at the Bank

57.20

Average training hours per employee at the Bank



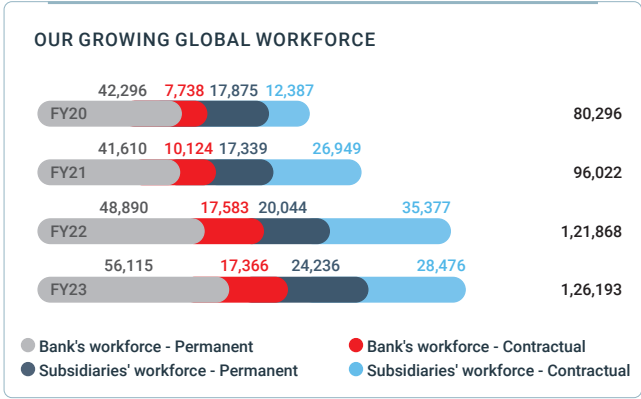
Overview of our Workforce¹

We value our workforce and strive to facilitate a culture of excellence by enabling a collaborative and inclusive work environment.

During the reporting period, we hired 66,324 employees at the group level, of which nearly 71% are full-time permanent employees. The Group’s total full-time workforce stands at 1,03,317 excluding 22,874 part-time employees hired as insurance agents. The employee count at the Bank stands at 73,481. Our permanent employee base increased from 56.6% to 63.7% in FY 2022-23 at the Group. Additionally, we noted 14.78% YoY growth in the number of permanent employees at the Bank. For further details on the reporting boundary, please refer to the ‘About this Report’ on [page B](#). Kotak FastTrack, our internal hiring programme, enabled 733 employees from the Bank’s workforce to opt for other roles within the Group.

We have established a human resource strategy with a focus on building a diverse and inclusive culture. Our strategy emphasises on building younger, diverse and future-fit talent at the Group. In FY 2022-23, we have 618 employees below 30 years of age at the Group level belonging to the middle management category, a 35.82% increase in comparison with the previous financial year.

We at the Group have also hired 45,725 young talent in the <30 age group across cadres both in the permanent and temporary workforce. In addition, our women-focused recruitment drives resulted in a 10.62% YoY increase in the number of full-time women employees at the Group and 8.36% at the Bank in FY 2022-23. Further, women make up 26.70% of our total workforce at the Group and 26.39% at the Bank.



Diversity and Inclusion²

A diverse workforce unlocks a unique blend of perspectives that promotes innovation, creativity and improved organisational culture. We are committed to enriching our workforce diversity through tailored policies, systems and programmes designed to build an inclusive work environment. We have established a Diversity and Inclusion Council, which comprises leaders that represent different business segments. This Council is headed by Ms. Shanti Ekambaram, a whole-time director at the Bank and a member of Kotak’s highest executive leadership group referred to as the Group Management Council (GMC). The aim of the Council is to promote transformation in culture, policies, procedures and systems to foster an inclusive workplace. The Bank also has a formal Diversity, Inclusion and Equity (DIE) statement that articulates the cornerstones of our DIE strategy.

Diversity at Kotak is monitored regularly via a dashboard that showcases business segment-wise gender diversity targets, along with the current performance. A monthly dashboard covering the workforce demographics across hiring and attrition also monitor our performance on diversity aspects. This information is shared with the Chief Human Resources Officer and Business Leaders to track and monitor the effectiveness of DIE initiatives undertaken. A ‘Diversity Champion’ has been appointed to oversee the implementation of the DIE Statement, while the Human Resources (HR) department is responsible for its implementation. Their duties include conducting periodic training and creating stakeholder awareness of diversity issues. In line with the strengthened commitment to diversity, we aspire to have women represent at least a third of our workforce.

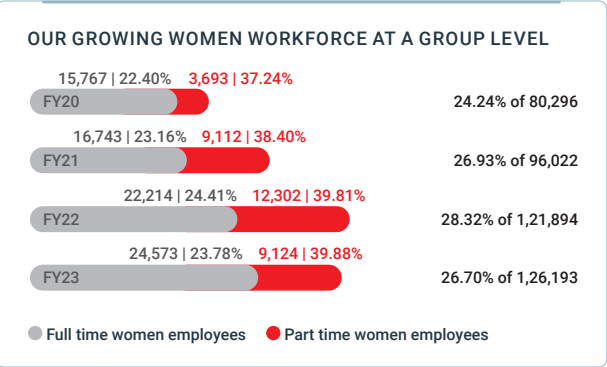
We adopt a holistic approach to workforce diversity, encompassing considerations of gender, educational backgrounds, abilities and skills. We have also instituted a Policy for Equal Employment Opportunities which has been developed in accordance with the Rights of Persons with Disabilities Act, 2016.

A diverse workforce unlocks a unique blend of perspectives that promotes innovation, creativity and improved organisational culture.

We have 24 differently abled permanent employees in the Group. Additionally, to enable our employees and customers Persons with Disabilities (PwD) to access our branches and ATMs, we have installed ramps across our premises. More than 600 branches and 870 ATMs have disability-friendly entrances. We are committed to ensuring gender pay parity and fair wages for all our employees.

We at the Bank organised multiple campaigns across our businesses to hire women graduates from campuses. In FY 2022-23, 2,300+ women were hired with STEM qualifications. Further, around 60% of the total women hired (including freshers) belonged to the non-banking sector, bringing in diverse perspectives from various industry sectors. We carry out our off-campus hiring through ‘Hire, Train and Deploy’ programmes and have reorganised the roles with a deep focus on developing engineering capabilities amongst our employees. We have also increased lateral hiring from top-tier tech organisations to strengthen the quality of our developers. We launched a social media platform to engage with tech enthusiasts and showcase our tech transformation journey. Every woman employee in Kotak is referred to as Kotak Wonder Woman (KWW), and we have a suite of initiatives tailored for women employees ranging from women-focused hiring drives to women-specific reward and recognition programmes.

Our commercial banking team launched a dedicated seven-day skill enhancement programme for women students, ‘Pragati’ to ease the transition from a campus to corporate, specifically focusing on colleges in tier-3 and tier-4 cities. This programme imparts knowledge of banking, financial products, business communication, and life skills with a focus on MS Office and financial planning. Further, our retail liabilities business undertook various initiatives towards hiring women in the workforce.



¹GRI 3-3

²GRI 3-3

EMPOWERING OUR EMPLOYEES



We offer opportunities and platforms for our employees to learn from each other irrespective of their cadres. Some of our flagship initiatives have proved successful in breaking stereotypes and building stronger networks to enable the growth and development of our diverse workforce.

Kotak Wonder Women Meet All

This provided a platform for female employees to engage and interact with Senior Leaders, serving as a platform for networking with peers. It gave our women employees another opportunity to discuss, learn and contribute towards fostering a positive work environment and to understand personal branding through workshops.

Women of Substance Sessions

This is a forum that facilitates panel discussions, knowledge-sharing sessions and interactions with women leaders from various fields. Esteemed speakers, leaders and celebrities are invited to share their experiences of overcoming societal biases and challenges. The FY 2022-23 session covered topics such as shattering gender stereotypes, engineering happiness, personal styling, leadership and challenging societal norms.

Employee Development

At Kotak, we believe in investing in employees and supporting their professional development by offering on-the-job and specialised training. We are committed to supporting our employees throughout their employment journey from recruitment to retirement. We have implemented data-driven tools based on people analytics that aid in identifying skill gaps, recruitment, employee engagement, performance management and strategic workforce planning. This enables us to plan learning journeys, resourcing strategies for our key roles and career progression for our promising employees.

³GRI 404-3 | ⁴GRI 2-24 | ⁵GRI 404-2 | ⁶GRI 404-2

Besides career development through training, we also support the growth of our employees enabled by a structured performance management system. A goal-setting framework enables the translation of organisational goals into employee-driven outcomes. Our performance appraisal process ensures transparency and fairness, wherein employees and managers engage on a periodic basis to provide feedback to each other.

During FY 2022-23, 100% of our eligible employees at the Bank received performance and career development reviews.³ This resulted in the elevation of 11% of our permanent Bank employees to higher roles.

We also leverage our learning platform to impart training on various policies instituted by the Bank, such as AML Standards and KYC Norms, CoC, Prevention of Sexual Harassment (POSH) and awareness programmes on Information Security. These trainings are mandatory and are assigned to all our employees during their induction sessions and on an annual basis.⁴

Since the pandemic, our training pedagogy has transitioned from a physical mode to a hybrid mode. Our training programmes utilise state-of-the-art digital studio infrastructure that delivers a unified, seamless and consistent experience across both physical and virtual environments. Our training programmes focus on developing functional skills, soft skills, organisational culture, leadership capabilities and emerging opportunities.

Our induction training programmes address basic role requirements in terms of company orientation and functional knowledge. The various training interventions⁵ carried out by us are mentioned below. In addition to the below, we provide transition assistance⁶ programmes by offering future skills trainings such as digital and leadership programmes to our employees who are nearing superannuation.

The KYLC programme shown in the infographic 'Training programmes for employee development' provides young managers an opportunity to work as a shadow board with the leadership team and the GMC. This programme aims to enable and empower them to become change makers focused on co-creating innovation and differential thinking. They are given a platform to work as independent entrepreneurs on identified projects. Out of a large number of applicants, 40 are selected based on evaluation, making it a coveted programme among our young managers. In FY 2022-23, we also launched the Drona initiative that focuses on enhancing the employees' managerial and leadership capabilities. This programme aims to address managerial capability on four different tracks namely manager as an assessor, a trainer, a mentor and a coach, offering managers a holistic development platform. We also offer specialised and customised interventions for senior leaders at the Bank under DigiQ. This programme is designed to support rapid transformation and focused disruption pivoting on digital initiatives. More than 100 leaders were covered under this programme in FY 2022-23.

Training programmes for employee development

Trainings conducted during orientation and for functional knowledge

- Company orientation: Kotak Orientation for New Employees (K-One)
- Business and role induction-License to operate
- Cultural orientation- Kotak DNA and Code of Conduct

Trainings basis performance or skill or behavioural gaps

- Personal effectiveness programmes
- MS Excel
- Time management
- Communication skills

Trainings to enhance managerial or leadership capability

- Super Manager Programme
- Quantum Leadership
- Kotak Young Leader Council (KYLC)
- Drona

Transition training programmes

- First Time Manager
- Managing for Excellence
- DigiQ
- Lead to Grow



With the aim of empowering learners to choose their learning priorities and participate in voluntary learning interventions, we worked on shifting to pull-based learning vis-à-vis push-based learning modes. During FY 2022-23, Kotak launched its first-ever virtual Learning Fair, where the choice of learning was complete with the employees. This event was conducted in a first-of-its-kind immersive, Virtual Reality based environment and was captioned as 'Learn in the Metaverse'. It is to be noted that the Learning Fair has been tremendously successful with the second edition executed in June 2023. We are applying immersive learning by creating a 'Branch Banking Metaverse' that plans to orient and familiarise employees who are hired to work across the branch network with the different roles, systems and processes relevant to the functioning of a branch.

We also facilitate our employees to register and complete courses offered by external parties. A policy and framework guide the process for approving, nominating and sponsoring employees for external programmes. We have strong partnerships with several partners who deliver customised programmes for our employees. Some of our training partners are educational institutions such as Harvard Business School, Indian Institute of Management, Ahmedabad, and Indian School of Business, besides banking-specific training institutions in India. We are also currently partnering with Cornell University (in collaboration with XED Institute) for one of our flagship leadership programmes.

Highlights of the Bank's training efforts in FY 2022-23

We invested 30.40 crore for employee training, offering 57.2 training hours per employee. The costs includes cost of training staff, subscription for e-learning modules and conferences etc.

40% of the total recorded 42,03,438 learning hours are online self-paced sessions, with 60% offered by instructors both in virtual and in-person modes.

Employees spent 53% of their training hours on an average on developing functional skills.

4,332 employees undertook trainings on responsible debt collection, recording 13,381.25 learning hours.

The training hours are estimated based on expected time taken by the employees to finish the training. In addition, we conduct succession trainings that occur in the form of transition programmes, i.e., from individually contributing roles to people manager (PM) roles, PM to manager of managers (MoMs) and MoMs to managing large teams.

Individually contributing roles to PM

We have a series of programmes collectively for the first level of transition termed 'First-Time Manager' programmes.

People Manager to MoMs

The Lead-to-Grow programme has been designed to enable our employees in the middle management cadre to take on the next role in the career ladder successfully.

MoMs to managing large teams

The Quantum Leadership Programme is one of our landmark developmental initiatives aimed at identifying potential leaders and enhancing their leadership perspective and potential.

Select senior leaders also undergo executive coaching to enhance their leadership capability.

EMPOWERING OUR EMPLOYEES

Our subsidiaries also direct their efforts towards building current and future capabilities to equip them with new-age skills. KSL's 'Learn While Earn' programme provides reimbursement for employees from the technology teams to pursue certifications. Apart from up-skilling, KSL also supports its employees in role rotations through exposure to different areas leading to leveraging their unique strengths.

Health and Well-being

We are committed to enabling a safe and sound work environment for the overall well-being of our employees. We have undertaken various initiatives to promote employee retention and maintain high levels of employee satisfaction. To this end, we have implemented an Occupational Health and Safety Management System (OHSMS) at six of our largest corporate offices which are certified for ISO 45001:2018⁷ and have received the third-party certification. In compliance with ISO 45001:2008 we also internally assess the implementation of the standard in the certified premises. The certified six offices assessed house 11,000+ employees which seats about 15% of our Bank's workforce^{7, 8}.

Our OHSMS manual serves as a comprehensive guide that outlines the governance framework and an action plan for conducting audits by the oversight team. It also provides guidelines on the reporting frequency and overall management of the system.⁹ The manual also clearly defines the scope and responsibilities of the teams tasked with overseeing the OHSMS. A monitoring plan has been established that takes into account factors including parameters measured, locations, scope and the methods used. The senior management is responsible for overseeing the evaluation of OHS performance and determining its effectiveness. In line with ISO 45001:2018 standard, a Hazard Identification and Risk Assessment (HIRA)¹⁰ exercise is conducted where all the work-related hazards are identified and risks on a routine and non-routine basis are assessed, along with these their mitigation measures are also tabulated¹². The non-routine jobs are maintenance activities and extension of the premises etc. HIRA is reviewed annually and revised if required, in light of any incident. The updated documents are circulated to all our premises to ensure that the feedback gathered in the exercise serves as a preventive measure.¹¹

At the ISO 45001:2018 certified premises, we adopted an implementation process that includes, but is not limited to, how the work is organised, social factors, leadership and organisational culture, activities and situations, past relevant incidents, potential emergency situations, actual and proposed changes irrespective of the level and nature and changes in knowledge of and information about hazards. The Occupational Health & Safety (OH&S) Management Representative (HMR) ensures that hazard identification is conducted by persons with competence in relevant hazard identification methodologies and techniques and appropriate knowledge of the work activity. All jobs performed at our premises are supervised by the HMR. They ensure proper work permits are requested and granted prior to the job being undertaken, and also note and report work related hazards, if any.¹² 'Toolbox talks' for

routine and non-routine jobs are delivered to vendors undertaking work at our premises, as required which, cover safety instructions and detailed processes to be followed to protect themselves from injuries¹³ or ill health and an OHSMS Hazard Identification Checklist is maintained. The methodology and criteria for the assessment of OH&S risks are defined with respect to their scope, nature and timing to ensure they are proactive rather than reactive and are used in a systematic way. Employees are also encouraged to report any hazardous situations by either calling a designated helpline or writing to a location specific helpdesk to enable timely and appropriate action.¹²

We encourage employee consultation and participation in the development, planning, implementation, performance evaluation and continuous improvement of the OHSMS. Communication regarding OHSMS is shared via nodal employees and staff, emails and signage¹⁴.

Trained fire wardens have been appointed across corporate offices to organise periodic fire evacuation drills and training sessions. In addition, we offer pre-emptive medical check-ups, in-house doctor consultations¹⁵ and ambulance facilities, and have slip proof floors and ergonomic seating facilities at major offices to ensure the safety and well-being of our employees.¹⁶ We also facilitate sessions on mental health, yoga and other health related aspects for ensuring the well-being of the employees.

We introduced digital modules addressing 'Prevention of and Safety Procedures in case of a Robbery, Bomb threat and/or Fire' which is hosted on our learning portal. 25,561 training hours were recoded for safety training covering 29,945 employees during the FY 2022-23.¹⁷

We instituted an annual health screening policy for all Kotakites above 40 years of age or above certain grades. We have tied up with leading healthcare providers and clinics for the various medical tests covered under this programme¹⁵. Additionally, various health and wellness initiatives offer well-curated information and activities



to employees through online and onsite interactions. Our online wellness initiatives include yoga, meditation, zumba, wellness-linked quiz sessions, awareness sessions on depression, anxiety and conflict management, among others.

We also facilitate access to a nutritionist, emotional assistance programmes (EAP) offered by third-parties and discounts on pharmacies through our health and wellness platform called 'Health to the Power Infinity'. EAP continues to support and guide Kotakites and can also be availed by our workforce's family members, and we are seeing a growing number of our employees utilising this service.

KSL, one of our subsidiaries, encourages its employees to participate in Stepathon, a yearly health and fitness event in which employees come together in teams to achieve a target of 10,000 steps per day per person. KLI launched Fit4Sure, a mobile-based application that helps its employees to manage their physical and mental health. KMCC and KIAL have initiated programmes to offer mental health counselling and conduct fitness challenges. BSS organised eye camps and initiated employee master health checkups.

We offer an array of benefits to our permanent employees, of which some are tailored on the basis of the role and grade of the employee. These benefits include accident insurance, health insurance, parental benefits, provident fund, gratuity and superannuation^{18, 19}. Some of the benefits such as gratuity, stock ownership and superannuation are applicable to eligible employees as stated in the respective policies. We also offer other benefits such as monthly fitness allowance, transfer allowance, house rent allowance, relocation expenses, mediclaim, term life insurance, company car and corporate credit card. Additional benefits provided to women employees include flexible working options, relocation benefits on marriage, women-centric emotional assistance programmes and customised learning programmes.

To support our women employees and single parents, we have tied up with a leading day care provider for enabling crèche facilities and instituted a Day Care Policy applicable from FY 2023-24. For employees who may not be able to avail the day care facility, the 'New Mother Benefit Policy' enables new mothers to avail a fixed allowance to address their child caring needs for a full year, creating a reliable support system for them. In FY 2022-23, 640 women employees of the Bank availed this allowance benefit. We have also amended our travel policy to provide higher level of entitlements for women employees by providing provisions to bear travel expenses for a caregiver if the employee is travelling with an infant of up to one year of age. We also offer part-time roles for women employees in certain segments and functions to provide flexibility and encourage participation in the workforce. Further details on parental leave and return to work rate can be found on [page 344](#) in Section C - Principle 3 of the BRSR disclosure.



Employee Engagement

At Kotak, we foster a culture of mutual respect, learning and collaboration. Each year, we conduct surveys to gauge employee satisfaction. Our annual employee engagement survey referred to as 'My Kotak My Say' collects and evaluates feedback pertaining to our employee-related practices. Our robust processes and systems analyse the feedback received and present it to the leadership team to devise strategic implementation plans. This enables us to continuously improve and position us to reach and go beyond our employee expectations.

Further, Kotak's Worklife Mobile app provides a consolidated set of features encompassing attendance and leave management, team communication and a chatbot helpline, among others. It also supports accessing HR Management System, payroll portal, travel bookings, mediclaim, internal job postings, IT helpdesk, etc. enhancing employee convenience.

KGI conducts a survey called 'Sampark' that measures employee experience across areas such as job satisfaction, experience within teams, employee development and growth. It scored 72% in this financial year and aims to achieve a target of 85% by FY 2023-24. Our other insurance subsidiary, KLI conducts a 'U-matter' survey where it achieved a score of 83% in FY 2022-23, which is a 10% increase in the satisfaction score compared to last year.

For the past three years, we have collaborated with the Great Place to Work® Institute (GPTW), a worldwide research and consulting firm, to conduct an annual external employee engagement survey. We have been recognised by GPTW institute with the award of 'India's Best Employers among Nation-Builders'.

⁷GRI 403-1, GRI 403-7, GRI 403-8 | ⁸GRI 403-1 | ⁹GRI 403-2 | ¹⁰GRI 403-2 | ¹¹GRI 403-2 | ¹²GRI 403-2, GRI 403-9, GRI 403-9 | ¹³GRI 403-2 | ¹⁴GRI 403-4 | ¹⁵GRI 403-3 | ¹⁶GRI 403-6 | ¹⁷GRI 403-5

¹⁸GRI 401-2 | ¹⁹GRI 401-3

EMPOWERING OUR EMPLOYEES

OVERVIEW OF EMPLOYEE ENGAGEMENT PROGRAMMES

Kotakathon@Eureka

This is a hackathon launched by the Bank with the aim of creating high levels of customer obsession to deliver real value for our customers. This encouraged our branch banking employees to propose innovative solutions for the identified problem areas.

Foundation Day

This event was conducted to celebrate 37 years of Kotak. More than 10,000 Kotakites participated online along with their family members. Our Kotak Infinity Award winners were felicitated by our leadership.

Caring Kotakite- Employee Volunteering Programme

We have an Employee Volunteering Policy that encourages our employees to participate in volunteering activities. The policy allows our employees to avail leave of up to three days a year expended towards physical or virtual volunteering activities. We have a digital platform that enables employees to share their volunteering experiences.

DigitAll and Employee Experience

The objective of this initiative is to digitalise various services for our employees like the onboarding and joining journey, helpdesk chat services launched on WhatsApp, emergency loans, Mediclaim requests, performance review and CoC acknowledgement.



We have an online platform known as 'K-Applaud' that enables recognition and appreciation of Kotakites for their contribution, performance and achievements. Kotakites receive reward points every time they receive recognition from their managers, which can be used to purchase products across 10,000 brands. As a part of this platform, we introduced the below-mentioned awards:

Kotak DNA Award Categories



Customer Obsession Award to the one who showcases a passion for customer-centric behaviour.



Best People Manager to the one who leads the team effectively while also abiding by the Kotak DNA.



Best in DigitALL transformation to the team that has led digital transformation resulting in a positive impact.



Exclusive Annual Infinity Award for Best in Diversity Initiatives contributing towards increasing the diversity ratio at the time of hiring and implementing diversity focused initiatives.

Cheers for Peers

This award enables our employees to present badges to their colleagues showcasing their appreciation. Since its inception, 8,274 badges have been shared.

Kotak Infinity Awards

This award programme was launched to recognise individuals for their business excellence, extraordinary contribution towards achieving goals, and embodiment of the Kotak values. The awardees were chosen by a well-represented panel that included the Group Management Council and other leadership members along with the Kotak Young Leaders Council. In FY 2022-23, we received over 6,000 nominations, of which 45 individuals and 25 teams were announced as winners at the Foundation Day.

Kotak DNA Awards

Leaders nominate Kotakites that exhibit behaviour aligned with Kotak's culture. Further, we endeavour to promote continuous recognition through our SPOT and Heavy Lifters rewards, which is a part of our rewards and recognition series. These awards are announced quarterly to appreciate the efforts of high performers from the support teams.



Human Rights²⁰

We value the fundamental rights of all individuals associated with us and are committed to upholding adherence to the regulations that safeguard these rights. We have a dedicated Human Rights and Anti-Discrimination Policy aligned with the United Nations' Universal Declaration of Human Rights, the core labour standards of the International Labor Organisation and national laws. Our policy against discrimination and commitment to human rights is overseen by our HR team. We strongly oppose any form of involuntary or underage labour and support freedom of association and collective bargaining. At the Bank, 48,855 hours of training on human rights policies and procedures was undertaken where 89% of employees were trained during the financial year in comparison to 82% in the previous year. In addition, 1,522 of our permanent workforce, i.e., 2.71% is represented by an independent trade union and are covered by collective bargaining agreements²¹.

We are committed to fostering a workplace free of harassment. The primary objective of our Prevention of Sexual Harassment (PoSH) policy is to prevent, prohibit and redress any inappropriate behaviour and we enforce a policy of no tolerance towards sexual misconduct. Our ethical code allows for disciplinary measures to be taken against harassment regardless of gender. In compliance with the Sexual Harassment of Women at Workplace Act, 2013, we have formed an internal committee which facilitates investigation and actions in such cases. Further details can be found on [page 350](#) in the BRSR disclosure.

We conduct mandatory training for our employees that outlines ways to deal with discrimination and harassment in the workplace. Our employee CoC incorporates clauses on anonymity and confidentiality to ensure anonymous complaints and zero tolerance for workplace retaliation. The anonymity and confidentiality clauses in the CoC state that all concerns and related investigations are treated with confidentiality and are subject to applicable laws and regulations.

Our Group has a strong and efficient mechanism for resolving grievances built on a well-defined escalation process. We have three key modes through which employees can raise grievances encompassing a remedy tool, WhatsApp-based HR helpdesk chat services and e-mails. We create awareness of our grievance

mechanism through our CoC and periodic communication with employees through e-mails. Our awareness campaigns focus on different platforms through which employees can raise concerns, the process for resolving issues and the contact details of the grievance officer.

Furthermore, we have a Whistle Blower Policy and Framework in place to enable all our stakeholders to report any concerns anonymously through our digital platform. At the Bank, we do not engage in or tolerate retaliation of any kind against anyone for providing information in good faith about suspected unethical or illegal conduct, including fraud, securities law or regulatory violations, possible violations of policies, including Code of Conduct and other inappropriate workplace behaviour. If an employee has been retaliated against, they can report the incident to the HR team and also report on Employee Portal (Kotak Worklife) under HR Helpdesk.

We endeavour to further strengthen our diversity and inclusion initiatives and OHS management systems. We are digitally transforming our internal processes and systems to strengthen decision-making and enable employee convenience. We are working towards strengthening our capabilities to gamify our virtual learning activities to improve the employee learning experience.



²⁰GRI 3-3 | ²¹GRI 2-30

SUPPORTING COMMUNITIES

Driving Holistic Development.

We work towards transforming the communities we operate in, through impactful Corporate Social Responsibility initiatives. We have forged strong relationships with a wide network of non-governmental organisations and foundations to collaboratively drive positive change in the communities we serve.

SDG linkage



Capital linkage



Social & Relationship capital

Relevant material topic

Community well-being

KPIs

₹ 265 cr*

Total CSR Expenditure (Group)

Education and Livelihood

61,000+[#]

Students received support towards formal education

13,800+

Youth upskilled, out of which 1,625 were specially abled through Skill Development Programmes

11,500+

Families supported through agri and livestock based livelihood interventions

Healthcare

7,00,000+

Primary healthcare visits supported and cancer treatment support extended to 2,100[#]+ patients

Sports

177

Athletes supported for pursuing excellence in their sport

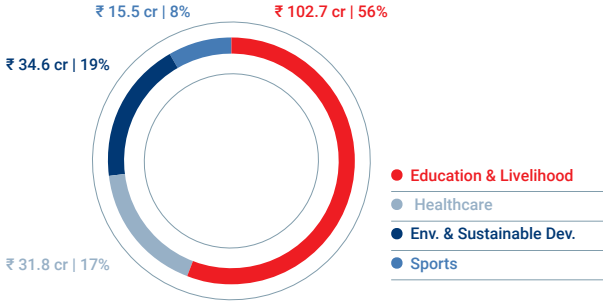


We have identified four areas of focus for our Corporate Social Responsibility (CSR) initiatives - namely, education and livelihood, healthcare, environment and sustainable development, and sports. Our CSR programmes and projects support the objectives of the United Nations Sustainable Development Goals (SDGs).

The Bank's CSR Policy is available on our website, the policy elucidates the governance structure and details our approach to the focus areas.¹ Further details on the Bank's CSR projects undertaken in FY 2022-23 can be found on [page 236](#) in the Director's report. The CSR projects of the Bank and the subsidiaries are undertaken at the pan-India level.² The approach and synopsis of the social impact assessments conducted for the applicable CSR projects can be found on [pages 355 and 370](#) in Section C - Principle 8 of the [BRSR](#).

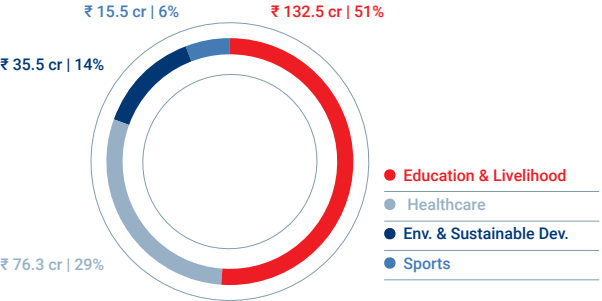
Kotak's CSR projects are designed to bring about meaningful and measurable social impact, and are in line with UN SDGs.

KOTAK MAHINDRA BANK'S CSR EXPENDITURE* DURING FY 2022-23



For FY 2022-23, the mandated CSR expenditure for the Bank was 187.4 cr and the actual CSR expenditure was 187.9 crore. The breakdown of actual CSR expenditure (excluding overheads and impact assessment costs) towards various themes is given above.

KOTAK MAHINDRA GROUP'S CSR EXPENDITURE* DURING FY 2022-23



For FY 2022-23, the mandated CSR expenditure for the Group was 263.0 crore and the actual CSR expenditure was 264.7 crore. The breakdown of actual CSR expenditure (excluding overheads and impact assessment costs) towards various themes is given above.

CSR Focus Areas

Education and Livelihood

- Improving learning outcomes in schools
- Supporting Higher Education
- Entrepreneurship and Livelihood enhancement
- Education and skilling interventions for differently abled
- Skill development for youth

Environment and Sustainable Development

- Energy conservation
- Water conservation
- Biodiversity conservation and afforestation

Healthcare

- Addressing gaps in cancer care spectrum
- Improving access to healthcare
- Improving healthcare infrastructure

Sports

- Sports infrastructure development
- Supporting training of athletes

¹GRI 3-3 | ²GRI 413-1 | *including transfer to Unspent CSR Account | [#]Non unique beneficiary numbers as multiple projects in the same geography may have common beneficiaries

*including transfer to Unspent CSR Account

SUPPORTING COMMUNITIES

A Close Look at Our Key Initiatives

EDUCATION AND LIVELIHOOD

Our initiatives under Education and Livelihood can be further divided into the following sub-areas: improving learning outcomes in schools, supporting higher education, skill development, and entrepreneurship and livelihood enhancement.

Kotak Education Foundation (KEF) is our primary CSR partner in the area of education. KEF supports children and young individuals from low-income families through various education- and livelihood-based programmes. It has adopted a holistic approach through multiple projects in the fields of enabling school education, offering scholarships and facilitating livelihoods. In FY 2022-23, KEF expanded its reach across Maharashtra in collaboration with the State Government through the Model School Project.



Improving Learning Outcomes in Schools

We are continuing to enrich the learning experience of school-going children, strengthen students’ learning outcomes with a special focus on the girl child, and address the infrastructural needs of schools and educational institutions. Through projects such as LEAD that work on developing leadership in schools, Umang aims to improve the communicative English of students, Khan Academy Project which makes educational content available in vernacular languages for the under-served segments, Digital Learning Solution (DLS) project that aids in enhancing digital teaching-learning processes, IIMPACT whose mission is to educate girl children aged 6 to 14 in remote and rural areas across India, we have been able to successfully improve the overall learning outcomes of the students across different grades. Apart from these initiatives, we supported mobile creches at construction sites, through ‘Mumbai Mobile Creche’ and ‘Mobile Creches for Working Mother’s Children’, which are NGOs working towards providing education, nutrition and healthcare to children of migrant workers living in construction sites.

Supporting Higher Education

Various collaborative projects such as Kotak Shiksha Nidhi (KSN) and Excel were implemented through KEF. In FY 2022-23 alone, KSN provided financial assistance to 1,300+ students between the ages of 6 to 22 years, who lost a parent or the primary earning family member due to COVID, ensuring continuity in education.

Our Excel Scholarship project supports continuity in education by offering scholarships, academic support, and life skills support to meritorious students from class 11 until graduation, with the purpose of livelihood improvement for families in

marginalised communities. Kotak Kanya, which is part of the Excel project, supports the career aspirations of meritorious girls from financially weaker backgrounds and aids them to pursue professional courses from premium institutes.

Skill development

Unnati is a skill development project implemented by KEF to help unemployed urban youth from underprivileged families. In FY 2022-23 alone, about 1,900 students completed their training, of which 60% were successfully placed with various organisations within the financial year.

KSL partnered with the National Institute of Securities Market (NISM) for Kona Kona Shiksha, a project to support a financial education programme for young citizens across various colleges in India, especially in tier 2 and tier 3 cities. This project aims to create awareness about various aspects of the finance industry and financial markets.

Our partnership with Pratham Education Foundation helps us improve the employability and interpersonal skills of youth from disadvantaged backgrounds by providing training in multiple areas including automotive, healthcare, construction, entrepreneurship, hospitality, etc. and preparing its youth for job opportunities. In FY 2022-23 alone, approximately 9,500 youths have been trained in these training programmes.

Besides supporting school education, skill development and livelihood within marginalised communities, the scope of our focus extends to strengthening higher education. We have been supporting the Indian Institute of Science (IISc) to establish a Centre for Artificial Intelligence and Machine Learning Centre (AI-ML Centre) in Bengaluru since FY 2021-22. This Centre will offer postgraduate and undergraduate degrees and short-term courses. In FY 2022-23, we enhanced our association with IISc by providing funding support for various operations planned under the AI-ML centre.



We have a successful partnership with the Indian Institute of Management Bangalore (IIMB) to launch a Women Startup Programme (WSP), to encourage entrepreneurship amongst women from tier-2 and tier-3 Indian cities. This programme incubates early-stage companies founded by women entrepreneurs demonstrating the potential to innovate, implement and create social or financial impact. Around 380 ventures were shortlisted for the pre-incubation round and more than 70% made it post-incubation, out of which around 80 ventures were from the social impact and ed-tech sectors. These women would be supported for a period of one year through mentoring and advisory support. This initiative also is an ongoing project which has been carried over from FY 2021-22 to the current FY 2022-23.

Deepening focus on Rural Livelihoods

In association with Cohesion Foundation Trust (CFT), we are aiming to improve the quality of life of people by promoting off-farm and on-farm livelihood opportunities and agricultural education. This was carried out across six villages in Mehsana, Gujarat, which is expected to benefit around 8,000 people. Further, in partnership with the N M Sadguru Water and Development Foundation, we are working towards improving the standard of living of both the rural and tribal communities by implementing livelihood enhancement projects such as promoting two types of vegetable cultivation. This initiative is an ongoing project which has been carried over from FY 2020-21.

Interventions for Differently-Abled

In line with our efforts to encourage and serve the vulnerable and marginalised members of our society, we partnered with Sarthak Educational Trust, Deeds Public Charitable Trust (Deeds), Youth4Jobs Foundation (Y4J) and Nayi Disha Resource Centre to provide educational and livelihood opportunities to empower the differently abled. We offer skill training and placement opportunities thereby making them financially independent and have trained over 1,400 persons with disability and placed 926 youth in allied industries. With Deeds, we launched a college preparatory programme that coaches aspirants who are hearing impaired for higher education in the commerce stream, wherein 235 youth were supported during FY 2022-23.

We also provide vocational training for youth with disability through Y4J to enable them to become employable and independent. 355 people with disability were trained with 220 already placed in allied industries. We also developed an AI-enabled jobs platform specifically for the disabled community in partnership with Y4J, which has already seen over 22,000 aspirants and 428 companies’ registrations. With Nayi Disha Resource Centre, we support a mobile-friendly multilingual platform that creates awareness and acts as a resource centre for families of children with intellectual disability.

SUPPORTING COMMUNITIES

HEALTHCARE

Our interventions under healthcare can be divided into three sub-areas: addressing gaps in the cancer care spectrum, improving access to healthcare and improving healthcare infrastructure.

Addressing gaps in cancer care spectrum

We partnered with numerous cancer care organisations to help provide holistic cancer care by improving accessibility and affordability. As a result of our partnerships and associations, we have been able to support over 2,100 cancer patients during FY 2022-23. Our support not only covered cancer treatment but also procedures such as surgeries and transplants, medicines, diagnosis and nutrition, accommodation and palliative care support with a specific focus on children suffering from cancer.

Improving access to healthcare

We provide access to affordable healthcare facilities to rural communities and low-income households. We also conduct eye camps and offer mental health services to students on financial aid. In FY 2022-23, we organised eye check-up camps across five schools in Pune, where we also conducted workshops on the influence of peer pressure and the ways to manage stress. We also organised one-to-one counselling sessions for students in distress wherein a 24*7 helpline and chat facility was available for the students. We have also helped set up 10 ambulances in remote tribal areas across five districts of Madhya Pradesh. The eye camps benefitted over 3,800 truck drivers as well as 86,000 students and senior citizens. Through our projects, we have been able to provide access to affordable and quality healthcare facilities to over 7 lakh beneficiaries from low-income groups.



ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Our approach to interventions in the area of Environment and Sustainable Development are spread across the following sub-areas:

Energy conservation

In association with Indian Institute of Technology, Madras, we support energy efficiency improvements for MSMEs in the manufacturing sector.



NIC unit, Sardar Vallabhbhai Patel Cantonment General Hospital, Pune.

Improving healthcare infrastructure

We are cognisant of the need for state-of-the-art healthcare infrastructure to ensure holistic and quality healthcare. We have collaborated with organisations such as Ramakrishna Mission, Eastern India Heart Care and Research Foundation (EIHCRF) and Spherule Foundation and have:

Provided financial support for the procurement and installation of PET-CT scan machine for Ramakrishna Mission Sevashrama Charitable Hospital in Vrindavan, Uttar Pradesh.

Supported the construction and procurement of key medical equipment for EIHCRF's Hospital in Kolkata.

Developed infrastructure of the NIC unit of new Mother and Child Care ward at Sardar Vallabhbhai Patel Cantonment General Hospital, Pune.



Vegetable cultivation at Banswara, Rajasthan

The institute along with six other partner IITs carries out energy assessments, provides recommendations for improving energy efficiency and prepares implementation plans, and in FY 2022-23, over 50 energy audits were conducted to improve the energy efficiency of MSMEs. Based on the audit and actual implementation performance, IITM intends to develop an industry-specific comprehensive energy efficiency resource database that can be readily referred to by companies for conserving energy.

Water conservation

Recognising the far-reaching impacts of water scarcity and water stress on farming, communities and local biodiversity, we have partnered with various water conservation focused organisations. Through these partnerships, we have helped promote community-led water and soil conservation to achieve sustainable agricultural development which are projected to – a) treat 1,200 hectares of land owned by 2,400 farmers which is expected to increase crop yields by 10-15% in Karnataka, b) treat 32 irrigation tanks serving 1,400 hectares and benefitting 1,280 farmers in Karnataka, c) create nearly 25% of water savings through micro irrigation activities in Nashik, Maharashtra, and d) treat 4,550 hectares across Karnataka and Andhra Pradesh

through silt application which is expected to increase crop productivity. In addition, our projects to rejuvenate 8 water bodies across Andhra Pradesh, Gujarat, Madhya Pradesh, Uttar Pradesh and Tamil Nadu are expected to increase their cumulative water holding capacity by 24%.

Biodiversity conservation and afforestation

In collaboration with Nature Forever Society, Tata Steel Foundation and Centre for Environmental Research and Education, we are implementing various projects, a few of which are below:

Conservation of flora and fauna of Ganjam district, Odisha, by supporting local citizen groups and encouraging eco-tourism.

Creating a biodiversity park in Gandhi Tekdi, Sanjay Gandhi National Park, Mumbai.

Creation of mini or city forests and enhancement of the green cover improving the health of local ecosystems in Indore and Mumbai using the Miyawaki technique. In Mumbai specifically, the 4000 saplings planted are estimated to sequester approximately 883.92 MTCO₂ over 15 years.

Sustainability for Kotak does not stop at its business, but also includes sustainability for the communities wherein it operates.



Pullela Gopichand Badminton Academy, Hyderabad

SPORTS

We have partnered with leading sportspersons and sports-focused institutions in India to upgrade the sporting infrastructure as well as to provide quality training to budding athletes focusing on Olympic sports. We have partnered with Pullela Gopichand Badminton Foundation to develop a world-class badminton training facility in Hyderabad. This facility has six air-conditioned badminton courts, a residential block for athletes, a swimming pool, a jogging track and a sports science centre. In FY 2022-23, we extended support to complete the development of the badminton training facility, which was formally inaugurated in April 2023. Additionally, we have partnered with Inspire Institute of Sport, India's leading Olympic Sports development centre, to implement Wrestling and Boxing training programmes. During FY 2022-23, a total of 177 junior and elite athletes were supported in Wrestling and Boxing.

Sustainability for Kotak does not stop at its business, but also includes sustainability for the communities wherein it operates. The CSR projects are carefully chosen under all the mentioned focus areas for the communities where they can create a meaningful and measurable positive impact.

■ Re-imagining Customer Experience.

We are committed to nurturing and strengthening relationships with our customers. By leveraging technological advances made in the digital space, we strive to provide an unparalleled experience to our customers. Additionally, we are committed to employing systems and processes aligned with leading industry practices to ensure the protection of our customers' confidential information.

SDG linkage







Relevant material topics

Enhancing customer experience

Customer data privacy

Capital linkage



Social & Relationship capital

KPIs

26%

YoY growth in Kotak Mahindra bank's customer base from 32.7 million to 41.2 million

78%

Transactions processed digitally without manual intervention in FY 2022-23

19%

Growth in Customer Assets

30%

YoY growth in Personal Loan Value and 40% YoY growth in Credit Cards



We work towards cultivating lasting connections and delivering streamlined experiences by prioritising our customers. We are strengthening our customer-centric approach by implementing numerous digital interventions and continuously engaging with them to gather valuable insights on their preferences and needs. Each business division of the Bank has developed a variety of digital products and solutions that cater to the specific demands of customers across various segments.¹

A variety of policies have been put in place to ensure that responsible customer-focused practices are integrated into our operations. Further information on our policies, practices and the statutory disclosures on customer grievances reported during this financial year can be found in the [BRSR](#) disclosure on [page 338](#) of this Report.

We have established a Board Customer Service Committee that meets quarterly and supervises engagement and service delivery, which are measures for understanding customer satisfaction and loyalty. We have a comprehensive service framework that aids the committee in monitoring a range of indicators which assess both customer engagement and service delivery. The engagement indicators include the level of service and digital activation by customers, while service delivery indicators include complaint resolution effectiveness and first-contact resolution, among others. Moreover, with the help of a group of specialists, we also keep track of how our customers perceive us and our services via social media platforms. Our service framework links these quality indicators to the performance of our employees who are responsible for ensuring customer satisfaction. Details on our service delivery performance are shown on [page 338](#) of the Report.

We have a dedicated Customer Experience team that is responsible for evaluating customer feedback through surveys to identify areas of improvement across all customer segments. We monitor the Net Promoter Score (NPS) at two levels, namely Relationship NPS (R-NPS) and Transaction NPS (T-NPS). Further, we meticulously monitor our R-NPS to gain insights into our customers' perceptions of the Bank as a whole and conduct surveys for customers in the retail, wealth management, SME, commercial and wholesale banking segments.

These surveys are conducted annually for all our customers, except for retail banking where the frequency of the surveys is once every six months. Besides NPS, we also interact with customers independently through interviews.

Customer satisfaction is also assessed by tracking the number of complaints being escalated to the Nodal Desk or the Office of the Banking Ombudsman.

Additionally, we have relationship management teams across all our branches and virtual relationship managers across customer contact centres to maintain regular telephonic and digital communication with our customers.

The nature of this interaction allows us to provide transparent information about financial products and services that helps customers make well-informed financial decisions, thereby delivering a smooth customer experience. Our customer-facing teams gather insights through these interactions and conduct root cause analysis to detect any process obstacles. This information is then used to implement corrective actions that enhance our service capabilities.



ENHANCING CUSTOMER EXPERIENCE

We implemented various customer experience and engagement initiatives to proactively address the evolving needs of our customers. We introduced feedback calls on newly opened accounts and received 91% positive feedback. We also reduced wait time for wholesale banking customers by creating a priority queue.

The cornerstone of our growth strategy revolves around the utilisation of data analytics. This methodology is integral to the acquisition, onboarding, servicing, upselling, cross-selling, risk assessment, process optimisation and fraud detection across our operations. Our success in attracting customers for loans and deposits is largely attributed to our advanced data science programmes and use of data analytics. Through these initiatives, we are well-positioned to deliver tailored options for immediate loan requests, vendor proposals for shopping, pre-approved loan offers for existing relationships, and even EMI proposals for purchases, among other things, thereby enhancing the overall customer experience. We execute a customer experience survey internally with our employees who also happen to be our customers. This approach is applied for select products and helps us build robust features in our net and mobile banking products. Products are first soft launched to an employee group for seeking feedback, which is incorporated before the official release to the public.

We are also currently in the process of adopting an upgraded Customer Relationship Management (CRM) software, which will help us in reducing the turnaround time (TAT) as well as improving customer satisfaction.

Our wholesale banking segment initiated a project which focused on reducing TAT related to the services they offer. The objective of this project is to simplify customer journeys, reduce inter-departmental hand-offs and identify scope for automation and DIY.

Our commercial banking division also introduced numerous initiatives aimed at delivering an enhanced customer service experience. Various initiatives were introduced which included WhatsApp and SMS communication channels, retrieval of SMS and email sent to customers, digitalisation of the NOC issuance process and implementation of blockchain technology in the NOC. Along with this, to improve the ease of accessibility for our diverse set of customers, the WhatsApp and SMS communication channels have been designed to operate in vernacular languages.

In addition, KSL undertook specific initiatives such as enhancing customer experience across touchpoints, launching a dedicated derivatives desk to support queries related to Futures and Options, and increasing the skillsets of employees who engage with customers directly to provide accurate resolutions. Through these initiatives, significant improvements across machine-level and IVR interactions were observed during this financial year. KSL also improved its process governance which helped in the reduction in escalation volumes from 0.46% in April 2022 to 0.14% in March 2023. These measures together have helped increase KSL's NPS scores.

¹GRI 3-3

It is critical for us to acknowledge and address concerns expressed by our customers and provide them with appropriate solutions. All the grievances received from our customers and clients are logged into the Bank's CRM application for recording, tracking and resolution.



CUSTOMER GRIEVANCE REDRESSAL MECHANISM

It is critical for us to acknowledge and address concerns expressed by our customers and provide them with appropriate solutions. Our Group has a multi-channel customer grievance redressal mechanism for handling customer grievances across our operations. This has been developed in line with our grievance redressal policy, details of which can be found on [page 362](#) of the Annexures. A procedure is defined for handling customer complaints at the Bank called the Memorandum of Operational Policies and Procedures. Our procedure for managing complaints mandates that our customer-facing employees efficiently categorise and document any grievances as defined in the complaint handling protocol and logged in to the Bank's CRM application for recording, tracking and resolution. A unique reference number is generated for each complaint or grievance received and an SMS/e-mail intimation along with the expected pre-defined TAT for resolution is shared with our customers immediately. In FY 2022-23, 94% of the complaints received/registered were closed within TAT. Moreover, an outstanding complaints ageing report is published on a day-to-day basis to indicate the status of all complaints pending resolution. A central team is responsible for tracking and reporting the complaints on a quarterly basis to the Board-level Customer Service Committee and the regulator.

Our customers can register complaints through Branch visits, phone calls or e-mail. Our website and mobile banking application also enable customers to submit complaints. We have an independent internal ombudsman who reviews the assessment of customer complaints before the rejection of any complaint. A Customer Standing Committee of the Board reviews the complaints on a quarterly basis. The insights gathered through thematic root cause analysis are used to improve business processes to reduce recurring complaints and enhance customer experience. This approach has enabled us to identify opportunities to make systemic improvements in areas such as reduction in the processing time of requests, simplification of the Re-KYC process and alerts management, among others.

Further, our current grievance redressal systems have been revamped with a focus on improving our resolution TAT and the quality of response. Our customer services have been improved by undertaking several initiatives such as empowering the frontline employees to resolve customer issues upfront, enabling DIY fulfilment of requests instantaneously, and providing upfront credit to customers for select transaction dispute categories, among others.

In order to ensure consistent and continued improvement in the manner in which we address and resolve customer complaints or grievances, a set of quantitative targets have been defined internally. Further details on our customer complaints can be found in the [BRSR](#) disclosure on [page 338](#) of this Report.

ELEVATING CUSTOMER EXPERIENCE: THE JOURNEY AHEAD

Our objective is to be the favoured banking ally for our customers, and we are focused on transforming our processes through digitalisation.

We strive to employ relevant and dynamic technology platforms, systems, and infrastructures to advance both our current platform and cater to evolving needs of different customer segments. This is expected to boost operational efficiency and fortify our overall competencies. As we continue building lasting relationships with our customers across the nation, we hope to inspire emotive transactions.

Our goal is to establish a smooth customer experience by equipping our staff with essential resources and training them to enhance our customer service capabilities. The findings obtained through the engagement surveys and studies undertaken to enable us to formulate effective strategic actions. Timely functional training sessions are conducted for our client-facing teams, given both the demand and requirement of the various products and/or services (banking, investments, and so on) offered. We have introduced a first-of-its-kind 90-day training programme for our service team which aims to improve the team's soft skills such as delivering superior client experiences and optimising internal resources to provide a seamless customer experience.

Towards increasing the efficiency and productivity of our Bank's product and service offerings, we are working towards embedding relevant data analytics tools to help address identified gaps and thereby enhance efficiency and productivity. The findings obtained through these data analytics tools will aid in improving specific aspects of a customer's journey.

We continue to be a customer-centric organisation developing differentiated propositions for new market segments to complete the service offerings across the spectrum of customer segments by using the power of technology to deliver outstanding customer experiences. In line with our transformation objective, it is imperative to ideate and develop products that cater to our customers' financial needs with an aim to become the go-to bank that caters to the evolving expectation of new-to-wealth consumers and every aspiring Indian.



We continue to be a customer-centric organisation developing differentiated propositions for new market segments to complete the service offerings across the spectrum of customer segments by using the power of technology to deliver outstanding customer experience.

We endeavour to create customer experiences that are consistent across our businesses, products and services. To achieve this, we are working constantly towards digitally augmenting the agility of the CX desk to bridge experience gaps and enable consistent customer experience throughout. We are in the process of designing products for our new-age customers while also enhancing our modes of service delivery. This will aid us to further reduce the turnaround time for grievance redressal thereby ensuring customer satisfaction.

ETHICS AND GOVERNANCE

Maintaining Highest Standards.

At Kotak, business ethics and corporate governance are entrenched in every aspect of our business and decision-making. We strive to align our business practices with the highest governance standards. Our policies, systems and procedures have been designed with the intent of communicating our values, priorities and strategy across all levels of the organisation. We regularly review all our policies and modify them periodically to comply with the most recent regulatory requirements and industry best practices.

SDG linkage



Capital linkage



Intellectual capital

Relevant material topics

Corporate governance

Ethical business processes

Regulatory compliance

Data security

Brand and reputation

Contributing to development of regulations and policies

KPIs

20+ yrs

Average tenure of the Kotak Leadership Team with the Group

Zero

Data security and customer privacy breaches

47,923

Employees undertook the AML and anti-terrorist financing training recording 36,240 learning hours

48,548

Employees undertook trainings on data security and/or privacy-related risks and procedures recording 24,437 learning hours



Fostering a Culture of Ethics and Integrity¹

At Kotak Mahindra Group, our processes are designed with a strong emphasis on sound governance practices. Our key principles of governance include accountability, responsibility, integrity, independence, transparency in dealings as well as fair and timely disclosures. We expect our employees to consistently embed responsible behaviour in their day-to-day activities by embracing our corporate values and principles. We ensure that our employees receive adequate training on our policies, procedures and values. We also undertake regular awareness-building initiatives to keep them up to date with evolving practices.

The Bank's Board consists of eminent individuals with expertise and experience in various fields. The Board members understand and respect their fiduciary roles and responsibilities towards KMBL's stakeholders and strive to meet their expectations. The Boards of the bank and subsidiary companies provide a combination of professionalism, knowledge and experience required in the financial industry. All the board members of the Bank are above the age of 50 bringing a wealth of experience.²

The Board approved employee CoC communicates our ethics, values and position on crucial business issues. This Code articulates the standards of professional conduct and ethics we expect our employees to imbibe and guides them to adopt practices that promote anti-bribery and corruption-free business, anti-money laundering, among other aspects linked to ethics. All our employees are required to undergo training and required formally acknowledge adherence to the CoC at the time of joining and annually throughout their course of employment with us.

During FY 2022-23, above 22,000 employees undertook training on ethical standards and over 99% of employees acknowledged their adherence to the CoC digitally. We have imbibed a zero-tolerance approach to any violations of the Code, wherein any observed violations are treated seriously, resulting in timely disciplinary action depending on the severity of the breach of the Code. We have also implemented a Trading Code of Conduct that provides employees with guidance on responsible trading and sets out the standard procedures and approvals they must follow before trading.

We have employed robust systems to combat bribery, corruption and money laundering. Our approach is built on a strong foundation of the Board-approved Anti-Money Laundering (AML) Policy and the CoC. The AML Policy also covers 'Know Your Customer' (KYC) standards which help us become familiar with our customers and beneficial owners, enabling us to prudently manage our risks. The details of the Policy can be found on [page 363](#) of the Annexures of this Report.

We also have in place a Board-approved Vigilance Policy which includes preventive as well as detective vigilance. The vigilance policy is implemented by the Vigilance, HR and numerous other departments of the Bank. The Chief of Internal Vigilance (CIV) heads the vigilance department and is appointed by the Board. The CIV presents quarterly updates on vigilance activities to the Audit Committee of the Board as well as to the Board of Directors. The Vigilance department under the oversight of the CIV is responsible to undertake independent investigations of reported cases. Each business unit or function is governed by the Board approved delegation matrix for expense approvals and loan sanctioning alongside their policies and processes which adds another layer of protection against fraud and corruption. Our vigilance oversight also extends to relevant complaints concerning outsourced agencies or vendors. The internal audit and Risk Control Unit (RCU) teams monitor the adherence of teams to the respective policies. We have put in place systems that monitor employee transactions and flag and investigate unusual patterns of transactions. We have also identified certain roles which may be more prone to bribery and corruption and categorised them as high-risk roles, where clearance from the Vigilance department is required to enable the movement of employees to these high-risk roles. The Bank has also put in place Risk Control Self-Assessment (RCSA) for each function or business which supports the identification of risks related to corruption. We receive incidents of corruption through the whistle-blower portal. In the case where any incidents are reported through any channel, an independent investigation is followed by disciplinary action wherever required, an update of which is reported to the Board of Directors as well as the RBI. Our subsidiaries' policies, procedures and practices are also aligned with the Group's overall values and principles.

During FY 2022-23, we provided 36,240 hours of training on KYC norms and AML measures to 47,927 employees.



Managing Data Privacy and Data Security with Integrity

At Kotak, it is our constant endeavour to deliver digitally differentiated services and products tailored to the diverse needs of our customers. Our digital capabilities are augmented by resilient information technology infrastructure built to safeguard the integrity of our customers' data and our IT systems. We have Cybersecurity and Data Privacy policies accessible to all our employees. Our employees are required to undergo cybersecurity and data privacy-linked training. The details of the policy can be found on [page 363](#) of the Annexures of this Report.

Our Cybersecurity Policy and Information Security Policy and the Apex IT Policy are formulated to complement each other, enabling our employees to deliver services to our customers responsibly while ensuring the security and privacy of their data. The details of these policies can be found on [page 363](#) of the Annexures of this Report. Formulated with regulatory direction in mind, both these policies also take into consideration the best practices in the industry such as the NIST Cybersecurity framework and ISO 27001. Our Governance framework for managing technology and cyber-related risks is guided by a three-line defence system, which is as follows:

1

First Line of Defence

Information Technology (IT) Team and Business Units

2

Second Line of Defence

Chief Information Security Officer (CISO) who reports to the Head of Risk Management

3

Third Line of Defence

Internal Audit

The CISO oversees the implementation, reviews and monitors our cybersecurity policy and strategy. We have two Board-level Committees, namely the Risk Management Committee and the IT Strategy and Digital Payments Promotion Committee, and a Management Committee, the Information Security Committee, which are responsible for the oversight of the Bank's IT infrastructure and cybersecurity. As part of the first line of defence, the IT team conducts periodic self-risk assessments to evaluate the effectiveness of security controls and areas for improvement to prevent and mitigate risk and threats to the Bank's digital and physical infrastructure. Further, the audit function provides an independent assessment of the first and second line of defence and reports to the Audit Committee of the Board.

¹GRI 2-23, 2-26, 3-3, 205-2 | ²GRI 405-1

We are committed to upholding compliance with regulatory standards such as the UIDAI, and the European Union’s General Data Protection Regulations (GDPR) in applicable regions, as well as other relevant domestic and international guidelines. During this financial year, there were zero reported cases of data security breaches and incidents related to personally identifiable information of customers.³

We comply with the regulatory standards governing data privacy, personal data protection and cybersecurity. To ensure adherence, we have introduced an Information Security and Cybersecurity Policy, which applies to all our employees. Further, we have a Privacy Policy that applies to all our employees and contractors in our overseas business, especially in areas where GDPR is in effect. In addition, we have established an Apex Information Technology Policy to ensure the optimal and appropriate use of computer systems, strengthen our IT infrastructure and protect the integrity of the IT systems within the organisation. This Board-approved policy applies to all our employees (i.e., permanent, temporary or trainee), consultants, contractors, third parties and vendors associated with the Bank.

We have identified three IT focus areas to create significant improvement in our operations

Architecture and infrastructure



As part of this focus area, we have established an architecture review board to ensure strategic growth. We have also established a near Disaster Recovery site for improved resiliency of the core systems. We have also launched a Salesforce-assisted savings account onboarding platform and an Xpress Do-it-Yourself platform to facilitate the opening of savings accounts directly by customers, reducing customer acquisition time and ease of operation for customers.

Talent and culture



We have introduced a new operating model wherein software engineers and product managers, along with programme managers are building new in-house platforms. We are also focusing on recruiting new STEM talent, which is poised to help us in the digital journey Kotak is undertaking. Further details can be found on [page 63](#) of the ‘Empowering Our Employees’ section of this Report.

Risk and security



We conduct weekday Business Continuity runs for all core platforms, implement best practices of cyber security monitoring and analysis, along with upgrading systems to operate on a real-time basis—a few of these upgrades go beyond daily transactions such as NEFT and RTGS, and extend to service requests. We are also in the process of extending these real-time solutions to benefit pensioners registered with the Central Pension Accounting Office.

³GRI 418-1

OUR APPROACH TO CYBERSECURITY

As a Group, we recognise the severity of cyber threats and the associated risks they pose. To effectively combat and mitigate these threats, we have established a programmatic approach that includes a cyber-resilience framework designed to address potential risks such as data breaches, malware, denial-of-service attacks and others. The established controls and mechanisms are as follows:

Risk Assessment

Identifying risks across products, processes and systems.

Security testing

The systems are assessed for security requirements at the time of on-boarding and an ongoing basis. The Vulnerability Assessment and Penetration Testing (VAPT) of the systems is conducted as per defined schedule based on the criticality of the systems.

RED Team exercise and Cyber drills

The drills are conducted periodically to measure the effectiveness of prevention, detection and response controls implemented by the Bank.

24x7 security operations centre (SOC) monitoring

The SOC operates around the clock for identifying and responding to security incidents.

Threat hunting

Threat hunting is done for proactively identifying anomalies and vulnerabilities.

Threat intelligence

The threat intelligence feeds that are received from various sources (security partners, regulators, etc.) are utilised for hunting.

Our IT infrastructure is designed to proactively identify malicious behaviour or anomalies. Our information systems are ISO 27001 certified, and we conduct regular third-party security evaluations to ensure their robustness. These systems are continuously upgraded through significant investments in information security systems. Each of our digital products is thoroughly assessed for cybersecurity risks before being launched for public use. These products are also consistently monitored to ensure seamless service and security. We also perform periodic audits and thematic assessments of our critical systems to assist in evaluating the robustness of technological controls and reduce the impact of incidents. To facilitate the reporting of cybersecurity incidents or vulnerabilities, a specific email address has been established. Additionally, we have implemented a layered technology architecture to manage risks associated with system failures, cyber-attacks, and other similar events.



We have also established Disaster Recovery (DR) and Business Continuity Plans (BCP), along with various functional and technological initiatives. These activities have been undertaken to enhance the overall resilience of our systems.

To complement these activities, we also perform ad-hoc exercises regularly initiated both internally and externally, for application security testing, vulnerability assessment and source code review, to identify any vulnerabilities in our mobile or web applications, source codes and the larger IT Infrastructure.

We aim to continue focusing on four main critical areas to strengthen our long-term business growth trajectory. These four critical areas include: building scalable IT infrastructure, the development of robust business continuity and disaster recovery plans, retention of skilled and competent IT professionals, and the adoption of effective data management, analytical tools and systems.

CAPACITY BUILDING TO ENHANCE THE EFFICACY OF OUR SYSTEMS

Every new member of the workforce undergoes induction training which includes specific modules that promote awareness of data privacy for customers and cybersecurity. Our employees are also required to complete an Information Security Course on the Learning Management System annually which provides insights into the latest information security procedures. In addition to these training and awareness sessions, during FY 2022-23, we implemented several measures to generate employee and management awareness on information security including how to identify phishing scams and other potential threats. Further, our IRM team and CISO send out regular emails with cybersecurity-related updates and security tips to all our employees, including contractual employees.

Ethics and Governance will continue to be an important focus area for us going forward. We will continue to make our IT and cybersecurity infrastructure more robust and strengthen our governance practices to ensure that our systems are aligned with industry best practices.

AWARDS AND ACCOLADES

■ *Recognition of Excellence.*

Recognition for Business Excellence



KOTAK MAHINDRA BANK

Best Cash Management Bank in India & Best Cash Management Project in India by The Asian Banker’s Transaction Finance Awards 2022 and **Best Payments Initiative** by Transaction Finance – Frictionless Transaction Awards 2022

#1 position in Best Services for Trade Finance in – India (Asian banks) by Asiamoney Trade Finance Survey 2022

Best in Treasury and Working Capital – SMEs by the India Asset Triple A Treasury, Trade, Sustainable Supply Chain and Risk Management Awards 2022

Agri Infra Fund Award (Award for Valuable Contribution) by the Ministry of Agriculture and Farmers Welfare, the Government of India

KOTAK PRIVATE BANKING

Best for Wealth Transfer/Succession Planning (India) by Asiamoney Private Banking Award 2023

Best Private Bank (India) by The Asset Triple A Private Capital Awards 2022

Best Private Bank in India by PWM/The Banker’s Global Private Banking Awards

Digital Private Bank of the Year (India) by The Asset Triple A Digital Awards 2023

KOTAK SECURITIES

‘Neo’ won the **Finnoviti Award** by Banking Frontiers



KOTAK INVESTMENT BANKING

Best IPO (India) at The Asset Triple A Country Awards for Sustainable Finance 2022



KOTAK GENERAL INSURANCE

Best Claims and Customer Service award by FICCI FINCON

Best Customer Experience Initiative award for #DriveLikeALady by Insure Next Editor’s Choice Awards

KOTAK MUTUAL FUND

Lipper Fund Awards (India 2022) by Rifinitv:

Equity India Small and Mid-Cap for Kotak Small Cap-Growth

Mixed Asset INR Conservative for Kotak Debt Hybrid Fund-Growth

Morningstar India Fund Awards 2023:

Best Mid-Cap – Equity Work – Kotak Emerging Equity

Best Equity Fund House
Best Overall Fund House

Recognition for Technology and Digital Prowess



Kotak Mahindra Bank won the **Best BFSI Tech Initiative** at Dun & Bradstreet’s BFSI and Fintech Summit 2023

Kotak Mahindra Bank received three recognitions at the 18th IBA Banking Technology Awards 2022-23:

Winner for Best Fintech Collaboration
Runner Up for Best Technology Bank
Special Prize for Best AI/ML Bank

Kotak Mahindra Bank won the **Special UiPath Recognition** award at UiPath Automation Excellence Awards 2022 (India and South Asia)

Kotak Mahindra Bank was honoured with the **Technology Senate Awards 2022** by the Indian Express Group

Kotak Securities was recognised for **Best Analytics-Driven Project** at the 2nd Annual NBFC and FinTech Excellence Awards 2023

Recognition for Employee Excellence and Learning Initiatives



Kotak Mahindra Bank won the **Employee Excellence Award 2022** at The Economic Times Employee Excellence Summit 2022

Kotak Mahindra Bank’s Learning A-Fair Platform won **Gold for Best Advance in Unique Learning Technology** at the Brandon Hall Technology Excellence Awards 2022

Kotak Mahindra Bank won **Bronze for Excellence in Learning Experience** at The Economic Times Future Skills Awards

Shanti Ekambaram received the **Stree Ratna Award 2023** by the Fine Arts Society for her achievements in Banking and Financial services

Devang Gheewalla was recognised as the **CFO of the Year award - Large Corporates, BFSI Segment** at the 16th ICAI Awards

Deepak Sharma was conferred the **FE Visionary Leader** award at the Financial Express Fintech Summit 2023

Deepak Sharma and Kulin Thaker were recognised in the **Cloud Data Intelligence** category at CXO Cloud Leadership Award 2022 by TechPlus Media

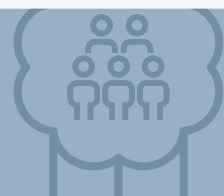
Hiren Vora received the **2023 Roll of Honour** in the ‘**Capital Management**’ category at the CFO100 India by CFO India

Yash Kotak received the **2023 Roll of Honour** in the ‘**Finance in a Start-up**’ category at the CFO100 India by CFO India

Ananth Subramanian was recognised in the **India’s Future CIOs** 2022 list by Next100. He was also honoured with the ‘**FE Gamechanger**’ award at the Financial Express Fintech Summit 2023

AWARDS AND ACCOLADES

Recognition for Harnessing Talent and Culture



Kotak Mahindra Bank was recognised as **India's Best Employers Among Nation-Builders 2022** by Great Place to Work 2022

Kotak Mahindra Bank was ranked **#25 among the 50 best firms in India for data scientists to work for** in 2022 by Analytics India Magazine

Kotak Mahindra Bank was recognised in the category **Large Size** in the **Economic Times Future Ready Organisations List 2022**

Recognition for Annual Report



Gold for FY 2021-22 Integrated Report at the Institute of Chartered Accountants of India (ICAI) Sustainability Report Awards 2021-22

Certificate of Merit for the Annual Report in the category 'Private Sector Banks' from the South Asian Federation of Accountants (SAFA)

Best Annual Report award in Private Sector Bank by Free Press Journal and Grand Thornton in 2022

Recognition for Brand and Marketing



Kotak Mahindra Bank was recognised as one of the **Best BFSI Brand 2022-23** at the 6th edition of The Economic Times Best BFSI Brands 2023

Kotak Mahindra Bank won the **Best Use of Digital Marketing/Social Media** at E4m's India Marketing Awards

Kotak Mahindra Bank won **Gold** for **#KharchePeBachat** at Social Samosa Sammys 2022

Kotak Mahindra Bank was recognised as one of the **Most Trusted Brands of India 2023** by Team Marksmen

Kotak Private won **Bronze** for **Best Use of Digital Marketing/Social Media** for the #DadMySuperstar campaign at the E4m Indian Marketing Awards 2022

Kotak Life Insurance won **Silver** for **Life Ki Search campaign** at the E4M Indian Content Marketing Awards 2022

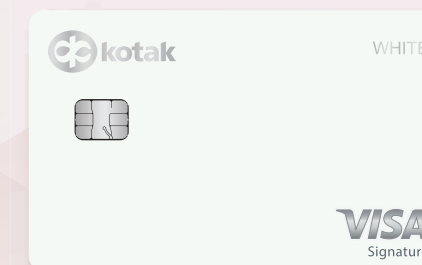
Kotak General Insurance won two **Silver** awards for **Best Interactive Website** and **Best Interactive Banner** at the Campaign India Digital Crest Awards 2022-23

Disclaimer

The Awards & Accolades won by entities and employees of the Kotak Mahindra Group as disclosed in this Annual Report have been awarded based on an independent assessment by the award organisers and have been selected from amongst various other contenders. Kotak Mahindra Group is not associated with the organisers in any way. The organisers are credible and legitimate entities in their field of work. Information on most of the awards and their organisers is available publicly on their respective websites. The above disclosures are to the best of our information and knowledge.

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*Terms & conditions apply. [#]With the IndianOil Kotak Credit Card. ^{**}Credit at the sole discretion of Kotak Mahindra Bank Ltd. and subject to guidelines issued by RBI from time to time. [^]Savings are on annual basis.

■ Financial Statements and Statutory Reports.

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Consolidated Financial Highlights 2022-2023

(₹ In crores)					
FINANCIAL HIGHLIGHTS	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Advances	243,444	249,859	252,170	304,474	359,107
Investments*	76,858	81,334	116,565	115,907	139,359
Total Assets	395,154	443,153	478,854	546,498	620,430
Net Profit	7,204	8,593	9,990	12,089	14,925
KEY FINANCIAL INDICATORS					
Net Interest Margin (NIM)^	4.2%	4.6%	4.5%	4.7%	5.4%
Return on Average Assets (RoAA)	2.0%	2.1%	2.2%	2.4%	2.6%
Book Value Per Share (₹)	303	348	426	487	563
Basic Earnings Per Share (EPS) Face Value ₹ 5 per share	37.6	44.7	50.5	60.8	75.0
Return on Equity (RoE)	13.3%	13.7%	12.8%	13.4%	14.4%
Capital Adequacy Ratio	17.9%	19.8%	23.4%	23.7%	23.3%
Gross NPA (₹ crore)	4,789	5,488	8,276	7,334	6,419
Net NPA (₹ crore)	1,696	1,745	3,106	2,149	1,479
Gross NPA Ratio	1.9%	2.2%	3.2%	2.4%	1.8%
Net NPA Ratio	0.7%	0.7%	1.2%	0.7%	0.4%

* Excludes Policyholders' investments
^ Excluding dividend and interest on income tax refunds.

MARKET RELATED RATIOS	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Market Price (₹)	1,335	1,296	1,753	1,754	1,733
Market Capitalisation (₹ crore)	254,723	247,939	347,416	348,080	344,240
Price to Book Ratio	4.4	3.7	4.1	3.6	3.1
Price to Earnings Ratio	35.5	29.0	34.7	28.9	23.1

Standalone Financial Highlights 2022-2023

(₹ In crores)					
Financial Highlights	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Deposits	225,880	262,821	280,100	311,684	363,096
Advances	205,677	219,728	223,670	271,254	319,861
Investments	71,189	75,052	105,099	100,580	121,404
Total Assets	312,155	360,232	383,470	429,428	489,862
Net Interest Income	11,206	13,500	15,340	16,818	21,552
Fee Income	3,159	3,421	3,145	4,201	5,440
Other Non Interest Income	1,268	1,517	1,606	1,785	1,643
Operating profit	8,412	9,960	11,762	12,051	14,848
Provisions and Contingencies	1,026	2,156	2,459	690	457
Tax Provision	2,520	1,857	2,338	2,789	3,452
Net Profit	4,865	5,947	6,965	8,573	10,939
Key Financial Indicators					
Net Interest Margins	4.3%	4.6%	4.4%	4.6%	5.3%
Cost to Income Ratio	46%	46%	41%	47%	48%
Return on Average Assets	1.7%	1.9%	1.9%	2.1%	2.5%
Fee / NII Plus other Income	20.2%	18.6%	15.7%	18.4%	19.0%
NII / NII Plus other Income	71.7%	73.2%	76.4%	73.8%	75.3%
Capital Adequacy Ratio	17.5%	17.9%	22.3%	22.7%	21.8%
Tier I	16.9%	17.3%	21.4%	21.7%	20.8%
Gross NPA Ratio	2.1%	2.3%	3.3%	2.3%	1.8%
Net NPA Ratio	0.8%	0.7%	1.2%	0.6%	0.4%

Note: Prior year amounts have been reclassified for consistency with the current year presentation

Consolidation at a Glance

	(₹ in crore)					
	2022-23		2021-2022		March 31, 2023	March 31, 2022
	Profit before Tax	Profit after Tax	Profit before Tax	Profit after Tax	Capital and Reserves & Surplus*	Capital and Reserves & Surplus*
Kotak Mahindra Bank Limited	14,390.99	10,939.30	11,361.31	8,572.69	83,459.95	72,456.47
Subsidiaries						
Kotak Mahindra Prime Limited	1,110.06	828.96	1,179.79	885.51	8,305.90	7,494.41
Kotak Securities Limited	1,150.19	865.22	1,333.50	1,001.33	7,107.98	6,290.75
Kotak Mahindra Capital Company Limited	192.48	149.28	315.70	244.75	1,000.38	885.47
Kotak Mahindra Life Insurance Company Limited ⁷	1,462.72	1,053.31	596.49	425.38	5,327.70	4,389.20
Kotak Mahindra General Insurance Company Limited	(117.28)	(117.28)	(82.98)	(82.98)	341.07	233.35
Kotak Mahindra Investments Limited	439.32	326.26	498.57	371.15	2,814.81	2,488.54
Kotak Mahindra Asset Management Company Limited	605.85	474.77	455.51	338.94	1,682.96	1,282.70
Kotak Mahindra Trustee Company Limited	107.48	79.99	145.18	115.18	424.55	344.56
Kotak Mahindra (International) Limited	13.36	12.41	69.40	44.03	922.93	840.18
Kotak Mahindra (UK) Limited	21.52	15.07	20.41	13.74	449.79	400.40
Kotak Mahindra, Inc.	15.03	13.25	25.85	25.43	86.33	67.13
Kotak Investment Advisors Limited	51.95	42.27	79.42	58.65	805.72	763.45
Kotak Mahindra Trusteeship Services Limited	3.52	2.63	3.99	3.04	29.13	26.49
Kotak Infrastructure Debt Fund Limited	27.83	27.83	32.35	32.35	476.20	449.17
Kotak Mahindra Pension Fund Limited	(3.49)	(3.49)	(1.54)	(1.54)	52.61	56.10
Kotak Mahindra Financial Services Limited	(3.08)	(3.08)	(1.14)	(1.14)	3.59	6.22
Kotak Mahindra Asset Management (Singapore) Pte. Limited	43.49	38.66	40.42	36.07	283.85	225.37
IVY Product Intermediaries Limited	0.24	0.16	0.29	0.22	6.36	6.19
BSS Microfinance Limited	396.29	297.21	109.51	82.81	626.63	329.42
Total	19,908.47	15,042.73	16,182.03	12,165.61	114,208.44	99,035.57
Add: Associates		144.57		157.52	1,350.96	1,186.42
Less: Dividend, Inter company and other adjustment		262.29		233.74	3,305.31	3,087.96
Consolidated Profit After Tax / Capital & Reserves and Surplus*		14,925.01		12,089.39	112,254.09	97,134.03
Consolidated Earnings per Share (₹)		74.94		60.73		
Consolidated Book Value per Share (₹)					562.55	486.90

* Capital and Reserves & Surplus includes Preference Share Capital



Independent Auditor's Report

To the Members of Kotak Mahindra Bank Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

- We have audited the accompanying consolidated financial statements of **Kotak Mahindra Bank Limited** ('the Bank' or 'the Holding Company'), its subsidiaries (the Bank and its subsidiaries together referred to as 'the Group'), and its associates, which comprise the Consolidated Balance Sheet as at **31 March 2023**, the Consolidated Profit and Loss account, the Consolidated Cash Flow Statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').
- In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, the aforesaid Consolidated Financial Statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act'), and circulars and guidelines issued by Reserve Bank of India ('the RBI'), in the manner so required for banking companies and give a true and fair view, in conformity with the Accounting Standards prescribed under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2023, and their consolidated profit, and their consolidated cash flows for the year then ended.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the "Other Matters" section below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and its associates were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Identification of Non-performing Assets ("NPAs") and provisioning on advances:

Total Loans and Advances (Net of Provision) as at March 31, 2023: ₹ 3,19,861 Crores

Provision for NPAs as at March 31, 2023: ₹ 4,575 Crores

Provision Coverage Ratio (including technical write offs) as at March 31, 2023: 83.77%

Refer Schedule 9, Schedule 17(C)(2), Schedule 18(A), note 9 and note 11 to the Standalone Financial Statements

Key Audit Matter	How our audit addressed the key audit matter
The Bank is required to comply with the Master Circular issued by the Reserve Bank of India ('RBI') on 'Prudential Norms for Income Recognition, Asset Classification and Provisioning pertaining to Advances' (the 'IRAC norms') and amendments thereto which prescribes the guidelines for identification and classification of Non-performing Assets ('NPAs') and the minimum provision required for such assets. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs considering various quantitative as well as qualitative factors.	Our audit procedures included the following: - Understood the process and controls, and tested the design and operating effectiveness of key controls, including Information Technology based controls, and focused on the following: - Approval of new lending facilities in accordance with the Bank's credit policies; - Performance of annual review/renewal of loan accounts; - Monitoring of credit quality which amongst other things includes the monitoring of overdue loan accounts, drawing power limit, pending security creation; - Identification and classification of NPAs in accordance with IRAC norms, other regulatory guidelines issued by the RBI and consideration of qualitative aspects; and - Assessment of adequacy of NPA provisions.



Key Audit Matter	How our audit addressed the key audit matter
	- Tested the Bank's process for identification of loans with default events and/ or breach of other qualitative factors, and for a sample of performing loans, independently assessed as to whether there was a need to classify such loans as NPAs. - On a test check basis, verified the accounts classified by the Bank as Special Mention Accounts ('SMA') in RBI's Central Repository of Information on Large Credits ('CRILC'). - Inquired with the management of the Bank on sectors where there has been stress and the steps taken by the Bank to mitigate such sectorial risks. - With respect to provisions recognised towards NPAs, we reperformed the provision calculations on a sample basis taking into consideration the value of security, where applicable, the IRAC norms and NPA policy of the Bank, and compared our outcome to that prepared by the management and tested relevant assumptions and judgements which were used by the management.

Information Technology ('IT') Systems and Controls impacting Financial Reporting

Key Audit Matter	How our audit addressed the key audit matter
The IT environment of the Bank is complex and involves a large number of independent and interdependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Bank. Appropriate IT general controls and IT application controls are required to ensure that such IT systems are able to process the data as required, completely, accurately, and consistently for reliable financial reporting. We have identified certain key IT systems ('in-scope' IT systems) which have an impact on the financial reporting process and the related control testing as a key audit matter because of the high level of automation, significant number of systems being used by the Bank for processing financial transactions, the complexity of the IT architecture. During the year, the Bank has migrated to a new general ledger accounting system from the legacy application.	Our audit procedures with respect to this matter included the following: In assessing the controls over the IT systems of the Bank, we involved our technology specialists to obtain an understanding of the IT environment, IT infrastructure and IT systems. We evaluated and tested relevant IT general controls and IT application controls of the 'in-scope' IT systems identified as relevant for our audit of the standalone financial statements and financial reporting process of the Bank. On such 'in-scope' IT systems, we have tested key IT general controls with respect to the following domains: - Program change management, which includes that program changes are moved to production environment as per defined procedures and relevant segregation of environment is ensured; - User access management, which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating system and databases in the production environment were granted only to authorized personnel; - Program development, which comprises IT governance, system development life cycle and data migration for relevant in-scope applications, operating systems, and databases, which are relied upon for financial reporting; - Other areas that were assessed under the IT control environment included backup management, business continuity, disaster recovery, incident management, batch processing and monitoring. We also evaluated the design and tested the operating effectiveness of key IT application controls within key business processes, which included testing automated calculations, automated accounting procedures, system interfaces, system reconciliation controls and key system generated reports, as applicable. Where control deficiencies were identified, we tested compensating controls or performed alternative audit procedures, where necessary.

5. The following Key Audit Matter was included in the audit report dated 22 April 2023 containing an unmodified audit opinion on the special purpose financial statements of Kotak Mahindra Investments Limited, a subsidiary of the Holding Company issued by Kalyaniwalla & Mistry LLP, an independent firm of Chartered Accountants reproduced by us as under:

Provision for Non-performing assets (NPA) in respect of Loans and Advance (including credit substitutes)

Key Audit Matters	How our audit addressed the key audit matter
(Refer Notes 12, 13, 15, 18 and 24 of the special purpose financial statements) Advances (including credit substitutes) aggregating to ₹ 976,361.54 lakhs constitute a significant portion of the Company's assets. Gross Non-Performing Assets aggregating to ₹ 8,611.57 lakhs and the associated provision for non-performing assets ('NPA provision') aggregating to ₹3839.02 lakhs are significant to the special purpose financial statements and involves judgement around the calculation of the NPA provision. The Reserve Bank of India's ('RBI') guidelines prescribe the prudential norms for identification and classification of NPAs and the minimum provision required for such assets. The Company is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI. The Company has detailed its accounting policy in this regard in Significant accounting policies disclosed in the special purpose financial statements. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit, we have ascertained identification and provisioning for NPAs as a key audit matter.	The audit procedures performed, among others, included - We understood and evaluated the design effectiveness and tested the operating effectiveness of the key controls over the identification of NPAs and computation of NPA provision. - We independently assessed the appropriateness of NPA provisioning methodologies and policies followed by the Management and verified the compliance of the same vis a vis RBI norms. - Performing other procedures including substantive audit procedures covering the identification of NPAs by the Company. These procedures included: Reviewing borrower accounts and other related information on a sample basis, selected based on quantitative and qualitative risk factors. - Review of the security pledged to the Company for a selected sample by verifying the valuation reports etc. for the collateral. - With respect to provisioning of advances, we recomputed the NPA provision to ensure arithmetical accuracy and compliance with RBI guidelines. - We performed look back analysis to assess the adequacy of NPA provision in terms of actual loss incurred in the past four years vis-a-vis the provision carried in the books as at the balance sheet date. Based on the above procedures performed, the management's assessment of provision for NPA in respect of loans and advances (including credit substitutes) is considered to be reasonable.

6. The following Key Audit Matter was included in the audit report dated 25 April 2023 containing an unmodified audit opinion on the special purpose financial statements of Kotak Securities Limited, a subsidiary of the Holding Company issued by Deloitte Haskins & Sells LLP, an independent firm of Chartered Accountants reproduced by us as under:

Key Information technology {IT} systems used in financial reporting process

Key Audit Matter	Auditor's Response
The Company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. The Company uses Oracle system as the General Ledger for overall financial reporting which is interfaced with other systems that process transactions, which impacts significant account balances. The Company relies on automated processes and controls for recordings of its transactions and accordingly our audit was focused on Key IT systems and controls due to pervasive impact on the financial statements.	Principal Audit procedures: We involved our IT specialists to obtain an understanding of the entity's IT related control environment. Furthermore, we conducted a risk assessment identified IT applications, databases and operating systems that are relevant to our audit. For the key IT systems relevant to financial reporting, our areas of audit focus included Access Security (including controls over privileged access), Program Change controls and network operations. In Particulars: - we obtained an understanding of the entity's IT environment and key changes if any during the audit period that may be relevant to the audit; - we tested the design, implementation and operative effectiveness of the general IT control over the key IT systems that are critical to the financial reporting. This included evaluation of entity's controls to ensure segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users; - we tested key automated business cycle controls, related interfaces and logics for system generated reports relevant to the audit for evaluating completeness and accuracy; - we also tested the controls over network segmentation, restriction of remote access to the entity's network, controls over firewall configurations and mechanisms implemented by the entity to prevent, detect and respond to network security incidents; and we tested compensating controls or performed alternate procedures to assess whether there were any unaddressed Significant IT risks that would materially impact the financial statements.

7. The following Key Audit Matters were included in the audit report dated 26 April 2023 containing an unmodified audit opinion on the special purpose financial statements of Kotak Mahindra Prime Limited, a subsidiary of the Holding Company, issued by joint auditors M M Nissim & Co LLP and Mukund M. Chitale & Co., an independent firm of Chartered Accountants reproduced by us as under:

Assessment of Provision for Non-Performing Assets (NPA) in respect of Loans and Advances

Key Audit Matter	How our audit addressed the key audit matter
(Refer Notes 13, 14, 16, 19 and 25 of the special purpose financial statements)	Our audit procedures on the NPA provision included the following –
The loan balances (including credit substitutes) towards Vehicle Finance, Loans against Securities / Collaterals, Structured Loans, Personal and other Loans aggregates to ₹ 2,873,948 lakhs, which also include Gross Non-Performing Assets ₹56,422 lakhs. These balances are significant to the special purpose financial statements and involves judgement around the calculation of the NPA provision of ₹ 32,661 lakhs.	i) We performed end to end process walkthroughs to identify the key systems, applications and controls used in the NPA provisioning processes.
NPA provision represents management's estimate of losses incurred within the loan portfolios at the balance sheet date and are inherently judgmental.	ii) We understood and evaluated the design effectiveness and tested the operating effectiveness of the key controls over the assessment and computation of NPA provision.
NPA provision is calculated in accordance with the NPA policy which is in compliance with the Reserve Bank of India (RBI) guidelines read with the notifications issued by the RBI. Qualitative factors like nature of loan, deterioration in credit quality, reduction in the value of collateral, uncertainty over realisability of collateral, erosion over time and other related factors are taken into consideration to assess need and extent of NPA provision.	iii) We independently assessed the appropriateness of NPA provisioning policies and methodologies followed by the Management.
	iv) For sample of loans across the portfolio, we recomputed the NPA provision to ensure arithmetical accuracy and compliance with the NPA policy as referred to in the Component's special purpose financial statements.
	v) We evaluated the adequacy of presentation and disclosures in relation to NPA provisions in the special purpose financial statements.
Given the significant judgment and the complexity of audit procedures involved, we determined this to be a key audit matter.	

IT systems and controls

Key Audit Matter	How our audit addressed the key audit matter
The Component's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.	Our audit procedures to assess the IT system access management included the following:
We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	i) We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems including system access and system change management and computer operations.
	ii) We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.
	iii) For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.
	iv) Evaluating the design, implementation, and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.



8. The following Key Audit Matter was reported to us by the auditor Price Waterhouse Chartered Accountants LLP of Kotak Mahindra Asset Management Company Limited, a subsidiary of the Holding Company vide their communication dated 27 April 2023 which are reproduced by us as under:

Revenue Recognition – Management fees and portfolio management services

Key Audit Matter	How our audit addressed the key audit matter
The Company recognizes revenue from management fees from mutual fund schemes and Portfolio Management Services rendered to customers, the amounts of which are material to the special purpose standalone financial statements.	Our audit procedures included:
There are inherent risks of material misstatement since management fee / portfolio management services fee depending upon contractual terms. Accordingly, recognition of revenue is considered to be a key audit matter.	- Obtained understanding of the revenue recognition in respect of Management fees and portfolio management services - Evaluated the design effectiveness and tested the operating effectiveness of relevant controls in place in relation to revenue recognition of Management fees and Portfolio Management Services. - Reviewed the terms of the contracts for Management fees and Portfolio Management Services. - Obtained the computation details of Management fees and portfolio management services from the Management and recomputed the same on a test check basis. - Verified invoices raised by the Company and traced collection to the bank statements on a test check basis. - Verified that changes in the rate structure of the management fee and portfolio management services with the approvals of the authorised personnel to ensure that the invoices are raised at the correct amounts. - Verified the management fees on scheme level with the certificate issued by the statutory auditors of scheme mutual fund. - In respect of management fees and portfolio management fee receivable at the end of the year tested, the subsequent realization on a test check basis.
	Basis the above procedures performed, we did not note any exceptions with respect to the management fees and portfolio management services.

Information other than the Financial Statements and Auditor's Report thereon

9. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

10. The accompanying Consolidated Financial Statements have been approved by the Bank's Board of Directors. The Bank's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the Companies (Accounting Standard) Rules, 2021, provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India from time to time ('the RBI Guidelines'). The respective Board of Directors of the Holding Company and the subsidiary companies included in the Group and its associate companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI guidelines for safeguarding of the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Management and Directors of the Holding Company, as aforesaid.

11. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the respective companies included in the Group and of its associates, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the companies included in the Group and its associates or to cease operations, or has no realistic alternative but to do so.

12. The respective Board of Directors are also responsible for overseeing the financial reporting process of the subsidiary companies included in the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to Consolidated Financial Statements and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associates, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statement of such entities included in the Consolidated Financial Statements, of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
15. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

18. The Consolidated Financial Statements of the Bank for the year ended 31 March 2022, were audited by M/s Walker Chandiok & Co LLP and Price Waterhouse LLP, who vide their report dated 04 May 2022 expressed an unmodified opinion on those Consolidated Financial Statements, Accordingly KKC & Associates LLP (Formerly Khimji Kunverji & Co LLP) does not express any opinion on for the Consolidated Financial Statements for the year ended 31 March 2022.

Our opinion is not modified in respect of this matter.

19. We did not audit the financial statements of 17 subsidiaries, whose financial statements reflect total assets of ₹ 69,730.22 crores (before consolidation adjustments) and net assets of ₹ 24,615.07 crores (before consolidation adjustments) as at 31 March 2023, total revenues of ₹ 9,921.26 crores (before consolidation adjustments) and net cash flows amounting to ₹ 1,023.34 crores for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group’s share of net profit of ₹ 144.57 crores for the year ended 31 March 2023 in respect of 2 associates whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, and associates, is based solely on the reports of the other auditors.

Further, of these subsidiaries, 5 subsidiaries are located outside India, whose annual financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries, and which have been audited by other auditors under the respective auditing standards used by the component auditors, as applicable in their respective countries. The Holding Company’s management has converted the financial statements of such subsidiaries from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. An Independent firm of Chartered Accountants appointed by the Holding Company’s management in India have audited these conversion adjustments made by the Holding Company’s management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based on the audit reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by the Independent firm of Chartered Accountants appointed by the Holding Company’s management in India.

Our opinion above on the Consolidated Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

20. Further, one of the subsidiary company whose financial statement reflects total assets of ₹ 65,584.55 crores (before consolidation adjustments) and net assets of ₹ 5,327.70 crores (before consolidation adjustments) as at 31 March 2023, total revenues of ₹ 18,106.01 crores (before consolidation adjustments) and net cash flows of ₹ (181.22) crores for the year ended 31 March 2023, as considered in the Consolidated Financial Statements, which have been audited by Price Waterhouse LLP, one of the joint auditors of the Bank, along with other joint auditors of the subsidiary company, whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the joint auditors of subsidiary company.

Our opinion above on Consolidated Financial Statements is not modified in respect of this matter.

21. Further, one of the subsidiary company whose financial statement reflects total assets of ₹ 1,480.00 crores (before consolidation adjustments) and net assets of ₹ 805.72 crores (before consolidation adjustments) as at 31 March 2023, total revenues of ₹ 320.78 crores (before consolidation adjustments) and net cash flows of ₹ 40.69 crores for the year ended 31 March 2023, as considered in the Consolidated Financial Statements, which have been audited by Price Waterhouse LLP, one of the joint auditors of the Bank, whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the auditor of subsidiary company.

Our opinion above on Consolidated Financial Statements is not modified in respect of this matter.

22. The following other matter paragraph has been included in the audit report of Kotak Mahindra Life Insurance Company Limited ('KLIFE') the subsidiary of the Bank, issued by the joint auditors of KLIFE vide their report dated 26 April 2023:

“The actuarial valuation of liabilities for policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31st March 2023 is the responsibility of the Company’s Appointed Actuary (the “Appointed Actuary”), which has been certified by the Appointed Actuary in accordance with the regulations, as mentioned in paragraph 8 below. Accordingly, we have relied upon the Appointed Actuary’s certificate for forming our opinion on the financial statements of the Company. Our opinion is not modified in respect of this matter”.

The following paragraph ‘paragraph 8’ was included in the audit report of Kotak Mahindra Life Insurance Company Limited, reproduced by us as under:

“The actuarial valuation of liabilities for policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31st March 2023 is the responsibility of the Company’s Appointed Actuary (the “Appointed Actuary”). The actuarial valuation of these liabilities as at March 31, 2023 has been duly certified by the Appointed Actuary and in his opinion, the actuarial liabilities have been calculated in accordance with generally accepted actuarial principles, the requirements of the Insurance Act, 1938, Insurance Act (Amendment), 2015, relevant IRDA regulations and the Actuarial Practice Standards and Guidance Notes of the Institute of Actuaries of India”.

Our opinion is not modified in respect of this matter.

23. The following other matter paragraph has been included in the audit report of Kotak Mahindra General Insurance Company Limited ('KMGICL'), the subsidiary of the Bank, issued by the joint auditors of KMGICL vide their report dated 21 April 2023:

“Pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims Incurred But Not Reported (“IBNR”), claims Incurred But Not Enough Reported (“IBNER”) and Premium Deficiency Reserve (“PDR”) as at March 31, 2023, has been duly certified by the Appointed Actuary. They have also certified that assumptions used for such valuation are appropriate and in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. Accordingly, we have relied upon the aforesaid certificate from the Appointed Actuary while forming our opinion on the financial statements of the Company”.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

24. The Consolidated Balance Sheet and the Consolidated Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 and section 133 of the Act and the relevant rules issued thereunder.
25. In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act are not applicable to the Bank by virtue of Section 35B(2A) of the Banking Regulation Act, 1949. Accordingly, the reporting under Section 197(16) of the Act regarding payment/ provision for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act, is not applicable.

Based on the consideration of audit report of the statutory auditors of Kotak Mahindra Life Insurance Company Limited and Kotak Mahindra General Insurance Company Limited, the subsidiary companies, the remuneration paid to their directors during the year ended 31 March 2023 was in accordance with the provisions of section 197 of the Act, read with section 34A of the Insurance Act, 1938. Further, based on the consideration of audit reports of the statutory auditors of eight subsidiaries reported to us namely, Kotak Securities Limited, Kotak Mahindra Trusteeship Services Limited, Kotak Mahindra Capital Company Limited, Kotak Mahindra Trustee Company Limited, Kotak Mahindra Prime Limited and Kotak Mahindra Pension Fund Limited, BSS Microfinance Limited, Kotak Mahindra Asset Management Company Limited, the remuneration paid to their directors during the year ended 31 March 2023 was in accordance with the provisions of section 197 of the Act.

Based on the consideration of audit report of the statutory auditors of Phoenix ARC Private Limited, the associate company, the provisions of section 197 read with Schedule V of the Act, are not applicable to it for the year ended 31 March 2023.

For four subsidiaries and one associate, covered under the Act, in absence of reporting by statutory auditors of such entities with respect to compliance of the provisions of section 197 read with Schedule V of the Act, during the year ended 31 March 2023, we are unable to comment on such compliance for the said entities as required to be reported by us under section 197(16) of the Act.



26. Further, as required by section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The Consolidated Balance Sheet, the consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under section 133 of the Act read with the Companies (Accounting Standard) Rules, 2021, to the extent they are not inconsistent with the accounting policies prescribed by RBI.
 - e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, its subsidiary and its associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of other auditors on separate financial statements of such subsidiaries, associates, as noted in the “Other Matters” paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group, and its associates as detailed in Refer - Schedule 12.I, Schedule 17 Note 2(X) and Schedule 17 Note 9 to the consolidated financial statements;
 - ii. Provision has been made in the Consolidated Financial Statements as at 31 March 2023, as required under the applicable law or the Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2023 as detailed in Refer (a) - Schedule 12.II, Schedule 17 – Note 2(G), Schedule 17 – Note 2(X) and Schedule 17 – Note 7 and Note 9 to the Consolidated Financial Statements in respect of such items as it relates to the Group (b) Note 20 to the Consolidated Financial Statements in respect of the Group’s share of net profit/loss of its associates;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, and associate companies incorporated in India, as applicable, during the year ended 31 March 2023.
 - iv.
 - (a) The respective Managements of the Bank, subsidiaries and its associates which are companies incorporated in India whose financial statements have been audited under the Act have represented to us, and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, other than as disclosed in in Schedule 17 – Note 25, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank or any of such subsidiaries and associates to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank or any of such subsidiaries and associates ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b. The respective Managements of the Bank, its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, other than as disclosed in Schedule 17 – Note 25, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries and associates from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Bank or any of such subsidiaries and associates shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c. Based on the audit procedures, that which we have has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor’s notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

- v. The dividend declared and paid during the year by the Bank and its subsidiaries and associates is in compliance with Section 123 of the Act.
- vi. As the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for the accounting software used by the Group and its associate companies for maintaining their books of account to have the feature for recording of audit trail (edit log) facility and related matters, is applicable for the Group and its associate companies only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 is currently not applicable.

For **Price Waterhouse LLP**
Chartered Accountants
Firm Registration Number: 301112E/ E300264

Russell I Parera
Partner
Membership Number: 042190
UDIN: 23042190BG TALV9650

Place: Mumbai
Date: 29 April 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Gautam Shah
Partner
Membership Number: 117348
UDIN: 23117348BGSZIG4145

Place: Mumbai
Date: 29 April 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KOTAK MAHINDRA BANK LIMITED FOR THE YEAR ENDED 31 MARCH 2023

Referred to in paragraph 26(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Independent Auditor's Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- 1. In conjunction with our audit of the consolidated financial statements of **Kotak Mahindra Bank Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates as at and for the year ended **31 March 2023**, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

- 2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, to whom reporting under clause (i) of sub-section 143 of the Act in respect of adequacy of the internal control with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

- 3. Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing ('SAs') issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those SAs and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.
- 4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.
- 5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

- 6. A Bank's internal financial controls with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial controls with reference to Consolidated Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

- 7. Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

- 8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to Consolidated Financial Statements of the subsidiary companies and associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such controls were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.



Other Matters

- 9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated Financial Statements insofar as it relates to fourteen subsidiary companies and two associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of this matter.

- 10. The following other matter paragraph has been included in the Annexure 'A' to the audit report of Kotak Mahindra Life Insurance Company Limited ('KLIFE') the subsidiary of the Bank, issued by the joint auditors of KLIFE vide their report dated 26 April 2023:

"The actuarial valuation of liabilities for policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31st March 2023 is required to be certified by the Appointed Actuary as per the regulations, and has been relied upon by us, as mentioned in para 3 and 8 of our audit report on the financial statements for the year ended March 31, 2023. Accordingly, our opinion on the internal financial controls over financial reporting does not include reporting on the operating effectiveness of the management's internal controls over the valuation and accuracy of the aforesaid actuarial valuation".

The following paragraph 'paragraph 3' was included in the audit report of Kotak Mahindra Life Insurance Company Limited, reproduced by us as under:

"The actuarial valuation of liabilities for policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31st March 2023 is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"), which has been certified by the Appointed Actuary in accordance with the regulations, as mentioned in paragraph 8 below. Accordingly, we have relied upon the Appointed Actuary's certificate for forming our opinion on the financial statements of the Company. Our opinion is not modified in respect of this matter".

The following paragraph 'paragraph 8' was included in the audit report of Kotak Mahindra Life Insurance Company Limited, reproduced by us as under:

"The actuarial valuation of liabilities for policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31st March 2023 is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities as at March 31, 2023 has been duly certified by the Appointed Actuary and in his opinion, the actuarial liabilities have been calculated in accordance with generally accepted actuarial principles, the requirements of the Insurance Act, 1938, Insurance Act (Amendment), 2015, relevant IRDA regulations and the Actuarial Practice Standards and Guidance Notes of the Institute of Actuaries of India".

Our opinion above is not modified in respect of this matter.

- 11. The following other matter paragraph has been included in the Annexure 'A' to the audit report of Kotak Mahindra General Insurance Company Limited, ('KMGICL') the subsidiary of the Bank, issued by the joint auditors of KMGICL vide their report dated 21 April 2023:

"Pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims incurred But Not Reported ("IBNR"), claims Incurred But Not Enough Reported ("IBNER") and Premium Deficiency Reserve ("PDR") as at March 31, 2023, has been duly certified by the Appointed Actuary. They have also certified that assumptions used for such valuation are appropriate and in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the aforesaid certificate while forming our opinion on the financial statements of the Company as mentioned in Other Matter paragraph in our Audit Report on the financial statements for the year ended March 31, 2023. Accordingly, our opinion on the internal financial controls with reference to financial statements does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities. Our opinion is not modified in respect of the above matter".

Our opinion above is not modified in respect of this matter.

For **Price Waterhouse LLP**
Chartered Accountants
Firm Registration Number: 301112E/ E300264

Russell I Parera
Partner
Membership Number: 042190
UDIN: 23042190BG TALV9650

Place: Mumbai
Date: 29 April 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Gautam Shah
Partner
Membership Number: 117348
UDIN: 23117348BGSZIG4145

Place: Mumbai
Date: 29 April 2023

Consolidated Balance Sheet

as at 31st March, 2023

(₹ in thousands)			
	Schedule	As at 31 st March, 2023	As at 31 st March, 2022
CAPITAL AND LIABILITIES			
Capital	1	14,932,783	14,923,309
Employees' Stock Options (Grants) Outstanding		603,058	313,063
Reserves and Surplus	2	1,107,608,142	956,416,988
Deposits	3	3,612,726,221	3,100,868,928
Borrowings	4	570,339,234	551,598,651
Policyholders' Funds		579,794,726	506,667,901
Other Liabilities and Provisions	5	318,293,184	334,190,238
Total		6,204,297,348	5,464,979,078
ASSETS			
Cash and Balances with Reserve Bank of India	6	199,852,047	360,491,782
Balances with Banks and Money at Call and Short Notice	7	229,401,424	166,163,061
Investments	8	1,953,379,702	1,645,294,067
Advances	9	3,591,074,627	3,044,735,955
Fixed Assets	10	22,612,045	19,096,314
Other Assets	11	199,839,973	221,060,369
Goodwill on Consolidation		8,137,530	8,137,530
Total		6,204,297,348	5,464,979,078
Contingent Liabilities	12	4,676,403,766	2,744,766,841
Bills for Collection		446,552,442	387,092,819
Significant Accounting Policies and Notes to Accounts forming part of the Consolidated Financial Statements	17		
The schedules referred to above form an integral part of this Consolidated Balance Sheet			

As per our report of even date attached.

For and on behalf of the Board of Directors

For KKC & Associates LLP

Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration No. 105146W/W100621

Gautam Shah

Partner
Membership No. 117348

For Price Waterhouse LLP

Chartered Accountants
Firm Registration No. 301112E/E300264

Russell I Parera

Partner
Membership No. 042190

Mumbai
29th April, 2023

Prakash Apte

Chairman
DIN:00196106

Dipak Gupta

Joint Managing Director
DIN: 00004771

Jaimin Bhatt

President and
Group Chief Financial Officer
Membership No. 35630

Uday Kotak

Managing Director and
Chief Executive Officer
DIN: 00007467

Uday Khanna

Director
DIN: 00079129

Avan Doomasia

Senior Executive Vice President and
Company Secretary
FCS. No. 3430



Consolidated Profit and Loss Account

for the year ended 31st March, 2023

(₹ in thousands)			
	Schedule	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
I. INCOME			
Interest Earned	13	421,510,612	337,406,199
Other Income	14	259,909,660	249,410,585
Total		681,420,272	586,816,784
II. EXPENDITURE			
Interest Expended	15	144,111,322	115,535,370
Operating Expenses	16	336,450,287	304,093,344
Provisions and Contingencies (Refer Note 7.B - Schedule 17)		53,054,242	47,869,335
Total		533,615,851	467,498,049
III. PROFIT			
Net Profit for the year		147,804,421	119,318,735
Add: Share in profit / (loss) of Associates		1,445,675	1,575,180
Consolidated Profit for the year attributable to the Group		149,250,096	120,893,915
Add : Balance in Profit and Loss Account brought forward from previous year		524,804,324	435,222,135
Total		674,054,420	556,116,050
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		27,348,300	21,431,800
Transfer to Special Reserve u/s 45 IC of RBI Act, 1934		2,211,161	2,580,601
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		1,150,000	950,000
Transfer to Debenture Redemption Reserve		161,000	65,000
Transfer to Capital Reserve		9,900	94,700
Transfer to Investment Fluctuation Reserve Account		5,253,150	4,000,000
Dividend		2,589,206	2,189,625
Balance carried over to Balance Sheet		635,331,703	524,804,324
Total		674,054,420	556,116,050
V. EARNINGS PER SHARE [Refer Note 10 - Schedule 17]			
Basic (₹)		74.96	60.76
Diluted (₹)		74.94	60.73
Face value per share (₹)		5.00	5.00
Significant Accounting Policies and Notes to Accounts forming part of the Consolidated Financial Statements	17		
The schedules referred to above form an integral part of this Consolidated Profit and Loss Account			

As per our report of even date attached.

For and on behalf of the Board of Directors

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Mumbai
29th April, 2023

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Avan Doomasia

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Company Secretary
FCS. No. 3430

Consolidated Cash Flow Statement

for the year ended 31st March, 2023

	(₹ in thousands)	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before share in profit / (loss) of Associates	147,804,421	119,318,735
Add: Provision for tax	48,657,419	40,164,275
Net Profit before taxes	196,461,840	159,483,010
Adjustments for :-		
Employee Stock Options Expense	456,424	314,383
Depreciation on Group's property	5,992,592	4,803,507
Provision for Diminution / (Write back) in the value of Investments	(181,638)	(804,038)
(Profit) / Loss on revaluation of Investments (net)	14,077,645	2,711,593
(Profit) / Loss on sale of Investments (net)	(9,068,640)	(19,661,884)
Amortisation of Premium on Investments	5,776,307	5,613,196
Provision for Non Performing Assets, Standard Assets and Other Provisions	4,578,461	8,509,098
Profit on sale of Fixed assets	(107,784)	(264,297)
	217,985,207	160,704,568
Adjustments for :-		
(Increase) / Decrease in Investments - Available for Sale, Held for Trading and Stock-in-Trade	(221,348,255)	41,237,045
(Increase) in Advances	(551,423,212)	(535,265,591)
(Increase) in Other Assets	22,496,950	(27,904,685)
Increase in Deposits	511,857,293	312,154,820
Increase in Policyholders' Funds	73,126,825	85,952,750
Increase / (Decrease) in Other Liabilities and Provisions	(17,465,333)	83,648,138
Sub-total	(182,755,732)	(40,177,523)
Direct Taxes Paid	(47,653,776)	(37,443,422)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	(12,424,301)	83,083,623
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(9,867,647)	(6,697,695)
Sale of Fixed assets	261,269	364,430
(Increase) in Other Investments (including investments in HTM securities)	(95,895,379)	(103,359,305)
NET CASH FLOW (USED IN) INVESTING ACTIVITIES (B)	(105,501,757)	(109,692,570)



Consolidated Cash Flow Statement

for the year ended 31st March, 2023

	(₹ in thousands)	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid including corporate dividend tax	(2,589,206)	(2,189,625)
Money received on issue of Equity Shares / exercise of stock options	2,678,633	3,585,634
Share issue expenses	-	(533)
Increase/(Decrease) in borrowings	18,740,583	74,038,560
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)	18,830,010	75,434,036
Increase / (Decrease) in Foreign Currency Translation Reserve (D)	1,694,676	663,553
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	(97,401,372)	49,488,642
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Refer Note below)	526,654,843	477,166,201
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note below)	429,253,471	526,654,843
Note:		
Balance with banks in India in Other Deposit Accounts (As per Schedule 7 I (i) (b))	78,897,269	60,497,233
Balance with banks in India in Current Account (As per Schedule 7 I (i) (a))	4,546,355	4,662,792
Money at call and short notice in India with Banks (As per Schedule 7 I (ii) (a))	98,035,628	41,523,088
Money at call and short notice in India with Other Agencies (As per Schedule 7 I (ii) (b))	1,500,000	-
Cash in hand (As per Schedule 6 I)	19,020,194	17,640,231
Balance with RBI in Current Account (As per Schedule 6 II (i))	180,831,853	142,851,551
Balance with RBI in Other Account (As per Schedule 6 II (ii))	-	200,000,000
<u>Balance with banks Outside India:</u>		
(i) In Current Account (As per Schedule 7 II (i))	24,488,381	50,554,242
(ii) In Other Deposit Accounts (As per Schedule 7 II (ii))	21,933,791	8,925,706
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	429,253,471	526,654,843

As per our report of even date attached.

For and on behalf of the Board of Directors

For KKC & Associates LLP
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FCS. No. 3430

Russell I Parera
Partner
Membership No. 042190

Mumbai
29th April, 2023

Schedules

Forming part of Consolidated Balance Sheet as at 31st March, 2023

SCHEDULE 1 - CAPITAL

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
Authorised Capital		
2,800,000,000 Equity Shares of ₹ 5/- each	14,000,000	14,000,000
2,800,000,000 (31 st March, 2022: 2,800,000,000 Equity Shares of ₹ 5/- each)		
1,000,000,000 (31 st March, 2022: 1,000,000,000) Perpetual Non Cumulative Preference Shares of ₹ 5/- each	5,000,000	5,000,000
	19,000,000	19,000,000
Issued, Subscribed and Paid-up Capital		
1,986,556,582 (31 st March, 2022: 1,984,661,760) Equity Shares of ₹ 5/- each fully paid-up	9,932,783	9,923,309
1,000,000,000 (31 st March, 2022: 1,000,000,000) Perpetual Non Cumulative Preference Shares of ₹ 5/- each fully paid-up	5,000,000	5,000,000
Total	14,932,783	14,923,309

SCHEDULE 2 - RESERVES AND SURPLUS

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
I. Statutory Reserve		
Opening Balance	120,969,683	99,537,883
Add: Transfer from Profit and Loss Account	27,348,300	21,431,800
Total	148,317,983	120,969,683
II. Capital Reserve		
Opening Balance	3,521,986	3,427,286
Add: Transfer from Profit and Loss Account	9,900	94,700
Total	3,531,886	3,521,986
III. General Reserve		
Opening Balance	6,540,937	6,540,937
Add: Amount transferred on Employee's Stock Options (Grants) Outstanding lapsed	21,055	-
Total	6,561,992	6,540,937
IV. Securities Premium Account		
Opening Balance	250,339,655	246,745,777
Add: Received during the year	2,814,533	3,594,411
Less: Utilised for Share Issue Expenses	-	533
Total	253,154,188	250,339,655
V. Special Reserve under Section 45IC of the RBI Act, 1934		
Opening Balance	18,302,247	15,721,646
Add: Transfer from Profit and Loss Account	2,211,161	2,580,601
Total	20,513,408	18,302,247
VI. Capital Reserve on Consolidation		
Opening Balance	1,475,671	1,475,671
Total	1,475,671	1,475,671
VII. Foreign Currency Translation Reserve		
(Refer Note 2(G)(viii) and (xii)- Schedule 17)		
Opening Balance	3,380,289	2,716,736
Increase / (Decrease) during the year	1,694,676	663,553
Total	5,074,965	3,380,289



	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
VIII. Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961		
Opening Balance	7,792,000	6,842,000
Add: Transfer from Profit and Loss Account	1,150,000	950,000
Total	8,942,000	7,792,000
IX. Investment Fluctuation Reserve		
Opening Balance	17,746,850	13,746,850
Add: Transfer from Profit and Loss Account	5,253,150	4,000,000
Total	23,000,000	17,746,850
X Capital Redemption Reserve		
Opening Balance	101,800	101,800
Total	101,800	101,800
XI. Amalgamation Reserve		
Opening Balance	1,224,046	1,224,046
Total	1,224,046	1,224,046
XII. Investment Allowance (Utilised) Reserve		
Opening Balance	500	500
Total	500	500
XIII. Debenture Redemption Reserve		
Opening Balance	217,000	152,000
Add: Transfer from Profit and Loss Account	161,000	65,000
Total	378,000	217,000
XIV. Balance in the Profit and Loss Account	635,331,703	524,804,324
Total (I to XIV)	1,107,608,142	956,416,988

SCHEDULE 3 - DEPOSITS

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
A.		
I. Demand Deposits		
i. From Banks	2,435,164	3,504,995
ii. From Others	686,434,025	631,711,381
Total	688,869,189	635,216,376
II. Savings Bank Deposits	1,217,850,232	1,244,721,650
III. Term Deposits		
i. From Banks	26,074,227	6,492,720
ii. From Others	1,679,932,573	1,214,438,182
Total	1,706,006,800	1,220,930,902
Total Deposits (I to III)	3,612,726,221	3,100,868,928
B.		
I. Deposits of Branches in India	3,594,616,365	3,099,240,547
II. Deposits of Branches Outside India	18,109,856	1,628,381
Total Deposits (I + II)	3,612,726,221	3,100,868,928

SCHEDULE 4 - BORROWINGS

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
I. Borrowings in India		
(i) Reserve Bank of India	47,000,000	-
(ii) Other Banks	167,075,151	225,304,155
(iii) Other Institutions and Agencies (Refer Note 12 - Schedule 17)	311,361,791	274,345,882
Total	525,436,942	499,650,037
II. Borrowings outside India		
Banks and Other Institutions	44,902,292	51,948,614
Total	44,902,292	51,948,614
Total Borrowings (I + II)	570,339,234	551,598,651
Secured Borrowings (other than CBLO and Repo Borrowings included in I above)	235,428,305	161,988,704

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
I. Bills Payable	30,880,205	33,086,059
II. Interest Accrued	15,559,185	9,028,570
III. Provision for tax (net of advance tax and tax deducted at source)	8,458,029	6,820,943
IV. Standard Asset provision	17,157,419	15,516,212
V. Others (including provisions) (Refer Note 3, 6 and 24 (a) - Schedule 17)	246,238,346	269,738,454
Total	318,293,184	334,190,238

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
I. Cash in hand (including foreign currency notes)	19,020,194	17,640,231
II. Balances with RBI		
(i) in Current Account	180,831,853	142,851,551
(ii) in Other Account	-	200,000,000
Total	199,852,047	360,491,782

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
I. In India		
(i) Balances with Banks		
(a) In Current Accounts	4,546,355	4,662,792
(b) In Other Deposit Accounts (Refer Note 4 - Schedule 17)	78,897,269	60,497,233
Total	83,443,624	65,160,025
(ii) Money at Call and Short Notice		
(a) With Banks	98,035,628	41,523,088
(b) With Other Agencies	1,500,000	-
Total	99,535,628	41,523,088
Total (i + ii)	182,979,252	106,683,113
II. Outside India		
(i) In Current Accounts	24,488,381	50,554,242
(ii) In Other Deposit Accounts	21,933,791	8,925,706
Total (i + ii)	46,422,172	59,479,948
Total (I + II)	229,401,424	166,163,061



SCHEDULE 8 - INVESTMENTS

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
I. Investments in India in [Refer Note 5 - Schedule 17]		
i. Government Securities	1,239,635,493	1,057,532,945
ii. Other approved Securities	-	-
iii. Shares	180,795,864	181,165,478
iv. Debentures and Bonds	359,616,543	286,881,055
v. Associates *	14,520,850	13,075,175
vi. Others [Units, Certificate of Deposits (CD), Commercial Paper (CP), Security Receipts, Pass Through Certificates (PTC), Alternate Asset and Other similar funds]	146,347,053	82,643,757
Total	1,940,915,803	1,621,298,410
II. Investments Outside India in		
i. Government Securities	1,464,844	4,158,642
ii. Shares	12,472	12,471
iii. Debentures and Bonds	10,335,499	19,078,782
iv. Others [Venture, Private Equity and other similar funds]	651,084	745,762
Total	12,463,899	23,995,657
Total Investments (I + II)	1,953,379,702	1,645,294,067
*Investment in Associates		
Equity Investment in Associates	1,012,900	1,247,777
Add: Goodwill on acquisition of Associates	-	4,962
Less: Provision for diminution	-	4,857
Less: Capital reserve on Consolidation (Share of pre-acquisition profits)	1,651	3,375
Less: Proceeds from Voluntary Liquidation (Refer Note 26 - Schedule 17)	-	33,500
Cost of Investment in Associates	1,011,249	1,211,007
Add: Post-acquisition profit / (loss) and Reserve of Associates (Equity method)	13,509,601	11,864,168
Total	14,520,850	13,075,175

SCHEDULE 9 - ADVANCES

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
A.		
(i) Bills purchased and discounted #	55,508,802	67,871,000
(ii) Cash Credits, Overdrafts and Loans repayable on demand^	980,676,164	930,012,423
(iii) Term Loans@	2,554,889,661	2,046,852,532
Total	3,591,074,627	3,044,735,955
# Bills purchased and discounted is net of bills rediscounted ₹ 1,475.84 crore (previous year ₹ 2,792.10 crore)		
^ net of borrowings under Inter Bank Participatory certificates of ₹ 220.00 crore (Previous Year ₹ Nil crore)		
@ net of borrowings under Inter Bank Participatory certificates of ₹ 3,986.26 crore (Previous Year ₹ Nil crore)		
B.		
(i) Secured by tangible assets*	2,825,103,083	2,280,240,957
(ii) Covered by Bank / Government guarantees	69,720,473	117,842,801
(iii) Unsecured	696,251,071	646,652,197
Total	3,591,074,627	3,044,735,955
* including advances secured against book debts		
C. I Advances in India		
(i) Priority Sector	1,471,534,973	1,245,186,615
(ii) Public Sector	4,093,487	1,431,818
(iii) Banks	2,077	18,156
(iv) Others	2,066,902,228	1,754,103,272
Total	3,542,532,765	3,000,739,861
C. II Advances outside India		
(i) Due from banks	-	-
(ii) Due from others		
a) Bills purchased and discounted	-	-
b) Syndicated and term loans	48,541,862	43,996,094
c) Others	-	-
Total	48,541,862	43,996,094
Grand Total (C.I and C.II)	3,591,074,627	3,044,735,955

SCHEDULE 10 - FIXED ASSETS

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
A. Premises (Including Land)		
Gross Block		
At cost on 31 st March of the preceding year	11,318,275	11,332,150
Add: Additions during the year	11,563	4,948
Less: Deductions during the year	5,369	18,823
Total	11,324,469	11,318,275
Depreciation		
As at 31 st March of the preceding year	2,360,672	2,181,752
Add: Charge for the year	186,963	187,047
Less: Deductions during the year	1,194	8,127
Depreciation to date	2,546,441	2,360,672
Net Block	8,778,028	8,957,603
B. Other Fixed Assets (including furniture and fixtures)		
Gross Block		
At cost on 31 st March of the preceding year	37,742,550	33,513,678
Add: Additions during the year	9,650,804	6,593,380
Less: Deductions during the year	4,425,395	2,364,508
Total	42,967,959	37,742,550
Depreciation		
As at 31 st March of the preceding year	27,760,823	25,419,434
Add: Charge for the year	5,805,629	4,616,460
Less: Deductions during the year	4,275,526	2,275,071
Depreciation to date	29,290,926	27,760,823
Net Block (Refer Note 22 - Schedule 17)	13,677,033	9,981,727
C. Leased Fixed Assets		
Gross Block		
At cost on 31 st March of the preceding year	1,540,585	1,540,585
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
Total	1,540,585	1,540,585
Depreciation		
As at 31 st March of the preceding year	1,383,601	1,383,601
Add: Charge for the year	-	-
Less: Deductions during the year	-	-
Depreciation to date	1,383,601	1,383,601
Net Block	156,984	156,984
Total (A) + (B) + (C)	22,612,045	19,096,314

SCHEDULE 11 - OTHER ASSETS

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
I. Interest accrued	53,859,399	46,216,479
II. Advance tax (net of provision for tax)	1,066,886	206,426
III. Stationery and stamps	114,152	114,328
IV. Cheques in course of collection	6,330	8,060
V. Non Banking assets acquired in satisfaction of claims	-	-
VI. Others (Refer Note 3, 21 and 24 (b) - Schedule 17)	144,793,206	174,515,076
Total	199,839,973	221,060,369

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
I. Claims not acknowledged as debts	8,699,391	8,693,759
II. Liability on account of outstanding forward exchange contracts	2,991,383,200	1,575,022,126
III. Guarantees on behalf of constituents		
i) In India	279,634,388	237,436,367
ii) Outside India	124,704	112,972
IV. Acceptances, Endorsements and Other Obligations	244,573,710	232,694,713
V. Other items for which the Group is contingently liable:		
i) Liability in respect of interest rate, currency swaps and forward rate agreements	1,067,674,426	636,652,131
ii) Liability in respect of other derivative contracts	38,378,490	37,911,545
iii) Capital commitments not provided	42,371,214	13,213,233
iv) Unclaimed customer balances *	3,564,243	3,029,995
Total	4,676,403,766	2,744,766,841
* includes amount transferred to RBI DEA Fund Scheme		

SCHEDULE 13 - INTEREST EARNED

(₹ in thousands)		
	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
I. Interest / discount on advances / bills	307,350,622	226,033,185
II. Income on investments	98,944,138	95,952,418
III. Interest on balances with RBI and other inter-bank funds	10,293,531	10,043,788
IV. Others	4,922,321	5,376,808
Total	421,510,612	337,406,199

SCHEDULE 14 - OTHER INCOME

(₹ in thousands)		
	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
I. Commission, exchange and brokerage	82,368,296	73,650,465
II. Profit on sale of Investments (net)	9,068,640	19,661,884
III. Profit / (Loss) on revaluation of investments (net) (Refer Note 7.A - Schedule 17)	(14,077,645)	(2,711,593)
IV. Profit on sale of building and other assets (net)	107,784	264,297
V. Profit on exchange on transactions (net) (including derivatives)	17,038,445	19,042,666
VI. Premium on Insurance business	157,998,624	133,393,885
VII. Profit on recoveries of non-performing assets acquired	3,651,752	1,794,608
VIII. Miscellaneous Income (Refer Note 24(c) - Schedule 17)	3,753,764	4,314,373
Total	259,909,660	249,410,585

SCHEDULE 15 - INTEREST EXPENDED

(₹ in thousands)		
	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
I. Interest on Deposits	117,657,645	92,766,562
II. Interest on RBI / Inter-Bank Borrowings	9,951,319	10,475,326
III. Others (Refer Note 13 - Schedule 17)	16,502,358	12,293,482
Total	144,111,322	115,535,370



SCHEDULE 16 - OPERATING EXPENSES

		(₹ in thousands)	
		For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
I.	Payments to and provision for employees (Refer Note 3 and 11 - Schedule 17)	84,790,295	71,409,320
II.	Rent, taxes and lighting (Refer Note 16 - Schedule 17)	9,357,718	8,088,815
III.	Printing and Stationery	1,988,796	1,297,870
IV.	Advertisement, Publicity and Promotion	11,976,963	6,657,543
V.	Depreciation on Group's property	5,992,592	4,803,507
VI.	Directors' fees, allowances and expenses	82,953	64,910
VII.	Auditors' fees and expenses		
	Statutory Audit fees	115,043	103,671
	Other Matters	8,910	6,466
VIII.	Law Charges	553,947	397,042
IX.	Postage, telephones etc.	4,585,880	3,413,754
X.	Repairs and maintenance	12,071,736	8,151,752
XI.	Insurance	3,943,982	3,574,830
XII.	Policyholders' Reserves	74,378,486	88,629,406
XIII.	Insurance Business Expenses (claims and benefits paid)	68,350,041	61,846,541
XIV.	Other Expenditure (Refer Note 24(d) - Schedule 17)	58,252,945	45,647,917
Total		336,450,287	304,093,344

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL:

OVERVIEW

Kotak Mahindra Bank Limited ('the Bank' or 'KMBL'), together with its subsidiaries (collectively, 'the Group'), is a diversified financial services group providing a wide range of banking and financial services including Consumer Banking, Commercial Banking, Treasury and Corporate Banking, Investment Banking, Stock Broking, Vehicle Finance, Advisory Services, Asset Management, Life Insurance and General Insurance. The Bank set up and commenced operations in May 2016, at its International Financial Services Center Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat. The Bank has commenced operations in October 2019 at its first overseas branch at the Dubai International Financial Centre (DIFC), Dubai, UAE.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 (AS-21), "Consolidated Financial Statements". Investment in Associates are accounted by the Group under the equity method in accordance with Accounting Standard 23 (AS-23), "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 and the relevant provisions of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2021 in so far as they apply to the Group as amended from time to time. The Bank consolidates entities in which it holds, directly or indirectly through subsidiaries, more than 50% of the voting rights or where it exercises control, on a line by line basis by adding together like items of assets, liabilities, income and expenses in accordance with AS-21. The Goodwill or Capital Reserve on consolidation represents the difference between the Group's share in the networth of the subsidiary and the cost of acquisition at the time of making investment in the subsidiary. Intragroup balances, intragroup transactions and resulting unrealised profits, if any, are eliminated in full. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered. Goodwill on consolidation is not amortised. Assessment is done at each balance sheet date as to whether there is any indication that goodwill may be impaired.

Minority interest representing the part of net results of operations and of the net assets of subsidiary attributable to interests not owned directly or indirectly through subsidiaries is presented separately from liabilities and the equity. Further, the Group accounts for investments in entities where it holds 20% to 50% of the voting rights or exercises significant influence by the equity method of accounting in accordance with AS-23. The financial statements of the subsidiaries and associates used in consolidation are drawn up to the same reporting date as that of the holding Company i.e. 31st March, 2023.

a. The list of subsidiaries is as under:

Name of the Subsidiary	Country of Origin	% Shareholding of Group (31 st March, 2023)	% Shareholding of Group (31 st March, 2022)
Kotak Mahindra Prime Limited	India	100.00	100.00
Kotak Securities Limited	India	100.00	100.00
Kotak Mahindra Capital Company Limited	India	100.00	100.00
Kotak Mahindra Life Insurance Company Limited	India	100.00	100.00
Kotak Mahindra Investments Limited	India	100.00	100.00
Kotak Mahindra Asset Management Company Limited	India	100.00	100.00
Kotak Mahindra Trustee Company Limited	India	100.00	100.00
Kotak Mahindra (International) Limited	Mauritius	100.00	100.00
Kotak Mahindra (UK) Limited	UK	100.00	100.00
Kotak Mahindra, Inc.	USA	100.00	100.00
Kotak Investment Advisors Limited	India	100.00	100.00
Kotak Mahindra Trusteeship Services Limited	India	100.00	100.00
Kotak Infrastructure Debt Fund Limited	India	100.00	100.00
Kotak Mahindra Pension Fund Limited	India	100.00	100.00
Kotak Mahindra Financial Services Limited	UAE	100.00	100.00
Kotak Mahindra Asset Management (Singapore) PTE. Limited	Singapore	100.00	100.00
Kotak Mahindra General Insurance Company Limited	India	100.00	100.00
IVY Product Intermediaries Limited	India	100.00	100.00
BSS Microfinance Limited	India	100.00	100.00

b. As per AS-23, the Consolidated Financial Statements incorporate the audited results of the following associates except as indicated.

Name of the Associate	Country of Origin	% Shareholding of Group (31 st March, 2023)	% Shareholding of Group (31 st March, 2022)
Infina Finance Private Limited	India	49.99	49.99
Phoenix ARC Private Limited	India	49.90	49.90



2. ACCOUNTING METHODOLOGY AND SIGNIFICANT ACCOUNTING POLICIES:

A. ACCOUNTING METHODOLOGY

The Consolidated Financial Statements have been prepared on historical cost basis of accounting. The Group adopts the accrual method of accounting and historical cost convention unless stated otherwise. The Group has prepared these consolidated financial statements to comply in all material respects with the Accounting Standards notified under Section 133 and the relevant provisions of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2021 in so far as they apply to the Group and the guidelines issued by the Reserve Bank of India (RBI), Insurance Regulatory and Development Authority of India (IRDAI) from time to time as applicable and the generally accepted accounting principles prevailing in India. In case the accounting policies followed by consolidating entities are different from those followed by Bank, the same have been disclosed separately.

B. USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as at the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

C. REVENUE RECOGNITION

a. Lending / Investing:

- i. Interest income is recognised on accrual basis.
- ii. Interest income in respect of retail advances is accounted for by using the internal rate of return method to provide a constant periodic rate of return.
- iii. Interest income on investments in Pass-Through-Certificates (PTCs) and loans bought out through the direct assignment route is recognised at their effective interest rate.
- iv. Service charges, fees and commission income are recognised when due. The guarantee commission and letter of credit commission is recognised over the period of the guarantee and letter of credit respectively. Syndication / arranger fee is recognised as income as per the terms of engagement.
- v. Interest income on discounted instruments is recognised over the tenure of the instruments so as to provide a constant periodic rate of return.
- vi. Upon an asset becoming non-performing assets (NPAs) the income accrued gets reversed, and is recognised only on realisation, as per the RBI guidelines. Penal interest is recognised as income on realisation other than on running accounts where it is recognised when due.
- vii. Gain on account of securitisation of assets is amortised over the life of the securities issued in accordance with the guidelines issued by the RBI. Loss on account of securitisation of assets is recognised immediately in profit and loss account.
- viii. Gain on account of assignment of assets on bilateral basis is recognised based on the difference between the book value of the assigned assets and sale consideration received.
- ix. Dividend income is accounted on an accrual basis when the right to receive the dividend is established.
- x. In respect of non-performing assets acquired from other Banks / FIs and NBFCs, collections in excess of the consideration paid at each asset level or portfolio level is treated as income in accordance with the RBI guidelines and clarifications.
- xi. Fees received on sale of Priority Sector Lending Certificates is considered as Miscellaneous Income, while fees paid for purchase is recognised as expense under other expenses in accordance with the guidelines issued by the RBI.

b. Investment Banking:

- i. Issue management fees and placement fees, underwriting commission and financial advisory fees are accounted on completion of milestones specified in the contract.

c. Life Insurance:

- i. Premium (net of indirect tax) is recognised as income when it is due from policyholders except on unit linked policies, where the premium is recognised when associated units are created.
- ii. In accordance with the terms of insurance policies, uncollected premium on lapsed policies is not recognised as income until revived.
- iii. Top Up / Lump sum contributions are accounted as a part of the single premium.
- iv. Income from unit linked policies, which include fund management fees, policy administration charges, mortality charges and other charges, if any, are recovered from the linked fund in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.
- v. Reinsurance premium ceded is accounted on due basis at the time when related premium income is accounted in accordance with the terms and conditions of the relevant treaties with the reinsurer. Profit commission on reinsurance ceded is accounted as income in the year of final determination of profit. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

d. General Insurance:

- i. Interest income is recognised on accrual basis. Accretion of discount and amortisation of premium relating to debt securities is recognised over the maturity period of such securities on a constant yield.
- ii. Premium net of indirect tax (including reinsurance accepted) is recognised on commencement of the risk.In case of policies where payments are received in installment, the revenue is recognized at the time of receipt of installment. Premium earnings are recognised over the period of the policy or period of risk. Any revisions in premium amount are recognised in the year in which they occur and over the remaining period of the policy. Any subsequent cancellations of policies are recognised in the period in which they occur.
- iii. Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium. Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the reinsurer.
- iv. Proportional Reinsurance premium ceded is accounted on due basis at the time when related premium income is accounted for. Non-proportional reinsurance cost is accounted as per terms of the reinsurance arrangements. Any revisions in reinsurance premium ceded are recognised in the period in which it occur. On cancellation of policies, related reinsurance premium ceded are recognised in the same period in which it occur. Reinsurance inward acceptances are accounted for on the basis of reinsurance slips, accepted from the reinsurer.
- v. In respect of policies booked where risk inception date is subsequent to the balance sheet date, the premium collected is presented in balance sheet as premium received in advance.
- vi. Premium deficiency is recognised when sum of expected claim cost, related expenses and maintenance cost (related to claims handling) exceed related reserve for unexpired risk. It is recognised on an annual basis and at segment level for the insurance company viz., fire, marine and miscellaneous. Premium deficiency reserve is estimated and certified by the appointed actuary.

e. Broking:

- i. Placement and other fee based income are accounted for on the basis of the progress of the assignment.
- ii. Brokerage Income (net of indirect tax):
 - On primary market subscription / mobilisation is accounted on receipt of intimation of allotment.
 - On secondary market transaction is recognised upon completion of brokerage services to customers.
- iii. Depository Fees (net of indirect tax), is recognised on accrual basis and as per terms agreed with the customers. Other charges recovered from secondary broking customers are recognised upon completion of services.
- iv. Securities lending or borrowing fees are recognised on pro-rata basis over the tenure of the contract.

f. Asset Management and Advisory Services:

- i. Investment management fees are recognised on rendering of services and are dependent on the net asset value and expenses as recorded by the schemes of the funds.
- ii. Management fee (net of indirect tax) from venture funds, private equity funds and other similar funds is recognised on accrual basis at the rates specified in the investment management agreement from the date of initial closing of funds under management. Advisory fees (net of indirect tax) is recognised on accrual basis as per the terms of contract.
- iii. Revenue from rendering of investment advisory business is recognised on a straight line basis over the period when services are rendered, which is in accordance with the terms of the mandate letters entered between the company and the high network individual client.
- iv. Portfolio advisory service fees are recognised on accrual basis in accordance with the terms of agreement.
- v. Portfolio management service fees are recognised on accrual basis in accordance with the terms of agreement between the Company and the respective clients.
- vi. Income on account of distribution from venture capital funds/ alternate investment fund is recognised on the receipt of the distribution letter or when right to receive is established.
- vii. The Group receives fees for providing research to clients and records the income at the time services are provided.

D. FIXED ASSETS (PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS)

Property, Plant and Equipment and Intangible assets have been stated at cost less accumulated depreciation and amortisation and adjusted for impairment, if any. Cost includes cost of purchase inclusive of freight, duties and other incidental expenses and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to put to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Gain or loss arising from the retirement or disposal of a Property, Plant and Equipment and Intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the profit and loss account. Profit on sale of premises of the Bank, net of taxes and transfer to statutory reserve is appropriated to capital reserve as per the RBI guidelines.

DEPRECIATION / AMORTISATION

Depreciation / amortisation is provided on a pro-rata basis on a straight line method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. The estimated useful lives of assets based on technical evaluation by management are as follows:



Asset Type	Useful life in years
Premises	58
Leasehold land	Over the lease period
Improvement to leasehold premises	Over the period of lease subject to a maximum of 6 years
Office equipments (High capacity chillers, Transformers, UPS, DG set, Fire Suppression, HVAC, PAC & Elevators)	10
Office equipments (other than above)	5
Computers	3
Furniture and Fixtures	6
Motor Vehicles	4
ATMs	5
Software (including development) expenditure	3
Goodwill (Other than on consolidation)	5
Membership Card of the Bombay Stock Exchange Limited	20
Asset Management Rights	5

Used assets purchased are depreciated over the residual useful life from the date of purchase. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

E. EMPLOYEE BENEFITS

i. Defined Benefit Plans:

Gratuity:

The Group provides for gratuity covering employees in accordance with the Payment of Gratuity Act, 1972, service regulations and service awards as the case may be. The Group's liability is actuarially determined using projected unit credit method at the balance sheet date. The Bank and seven of its subsidiaries make contributions to a gratuity fund administered by trustees and managed by Life Insurance companies. In other subsidiaries gratuity obligation is wholly unfunded. The contribution made to the trusts is recognised as planned assets.

Pension:

In respect of pension payable to certain employees of erstwhile ING Vysya Bank Limited (eIVBL) under Indian Banks' Association (IBA) structure, the Bank contributes 10% of basic salary to a pension fund and the difference between the contribution and the amount actuarially determined by an independent actuary is trued up based on actuarial valuation conducted as at the balance sheet date. The pension fund is managed by a Life Insurance company. The present value of the Bank's defined pension obligation is determined using the projected unit credit method as at the balance sheet date.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan.

The contribution made to the pension fund is recognised as planned assets.

The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains or losses in respect of all defined benefit plans are recognised immediately in the profit and loss account in the year in which they are incurred.

ii. Defined Contribution Plans:

Provident Fund:

Contribution as required by the statute made to the government provident fund or to a fund set up by the Bank and administered by a board of trustees is debited to the profit and loss account when an employee renders the related service. The Group has no further obligations.

Superannuation Fund:

The Group makes contributions in respect of eligible employees, subject to a maximum of ₹ 0.01 crore per employee per annum to a fund administered by trustees and managed by Life Insurance companies. The Group recognises such contributions as an expense in the year when an employee renders the related service. The Group has no further obligations.

New Pension Scheme:

The Group contributes upto 10% of eligible employees' salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Group recognises such contributions as an expense in the year when an employee renders the related service.

DIFC Employee Workplace Savings Scheme (DEWS):

The Bank's branch in DIFC contributes up to 8.33% of eligible branch employees' salary per annum to the DIFC Employee Workplace Savings Scheme (DEWS). The Bank recognises such contributions as an expense in the year when an employee renders the related service. The Bank has no further obligation.

iii. Compensated Absences: Other Long-Term Employee Benefits:

The Group accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Group's obligation is determined using the projected unit credit method as at the balance sheet date. Actuarial gains or losses are recognised in the profit and loss account in the year in which they arise.

iv. Other Employee Benefits:

As per the Group policy, employees are eligible for an award after completion of a specified number of years of service with the Group. The obligation is measured at the balance sheet date on the basis of an actuarial valuation using the projected unit credit method.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include performance incentives.

F. INVESTMENTS

For the Bank:

1. Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) categories (hereinafter called "categories"). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines at the lower of the acquisition cost or carrying value and market value on the date of the transfer and depreciation, if any, on such transfer is fully provided.

Under each of these categories, investments are further classified under six groups (hereinafter called "group/ groups") - government securities, other approved securities, shares, debentures and bonds, investments in associates and other investments for the purposes of disclosure in the balance sheet.

The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities, except in the case of equity shares where 'Trade Date' accounting is followed.

Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities as on that date. Investments which the Bank intends to hold till maturity are classified as HTM securities in accordance with the RBI regulations. Investments which are not classified in either of the above two categories are classified under AFS category.

2. Acquisition Cost:

The cost of investments is determined on a weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission etc. paid at the time of acquisition of investments are recognised in profit and loss account.

3. Disposal of investments:

- Investments classified as HFT or AFS - Profit or loss on sale or redemption is recognised in the profit and loss account.
- Investments classified as HTM - Profit on sale or redemption of investments is recognised in the profit and loss account and is appropriated to capital reserve after adjustments for tax and transfer to statutory reserve. Loss on sale or redemption is recognised in the profit and loss account.

4. Short Sale:

The Bank undertakes short sale transactions in central government dated securities in accordance with the RBI guidelines. The short position is categorised under HFT category and netted off from investments in the balance sheet. The short position is marked to market and loss, if any, is charged to the profit and loss account while gain, if any, is ignored. Gain or loss on settlement of the short position is recognised in the profit and loss account.

5. Valuation:

The valuation of investments is performed in accordance with the RBI guidelines as follows:

- Investments classified as HTM – These are carried at their acquisition cost. Any premium on acquisition of debt instruments / government securities is amortised over the balance maturity of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided.
- Investments classified as HFT or AFS – Investments in these categories are marked to market and the net depreciation, if any, within each group is recognised in the profit and loss account. Net appreciation, if any, is ignored. Further, provision for other than temporary diminution is made at the individual security level. Except in cases where provision for other than temporary diminution is made, the book value of the individual securities is not changed as a result of periodic valuations.
- The market or fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the market price of the scrip as available from the trades or quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared on Fixed Income Money Market and Derivatives Association of India (FIMMDA) website by Financial Benchmark India Private Limited (FBIL) as at the year end.
- Treasury bills, exchange funded bills, commercial paper and certificate of deposits being discounted instruments, are valued at carrying cost.



- e. Market value of units of mutual funds is based on the latest net asset value declared by the mutual fund.
- f. Market value of investments where current quotations are not available are determined as per the norms prescribed by the RBI as under:
 - In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to maturity for Government Securities as published by FIMMDA/ FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA/ FBIL is adopted for this purpose;
 - In case of bonds and debentures (including PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by the RBI. Interest on such securities is not recognised in the profit and loss account until received;
 - Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet. In case the latest balance sheet is not available, the shares are valued at ₹ 1 per investee company;
 - Units of Venture Capital Funds (VCF) held under AFS category where current valuations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF. Investment in unquoted VCF made after 23rd August, 2006 are categorised under HTM category for an initial period of three years and valued at cost as per the RBI guidelines. Such investments are required to be transferred to AFS thereafter;
 - Security receipts are valued as per the NAV obtained from the issuing Asset Reconstruction Company or Securitisation Company or estimated recoverable value, whichever is lower.
- g. Non-performing investments are identified and provision is made thereon based on the RBI guidelines. The provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the profit and loss account until realised.
- h. **Repurchase and reverse repurchase transactions** – Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) are accounted as collateralised borrowing and lending transactions respectively. The difference between the consideration amount of the first leg and the second leg of the repo is recognised as interest income or interest expense over the period of the transaction.

For the Life Insurance Company:

- a. Investments are recorded at cost on trade date which includes brokerage, transfer charges, transaction taxes as applicable, etc. but excludes pre-acquisition interest, if any and indirect tax on brokerage where input tax credit is being claimed.
- b. Bonus entitlements are recognised as investments on the 'ex-bonus date'. Rights entitlements are recognised as investments on the 'ex-rights date'.
- c. Gain / Loss on transfer or sale of securities is the difference between the transfer or sale price and the net amortised cost / carrying value which is computed on a weighted average basis as on the date of transfer or sale. Sale consideration for the purpose of realised gain / loss is net of brokerage and taxes, if any.

Valuation – Shareholders' Investments and non-linked policy-holders' investments

- d. All debt securities are classified as "HTM" for the purpose of valuation and are accordingly recorded at historical cost (excluding interest paid, if any). Debt securities including government securities are stated at net amortised cost. Money market instruments are valued at historical cost subject to accretion of discount. The premium or discount, if any, on purchase of debt securities is amortised or accreted over the period to maturity on an internal rate of return basis.
- e. Listed equity shares as at the balance sheet dates are stated at fair value being the quoted closing price on National Stock Exchange Limited (NSE). If an equity share is not listed or traded on NSE, then closing share price on BSE (formerly known as Bombay Stock Exchange) is used. Unlisted shares or shares awaiting listing are stated at historical cost subject to provision for diminution, if any. In case of Infrastructure Investment Trusts (InvIT), where market quote is not available for the last 30 days, the units shall be valued as per the latest NAV (not more than 6 months old) of the units published by the trust. All redeemable unlisted preference shares are classified as held to maturity and stated at historical cost.

In case of diminution in the value of investment as at the balance sheet date which is other than temporary, the amount of such diminution is recognised as an expense in the profit and loss account to the extent of difference between the remeasured fair value of the investmnet and its acquisition cost as reduced by any previous impairment loss recognised in profit and loss account. Any reversal of impairment loss is recognised in the profit and loss account.

- f. Investments in mutual funds are valued at the latest NAV of the funds in which they are invested. Investments in Alternative Investment Funds are valued at the latest NAV.

The investment in Additional Tier 1 Bonds are valued at an applicable market yield rates provided by Credit Rating Information Services of India Limited (CRISIL) on the basis of CRISIL Bond Valuer.

- g. Unrealised gains due to change in the fair value of the investments is taken to a fair value change account and is adjusted in the carrying value of investment. The unrealised loss due to change in the fair value of investments, other than due to reversal of the gains recognised in fair value change account, is recognised in the profit and loss account. The gain or loss on sale of investments includes the accumulated changes in the fair value change account.

- h. Real estate investment property represents building held for investment purpose to earn rental income or for capital appreciation and is not occupied. Such investment property is initially valued at cost including any direct attributable cost. Investment in the real estate investment property is valued at historical cost plus revaluation, if any. Revaluation of the investment property is done at least once in three years. Any change in the carrying amount of the investment property is accounted to revaluation reserve forming part of "Reserves and Surplus". Impairment loss, if any, exceeding revaluation reserve is recognised as expense in the profit and loss account.

Unlisted units of Real Estate Investment Trusts (REIT) awaiting listing are stated at historical cost subject to provision for diminution, if any. Investment in units of REIT are valued at market value (last quoted price should not be later than 30 days). Where market quote is not available for the last 30 days, the units shall be valued as per the latest NAV (not more than 6 months old) of the units published by the trust.

- i. Certain guaranteed products offered by the Life Insurance subsidiary assure the policy holders a fixed rate of return for premiums to be received in the future and the Life Insurance subsidiary is exposed to interest rate risk on account of re-investment of interest & principal maturities at future date & guarantee risk on premiums from already written policies. The Life Insurance subsidiary is following hedge accounting for all derivative transactions.

For derivatives which are designated as a cash flow hedge in a hedging relationship, hedge effectiveness is ascertained at the time of inception of the hedge and periodically.

- The portion of fair value gain / loss on interest rate derivative that is determined to be an effective hedge is recognized directly in policyholders' funds.
- The ineffective portion of the change in fair value of such instruments is recognized in profit and loss account in the period in which they arise.
- If the hedging relationship ceases to be effective or it becomes probable that the expected forecasted transaction will no longer occur, hedge accounting is discontinued and the cumulative gains or losses that were recognized earlier in balance sheet shall be reclassified to the profit and loss account in the same period or periods during which the hedged forecasted cash flows affect the profit and loss account.

Recognition of Derivatives in Balance Sheet

- Initial Recognition: All derivatives are initially recognized in the Balance sheet at their fair value, which usually represents their cost.
- Subsequent Recognition: All derivatives are subsequently re-measured at their fair value, with change in fair value is recognized as per hedge accounting principles. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

- j. All assets where the interest and/or instalment of principal repayment remain overdue for more than 90 days at the balance sheet date are classified as NPA and provided for in the manner required by the IRDAI regulations in this regard.

Valuation – Unit linked Business

- k. All Government securities, except treasury bills, held in linked business are valued at prices obtained from CRISIL. Debt securities other than government securities are valued on the basis of CRISIL bond valuer. The discount on purchase of treasury bills, certificate of deposit, commercial papers and triparty repo is accreted over the period to maturity on an internal rate of return basis. Listed shares and Exchange Traded Funds (ETF) are valued at fair value, being the last quoted closing price on the NSE (In case of securities not listed on NSE, the last quoted closing price on the BSE is used). Equity shares awaiting listing are stated at historical cost subject to provision for diminution, if any, in the value of such investments. Such diminution is determined separately for each individual investment. Unrealised gains and losses are recognised in the profit and loss account.

- l. Mutual fund units are valued at the latest NAV of the fund in which they are invested.
- m. All unlisted redeemable preference shares are considered as held to maturity and stated at historical cost.
- n. Transfer of investments (other than debt securities) from Shareholders' fund to the Policyholders' fund is at book value or market price, whichever is lower. Transfer of debt securities from Shareholders' to Policyholders' fund is transacted at the lower of net amortised cost or market value. Transfers of investments between unit-linked funds are done at prevailing market price.

For General Insurance Company:

- a. Investments are recorded at cost and include brokerage, transfer charges, stamps etc., and exclude pre acquisition interest, if any.
- b. Debt securities and non-convertible preference shares are considered as 'HTM' and stated at historical cost adjusted for amortisation of premium or accretion of discount determined on constant yield to maturity basis over the holding / maturity period.
- c. Mutual fund units are stated at their NAV as at the balance sheet date. Any unrealised gain / loss is accounted for under fair value change account and is included in the carrying value of investment. In case of any net mark to market loss, the additional provision to the extent of the loss in fair value change account on the balance sheet date is recognised in profit and loss account.
- d. Gain / loss on transfer or sale of securities is the difference between the transfer or sale price and the net amortised cost / carrying value which is computed on a Weighted average cost basis as on the date of transfer or sale. Sale consideration for the purpose of realised gain / loss is net of brokerage and taxes, if any.
- e. The realised gain or loss on mutual funds is the difference between sale consideration and carrying cost as on the date of sale, determined on a weighted average cost basis. Any unrealised gain or loss in respect of mutual funds are recognised in 'fair value change account' in balance sheet and are included in the carrying value of investment.

For other entities:

Investments, other than stock-in-trade are classified into long term investments and current investments in accordance with Accounting Standard 13 (AS-13) "Accounting for Investments". Investments, which are intended to be held for more than one year from the date, on which the investmtns are made, are classified as long term investments and investments, which are intended to be held for less than one year from the date, on which the investments are made, are classified as current investments. Long term investments are carried at cost and provision for diminution in value is made to recognise a decline other than temporary in the value of investment, such reduction being determined and made for each investment individually.

Current investments are valued at cost (calculated by applying weighted average cost method) or market/ fair value whichever is lower. In case of investments in units of a mutual fund, the NAV of units is considered as market or fair value. The fair value of PTC is determined based on the yield to maturity for government securities as published by FIMMDA and suitably marked up for credit risk applicable to the credit rating of the instrument. The securities acquired with the intention to trade are classified as Stock-in-Trade. Investments classified as "Stock-in-Trade" by some of the subsidiaries are valued at cost (calculated by applying weighted average cost method) or market price, whichever is lower determined by the category of investments. Brokerage, stamping and additional charges paid are included in the cost of investments. The profit or loss on sale of investments (including Stock-in-trade) is recognised on trade date in the profit and loss account.

G. FOREIGN CURRENCY AND DERIVATIVE TRANSACTIONS

For the Bank:

- i. Foreign currency monetary assets and liabilities are translated as at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India (FEDAI) and the resultant gain or loss is accounted in the profit and loss account.
- ii. Income and expenditure items are translated at the rates of exchange prevailing on the date of the transaction except for representative office (which are integral in nature) expenses, which are translated at the monthly average rate of exchange.
- iii. Outstanding forward (other than deposit and placement swaps) and spot foreign exchange contracts outstanding at the balance sheet date are revalued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The forward profits or losses on the forward contracts are discounted using discount rates and the resulting profits or losses are recognised in the profit and loss account as per the regulations stipulated by the RBI.
- iv. Foreign exchange swaps "linked" to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortised over the period of the swap and the same is recognised in the profit and loss account.
- v. Contingent liabilities on account of letters of credit, bank guarantees and acceptances and endorsements outstanding as at the balance sheet date denominated in foreign currencies and other foreign exchange contracts are translated at year-end rates notified by FEDAI.
- vi. Notional amounts of derivative transactions comprising of swaps, futures and options are disclosed as off balance sheet exposures. The Bank recognises all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the balance sheet date. Derivatives are classified as assets when the fair value is positive (positive marked to market) or as liabilities when the fair value is negative (negative marked to market). Changes in the fair value of derivatives other than those designated as hedges are recognised in the profit and loss account.
- vii. Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument. Option premium paid or received is recognised in the profit and loss account on expiry of the option. Option contracts are marked to market on every reporting date.
- viii. The financial statements of IBU and DIFC branch which are in the nature of non-integral overseas operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange during the year and (b) All assets and liabilities are translated at closing rate as at Balance sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus".

For other entities:

- ix. On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- x. Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate of exchange as at the balance sheet date.
- xi. Exchange differences arising on settlement of the transaction and on account of restatement of monetary assets and liabilities are recognised in the profit and loss account. In case of items which are covered by forward exchange contracts entered to hedge the foreign currency risk, the difference between the year-end rate and the rate on the date of the contract is recognised as exchange difference in the profit and loss account and the premium paid or received on forward exchange contracts is amortised as expense or income over the life of the contract. Any profit or loss on cancellation or renewal of such a forward exchange contract is recognised in the profit and loss account.
- xii. The financial statements of all subsidiaries incorporated outside India which are in the nature of non-integral foreign operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange applicable for the year and (b) All assets and liabilities are translated at the closing rate as at the balance sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus".

On the disposal / partial disposal of a non-integral foreign operation, the cumulative / proportionate amount of the exchange differences which has been accumulated in the foreign currency translation reserve and which relates to that operation are recognised as income or expenses in the same period in which gain or loss on disposal is recognised.

Currency/ Interest rate derivatives / Equity index / equity futures, equity index / equity options, embedded derivatives / other derivatives (Not designated as hedges):

- xiii. Outstanding derivative contracts, including embedded derivatives, are measured at fair value as at each balance sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
- xiv. Initial Margin - Derivative Instrument representing the initial margin paid and / or additional margin paid over and above the initial margin, for entering into contracts for equity index / stock futures and equity index / stock options / other derivatives, which are released on final settlement / squaring-up of the underlying contracts, are disclosed under Other Assets. "Deposit for Marked to Market Margin - Derivative Instrument" representing the deposit paid in respect of marked to market margin is disclosed under other assets.
- xv. On final settlement or squaring up of contracts for equity index / stock futures / other derivatives, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the profit and loss account and shown as profit on exchange transactions (net) (including derivatives).
- xvi. On settlement or squaring up of equity index / stock options / other derivatives before expiry, the premium prevailing in option contracts on that date is recognised in the profit and loss account.
- xvii. When more than one contract in respect of the relevant series of equity index / stock futures or equity index / stock options / other derivatives contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit or loss on squaring-up.

H. ADVANCES

Classification:

- i. Advances are classified as performing and non-performing advances (NPAs) based on the RBI guidelines and are stated net of bills rediscounted, inter-bank participation with risk, specific provisions, interest in suspense and claims received from Export Credit Guarantee Corporation and Emergency Credit Line Guarantee Scheme (ECLGS) with respect to non-performing advances, provisions for funded interest term loan and provisions in lieu of diminution in the fair value of restructured assets. Also, NPAs are classified into sub-standard, doubtful and loss as required by the RBI guidelines. Interest on NPAs remaining uncollected is transferred to an interest suspense account and not recognised in the profit and loss account until received.
- ii. Amounts paid for acquiring non-performing assets from other Banks and NBFCs are considered as advances. Actual collections received on such non-performing assets are compared with the cash flows estimated while purchasing the asset to ascertain over dues. If such over dues are in excess of 90 days, the Group classifies such assets into sub-standard, doubtful or loss as required by the RBI guidelines on purchase of non-performing assets.
- iii. The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

For Bank and NBFC subsidiaries- Provisioning :

- iv. Provision for non-performing assets comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines. In addition, the Bank and its NBFC subsidiaries consider accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provisions in respect of non-performing advances are charged to the profit and loss account. Any recoveries made in case of NPAs written off are recognised in the profit and loss account.
- v. The Bank and its NBFC subsidiaries consider a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that they would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of installments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made.

In accordance with the RBI guidelines, the Bank and its NBFC subsidiaries create general provision on standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, and gold at levels stipulated by the RBI from time to time. The Bank also creates additional standard asset provision for overseas step down subsidiaries of Indian corporates and standard provision at higher than the prescribed rates in respect of advances to stressed sectors as per the framework approved by Board of Directors. In case of frauds, the Bank and its NBFC subsidiaries makes provision for amounts it is liable for in accordance with the guidelines issued by the RBI.
- vi. Further to provisions required as per the asset classification status, provisions are held by Bank for individual country exposure (except for home country) as per the RBI guidelines. Exposure is classified in the seven risk categories as mentioned in the Export Credit Guarantee

Corporation of India Limited (ECGC) guidelines and provisioning is done for that country if the net funded exposure is one percent or more of the Bank's total assets based on the rates laid down by the RBI.

- vii. Provisions for Unhedged Foreign Currency Exposure of borrowers are made by the Bank as per the RBI guidelines.
- viii. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020, 17th April, 2020 and 23rd May, 2020 and clarification issued by the RBI through Indian Bankers Association dated 6th May, 2020, the Bank and its NBFC subsidiaries have granted a moratorium on the payment of instalments and / or interest, as applicable, falling due between 1st March, 2020 and 31st August, 2020 ('moratorium period') to eligible borrowers classified as Standard, even if overdue, as on 29th February, 2020. In accordance with the RBI guidelines, the moratorium period, wherever granted, is excluded by the Bank and its NBFC subsidiaries from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. A general provision on the entire amount outstanding from borrowers who had an overdue on 29th February, 2020 and to whom moratorium was given is made by Bank and its NBFC subsidiaries. In accordance with the said guidelines, such accounts where moratorium has been granted are not considered as restructured.

In respect of borrowers restructured under the Resolution Framework – 1.0 and Resolution Framework 2.0 for COVID-19 related stress, the Bank and its NBFC subsidiaries holds provisions higher than the provisions as required by the RBI guidelines.

For other entities:

- ix. Life insurance subsidiary provides general provision on standard assets at 0.40% in accordance with the IRDAI guidelines.
- x. Receivables/ Sundry Debtors (included in Schedule 11-Other assets) are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

I. STRUCTURED LIABILITIES

The Group has issued structured liabilities wherein the return on these liabilities is linked to non-interest benchmarks. Such structured liabilities have an embedded derivative which is the non-interest related return component. The embedded derivative is separated from the host contract and accounted separately (Refer Note 2 (G)(xiii)).

The resultant debt component of such structured liabilities is recognised in the balance sheet under borrowings and is measured at amortised cost on a yield to maturity basis.

J. LIABILITY FOR POLICIES

- i. Provision is made for policy liabilities in respect of all "in force" policies and "lapsed policies" that are likely to be revived in future based on actuarial valuation done by the appointed actuary in accordance with generally accepted actuarial practices, requirements of IRDAI and the Institute of Actuaries of India.
- ii. Liabilities in respect of unit-linked policies which have lapsed and are not likely to be revived, are shown as Policyholders' liabilities until expiry of the revival period.
- iii. Linked liabilities comprise of unit liability representing fund value of policies and are shown as 'Policyholders' Funds'.

K. ACTUARIAL METHOD – LIFE INSURANCE

- i. Actuarial method and assumptions: The actuarial liabilities have been calculated by the appointed actuary in accordance with generally accepted actuarial principles, the requirements of the Insurance Act 1938 as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999 and the regulations framed thereunder, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2016, and other relevant regulations, orders/ directions issued by IRDAI in this regard and the prescribed guidance notes issued by the Institute of Actuaries of India. In respect of unit linked policies, a unit reserve equal to the value of units as at the balance sheet date and an additional non-unit reserve calculated on gross premium prospective valuation method is created. The method adopted for par policies (accumulation contracts) is the value of the accumulated fund and an additional non-unit reserve calculated on gross premium prospective valuation method. In respect of individual conventional business / Group business where premiums are guaranteed for more than one year, gross premium prospective method is used. Additional reserve on lapsed unit-linked policies is created and shown as 'Policyholders' Funds'.
- ii. The assumptions used in the gross premium valuation are based on best estimates together with appropriate margins for adverse deviations from experience. The principal assumptions are interest, inflation, return to policyholders' accounts, lapses, expenses, mortality and morbidity.
- iii. Reserves for group life one year renewable policies are calculated as the risk premium for the unexpired term with an allowance for expenses and a margin for adverse deviations. The actuarial liability for Group fund based is equal to account value as at valuation date plus a non-unit reserve to provide for expenses and mortality benefits.
- iv. Reserve for freelook cancellation is held to meet any premium refunds from policy freelook cancellations .The reserve held is equal to assumed probability of freelook cancellations.

- v. The Life Insurance subsidiary, on the basis of past available COVID-19 death experience and current pandemic situation along with vaccination drive across the country holds additional reserves which would be sufficient to meet any expected additional claims likely to emerge under the current COVID - 19 situation. Further, the Prudence in the Best Estimate (BE) mortality basis and Margins for Adverse deviation (MAD) will also help to meet expected additional claims due to COVID-19. The Life Insurance subsidiary reinsures mortality with an optimum level of retention on guaranteed premiums bases, with financially strong reinsurers. They also carry out resilience test on balance sheet and its impact on solvency margin.

L. RESERVE FOR UNEXPIRED RISK – GENERAL INSURANCE

Reserve for unexpired risk is recognised net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Group under contractual obligations over a contract period basis or period of risk, whichever is applicable. As per circular vide IRDA/F&A/CIR/CPM/056/03/2016 dated 4th April, 2016 such reserves are calculated on a pro-rata basis under 1/365 basis subject to 100% for marine hull business, on all unexpired policies at balance sheet date.

M. DISCOUNTED INSTRUMENTS

The liability is recognised at face value at the time of issuance of discounted instruments, less unexpired discount. The discount on the issue is amortised over the tenure of the instrument.

N. ACQUISITION COSTS OF INSURANCE CONTRACTS

Acquisition costs such as commission and medical fees are costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts. Such costs are recognised in the year in which they are incurred.

O. SECURITIES LENDING AND BORROWING

The broking subsidiary enters into security lending and borrowing transaction which is accounted as below:

- a. Initial margin and / or additional margin paid over and above the initial margin, for entering into contracts for equity shares which are released on final settlement / squaring – up of the underlying contracts, are disclosed under other assets.
- b. On final settlement or squaring – up of contracts for equity shares the realised profit or loss after adjusting the unrealised profit or loss already accounted, if any, is recognised in the profit and loss account.

P. BULLION

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale customers. The difference between the sale price to customers and actual price quoted by supplier is reflected under other income.

The Bank also borrows and lends gold, which is treated as borrowings or lending as the case may be in accordance with the RBI guidelines and the interest paid or received is classified as interest expense or income and is accounted on an accrual basis.

Q. TAXES ON INCOME

The income tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in India in respect of taxable income for the year in accordance with the Income Tax Act, 1961 enacted in India. Tax expenses relating to overseas subsidiaries are determined in accordance with the tax laws applicable in countries where such subsidiaries are domiciled.

Minimum Alternate Tax (MAT) paid in a year is charged to the profit and loss account as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e. the period over which MAT credit is allowed to be carried forward and is reviewed at each balance sheet date.

Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Deferred tax assets on account of timing differences are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of carry forward losses and unabsorbed depreciation, under tax laws, all the deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the profit and loss account in the period of the change. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Deferred tax assets and deferred tax liabilities are off set when there is legally enforceable right to set-off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws. Deferred tax assets and deferred tax liabilities across various entities are not set off against each other as the Group does not have a legal right to do so.

R. SEGMENT REPORTING

In accordance with guidelines issued by the RBI and Accounting Standard 17 (AS-17) on "Segment Reporting"; the Group's business has been segregated into the following segments whose principal activities are as under:

Segment	Principal activity
Treasury, BMU and Corporate centre	Money market, forex market, derivatives and investments and primary dealership of Government securities and Balance Sheet Management unit (BMU) responsible for Asset Liability Management and Corporate Centre which primarily comprises of support functions.
Retail Banking	Comprises of:
Digital Banking	Business involving digital banking products acquired by Digital Banking Unit including existing digital banking products as identified by the Management in accordance with the instructions of the RBI vide its circular dated 7 th April, 2022.
Other Retail Banking	Includes (other than covered under Digital Banking above): 1. Lending Commercial vehicle finance, personal loans, home loans, agriculture finance, other loans / services and exposures which fulfill the four criteria for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework". 2. Branch Banking Retail borrowings covering savings, current and term deposit accounts and Branch Banking network and services including distribution of financial products. 3. Credit Cards Receivables / loans relating to credit card business.
Corporate / Wholesale Banking	Wholesale borrowings and lendings and other related services to the corporate sector which are not included in Retail Banking.
Vehicle Financing	Retail vehicle finance and wholesale trade finance to auto dealers from its Subsidiary Company.
Other Lending Activities	Financing against securities, securitisation and other loans / services not included under Retail Banking and Corporate / Wholesale Banking from its Subsidiary Companies.
Broking	Brokerage income on market transactions done on behalf of clients, interest on delayed payments, distribution of financial products from its Subsidiary Company.
Advisory and Transactional Services	Providing financial advisory and transactional services such as mergers and acquisition advice and equity / debt issue management services from its Subsidiary Companies.
Asset Management	Management of funds and investments on behalf of clients and investment distribution (Cherry) from its Subsidiary Companies.
Insurance	Life and General Insurance business of its Subsidiary Companies.

A transfer pricing mechanism between segments has been established by Asset Liability Committee (ALCO) for allocation of interest cost to its segments based on borrowing costs, maturity profile of assets / liabilities etc. and which is disclosed as part of segment revenue.

Segment revenues consist of earnings from external customers and inter-segment revenue as stated above. Segment expenses consist of interest expenses including those allocated, operating expenses and provisions.

Segment results are net of segment revenue and segment expenses including interdivisional items.

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth, minority interest and employees' stock option (grants outstanding).

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

S. EMPLOYEE SHARE BASED PAYMENTS

Equity-settled:

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The schemes provide for grant of options to employees of the Group to acquire the equity shares of the Bank that vest in cliff vesting or in a graded manner and that are to be exercised within a specified period.

RBI, vide its clarification dated 30th August, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments granted after the accounting period ending 31st March, 2021.

In accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the Guidance Note on "Accounting for Employee Share-based payments" issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method for all options granted on or before 31st March, 2021. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account.

In accordance with the RBI guidance, for all options granted after 31st March, 2021 the fair value of the option is estimated on the date of grant using Black-Scholes model and is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account.

The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense in "Payment to and provision for employee", equal to the amortised portion of the cost of lapsed option and credit to deferred employee compensation equal to the unamortised portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding account is transferred to General Reserve. The fair market price is the latest available closing price, preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

Where the terms of an equity-settled award are modified, the minimum expense recognised in 'Payments to and provision for employees' is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total intrinsic/ fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Cash-settled:

The cost of cash-settled transactions, stock appreciation rights (SARs) having grant date on or before 31st March, 2021 is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. Similar to Equity settled options, SARs granted after 31st March, 2021 are measured on fair value basis.

The intrinsic / fair value is amortised on a straight-line basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the vesting date with changes in intrinsic / fair value recognised in the profit and loss account in 'Payments to and provision for employees'.The SARs that do not vest because of failure to satisfy vesting conditions are reversed by a credit to employee compensation expense, equal to the amortised cost in respect of the lapsed portion.

T. CLAIMS / BENEFITS

In respect of Life Insurance subsidiary, benefits paid comprise of policy death benefit, maturity, surrenders, survival benefits, discontinuance and other policy related claims and change in the outstanding provision for claims at the year end. Claims by death and surrender are accounted when intimated. Survival benefits are accounted when due. Maturity claims are accounted on the date of maturity. Amounts recoverable from reinsurers are accounted for in the same period as the related claim. Repudiated claims disputed before judicial authorities are provided for, based on the best judgment of the management considering the facts and evidence in respect of each such claim. Withdrawals under unit-linked policies are accounted in respective schemes when the associated units are cancelled. Death claim benefit includes specific claim settlement costs wherever applicable.

In respect of General Insurance subsidiary, claims incurred includes claims paid net of reinsurance recovery and salvage value retained by the insured, change in loss reserve during the period, change in claims incurred but not reported (IBNR) & change in claims incurred but not enough reported (IBNER). Claims incurred also include survey fees, legal fees and other expenses directly attributable to claim cost. Claims are recognised as and when intimation of it is received and provision is determined (net of reinsurance recovery) by the management on the best estimate of claims likely to be paid based on survey reports, based on information received from various sources and from past experience.

Any subsequent information may result in revision of likely amount of final claim payment and accordingly provision for outstanding claims gets restated.

Estimated liability for IBNR and IBNER has been estimated by the appointed actuary in compliance with the relevant regulations and guidelines issued by IRDAI and the same is duly certified by the appointed actuary.

U. LOSS ON SALE OF ADVANCES TO ASSET RECONSTRUCTION COMPANY

Loss on sale of Advances sold to Asset Reconstruction Company is recognised immediately in the profit and loss account.

V. SECURITISATION

The Group enters into purchase/ sale of corporate and retail loans through direct assignment/ Special Purpose Vehicles (SPVs). In most cases, post securitisation, the Group continues to service the loans transferred to the SPV. The Group also provides credit enhancement in the form of cash collaterals and / or by subordination of cash flows to senior PTCs holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Group, appropriate provision / disclosure is made at the time of sale in accordance with Accounting Standard 29, (AS-29) "Provisions, Contingent Liabilities and Contingent Assets".

In accordance with the RBI guidelines on Securitisation of Standard Assets dated 24th September, 2021, the profit, loss or premium on account of securitisation of assets at the time of sale is computed as the difference between the sale consideration and the book value of the securitised asset. Any resultant profit, loss or premium realised on account of securitisation is recognised to the Profit and Loss Account in the period in which the sale is completed.

W. LEASES

As Lessee:

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

As Lessor:

Leases where the Group has substantially retained all the risks and rewards of ownership are classified as operating leases and included in fixed assets. Lease income is recognised in the profit and loss account on a straight-line basis over the lease term.

Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognised as expense immediately in the profit and loss account.

In respect of leases of tangible assets where the Group has substantially transferred all the risks and rewards incidental to legal ownership, such leases are classified as finance leases. Such assets are recognised as a receivable at an amount equal to the net investment in the lease. The lease payment is apportioned between finance income and the repayment of principle i.e. the net investment in the lease.

X. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Group recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are measured based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Group does not expect the outcome of these contingencies to have a materially adverse effect on its financial results. Contingent assets are neither recognised nor disclosed in the financial statements.

The Bank estimates the liability for credit card reward points and cost per point using actuarial valuation conducted by an independent actuary, which includes assumptions such as mortality, redemption and spends.

Y. SCHEME EXPENSES

New fund offer expenses and other expenses not chargeable to schemes, in accordance with applicable circulars and guidelines issued by SEBI and Association of Mutual Funds in India (AMFI) are borne by the Asset management company of the Group. Brokerage paid for close ended schemes before 22nd October, 2018 circular issued by SEBI in relation to upfront brokerage are amortised by the Asset Management Company of the Group over the tenor of each scheme on a straight line basis.

Z. CONTRIBUTION TO TERRORISM POOL

In accordance with the requirements of IRDAI, the General Insurance subsidiary, together with other insurance companies, participated in the Terrorism Pool. This Pool is managed by General Insurance Corporation of India (GIC). In accordance with the terms of the agreement, GIC retro cedes, to the Group, terrorism premium to the extent of shares agreed to be borne by the Group in the risk which is recorded as reinsurance accepted. Such Insurance accepted is recorded based on quarterly confirmation received from GIC. Reinsurance accepted on account of Terrorism Pool is recorded based on statement received from GIC.

The entire amount of reinsurance accepted for the current year on this account, net of claims and expenses up to the above date, is carried forward to the subsequent accounting period as changes in unearned premium for subsequent risks, if any, to be borne by the Group.

CONTRIBUTION TO MARINE CARGO POOL FOR EXCLUDED TERRITORIES (MCET POOL)

With the need for covering loss against shipment of fertilizers and other commodities, while under transit in marine cargo against Russia, Ukraine, Belarus (referred as 'excluded territories'), the Company together with other insurance company, participated in Marine Cargo Pool for Excluded Territories (referred as MCET Pool) which is managed by General Insurance Corporation of India (GIC Re). In accordance with the terms of the agreement, the Company accepts retrocession risk as per shares specified in the Schedule of agreement, which is recorded as reinsurance accepted. Such Insurance accepted is recorded based on quarterly confirmation received from GIC Re. Accordingly, reinsurance accepted on account of MCET Pool has been recorded in accordance with the latest statement received from GIC Re as on December 31, 2022.

The entire amount of reinsurance accepted for the current year on this account has been carried forward to the subsequent accounting period as Changes in unearned premium under Insurance Contract Liabilities for subsequent risks, if any, to be borne by the company.

AA. CONTRIBUTION TO SOLATIUM FUND

As per the requirements of IRDAI, the General Insurance subsidiary provides for contribution to solatium fund at 0.10% on the gross direct premium of motor third party policies.

AB. SHARE ISSUE EXPENSES

Share issue expenses are adjusted from securities premium account as permitted by section 52 of the Companies Act, 2013.

AC. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and stock split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

AD. IMPAIRMENT

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. Impairment loss, if any, is recognised in the profit and loss account to the extent carrying amount of assets exceeds their estimated recoverable amount.

AE. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise Cash in hand, Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

NOTES TO ACCOUNTS

3. EMPLOYEE BENEFITS

- a. The Group has recognised the following amounts in the profit and loss account towards contributions to provident fund and other funds.

(₹ in crore)

	Year Ended	
	31 st March, 2023	31 st March, 2022
Provident Fund	336.37	265.67
Superannuation Fund	1.35	1.63
New Pension Fund	14.75	10.47
DIFC Employee Workplace Savings Scheme (DEWS)	0.72	0.67

- b. Gratuity

The gratuity plan provides a lumpsum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Group subject to a maximum of ₹ 0.20 crore. There is no ceiling on gratuity payable to directors and certain categories of employees subject to service regulations and service awards.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below.

(₹ in crore)

	As at 31 st March, 2023		As at 31 st March, 2022	
	Funded	Unfunded	Funded	Unfunded
Change in benefit obligations				
Liability as at the beginning of the year	641.34	10.36	610.16	7.98
Transfer from Unfunded to Funded	-	-	-	-
Current Service cost	98.04	1.99	78.30	1.35
Interest cost	45.23	0.77	38.96	0.54
Actuarial (gain) / loss on obligations	(11.19)	0.50	25.14	1.07
Past Service cost	-	-	-	-
Liabilities assumed on acquisition / (settled on divestiture)	0.68	(0.58)	(0.57)	0.48
Benefits paid	(118.06)	(1.33)	(110.65)	(1.06)
Liability as at the end of the year	656.04	11.71	641.34	10.36
Change in plan assets				
Fair value of plan assets as at the beginning of the year	704.79	-	666.73	-
Expected return on plan assets	47.60	-	42.98	-
Actuarial Gain / (loss)	(47.94)	-	38.57	-
Benefits paid	(118.06)	(1.33)	(110.65)	(1.06)
Employer contributions	44.20	1.33	67.16	1.06
Fair value of plan assets as at the end of the year	630.59	-	704.79	-

Reconciliation of present value of the obligation and the fair value of the plan Assets

(₹ in crore)

	As at 31 st March, 2023		As at 31 st March, 2022	
	Funded	Unfunded	Funded	Unfunded
Fair value of plan assets as at the end of the year	630.59	-	704.79	-
Liability as at the end of the year	656.04	11.71	641.34	10.36
Net Asset / (Liability) included in "Others" under "Other Assets" / "Other Liabilities"	(25.45)	(11.71)	63.45	(10.36)
Expenses recognised for the year				
Current service cost	98.04	1.99	78.30	1.35
Interest cost	45.23	0.77	38.96	0.54
Expected return on plan assets	(47.60)	-	(42.98)	-
Actuarial (gain) / loss	36.75	0.50	(13.43)	1.07
Past Service Cost	-	-	-	-
Effect of the limit in Para 59(b)	-	-	-	-
Net gratuity expense recognised in Schedule 16.1	132.42	3.26	60.85	2.96
Actual return on plan assets	(0.33)	-	81.54	-



Reconciliation of the Liability recognised in the Balance Sheet

	As at 31 st March, 2023		As at 31 st March, 2022	
	Funded	Unfunded	Funded	Unfunded
Net (Asset) / Liability as at the beginning of the year	(63.45)	10.36	(56.57)	7.98
Transfer from Unfunded to Funded	-	-	-	-
Expense recognized	132.42	3.26	60.85	2.96
Liabilities assumed on acquisition / (settled on divestiture)	0.68	(0.58)	(0.57)	0.48
Employer contributions	(44.20)	(1.33)	(67.16)	(1.06)
Effect of the limit in Para 59(b)	-	-	-	-
Net (Asset) / Liability included in "Others" under "Other Assets" or "Other Liabilities"	25.45	11.71	(63.45)	10.36

Investment details of plan assets

The plan assets are invested in insurer managed funds. Major categories of plan assets as a percentage of fair value of total plan assets:

	As at 31 st March, 2023 %	As at 31 st March, 2022 %
Equity shares	12.15	48.35
Government securities	49.59	30.84
Bonds, debentures and other fixed income instruments	22.80	9.24
LIC managed funds [#]	0.24	0.19
Money market instruments and other assets	15.22	11.38
Total	100.00	100.00

[#] The plan assets are invested in a fund managed by Life Insurance Corporation of India. In the absence of detailed information regarding plan assets of the fund, the composition of each major category of plan assets, the percentage or amount for each category of the fair value of plan assets has not been disclosed.

Actuarial assumptions used

	As at 31 st March, 2023	As at 31 st March, 2022
Discount rate	7.25% to 7.39% p.a.	6.10% to 6.79% p.a
Salary escalation rate	5.50% p.a. (IBA) 7.00% to 8.00% p.a. (Others)	5.50% (IBA) and 12.00% until year 1, then 7.00 %- 8.00% p.a. (Others)
Expected rate of return on plan assets	7.00% to 7.25 % p.a.	6.10% to 7.25% p.a

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Experience adjustments

Amounts for the current and previous four years are as follows:

Gratuity	Year ended 31st March,				
	2023	2022	2021	2020	2019
Defined benefit obligation	667.77	651.68	618.14	559.07	489.11
Plan assets	630.61	704.80	666.73	498.16	470.41
Surplus / (deficit)	(37.16)	53.12	48.59	(60.91)	(18.70)
Experience adjustments on plan liabilities	8.68	28.32	12.38	42.40	20.25
Experience adjustments on plan assets	(47.93)	38.56	65.23	(43.65)	11.25

The Group expects to contribute ₹ 63.48 crore to gratuity fund in financial year 2023-24.

The above information is as certified by the actuaries of the respective companies and relied upon by the auditors.

c. Pension

Pension liability relates to employees of eIVBL.

Pursuant to the revision in family pension payable to employees of the Bank covered under 11th Bi-Partite settlement and Joint Note dated 11th November, 2020, the Bank has recognised the entire additional liability of ₹ Nil in the Profit and Loss Account during the year ended 31st March, 2023 (previous year ₹ 115.15 crore). There is no unamortised expenditure in the Balance Sheet on account of Family Pension.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for pension benefits is given below.

	As at 31 st March, 2023	As at 31 st March, 2022
	Funded	Funded
Change in benefit obligations		
Liability as at the beginning of the year	1,909.31	1,891.94
Current Service cost	63.16	69.14
Interest cost	134.05	109.56
Actuarial (gain) / loss on obligations	40.66	182.71
Past Service cost	-	-
Benefits paid	(234.53)	(344.04)
Liability as at the end of the year	1,912.65	1,909.31
Change in plan assets		
Fair value of plan assets as at the beginning of the year	1,953.43	1,872.49
Expected return on plan assets	133.47	119.35
Actuarial Gain / (loss)	11.27	34.13
Benefits paid	(234.53)	(344.04)
Employer contributions	9.62	271.50
Fair value of plan assets as at the end of the year	1,873.26	1,953.43

Reconciliation of present value of the obligation and the fair value of the plan Assets

	As at 31 st March, 2023	As at 31 st March, 2022
	Funded	Funded
Fair value of plan assets as at the end of the year	1,873.26	1,953.43
Liability as at the end of the year	1,912.65	1,909.31
Net Asset/ (Liability) included in "Others" under "Other Assets" or "Other Liabilities"	(39.39)	44.12
Expenses recognised for the year		
Current service cost	63.16	69.14
Interest cost	134.05	109.56
Expected return on plan assets	(133.47)	(119.35)
Actuarial (gain) / loss	29.39	148.58
Effect of the limit in Para 59(b)	-	-
Net pension expense recognized in Schedule 16.I	93.13	207.93
Actual return on plan assets	144.74	153.48

Reconciliation of the Liability recognised in the Balance Sheet

	As at 31 st March, 2023	As at 31 st March, 2022
	Funded	Funded
Net (Asset) / Liability as at the beginning of the year	(44.12)	19.45
Expense recognized	93.13	207.93
Employer contributions	(9.62)	(271.50)
Effect of the limit in Para 59(b)	-	-
Net (Asset)/ Liability included in "Others" under "Other Assets" or "Other Liabilities"	39.39	(44.12)

Investment details of plan assets

The plan assets are invested in a fund managed by Life Insurance Corporation of India. In the absence of detailed information regarding plan assets of the fund, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Actuarial assumptions used

	As at 31 st March, 2023	As at 31 st March, 2022
Discount rate	7.39% p.a.	6.79% p.a.
Salary escalation rate	5.50% p.a.	5.50% p.a.
Expected rate of return on plan assets	7.50% p.a.	7.25% p.a.
Inflation	10.00% p.a.	10.00 % p.a.

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors like settlement with employee unions.

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Experience adjustments

Amounts for the current year and previous years are as follows:

(₹ in crore)					
Pension	Year ended 31 st March, 2023	Year ended 31 st March, 2022	Year ended 31 st March, 2021	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Defined benefit obligation	1,912.65	1,909.31	1,891.94	1,600.48	1,156.33
Plan assets	1,873.26	1,953.43	1,872.49	1,514.34	1,159.16
Surplus / (deficit)	(39.39)	44.12	(19.45)	(86.14)	2.83
Experience adjustments on plan liabilities	140.78	248.33	199.72	440.57	102.64
Experience adjustments on plan assets	11.27	34.13	(1.52)	(7.85)	(6.46)

The Bank expects to contribute ₹ 257.81 crore to pension fund in financial year 2023-2024.

d. Compensated absences

The actuarially determined liability for compensated absences (accumulated leave) of the employees of the Group is given below:

(₹ in crore)		
	As at 31 st March, 2023	As at 31 st March, 2022
Total actuarial liability	149.38	282.18
Assumptions:		
Discount rate	7.25% to 7.39% p.a.	6.10% to 6.79% p.a. 2.45% p.a. (DIFC)
Salary escalation rate	5.50% p.a. (IBA) 7.00% to 8.00% p.a. (Others)	5.50% (IBA) and 12.00% until year 1, then 7.00 %- 8.00% p.a. (Others); 3.00% p.a (DIFC)

e. Long Service Award

The actuarially determined liability in respect of Long Service Award of the employees of the Group is given below:

(₹ in crore)		
	As at 31 st March, 2023	As at 31 st March, 2022
Total actuarial liability	13.71	18.92
Assumptions:		
Discount rate	7.30% p.a.	6.70% p.a

4. DEPOSIT UNDER LIEN

Balance with Banks in other deposit accounts include ₹ 6,480.75 crore (previous year ₹ 5,458.53 crore) which are under lien.

5. SECURITIES PLEDGED AND ENCUMBERED

- (a) Investments include Government Securities with face value of ₹ 8,447.61 crore (previous year ₹ 13,349.35 crore) pledged and encumbered for availment of fund transfer facility, clearing facility, margin requirements and with the RBI for liquidity adjustment facility (LAF).
- (b) Investments pledged with National Securities Clearing Corporation Limited towards exposure in derivatives segment as at 31st March, 2023 ₹ 319.85 crore (previous year ₹ 678.60 crore).
- (c) Investments pledged with Clearing Corporation of India Limited and Stock Exchange towards margin requirements as at 31st March, 2023 ₹ 306.04 crore (previous year ₹ 368.56 crore).

6. “Others” in Other Liabilities and Provisions (Schedule 5) include the following items of provisions in respect of contingencies and other provisions, which have been recognised in the accounts in respect of obligations arising from past event, the settlement of which is expected to result in an outflow embodying economic benefits.

a) Provision for Credit Card Reward Points

The following table sets forth, for the periods indicated, movement in actuarially determined provision for credit card account reward points:

	Year Ended	
	31 st March, 2023	31 st March, 2022
Opening provision for reward points	28.51	19.78
Provision for reward points made during the year	171.87	78.10
Utilisation/write-back of provision for reward points	(132.12)	(69.37)
Closing provision for reward points*	68.26	28.51

* This amount will be utilised towards redemption of the credit card accounts reward points.

b) Legal:

	Year Ended	
	31 st March, 2023	31 st March, 2022
Opening Provision	43.78	30.80
Add: Addition during the year	2.27	13.23
Less: Reduction during the year	(3.04)	(0.25)
Closing Provision	43.01	43.78

c) Fraud and Other Provisions:

	Year Ended	
	31 st March, 2023	31 st March, 2022
Opening Provision	45.11	44.48
Add: Addition during the year	4.78	4.56
Less: Reduction during the year	(10.85)	(3.93)
Closing Provision	39.04	45.11

7. A. As per the Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated 30th August, 2021 (updated as on 15th November, 2015), the Group is classifying provision / (write-back) of mark-to-market depreciation on investments under Other Income from the year ended 31st March, 2022. Prior to that, the same was being classified under Provisions and Contingencies. Figures for the previous year have been regrouped to conform to current year presentation.

B. PROVISIONS AND CONTINGENCIES:

Breakup of “Provisions and Contingencies” shown under the head Expenditure in Profit and Loss Account:

(₹ in crore)		
Year ended 31 st March,	2023	2022
Provision for Taxation (Refer Note 8 below)	4,865.74	4,016.43
Provision for Non-performing Assets (including write-offs and net of recoveries)	508.45	1,222.72
Provision for Standard Assets	185.84	382.27
General Provision – COVID-19 Deferment Cases*	(170.98)	(835.49)
Provision for Unhedged Foreign Currency Exposure	(11.09)	19.46
Provision for Diminution in value of Investments (Refer Note 7.A)	(18.15)	(80.41)
Provision for country risk exposure	(4.79)	4.79
Other Provision and Contingencies	(49.60)	57.16
Total	5,305.42	4,786.93

* Provision/ (write-back) in respect of borrowers for which moratorium is granted by the Bank (₹159.55) crore (previous year ₹ 732.00 crore) and its NBFC subsidiaries (₹ 11.43) crore (previous year ₹ 103.49 crore) in accordance with RBI guidelines.

- C. COVID-19, a global pandemic, affected the world economy over last few years. The revival of economic activity improved in financial year 2022 supported by relaxation of restrictions due to administration of the COVID vaccines to a large population in the country. The extent to which COVID-19 pandemic will impact the Bank and its subsidiaries' results going forward will depend on ongoing as well as future developments including the nature and severity of COVID-19.

The Bank and its subsidiaries held an aggregate COVID-19 related provision of ₹ 560.59 crore as of 31st March, 2022. Based on the improved outlook and on actual collections, the Bank and its subsidiaries have reversed provisions amounting to ₹170.98 crore during the year ended 31st March, 2023 and continue to hold provisions aggregating to ₹ 389.62 crore as at 31st March, 2023.

8. PROVISION MADE FOR TAXES DURING THE YEAR:

(₹ in crore)

Year ended 31 st March,	2023	2022
Current tax	4,842.98	3,902.83
Deferred tax	22.76	113.60
Total	4,865.74	4,016.43

9. DESCRIPTION OF CONTINGENT LIABILITIES:

Sr. No.	Contingent Liability*	Brief Description
1.	Claims not acknowledged as debts	This includes liability on account of Direct and Indirect tax demands and legal cases filed against the Group. The Group is a party to various legal proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, result of operations or cash flows. In respect of appeals filed by the Income Tax department with higher authorities, where the matter was settled in favour of the Group at the first appellate stage, and where in view of the Management, it gives rise to an item of timing difference, no contingent liability is envisaged by the Group.
2.	Liability on account of outstanding forward exchange contracts	The Group enters into foreign exchange contracts with inter-bank participants and with its customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.
3.	Guarantees on behalf of constituents in and outside India	Primarily as part of its banking activities, the Group issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Group will make payments in the event of customer failing to fulfill its financial or performance obligations.
4.	Acceptances, endorsements and other obligations	These include: - Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Group - Bills re-discounted by the Group and cash collateral provided by the Group on assets which have been securitised. - Underwriting commitments in respect of Debt Syndication
5.	Other items for which the Group is contingently liable	These include: - Liabilities in respect of interest rate swaps, currency swaps, forward rate agreements, futures, options and other derivative contracts. The Bank enters into these transactions with inter Bank participants and its customers. Currency Swaps are commitments to exchange cash flows by way of interest/ principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as contingent liabilities are amounts used as a benchmark for the calculation of interest component of the contracts. - Liability in respect of capital commitments relating to fixed assets and undrawn commitments in respect of investments. - Amount Transferred to RBI under the Depositor Education and Awareness Fund ('DEA Fund').

* Also refer Schedule 12 – Contingent Liabilities

10. EARNINGS PER EQUITY SHARE:

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Reconciliation between weighted shares used in the computation of basic and diluted earnings per share:		
Weighted average number of equity shares used in computation of basic earnings per share	1,985,666,543	1,983,099,747
Effect of potential equity shares for stock options outstanding	502,301	852,749
Weighted average number of equity shares used in computation of diluted earnings per share	1,986,168,844	1,983,952,496
Following is the reconciliation between basic and diluted earnings per share:		
Nominal value per share (₹)	5.00	5.00
Basic earnings per share (₹)	74.96	60.76
Effect of potential equity shares for stock options (₹)	0.02	0.03
Diluted earnings per share (₹)	74.94	60.73
Profit for the year after tax (₹ in crore)	14,925.01	12,089.39
Less : Preference dividend including tax (₹ in crore)	40.50	40.50
Earnings used in the computation of basic and diluted earnings per share (₹ in crore)	14,884.51	12,048.89



11. EMPLOYEE SHARE BASED PAYMENTS:

The shareholders of the Bank had passed Special Resolutions in the General meeting dated 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to this resolution, the Kotak Mahindra Equity Option Scheme 2015 has been formulated and adopted.

Equity-settled options

The Bank has granted options to employees of the Group vide various employee stock option schemes. During the year ended 31st March, 2023, the following schemes were in operation:

	Plan 2015
Date of grant	Various Dates
Date of Board Approval	Various Dates
Date of Shareholder's approval	29 th June, 2015
Number of options granted	19,968,473
Method of Settlement (Cash / Equity)	Equity
Vesting Period	0.01 – 4.09 years
Exercise Period	0.03 – 1 year
Vesting Conditions	Graded / Cliff vesting

The details of activity under Plan 2015 have been summarised below:

	Year ended 31 st March, 2023		Year ended 31 st March, 2022	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	4,270,658	1,485.35	6,159,212	1,321.54
Granted during the year	1,474,424	1,804.47	1,201,540	1,801.00
Forfeited during the year	137,475	1,611.54	217,852	1,443.90
Exercised during the year	1,894,822	1,413.62	2,826,092	1,268.76
Expired during the year	139,560	1,670.66	46,150	1,300.21
Outstanding at the end of the year	3,573,225	1,642.98	4,270,658	1,485.35
Out of the above exercisable at the end of the year	835,480	1,439.84	1,011,709	1,349.27
Weighted average remaining contractual life (in years)		1.46		1.30
Weighted average fair value of options granted		490.13		495.45

The weighted average share price at the date of exercise for stock options exercised during the year was ₹1,772.38 (Previous year ₹ 1,819.07).

The details of exercise price for stock options outstanding at the end of the year are:

31st March, 2023

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
901-1,000	75,321	0.73	1,000.00
1,001-1,100	10,000	0.25	1,050.00
1,201-1,300	20,040	1.03	1,240.89
1,301-1,400	738,312	0.72	1,341.00
1,401-1,500	442,832	0.25	1,460.00
1,701-1,800	1,224,120	2.08	1,798.00
1,801-1,900	1,062,600	1.83	1,809.20

31st March, 2022

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
801-900	8,764	0.25	900.00
901-1,000	152,280	1.30	1,000.00
1,001-1,100	24,728	1.00	1,050.00
1,201-1,300	496,361	0.34	1,268.41
1,301-1,400	913,422	1.60	1,341.00
1,401-1,500	1,510,393	0.74	1,460.00
1,801-1,900	1,164,710	2.20	1,801.00

Stock appreciation rights

At the General Meeting on 29th June, 2015, the shareholders of the Bank had passed Special Resolution to grant SARs to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 had been formulated and adopted. Subsequently, the SARs have been granted under this scheme.

The SARs are settled in cash and vest on the respective due dates in a graded manner as per the terms and conditions of grant. The contractual life of the SARs outstanding range from 1.00 to 4.13 years.

Detail of activity under SARs is summarised below:

	(₹ in crore)	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Outstanding at the beginning of the year	1,713,218	2,135,672
Granted during the year	1,637,601	609,330
Settled during the year	697,273	924,303
Forfeited during the year	113,508	107,481
Outstanding at the end of the year	2,540,038	1,713,218

Fair value of Employee stock options

The fair value of the equity-settled options is estimated on the date of grant using Black-Scholes options pricing model taking into account the terms and conditions upon which the options were granted. The fair value of the cash-settled options is remeasured at each Balance Sheet date. The following table lists the inputs to the model used for equity-settled and cash-settled options:

Year ended 31st March,	2023		2022	
	Equity-settled	Cash-settled	Equity-settled	Cash-settled
Exercise Price ₹	1,798-1,900	0-1,828	1,341-1,801	0-1,801
Weighted Average Share Price ₹	1,782.25	1,717.45	1,797.38	1,538.28
Expected Volatility	26.57%-36.85%	14.24%-33.18%	27.79%-43.76%	26.92%-37.68%
Historical Volatility	26.57%-36.85%	14.24%-33.18%	27.79%-43.76%	26.92%-37.68%
Life of the options granted (Vesting and exercise period)				
- At the grant date	1.25-4.31		0.51-4.34	
- As at 31 st March		0.00-4.21		0.08-3.71
Risk-free interest rate	5.75%-7.77%	6.77%-7.32%	3.58%-5.94%	3.82%-6.04%
Expected dividend rate	0.06%	0.06%	0.05%	0.05%

The expected volatility was determined based on historical volatility data and the Bank expects the volatility of its share price may not differ from historical volatility. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant for equity settled options and remeasurement date for the cash settled options, corresponding with the expected / residual life of the share-linked instruments has been considered.

Effect of the employee share-based payment plans on the Profit and Loss Account and on the financial position:

	(₹ in crore)	
Year ended 31 st March,	2023	2022
Total Employee compensation cost pertaining to share-based payment plans	201.01	139.48
Compensation cost pertaining to equity-settled employee share-based payment plan included above	45.64	31.44
Liability for employee stock options outstanding as at year end	121.78	71.28
Deferred Compensation Cost	61.48	39.97
Closing balance of liability for cash-settled options	196.93	130.51
Expense arising from increase in intrinsic value of liability for cash stock appreciation plan	69.87	149.45

Had the Group recorded the compensation cost for all share-linked instruments granted on or before 31st March, 2021 on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 12.93 crore (Previous year ₹ 41.64 crore) and the profit after tax would have been lower by ₹ 9.75 crore (Previous year ₹ 30.85 crore). Consequently the basic and diluted EPS would have been ₹ 74.91 (Previous year ₹ 60.60) and ₹ 74.89 (Previous year ₹ 60.58) respectively.

12. TIER II BONDS

Lower Tier II Bonds outstanding as at 31st March, 2023 ₹ 20.00 crore (previous year ₹ 351.00 crore).

13. Interest Expended - Others (Schedule 15.III) includes interest on subordinated debt (Lower and Upper Tier II) ₹ 24.95 crore for the year ended 31st March, 2023 (previous year ₹ 35.57 crore).

14. Kotak Mahindra Prime Limited, a subsidiary of the Bank, for the purpose of consolidation, followed a policy of charging acquisition cost for vehicle loans based on internal rate of return of the contract. The subsidiary has changed its accounting policy w.e.f 1st April, 2022, to charging such acquisition cost for vehicle loans in the period in which they are incurred. Due to this change in policy, the brokerage cost is higher and profit before tax is lower for the year by ₹ 145.19 crore including the unamortised brokerage cost of ₹ 93.83 crore as at 31st March, 2022. Accordingly, profit after tax for the year ended 31st March, 2023 is lower by ₹ 121.44 crore.

15. SEGMENT REPORTING

The summary of the operating segments of the Group for the year ended 31st March, 2023 are as given below:

31 st March,	(₹ in crore)	
	2023	2022
Segment Revenues:		
Treasury, BMU and Corporate Centre	7,437.57	8,925.02
Retail Banking	19,179.15	14,956.16
Corporate / Wholesale Banking	18,130.83	13,521.78
Vehicle Financing	2,607.39	2,004.29
Other Lending Activities	1,342.09	1,476.30
Broking	2,454.01	2,594.83
Advisory and Transactional Services	862.19	657.89
Asset Management	1,660.07	1,492.34
Insurance	19,009.59	18,180.68
Sub-total	72,682.89	63,809.29
Add: Unallocated Income	-	-
Less: inter-segment revenues	(4,540.86)	(5,127.60)
Total Income	68,142.03	58,681.69
Segment Results:		
Treasury, BMU and Corporate Centre	4,331.00	4,516.45
Retail Banking	3,411.69	846.21
Corporate / Wholesale Banking	7,072.95	6,379.46
Vehicle Financing	724.58	630.01
Other Lending Activities	539.76	763.56
Broking	815.42	1,082.52
Advisory and Transactional Services	546.54	375.73
Asset Management	858.82	840.81
Insurance	1,345.42	513.55
Sub-total	19,646.18	15,948.30
Add: Unallocated Income / (Expense)	-	-
Total Profit before tax, minority interest and associates	19,646.18	15,948.30
Less: Provision for tax	(4,865.74)	(4,016.43)
Net Profit before share of Associates and Minority	14,780.44	11,931.87
Segment Assets:		
Treasury, BMU and Corporate Centre	138,500.51	141,212.30
Retail Banking	310,374.20	269,857.05
Corporate / Wholesale Banking	223,845.52	188,132.89
Vehicle Financing	24,085.06	18,696.29
Other Lending Activities	18,523.54	17,452.63
Broking	10,491.70	13,959.09
Advisory and Transactional Services	677.08	375.31
Asset Management	5,669.64	4,544.45
Insurance	68,182.65	58,662.31
Sub-total	800,349.90	712,892.32
Less: inter-segment assets	(181,445.79)	(167,856.71)
Total	618,904.11	545,035.61
Add: Unallocated Assets	1,525.62	1,462.30
Total Assets as per Balance Sheet	620,429.73	546,497.91
Segment Liabilities:		
Treasury, BMU and Corporate Centre	96,606.02	102,329.92
Retail Banking	287,429.54	253,410.95
Corporate / Wholesale Banking	202,922.48	169,595.03
Vehicle Financing	16,297.81	11,367.01
Other Lending Activities	13,641.89	12,640.59
Broking	8,851.84	12,839.45
Advisory and Transactional Services	134.31	100.99
Asset Management	890.38	515.77
Insurance	61,941.05	53,707.45
Sub-total	688,715.32	616,507.16
Less: inter-segment liabilities	(181,445.79)	(167,856.71)
Total	507,269.53	448,650.45
Add: Unallocated liabilities	906.11	713.43
Add: Share Capital, Reserves and Surplus and Minority Interest	112,254.09	97,134.03
Total Capital and Liabilities as per Balance Sheet	620,429.73	546,497.91

(₹ in crore)

31 st March,	2023	2022
Capital Expenditure:		
Treasury, BMU and Corporate Centre	122.68	67.97
Retail Banking	562.99	392.15
Corporate / Wholesale Banking	65.17	37.23
Vehicle Financing	16.85	8.69
Other Lending Activities	0.66	0.71
Broking	60.98	76.49
Advisory and Transactional Services	15.54	2.39
Asset Management	34.80	16.12
Insurance	86.57	58.08
Total	966.24	659.83
Depreciation / Amortisation:		
Treasury, BMU and Corporate Centre	90.96	82.18
Retail Banking	337.81	271.30
Corporate / Wholesale Banking	33.81	28.39
Vehicle Financing	8.68	4.89
Other Lending Activities	2.09	2.32
Broking	45.20	25.91
Advisory and Transactional Services	4.37	3.12
Asset Management	17.32	11.41
Insurance	59.05	50.83
Total	599.29	480.35

Segment information is provided as per the management information system available for internal reporting purposes, which includes certain estimates and assumptions.

RBI's Master Direction on Financial Statements - Presentation and Disclosures, requires to divide the 'Retail banking' into (a) Digital Banking (as defined in RBI circular on Establishment of Digital Banking Units dated 7th April, 2022) and (b) Other Retail Banking segment. During the quarter ended 31st December, 2022, the Bank has commenced operations in two DBUs.

Accordingly, the segmental results for retail banking are subdivided as under:

For the quarter ended March 31, 2023:

(₹ in crore)

Particulars	Segment Revenue for quarter ended 31 st Mar, 2023	Segment Results for quarter ended 31 st Mar, 2023	Segment Assets for quarter ended 31 st Mar, 2023	Segment Liability for quarter ended 31 st Mar, 2023
Retail Banking	5,389.43	1,361.74	310,374.20	287,429.54
(i) Digital Banking	305.59	(4.14)	33.72	10,647.31
(ii) Other Retail Banking	5,083.84	1,365.88	310,340.48	276,782.23

For the quarter ended December 31, 2022:

(₹ in crore)

Particulars	Segment Revenue for quarter ended 31 st Dec, 2022	Segment Results for quarter ended 31 st Dec, 2022	Segment Assets for quarter ended 31 st Dec, 2022	Segment Liability for quarter ended 31 st Dec, 2022
Retail Banking	5,177.77	901.65	295,647.69	274,064.63
(i) Digital Banking	278.14	(44.78)	19.81	9,629.60
(ii) Other Retail Banking	4,899.63	946.43	295,627.88	264,435.03

16. ASSETS TAKEN ON LEASE

- (i) The Group has taken various premises and equipment under operating lease. The lease payments recognised in the Profit and Loss Account are ₹ 751.98 crore (previous year ₹ 661.75 crore).
- (ii) The future minimum lease payments under non-cancelable operating lease not later than one year is ₹ 872.03 crore (previous year ₹ 558.16 crore), later than one year but not later than five years is ₹ 2,001.94 crore (previous year ₹ 1,577.27 crore) and later than five years ₹ 804.28 crore (previous year ₹ 770.53 crore).

The lease terms include renewal option after expiry of primary lease period. There are no restrictions imposed by lease arrangements. There are escalation clauses in the lease agreements.

17. ASSETS GIVEN ON LEASE

The lease income recognised in the Profit and Loss Account in respect of premises and equipment under operating lease is Nil (previous year ₹ 0.01 crore).

The future minimum lease payments expected to be received under non-cancelable operating lease – not later than one year is Nil (previous year Nil), later than one year but not later than five years is Nil (previous year Nil) and later than five years is Nil (previous year Nil).

Details of gross investments, unearned finance income and present value of rentals in respect of assets given under finance lease are as under:

(₹ in crore)

As at 31 st March,	2023	2022
Gross Investments (A):		
(i) Not later than 1 year	62.21	52.99
(ii) Between 1-5 years	120.50	80.48
Total	182.71	133.47
Unearned Finance Income (B):		
(i) Not later than 1 year	15.89	10.95
(ii) Between 1-5 years	18.45	10.53
Total	34.34	21.48
Present Value of Rentals (A-B):		
(i) Not later than 1 year	46.32	42.04
(ii) Between 1-5 years	102.05	69.95
Total	148.37	111.99
Accumulated provision on the Gross Investments	1.72	1.35

18. In accordance with the IRDAI Financial Statements Regulations, the Life Insurance subsidiary revalues its investment property at least once in three years, the market value being the lower of valuations performed by two independent valuers. The real estate investment property is accordingly valued at ₹ 233.34 crore at 31st March, 2023 (previous year ₹ 208.30 crore). The historical cost of the property is ₹ 158.56 crore (previous year ₹ 158.56 crore). The revaluation gains have been included in policyholders' funds.

The life insurance subsidiary has entered into agreements for leasing out its real estate investment properties. These arrangement are in the nature of operating lease. There are no restrictions imposed by lease arrangement and the rent is not determined based on any contingency. The lease payments recognised in profit and loss account in the current year is ₹ 14.93 crore (previous year ₹ 17.55 crore).

19. The Group enters into various types of derivative contracts such as interest rate swaps, cross currency interest rate swaps, foreign currency swaps, forwards, forward rate agreements, index / equity futures and options. The details of such derivatives for subsidiaries (other than bank) are as under:

(i) Derivative instrument outstanding as at 31st March, 2023

As at 31 st March, Particulars of Derivatives	2023 Quantity	2022 Quantity	Purpose
Futures			
S&P CNX Nifty Futures Short	-	-	Trading
Bank Nifty Futures Short	-	-	Trading
Stock Futures Long	6,32,075	215,600	Trading
Stock Futures Short	37,671,130	54,311,321	Trading
S&P CNX Nifty Futures Long	-	50	Trading
Options			
S&P CNX Nifty Options Long	189,300	185,000	Trading
S&P CNX Nifty Options Short	177,000	131,500	Trading
Bank Nifty option Long	3,800	2,025	Trading
Bank Nifty option Short	3,250	1,525	Trading
Forward Exchange Contracts			
USD-INR Long	USD 5,00,000	USD 1,000,000	Hedging
USD-INR Short	-	-	Hedging
Interest Rate Swap	-	USD 13,000,000	Hedging
Total Return Swap	-	-	Trading
Forward rate agreement (₹ crore)[#]	5,953.91	3,521.97	Hedging

[#] Total outstanding notional principal amount of forward rate agreement entered by Life insurance subsidiary to hedge Interest rate risk on its liability side

Unhedged forex exposure outstanding as at the Balance Sheet date

(₹ in crore)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Amount Receivable in foreign currency	11.59 (USD 1,410,562) 0.54 (GBP 53,000) 0.36 (EUR 40,000) 0.08 (SGD 13,000)	3.99 (USD 527,000) 0.34 (GBP 35,000)
Amount Payable in foreign currency	2.33 (USD 2,83,000) 0.64 (SGD 1,04,000)	8.35 (USD 1,102,000) 0.90 (SGD 161,000)



20. Additional information to consolidated accounts at 31st March, 2023, (Pursuant to Schedule III of the Companies Act, 2013)

(₹ in crore)

Name of the Entity	Net Assets*				Share in Profit or Loss			
	As at 31 st March, 2023		As at 31 st March, 2022		For the year ended 31 st March, 2023		For the year ended 31 st March, 2022	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Profit or Loss	Amount
Kotak Mahindra Bank Limited	74.35%	83,459.94	74.59%	72,456.47	73.30%	10,939.30	70.91%	8,572.69
Indian Subsidiaries:								
Kotak Mahindra Prime Limited	7.40%	8,305.90	7.72%	7,494.41	5.55%	828.96	7.32%	885.51
Kotak Securities Limited	6.33%	7,107.98	6.48%	6,290.75	5.80%	865.22	8.28%	1,001.33
Kotak Mahindra Capital Company Limited	0.89%	1,000.38	0.91%	885.47	1.00%	149.28	2.02%	244.75
Kotak Mahindra Life Insurance Company Limited	4.75%	5,327.70	4.52%	4,389.20	7.06%	1,053.31	3.52%	425.38
Kotak Mahindra General Insurance Company Limited	0.30%	341.07	0.24%	233.35	(0.79%)	(117.28)	(0.69%)	(82.98)
Kotak Mahindra Investments Limited	2.51%	2,814.81	2.56%	2,488.54	2.19%	326.26	3.07%	371.15
Kotak Mahindra Asset Management Company Limited	1.50%	1,682.96	1.32%	1,282.70	3.18%	474.77	2.80%	338.94
Kotak Mahindra Trustee Company Limited	0.38%	424.55	0.35%	344.56	0.54%	79.99	0.95%	115.18
Kotak Investment Advisors Limited	0.72%	805.72	0.79%	763.45	0.28%	42.27	0.49%	58.65
Kotak Mahindra Trusteeship Services Limited	0.03%	29.13	0.03%	26.49	0.02%	2.63	0.03%	3.04
Kotak Infrastructure Debt Fund Limited	0.42%	476.20	0.46%	449.17	0.19%	27.83	0.27%	32.35
Kotak Mahindra Pension Fund Limited	0.05%	52.61	0.06%	56.10	(0.02%)	(3.49)	(0.01%)	(1.54)
IVY Product Intermediaries Limited	0.01%	6.36	0.01%	6.19	0.00%	0.16	0.00%	0.22
BSS Microfinance Limited	0.56%	626.63	0.34%	329.42	1.99%	297.21	0.68%	82.81
Foreign Subsidiaries:								
Kotak Mahindra (International) Limited	0.82%	922.93	0.86%	840.18	0.08%	12.41	0.36%	44.03
Kotak Mahindra (UK) Limited	0.40%	449.79	0.41%	400.40	0.10%	15.07	0.11%	13.74
Kotak Mahindra, Inc.	0.08%	86.33	0.07%	67.13	0.09%	13.25	0.21%	25.43
Kotak Mahindra Financial Services Limited	0.00%	3.59	0.01%	6.22	(0.02%)	(3.08)	(0.01%)	(1.14)
Kotak Mahindra Asset Management (Singapore) Pte. Limited	0.25%	283.85	0.23%	225.37	0.26%	38.66	0.30%	36.07
Minority Interests in subsidiary	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Associates:								
Infina Finance Private Limited	-	-	-	-	0.41%	60.50	0.92%	111.81
Phoenix ARC Private Limited	-	-	-	-	0.56%	84.07	0.38%	45.72
ECA Trading Services Limited (Refer Note 26)	-	-	-	-	-	-	0.00%	(0.01)
Inter-company and Other adjustments	(1.74%)	(1,954.34)	(1.96%)	(1,901.54)	(1.77%)	(262.29)	(1.91%)	(233.74)
Total	100.00%	112,254.09	100.00%	97,134.03	100.00%	14,925.01	100.00%	12,089.39

* Total assets minus total liabilities

21. The Group has recorded net deferred tax asset which has been included in “Others – Other Assets” (Schedule 11.VI). The break-up of deferred tax assets and liabilities into major items is as follows:

(₹ in crore)

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Deferred Tax Assets		
Provision for non-performing and doubtful debts, general provisions and contingencies	577.65	610.09
Depreciation on assets	65.68	67.63
Provision for investments	6.65	5.00
Unamortised Income	6.93	3.34
Expenditure allowed on payment basis and others	163.75	159.31
Total Deferred Tax Assets	820.66	845.37
Deferred Tax Liabilities		
Deferred expenses	-	25.51
Depreciation on assets	2.15	1.62
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	212.56	187.39
Others	0.77	2.98
Total Deferred Tax Liabilities	215.48	217.50
Net Deferred Tax Assets / (Liabilities)	605.17	627.87

22. Fixed Assets

Fixed Assets as per Schedule 10 include intangible assets, details of which are as follows:

(₹ in crore)

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
PURCHASED SOFTWARE AND SYSTEM DEVELOPMENT EXPENDITURE		
Gross Block		
At cost on 31 st March of the preceding year	1,100.59	898.45
Add: Additions during the year	302.81	238.82
Less: Deductions during the year	57.53	36.68
Total	1,345.87	1,100.59
Amortisation		
As at 31 st March of the preceding year	837.24	736.10
Add: Charge for the year	175.73	137.69
Less: Deductions during the year	53.19	36.55
Amortisation to date	959.78	837.24
Net Block	386.09	263.35
MEMBERSHIP CARDS OF STOCK EXCHANGE		
Gross Block		
At cost on 31 st March of the preceding year	4.66	4.66
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
Total	4.66	4.66
Amortisation		
As at 31 st March of the preceding year	4.66	4.66
Add: Charge for the year	-	-
Less: Deductions during the year	-	-
Amortisation to date	4.66	4.66
Net Block	-	-
ASSET MANAGEMENT RIGHTS		
Gross Block		
At cost on 31 st March of the preceding year	15.90	15.90
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
Total	15.90	15.90



(₹ in crore)

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Amortisation		
As at 31 st March of the preceding year	15.90	15.90
Add: Charge for the year	-	-
Less: Deductions during the year	-	-
Amortisation to date	15.90	15.90
Net Block	-	-

23. RELATED PARTY DISCLOSURES:

	Nature of relationship	Name of Related Party
A	Individual having significant influence over the enterprise	Mr. Uday S. Kotak along with relatives and enterprises in which he has beneficial interest holds 25.95% of the equity share capital and 17.26% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31 st March, 2023.
B	Other Related Parties:	
	Associates /Others	ECA Trading Services Limited (upto 18 th December, 2021) Infina Finance Private Limited Phoenix ARC Private Limited ING Vysya Foundation
	Key Management Personnel	Mr. Uday S. Kotak, Managing Director and CEO - KMBL Mr. Dipak Gupta - Joint Managing Director – KMBL Mr. KVS Manian - Whole-time Director – KMBL Mr. Gaurang Shah - Whole-time Director (upto 31 st October, 2022) – KMBL Ms. Shanti Ekambaram- Whole-time Director (w.e.f 1 st November, 2022)- KMBL
	Enterprises over which KMP / relatives of KMP have control / significant influence	Aero Agencies Private Limited (formerly known as Aero Agencies Limited) Allied Auto Accessories Private Limited Amrit Lila Enterprises Private Limited (w.e.f. 29 th September, 2021) Asian Machinery & Equipment Private Limited. Brij Disa Arnav Trust Brij Disa Foundation (w.e.f 6 th January, 2021) Brij Disa Parthav Trust Business Standard Online Private Limited Business Standard Private Limited Cumulus Trading Company Private Limited Doreen Realty Private Limited Harisiddha Trading and Finance Private Limited Helena Realty Private Limited Insurekot Sports Private Limited KF Trust (formerly known as USK Benefit Trust II) Komaf Financial Services Private Limited Kotak and Company Private Limited Kotak Chemicals Limited Kotak Commodity Services Private Limited Kotak Family Foundation Kotak Ginning & Pressing Industries Private Limited Kotak Mahindra Group Employee Welfare Trust Kotak Trustee Company Private Limited Kudin Trusteeship Services Private Limited (w.e.f. 9 th September, 2022) Laburnum Adarsh Trust Manian Family Trust Manians Family Trust II (w.e.f. 10 th February, 2022) Meluha Developers Private Limited Palko Properties Private Limited Pine Tree Estates Private Limited Puma Properties Private Limited Quantyco Realty Private Limited Renato Realty Private Limited Shanti Family Trust (w.e.f. 1 st November, 2022) Shivkaran Trust (w.e.f. 1 st November, 2022) Suresh A Kotak HUF TML Benefit Trust True North Enterprises (upto 31 st October, 2022) Uday S Kotak HUF USK Benefit Trust III (w.e.f. 14 th October, 2021) Xanadu Properties Private Limited

Nature of relationship	Name of Related Party
Relatives of Key Management Personnel	Ms. Pallavi Kotak Mr. Suresh Kotak Ms. Indira Kotak Mr. Jay Kotak Mr. Dhawal Kotak Ms. Aarti Chandaria Ms. Anita Gupta Ms. Urmila Gupta Mr. Arnav Gupta Mr. Parthav Gupta Mr. Prabhat Gupta Ms. Jyoti Banga Ms. Seetha Krishnan Ms. Lalitha Mohan Ms. Shruti Manian Mr. Shashank Manian Ms. Vanathi Gopalakrishnan (w.e.f. 15 th April, 2022) Ms. Asha Shah (upto 31 st October, 2022) Ms. Divya Shah (upto 31 st October, 2022) Ms. Manasi Shah (upto 31 st October, 2022) Ms. Mahima Shah (upto 31 st October, 2022) Mr. Chetan Shah (upto 31 st October, 2022) Ms. Chetna Shah (upto 31 st October, 2022) Ms. G. Saraswathi (w.e.f. 1 st November, 2022) Ms. Shobha Srivastava (w.e.f. 1 st November, 2022)

Details of related party transactions as at / for the year ended 31st March, 2023:

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
I. Liabilities					
Deposits	67.64 (100.57)	261.73 (2,459.75)	104.26 (21.56)	184.32 (202.43)	617.95 (2,784.31)
Interest Payable	0.10 (0.30)	1.94 (0.01)	1.00 (0.07)	0.50 (0.13)	3.54 (0.51)
Other Liabilities	0.91 (15.18)	# (-)	0.1 (0.02)	# (#)	1.01 (15.19)
II. Assets					
Investments –Gross	127.28 (177.15)	- (-)	# (#)	- (-)	127.28 (177.15)
Diminution on Investments	- (-)	- (-)	# (#)	- (-)	# (#)
Advances	40.31 (55.31)	- (4.62)	0.92 (2.45)	4.45 (3.73)	45.68 (66.11)
Other Assets	0.39 (1.95)	# (0.02)	0.27 (4.13)	0.03 (0.01)	0.69 (6.11)
Non Fund/ Commitments					
Bank Guarantees	- (-)	- (-)	1.13 (1.13)	- (-)	1.13 (1.13)
Swaps/Forwards/Options Contracts (Notional)	- (-)	- (-)	- (-)	1.65 (3.72)	1.65 (3.72)
III. Expenses					
Salaries (Include ESOP cost)* / fees	- (-)	23.66 (21.15)	- (-)	0.45 (0.30)	24.11 (21.45)
Interest Paid	4.40 (2.61)	44.30 (120.18)	3.09 (1.05)	8.77 (7.34)	60.56 (131.18)
Other Expenses	- (0.22)	2.17 (0.08)	2.95 (1.01)	1.44 (-)	6.57 (1.31)

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
IV. Income					
Interest Income	8.97	0.17	0.14	0.35	9.64
	(8.30)	(0.33)	(0.20)	(0.33)	(9.16)
Others	0.61	1.50	1.45	0.17	3.74
	(0.84)	(0.84)	(1.10)	(0.04)	(2.82)
V. Other Transactions					
Dividend Paid	-	56.37	0.14	0.39	56.90
	(-)	(46.16)	(0.07)	(0.32)	(46.54)
Loan Disbursed	-	-	-	-	-
	(60.00)	(-)	(-)	(-)	(60.00)
Loan Repaid	15.00	-	-	0.01	15.01
	(4.69)	(-)	(-)	(-)	(4.69)
Sale of Investments	-	28.35	-	-	28.35
	(-)	(43.03)	(-)	(-)	(43.03)
Swaps/Forwards/Options Contracts (Notional)	-	5.90	4.21	26.02	36.14
	(-)	(-)	(-)	(3.72)	(3.72)

Material transactions/outstanding with related parties:

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
I. Liabilities:					
Other liabilities					
Infina Finance Private Limited	0.90	-	-	-	0.90
	(15.17)	(-)	(-)	(-)	(15.17)
Others	#	#	0.10	#	0.10
	(#)	(-)	(0.02)	(#)	(0.02)
II. Assets:					
Investments					
Phoenix ARC Private Limited	126.18	-	-	-	126.18
	(176.05)	(-)	(-)	(-)	(176.05)
Others	1.10	-	#	-	1.10
	(1.10)	(-)	(#)	(-)	(1.10)
Diminution on investments					
Business Standard Private Limited	-	-	#	-	#
	(-)	(-)	(#)	(-)	(#)
Others	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Other Assets					
Kotak Commodity Services Private Limited	-	-	0.27	-	0.27
	(-)	(-)	(4.09)	(-)	(4.09)
Phoenix ARC Private Limited	0.33	-	-	-	0.33
	(1.93)	(-)	(-)	(-)	(1.93)
Others	0.06	#	#	0.03	0.09
	(0.02)	(0.02)	(0.04)	(0.01)	(0.09)
Non Fund Commitments					
Bank Guarantees					
Aero Agencies Private Limited	-	-	1.00	-	1.00
	(-)	(-)	(1.00)	(-)	(1.00)
KF Trust (formerly known as USK Benefit Trust II)	-	-	0.13	-	0.13
	(-)	(-)	(0.13)	(-)	(0.13)

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Swaps/Forwards/Options Contracts (Notional)	-	-	-	1.65	1.65
	(-)	(-)	(-)	(3.72)	(3.72)
III. Expenses:					
Salaries (Includes ESOP cost)					
Mr. Dipak Gupta*	-	8.22	-	-	8.22
	(-)	(7.52)	(-)	(-)	(7.52)
Mr. KVS Manian*	-	7.82	-	-	7.82
	(-)	(6.78)	(-)	(-)	(6.78)
Mr. Gaurang Shah*	-	5.27	-	-	5.27
	(-)	(6.85)	(-)	(-)	(6.85)
Ms. Shanti Ekambaram*	-	2.35	-	-	2.35
	(-)	(-)	(-)	(-)	(-)
Others	-	#	-	0.45	0.45
	(-)	(#)	(-)	(0.30)	(0.30)
Other Expenses					
Aero Agencies Private Limited	-	-	2.87	-	2.87
	(-)	(-)	(0.92)	(-)	(0.92)
Mr. KVS Manian	-	2.17	-	-	2.17
	(-)	(-)	(-)	(-)	(-)
Ms. Shruti Manian	-	-	-	1.44	1.44
	(-)	(-)	(-)	(-)	(-)
Others	-	-	0.08	-	0.08
	(0.22)	(0.08)	(0.09)	(-)	(0.39)
IV. Income:					
Other Income					
Infina Finance Private Limited	0.44	-	-	-	0.44
	(0.81)	(-)	(-)	(-)	(0.81)
Mr. Uday S. Kotak	-	0.73	-	-	0.73
	(-)	(0.63)	(-)	(-)	(0.63)
Mr. KVS Manian	-	0.73	-	-	0.73
	(-)	(0.19)	(-)	(-)	(0.19)
Kotak Commodity Services Private Limited	-	-	0.88	-	0.88
	(-)	(-)	(0.25)	(-)	(0.25)
Others	0.18	0.04	0.57	0.17	0.96
	(0.03)	(0.02)	(1.10)	(0.04)	(1.19)
V. Other Transactions:					
Dividend Paid					
Mr. Uday S. Kotak	-	56.20	-	-	56.20
	(-)	(45.98)	(-)	(-)	(45.98)
Others	-	0.16	0.14	0.39	0.70
	(-)	(0.18)	(0.07)	(0.32)	(0.57)
Reimbursements from companies					
Infina Finance Private Limited	0.20	-	-	-	0.20
	(-)	(-)	(-)	(-)	(-)
Phoenix ARC Private Limited	0.23	-	-	-	0.23
	(-)	(-)	(-)	(-)	(-)
Loan Disbursed					
Phoenix ARC Private Limited	-	-	-	-	-
	(60.00)	(-)	(-)	(-)	(60.00)
Loan Repaid during the year					
Phoenix ARC Private Limited	15.00	-	-	-	15.00
	(4.69)	(-)	(-)	(-)	(4.69)

(₹ in crore)					
Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Sale of Investments					
Mr. Uday S. Kotak	-	28.35	-	-	28.35
	(-)	(43.03)	(-)	(-)	(43.03)
Redemption of Debentures					
Phoenix ARC Private Limited	50.00	-	-	-	50.00
	(-)	(-)	(-)	(-)	(-)
Swaps/Forwards/Options Contracts (Notional)					
Others	-	5.90	4.21	26.02	36.14
	(-)	(-)	(-)	(3.72)	(3.72)

* includes incentive paid during the year

In the above table denotes amounts less than ₹ 50,000

Note: Figures of previous year (FY 2022) are given in bracket.

Maximum balance outstanding

(₹ in crore)				
Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel
I. Liabilities				
Deposits	768.74	2,553.73	180.63	248.59
	(492.07)	(3,514.64)	(340.69)	(221.36)
Other Liabilities*	15.48	1.94	1.10	0.50
	(15.18)	(#)	(3.82)	(#)
II. Assets				
Investments-Gross*	177.15	-	#	-
	(199.62)	(-)	(#)	(-)
Advances*	55.31	4.62	2.45	4.45
	(55.31)	(5.07)	(2.88)	(4.86)
Other Assets*	1.95	0.02	4.13	0.03
	(1.95)	(0.03)	(4.13)	(0.02)
Non Funded Commitments				
Bank Guarantees*	-	-	1.13	-
	(-)	(-)	(1.13)	(-)

* Based on maximum of opening and closing balances for the year.

In the above table denotes amounts less than ₹ 50,000.

Note: Figures of previous year (FY2022) are given in bracket.

24. Items exceeding 1% of Total Assets/ Total Income

- a. Details of Items under Others (including provisions) (Schedule 5- Other Liabilities and Provisions) exceeding 1% of total assets of the Group is Nil (Previous Year Nil).
- b. Details of items under Others assets (Schedule 11- Other Assets) exceeding 1% of the total assets of the Group are given below:

(₹ in crore)		
Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Deposits placed with NABARD/ SIDBI	4,544.48	5,572.40

- c. Details of items under Miscellaneous Income (Schedule 14- Other Income) exceeding 1% of total income of the Group is Nil (Previous Year Nil).

- d. Details of items under Other expenditure (Schedule 16- Operating Expenses) exceeding 1% of total income of the Group are given below:

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Professional Charges	1,371.45	1,143.15
Brokerage	1,515.84	1,030.31

25. The Group, as part of its normal banking business that is conducted ensuring adherence to all regulatory requirements, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons.

Other than the transactions described above which are carried out in the normal course of business, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or deposits or any other sources or kinds of funds) by the Group to or in any other persons or entities, including foreign entities ("intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group ("Ultimate Beneficiaries"). The Group has also not received any funds from any parties (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

26. ECA Trading Services Limited ("ECA") is in the process of voluntary liquidation pursuant to resolution passed by its shareholders on 18th December, 2021 and hence it ceased to be an associate from that date. The Group has received distribution of ₹ 3.51 crore from the Official Liquidator of ECA. Investment in ECA is fully provided for, as on 31st March, 2022 & 31st March, 2023.

27. On 10th February, 2023, the Bank has entered into share purchase agreements with the shareholders of Sonata Finance Private Limited ("Sonata"), a Non-Banking Finance Company – Micro Finance Institution registered with the RBI, to acquire 100% of the issued and paid up capital of Sonata, for a total consideration of approximately ₹ 537 crore. The transaction is subject to regulatory and other approvals, including from Reserve Bank of India, which are awaited. Upon completion of the transaction (subsequent to receipt of regulatory and other approvals), Sonata will be a 100% subsidiary of the Bank.

28. The Board of Directors of the Bank have a proposed a dividend of ₹ 1.50 per share having a face value ₹ 5 for the year ended 31st March, 2023 (Previous Year ₹ 1.10 per share). The Bank is obliged to pay dividend to those shareholders whose names are appearing in the register of members as on the book closure date. The dividend will be paid after the approval of the shareholders at the Annual General Meeting.

29. ADDITIONAL DISCLOSURE

Additional statutory information disclosed in the separate financial statements of the Bank and Subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statement.

Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current year's presentation.

As per our report of even date attached.

For and on behalf of the Board of Directors

For KKC & Associates LLP

Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration No. 105146W/W100621

Prakash Apte

Chairman
DIN:00196106

Uday Kotak

Managing Director and
Chief Executive Officer
DIN: 00007467

Gautam Shah

Partner
Membership No. 117348

Dipak Gupta

Joint Managing Director
DIN: 00004771

Uday Khanna

Director
DIN: 00079129

For Price Waterhouse LLP

Chartered Accountants
Firm Registration No. 301112E/E300264

Jaimin Bhatt

President and
Group Chief Financial Officer
Membership No. 35630

Avan Doomasia

Senior Executive Vice President and
Company Secretary
FCS. No. 3430

Russell I Parera

Partner
Membership No. 042190

Mumbai
29th April, 2023

PART "A" : Subsidiaries

Particulars	Kotak Mahindra Prime Limited	Kotak Securities Limited	Kotak Mahindra Capital Company Limited	Kotak Mahindra Life Insurance Company Limited ⁷	Kotak Mahindra General Insurance Company Limited	Kotak Mahindra Investments Limited	Kotak Mahindra Asset Management Company Limited	Kotak Mahindra Trustee Company Limited	Kotak Mahindra (International) Limited ⁶	Kotak Mahindra (UK) Limited ⁶	Kotak Mahindra, Inc. ⁶	Kotak Investment Advisors Limited	Kotak Mahindra Trusteeship Services Limited	Kotak Infrastructure Debt Fund Limited	Kotak Mahindra Pension Fund Limited	Kotak Mahindra Financial Services Limited ⁶	Kotak Mahindra Asset Management (Singapore) Pte. Limited ⁶	Kotak IVY Product Intermediaries Limited	BSS Microfinance Limited
Share Capital ¹	3.50	1.60	3.44	510.29	680.00	5.62	29.80	0.05	16.16	7.01	0.14	8.97	0.09	310.00	60.00	8.45	9.40	2.21	26.73
Reserves & Surplus	8,302.40	7,106.38	996.95	4,817.41	(338.93)	2,809.19	1,653.16	424.50	906.77	442.79	86.19	796.75	29.04	166.20	(7.39)	(4.86)	274.46	4.15	599.90
Total Assets	31,812.82	16,132.50	1,089.93	66,474.75	1,911.27	12,263.88	1,859.14	430.56	1,113.33	524.43	96.26	1,482.46	34.08	1,218.76	54.99	6.47	305.89	6.41	682.14
Total Liabilities	23,506.93	9,024.53	89.55	61,147.06	1,570.20	9,449.07	1,76.18	6.01	190.39	74.63	9.93	676.74	4.95	742.56	2.38	2.88	22.03	0.05	56.51
Investments (excluding investment in subsidiaries) ²	4,053.95	1,707.11	432.39	64,180.23	1,743.80	2,666.46	1,740.66	419.52	1,071.86	189.27	44.87	1,100.35	12.00	438.87	54.17	-	90.32	-	90.82
Turnover ³	3,206.94	2,473.87	323.93	18,103.39	777.21	935.33	943.66	111.82	36.56	110.70	47.03	322.38	14.05	74.92	3.13	2.96	73.01	0.32	633.10
Profit before taxation	1,110.06	1,150.19	192.48	1,462.72	(117.28)	439.32	605.85	107.48	13.36	21.52	15.03	51.95	3.52	27.83	(3.49)	(3.08)	43.49	0.24	396.29
Provision for taxation	281.10	284.97	43.20	409.42	-	113.06	131.08	27.48	0.95	6.46	1.78	9.68	0.89	-	-	-	4.82	0.08	99.08
Profit after taxation	828.96	865.22	149.28	1,053.31	(117.28)	326.26	474.77	79.99	12.41	15.07	13.25	42.27	2.63	27.83	(3.49)	(3.08)	38.66	0.16	297.21
Proposed Dividend (Equity)	NIL	NIL	NIL	153.09	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
% of Shareholding ⁵	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Note:

- (1) Share Capital includes Preference Share Capital.
- (2) Investments include investments and stock-in-trade reported by the above entities and also include investments held to cover policy holders' liabilities and unit linked liabilities.
- (3) Turnover is the total income reported by each of the entities in their financial statements.
- (4) As per Accounting Standard 4 "Contingencies and Events Occurring After the Balance Sheet Date" (AS 4(Revised')), the Company is not required to create provision for dividend declared after the balance sheet date but before financial statements are approved by the shareholders.
- (5) % of Shareholding includes direct and indirect holding through subsidiaries.
- (6) The financial statements of subsidiaries located outside India i.e. Kotak Mahindra, Inc., Kotak Mahindra (UK) Limited, Kotak Mahindra Financial Services Limited and Kotak Mahindra Asset Management (Singapore) Pte. Limited are prepared in accordance with accounting principles generally accepted in their respective countries. For the purpose of preparation of the consolidated financial results, the results of these subsidiaries are prepared under Generally Accepted Accounting Principles in India ("Indian GAAP"). The reporting currency of these subsidiaries is USD and exchange rate as on the last day of the financial year ending 31st March, 2023 is 1 USD = 82.17 INR.
- (7) On 26th April, 2023, the Board of Directors of Kotak Mahindra Life Insurance Company Limited have proposed a final dividend of Rs. 3.00 per share amounting to Rs.153.09 Cr in respect of the year ending 31st March, 2023 subject to the approval of shareholders at the Annual General Meeting.
- (8) 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. For the purpose of preparation of the consolidated financial results, the results of subsidiaries and associates are in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") specified under Section 133 and relevant provision of Companies Act, 2013.



PART "B" : Associates

Particulars	Infina Finance Private Limited	Phoenix ARC Private Limited
Latest Audited Balance Sheet date	31-Mar-23	31-Mar-23
Shares of Associate held by the Group on the year end		
No. of Equity Shares	1,100,240	83,832,000
Amount of Investment in Associates	1.10	100.02
Extent of Holding %	49.99%	49.90%
Description of how there is significance influence	Ownership of 20% or more of the voting power	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of less than 50% of the voting power and no control over the Board	Ownership of less than 50% of the voting power and no control over the Board
Networth attributable to Shareholding as per latest audited Balance Sheet	1,097.80	354.45
Profit for the year	121.02	168.47
i) Considered in the Consolidation	60.50	84.07
ii) Not considered in the Consolidation	60.52	84.40

Note:

- (1) ECA Trading Services Limited ("ECA") is in the process of voluntary liquidation pursuant to resolution passed by its shareholders on 18th December, 2021 and hence it ceased to be an associate from that date. The Group has received interim distribution of ₹ 3.51 crore from the Official Liquidator of ECA. Investment in ECA was fully provided for, as on 31st March, 2022 & 31st March, 2023.

For and on behalf of the Board of Directors

Prakash Apte

Chairman
DIN: 00196106

Uday Kotak

Managing Director and
Chief Executive Officer
DIN: 00007467

Dipak Gupta

Joint Managing Director
DIN: 00004771

Uday Khanna

Director
DIN: 00079129

Jaimin Bhatt

President and
Group Chief Financial Officer
Membership No. 35630

Avan Doomasia

Senior Executive Vice President
and Company Secretary
FCS. No. 3430

Mumbai
29th April, 2023

Basel III (Pillar 3) Disclosures (Consolidated) as at 31st March, 2023

RBI circular DBOD.No.BP.BC.1/21.06.201/2015-16 dated 1st July, 2015 on 'Basel III Capital Regulations' read together with the RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31st March, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards-Amendments' requires banks to make applicable Pillar 3 disclosures including leverage ratio, liquidity coverage ratio and Net Stable Funding Ratio (NSFR) under the Basel III Framework. These disclosures are available on the Bank's website at the following link: <https://www.kotak.com/en/investor-relations/financial-results/regulatory-disclosure.html>. These disclosures have not been subjected to audit or limited review.

Independent Auditor's Report

To the Members of Kotak Mahindra Bank Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

- We have audited the accompanying standalone financial statements of **Kotak Mahindra Bank Limited** ('the Bank'), which comprise the Standalone Balance Sheet as at **31 March 2023**, the Standalone Profit and Loss Account, and the Standalone Cash Flow Statement for the year then ended, and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information ('the Standalone Financial Statements').
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act') and circulars and guidelines issued by the Reserve Bank of India ('the RBI'), in the manner so required for banking companies and give a true and fair view, in conformity with the Accounting Standards prescribed under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2023 and its profit and its cash flows for the year ended on that date.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- We have determined the matters described below to be the key audit matters to be communicated in our report.

Identification of Non-performing Assets ("NPAs") and provisioning on advances:

Total Loans and Advances (Net of Provision) as at March 31, 2023: ₹ 3,19,861 Crores Provision for NPAs as at March 31, 2023: ₹ 4,575 Crores

Provision Coverage Ratio (including technical write offs) as at March 31, 2023: 83.77%

Refer Schedule 9, Schedule 17(C)(2), Schedule 18(A) note 9 and note 11

Key audit matter	How our audit addressed the key audit matter
The Bank is required to comply with the Master Circular issued by the Reserve Bank of India ('RBI') on 'Prudential Norms for Income Recognition, Asset Classification and Provisioning pertaining to Advances' (the 'IRAC norms') and amendments thereto which prescribes the guidelines for identification and classification of Non-performing Assets ('NPAs') and the minimum provision required for such assets. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs considering various quantitative as well as qualitative factors. The identification of NPAs is also affected by factors like stress and liquidity concerns in certain sectors. The provision for identified NPAs is estimated based on ageing and classification of NPAs, value of security, recovery estimates etc. and is also subject to the minimum provisioning norms specified by RBI. Since the identification of NPAs and provisioning for advances requires considerable level of management estimation, application of various regulatory requirements and its significance to the overall audit, we have identified this as a key audit matter.	Our audit procedures included the following: - Understood the process and controls, and tested the design and operating effectiveness of key controls, including Information Technology based controls, and focused on the following: - Approval of new lending facilities in accordance with the Bank's credit policies. - Performance of annual review/renewal of loan accounts. - Monitoring of credit quality which amongst other things includes the monitoring of overdue loan accounts, drawing power limit, pending security creation; - Identification and classification of NPAs in accordance with IRAC norms, other regulatory guidelines issued by the RBI and consideration of qualitative aspects; and - Assessment of adequacy of NPA provisions. - Tested the Bank's process for identification of loans with default events and/ or breach of other qualitative factors, and for a sample of performing loans, independently assessed as to whether there was a need to classify such loans as NPAs. - On a test check basis, verified the accounts classified by the Bank as Special Mention Accounts ('SMA') in RBI's Central Repository of Information on Large Credits ('CRILC'). - Inquired with the management of the Bank on sectors where there has been stress and the steps taken by the Bank to mitigate such sectorial risks.

Key audit matter	How our audit addressed the key audit matter
	With respect to provisions recognised towards NPAs, we reperformed the provision calculations on a sample basis taking into consideration the value of security, where applicable, the IRAC norms and NPA policy of the Bank, and compared our outcome to that prepared by the management and tested relevant assumptions and judgements which were used by the management.

Information Technology ("IT") Systems and Controls impacting Financial Reporting

Key audit matter	How our audit addressed the key audit matter
The IT environment of the Bank is complex and involves a large number of independent and interdependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Bank. Appropriate IT general controls and IT application controls are required to ensure that such IT systems are able to process the data as required, completely, accurately, and consistently for reliable financial reporting. We have identified certain key IT systems ('in-scope' IT systems) which have an impact on the financial reporting process and the related control testing as a key audit matter because of the high level of automation, significant number of systems being used by the Bank for processing financial transactions, the complexity of the IT architecture. During the year, the Bank has migrated to a new general ledger accounting system from the legacy application.	Our audit procedures with respect to this matter included the following: In assessing the controls over the IT systems of the Bank, we involved our technology specialists to obtain an understanding of the IT environment, IT infrastructure and IT systems. We evaluated and tested relevant IT general controls and IT application controls of the 'in-scope' IT systems identified as relevant for our audit of the standalone financial statements and financial reporting process of the Bank. On such 'in-scope' IT systems, we have tested key IT general controls with respect to the following domains: - Program change management, which includes that program changes are moved to production environment as per defined procedures and relevant segregation of environment is ensured. - User access management, which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating system and databases in the production environment were granted only to authorized personnel. - Program development, which comprises IT governance, system development life cycle and data migration for relevant in-scope applications, operating systems, and databases, which are relied upon for financial reporting. - Other areas that were assessed under the IT control environment included backup management, business continuity, disaster recovery, incident management, batch processing and monitoring. We also evaluated the design and tested the operating effectiveness of key IT application controls within key business processes, which included testing automated calculations, automated accounting procedures, system interfaces, system reconciliation controls and key system generated reports, as applicable. Where control deficiencies were identified, we tested compensating controls or performed alternative audit procedures, where necessary.

Information other than the Financial Statements and Auditor's Report thereon

- The Bank's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

- The accompanying Standalone Financial Statements have been approved by the Bank's Board of Directors. The Bank's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021, and other accounting principles generally accepted in India, and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the RBI from time to time ('RBI Guidelines'). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and



- maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the Standalone Financial Statements, the Board of Directors are responsible for assessing the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the Standalone Financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
 - Conclude on the appropriateness of the management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. The Standalone Financial Statements of the Bank for the year ended 31 March 2022, were jointly audited by M/s Walker ChandioK & Co LLP and Price Waterhouse LLP under the Act and the Banking Regulation Act, 1949, who, vide their report dated 04 May 2022, expressed an unmodified opinion on those Standalone Financial Statements. Accordingly, KKC & Associates LLP (Formerly Khimji Kunverji & Co LLP) does not express any opinion on the Standalone Financial Statements for the year ended 31 March 2022.
- Our opinion is not modified in respect of above matter.

Report on Other Legal and Regulatory Requirements

16. In our opinion, The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 and section 133 of the Act and the relevant rules issued thereunder.
17. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - The transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

- Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. We have visited 118 branches to examine the records maintained at the branches for the purpose of our audit.
18. In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act are not applicable to the Bank by virtue of Section 35B(2A) of the Banking Regulation Act, 1949. Accordingly, the reporting under Section 197(16) of the Act regarding payment/ provision for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act, is not applicable.
19. As required by section 143 (3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under section 133 of the Act read with relevant Rules issued thereunder, to the extent they are not inconsistent with the accounting policies prescribed by the RBI;
 - On the basis of the written representations received from the directors as on 31 March 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act;
 - With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in Annexure A wherein we have expressed an unmodified opinion; and
 - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - The Bank has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Schedule 12 (I), Schedule 17C – Note 13 and Schedule 18B Note 15(1) to the Standalone Financial Statements;
 - The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Schedule 12 (II), 12 (Va) and 12 (Vb), Schedule 17C – Note 10, Note 11 and Note 13 and Schedule 18B – Note 10 and Note 15 to the Standalone Financial Statements;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank, during the year ended 31 March 2023;
 - The management has represented that, to the best of its knowledge and belief, as disclosed in Schedule 18B – Note 17 to the Standalone Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - The management has represented that, to the best of its knowledge and belief, as disclosed in Schedule 18B – Note 17 to the Standalone Financial Statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
 - The dividend declared and paid during the year ended 31 March 2023 by the Bank is in compliance with Section 123 of the Act.
 - As the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for the accounting software used by the Bank for maintaining its books of account to have the feature for recording of audit trail (edit log) facility and related matters, is applicable for the Bank only with effect from financial year beginning 1 April 2023, the reporting under clause (g) of Rule 11 is currently not applicable.

For **Price Waterhouse LLP**
Chartered Accountants
Firm Registration Number: 301112E/ E300264

Russell I Parera
Partner
Membership Number: 042190
UDIN: 23042190BGTALU9660

Place: Mumbai
Date: 29th April, 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Gautam Shah
Partner
Membership Number: 117348
UDIN: 23117348BGSZIF8464

Place: Mumbai
Date: 29th April, 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KOTAK MAHINDRA BANK LIMITED FOR THE YEAR ENDED 31 MARCH 2023

Referred to in paragraph 19(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Independent Auditor's Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- 1. In conjunction with our audit of the standalone financial statements of **Kotak Mahindra Bank Limited** ('the Bank) as at and for the year ended **31 March 2023**, we have audited the internal financial controls with reference to standalone financial statements of the Bank as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

- 2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Bank's business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to the Standalone Financial Statements

- 3. Our responsibility is to express an opinion on the Bank's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing ('SAs') issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those SAs and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and if such controls operated effectively in all material respects.
- 4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements includes obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- 5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with Reference to the Standalone Financial Statements

- 6. A Bank's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial controls with reference to the Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to the Standalone Financial Statements

- 7. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

- 8. In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls with reference to the standalone financial statements were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse LLP**
Chartered Accountants
Firm Registration Number: 301112E/ E300264

Russell I Parera
Partner
Membership Number: 042190
UDIN: 23042190BGTALU9660

Place: Mumbai
Date: 29th April, 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Gautam Shah
Partner
Membership Number: 117348
UDIN: 23117348BGSZIF8464

Place: Mumbai
Date: 29th April, 2023

Balance Sheet

as at 31st March, 2023

(₹ in thousands)			
	Schedule	As at 31 st March, 2023	As at 31 st March, 2022
CAPITAL AND LIABILITIES			
Capital	1	14,932,783	14,923,309
Employee's Stock Options (Grants) Outstanding		603,058	313,063
Reserves and Surplus	2	819,666,658	709,641,409
Deposits	3	3,630,960,526	3,116,841,134
Borrowings	4	234,162,684	259,671,169
Other Liabilities and Provisions	5	198,299,064	192,893,870
Total		4,898,624,773	4,294,283,954
ASSETS			
Cash and Balances with Reserve Bank of India	6	199,655,575	360,262,201
Balances with Banks and Money at Call and Short Notice	7	125,767,503	68,977,150
Investments	8	1,214,037,287	1,005,802,168
Advances	9	3,198,612,074	2,712,536,018
Fixed Assets	10	19,203,232	16,437,169
Other Assets	11	141,349,102	130,269,248
Total		4,898,624,773	4,294,283,954
Contingent Liabilities	12	4,556,937,357	2,666,106,322
Bills for Collection		446,552,442	387,092,819
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The schedules referred to above form an integral part of this Balance Sheet.

The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached.

For and on behalf of the Board of Directors

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration No. 105146W/W100621

Prakash Apte
Chairman
DIN:00196106

Uday Kotak
Managing Director and
Chief Executive Officer
DIN: 00007467

Gautam Shah
Partner
Membership No. 117348

Dipak Gupta
Joint Managing Director
DIN: 00004771

Uday Khanna
Director
DIN: 00079129

For Price Waterhouse LLP
Chartered Accountants
Firm Registration No. 301112E/E300264

Jaimin Bhatt
President and
Group Chief Financial Officer
Membership No. 35630

Avan Doomasia
Senior Executive Vice President and
Company Secretary
FCS. No. 3430

Russell I Parera
Partner
Membership No. 042190

Mumbai
29th April, 2023



Profit and Loss Account

for the year ended 31st March, 2023

(₹ in thousands)			
	Schedule	Year ended 31 st March, 2023	Year ended 31 st March, 2022
I. INCOME			
Interest Earned	13	342,508,509	270,388,194
Other Income	14	70,830,509	59,859,197
Total		413,339,018	330,247,391
II. EXPENDITURE			
Interest Expended	15	126,989,356	102,209,122
Operating Expenses	16	137,869,937	107,529,545
Provisions and Contingencies (Refer Note 10 -Schedule 18 B)		39,086,774	34,781,822
Total		303,946,067	244,520,489
III. PROFIT			
Net Profit for the year (I - II)		109,392,951	85,726,902
Add: Balance in Profit and Loss Account brought forward from previous year		304,558,535	247,497,758
Total		413,951,486	333,224,660
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		27,348,300	21,431,800
Transfer to Capital Reserve		9,900	94,700
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		1,150,000	950,000
Transfer to Investment Fluctuation Reserve Account		5,253,150	4,000,000
Dividend		2,589,206	2,189,625
Balance carried over to Balance Sheet		377,600,930	304,558,535
Total		413,951,486	333,224,660
V. EARNINGS PER SHARE (Face value of ₹ 5/-)			
Basic		54.89	43.02
Diluted		54.87	43.01
(Refer Note 1 - Schedule 18 B)			
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The schedules referred to above form an integral part of this Profit and Loss Account.

The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached.

For and on behalf of the Board of Directors

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration No. 105146W/W100621

Prakash Apte
Chairman
DIN:00196106

Uday Kotak
Managing Director and
Chief Executive Officer
DIN: 00007467

Gautam Shah
Partner
Membership No. 117348

Dipak Gupta
Joint Managing Director
DIN: 00004771

Uday Khanna
Director
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Senior Executive Vice President and
Company Secretary
FCS. No. 3430

Russell I Parera
Partner
Membership No. 042190

Mumbai
29th April, 2023

Cash Flow Statement

for the year ended 31st March, 2023

	(₹ in thousands)	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit after tax	109,392,951	85,726,902
Add: Provision for tax	34,516,910	27,886,189
Net Profit before taxes	143,909,861	113,613,091
Adjustments for :-		
Employee Stock Options Expense	241,886	210,036
Depreciation on Bank's Property	4,617,270	3,809,929
Diminution in the value of Investments	(210,499)	(913,713)
Dividend from Subsidiaries / Joint Ventures	(2,422,740)	(2,017,565)
Amortization of Premium on HTM Investments	5,258,387	5,123,616
Loss on revaluation of Investments (net)	2,210,847	9,339,470
Provision for Non Performing Assets, Standard Assets and Other Provisions	4,780,363	7,809,346
Profit on sale of Fixed Assets	(75,091)	(234,285)
	158,310,284	136,739,925
Adjustments for :-		
(Increase)/Decrease in Investments (other than Subsidiaries, Joint Ventures, Associates and Other HTM Investments)	(225,477,641)	42,246,932
(Increase) in Advances	(491,152,921)	(486,953,955)
(Increase)/Decrease in Other Assets	(11,285,411)	4,169,306
Increase in Deposits	514,119,392	315,840,682
Increase in Other Liabilities and Provisions	6,572,093	36,079,837
	(207,224,488)	(88,617,198)
Direct Taxes Paid	(34,777,571)	(26,509,398)
NET CASH FLOW (USED IN) / FROM OPERATING ACTIVITIES (A)	(83,691,775)	21,613,329
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7,698,023)	(5,071,946)
Sale of Fixed Assets	200,140	311,767
Investments in Subsidiaries	(2,242,200)	(3,434,248)
Decrease/(Increase) in Investments in HTM securities	12,225,987	(7,172,348)
Dividend from Subsidiaries	2,422,740	2,017,565
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)	4,908,644	(13,349,210)



Cash Flow Statement

for the year ended 31st March, 2023

	(₹ in thousands)	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
CASH FLOW FROM FINANCING ACTIVITIES		
(Decrease) in Subordinated Debt	(3,060,000)	(1,500,000)
Increase in Refinance	22,290,600	23,370,900
(Decrease)/Increase in Borrowings [other than Refinance and Sub-ordinated debt]	(44,739,085)	1,293,814
Money received on exercise of Stock Options / Issue of Equity Shares	2,678,633	3,585,635
Share Issue Expenses	-	(2)
Dividend paid including Corporate Dividend Tax	(2,589,206)	(2,189,626)
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (C)	(25,419,058)	24,560,721
Increase in Foreign Currency Translation Reserve (D)	385,916	149,193
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	(103,816,273)	32,974,033
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Refer Note below)	429,239,351	396,265,318
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note below)	325,423,078	429,239,351
Note:		
Balance with Banks in India in Fixed Deposit (As per Sch 7 I (i) (b))	11,733	11,733
Balance with Banks in India in Current Account (As per Sch 7 I (i) (a))	3,758,533	3,722,024
Money at Call and Short Notice in India (as per Sch 7 I (ii))	78,969,813	9,996,166
Cash in hand (including foreign currency notes) (As per Sch 6 I.)	18,823,722	17,410,650
Balance with RBI in Current Account (As per Sch 6 II.)	180,831,853	142,851,551
Balance with RBI in other account (As per Sch 6 II.)	-	200,000,000
Balance with Banks Outside India:		
(i) In Current Account (As per Sch 7 II (i))	23,528,483	47,743,769
(ii) In other Deposit Accounts (As per Sch 7 II (ii))	19,498,941	7,503,458
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	325,423,078	429,239,351

As per our report of even date attached.

For and on behalf of the Board of Directors

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration No. 105146W/W100621

Prakash Apte
Chairman
DIN:00196106

Uday Kotak
Managing Director and
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Senior Executive Vice President and
Company Secretary
FCS. No. 3430

Russell I Parera
Partner
Membership No. 042190

Mumbai
29th April, 2023

Schedules

Forming Part of Balance Sheet as at 31st March, 2023

SCHEDULE 1 - CAPITAL

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
Authorised Capital		
2,800,000,000 Equity Shares of ₹5/- each		
2,800,000,000 (31 st March, 2022: 2,800,000,000 Equity Shares of ₹5/- each)	14,000,000	14,000,000
1,000,000,000 (31 st March, 2022: 1,000,000,000) Perpetual Non Cumulative Preference Shares of ₹5/- each	5,000,000	5,000,000
	19,000,000	19,000,000
Issued, Subscribed and Paid-up Capital		
1,986,556,582 (31 st March, 2022: 1,984,661,760) Equity Shares of ₹5/- each fully paid-up	9,932,783	9,923,309
1,000,000,000 (31 st March, 2022: 1,000,000,000) Perpetual Non Cumulative Preference Shares of ₹5/- each fully paid-up	5,000,000	5,000,000
Total	14,932,783	14,923,309

SCHEDULE 2 - RESERVES AND SURPLUS

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
I. Statutory Reserve		
Opening Balance	120,969,683	99,537,883
Add: Transfer from Profit and Loss Account	27,348,300	21,431,800
Total	148,317,983	120,969,683
II. Capital Reserve		
Opening Balance	3,521,986	3,427,286
Add: Transfer from Profit and Loss Account	9,900	94,700
Total	3,531,886	3,521,986
III. General Reserve		
Opening Balance	6,404,249	6,404,249
Add: Amount transferred on Employee's Stock Options (Grants) Outstanding lapsed	21,055	-
Total	6,425,304	6,404,249
IV. Investment Reserve Account		
Opening Balance	-	-
Add: Transfer from/(to) Profit and Loss Account	-	-
Total	-	-
V. Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	7,792,000	6,842,000
Add: Transfer from Profit and Loss Account	1,150,000	950,000
Total	8,942,000	7,792,000
VI. Securities Premium Account		
Opening Balance	247,024,798	243,430,389
Add: Received during the year	2,814,533	3,594,411
Less: Share Issue Expenses	-	2
Total	249,839,331	247,024,798
VII. Amalgamation Reserve		
Opening Balance	1,224,046	1,224,046
Add: Additions	-	-
Total	1,224,046	1,224,046
VIII. Investment Allowance (Utilised) Reserve		
Opening Balance	500	500
Add: Transfer from Profit and Loss Account	-	-
Total	500	500



	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
IX. Investment Fluctuation Reserve		
Opening Balance	17,746,850	13,746,850
Add: Transfer from Profit and Loss Account	5,253,150	4,000,000
Total	23,000,000	17,746,850
X. Foreign Currency Translation Reserve		
Opening Balance	398,762	249,569
Add: (Decrease) / Increase during the year	385,916	149,193
Total	784,678	398,762
XI. Balance in the Profit and Loss Account		
Balance in the Profit and Loss Account	377,600,930	304,558,535
Total	377,600,930	304,558,535
Total (I to XI)	819,666,658	709,641,409

SCHEDULE 3 - DEPOSITS

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
A I. Demand Deposits		
i. From Banks	2,435,164	3,504,995
ii. From Others	697,867,219	643,114,802
Total	700,302,383	646,619,797
II. Savings Bank Deposits	1,217,850,232	1,244,721,650
III. Term Deposits		
i. From Banks	26,074,227	6,492,720
ii. From Others	1,686,733,684	1,219,006,967
Total	1,712,807,911	1,225,499,687
Total Deposits (I to III)	3,630,960,526	3,116,841,134
B. (i) Deposits of branches in India	3,612,850,670	3,115,212,753
(ii) Deposits of branches outside India	18,109,856	1,628,381
Total (i and ii)	3,630,960,526	3,116,841,134

SCHEDULE 4 - BORROWINGS

	(₹ in thousands)	
	As at 31 st March, 2023	As at 31 st March, 2022
I. Borrowings in India		
(i) Reserve Bank of India	47,000,000	-
(ii) Other Banks	2,259,792	104,952,555
(iii) Other Institutions and Agencies (Refer Note 13 - Schedule 18 B)	140,000,600	102,770,000
Total	189,260,392	207,722,555
II. Borrowings outside India		
Banks & Other Institutions (Refer Note 13 - Schedule 18 B)	44,902,292	51,948,614
Total	44,902,292	51,948,614
Total Borrowings (I and II)	234,162,684	259,671,169
Secured Borrowings other than CBLO and Repo Borrowings included in I above	-	-
Tier II Bonds included in I (iii) above	-	3,060,000
Tier II Bonds included in II above	-	-



SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
I. Bills Payable	30,880,206	33,086,059
II. Interest Accrued	11,966,131	6,506,285
III. Provision for tax (net of advance tax and tax deducted at source)	2,378,818	3,034,677
IV. Standard Asset provision	15,172,925	13,927,544
V. Others (including provisions) (Refer Note 45 - Schedule 18 A and Note 11 - Schedule 18 B)	137,900,984	136,339,305
Total	198,299,064	192,893,870

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
I. Cash in hand (including foreign currency notes)	18,823,722	17,410,650
Total	18,823,722	17,410,650
II. Balances with RBI		
(a) In Current Account	180,831,853	142,851,551
(b) In Other Deposit Account	-	200,000,000
Total	180,831,853	342,851,551
Total (I+II)	199,655,575	360,262,201

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
I. In India		
(i) Balances with Banks		
(a) In Current Accounts	3,758,533	3,722,024
(b) In Other Deposit Accounts	11,733	11,733
Total	3,770,266	3,733,757
(ii) Money at Call and Short Notice		
(a) With Banks	77,469,813	9,996,166
(b) With Other Institutions	1,500,000	-
Total	78,969,813	9,996,166
Total (i and ii)	82,740,079	13,729,923
II. Outside India		
(i) In Current Accounts	23,528,483	47,743,769
(ii) In other Deposit Accounts	19,498,941	7,503,458
(iii) Money at call and short notice	-	-
Total (i, ii and iii)	43,027,424	55,247,227
Total (I and II)	125,767,503	68,977,150

SCHEDULE 8 - INVESTMENTS

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
I. In India		
(i) Government Securities	897,060,582	747,192,240
(ii) Other Approved Securities	-	-
(iii) Shares	12,302,210	12,334,917
(iv) Debentures and Bonds	189,697,809	168,018,093
(v) Subsidiaries and Joint Ventures	31,688,894	29,445,894
(vi) Others [Units, Certificate of Deposits (CD), Commercial Paper (CP), Security Receipts, Pass Through Certificates (PTC)]	71,092,790	25,179,091
Total	1,201,842,285	982,170,235
II. Outside India		
(i) Government Securities	1,464,844	4,158,642
(ii) Subsidiaries and Joint Ventures	383,242	383,242
(iii) Other Investments		
(a) Shares	12,460	12,460
(b) Debentures and Bonds	10,334,456	19,077,589
Total	12,195,002	23,631,933
Total Investments (I and II)	1,214,037,287	1,005,802,168

SCHEDULE 9 - ADVANCES

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
A.		
(i) Bills purchased and discounted #	55,508,802	67,871,000
(ii) Cash credits, overdrafts and loans repayable on demand^	987,126,164	856,673,708
(iii) Term loans@	2,155,977,108	1,787,991,310
Total	3,198,612,074	2,712,536,018
# Bills purchased and discounted is net of Bills Rediscounted ₹ 1,475.84 crore (Previous Year ₹ 2,792.10 crore)		
^ net of borrowings under Inter Bank Participatory certificates of ₹ 220.00 crore (Previous Year ₹ NIL)		
@ net of borrowings under Inter Bank Participatory certificates of ₹ 3,986.26 crore (Previous Year ₹ NIL)		
B.		
(i) Secured by tangible assets *	2,465,402,365	1,985,150,813
(ii) Covered by Bank / Government guarantees	69,720,473	111,805,876
(iii) Unsecured	663,489,236	615,579,329
Total	3,198,612,074	2,712,536,018
* including advances against book debts.		
C. I. Advances in India		
(i) Priority Sector	1,471,534,973	1,245,186,615
(ii) Public Sector	4,093,487	1,431,818
(iii) Banks	2,077	18,156
(iv) Others	1,674,439,675	1,421,903,335
Total	3,150,070,212	2,668,539,924
C. II. Advances outside India		
(i) Due from banks	-	-
(ii) Due from others		
a) Bills purchased and discounted	-	-
b) Syndicated and term loans	48,541,862	43,996,094
c) Others	-	-
Total	48,541,862	43,996,094
Grand Total (C.I. and C.II.)	3,198,612,074	2,712,536,018

SCHEDULE 10 - FIXED ASSETS

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
A. Premises (Including Land)		
Gross Block		
At cost on 31 st March of the preceding year	10,570,977	10,584,851
Additions during the year	11,562	4,948
Less: Deductions during the year	5,369	18,822
Total	10,577,170	10,570,977
Depreciation		
As at 31 st March of the preceding year	2,191,672	2,025,601
Add: Charge for the year	174,113	174,198
Less: Deductions during the year	1,195	8,127
Depreciation to date	2,364,590	2,191,672
Net Block	8,212,580	8,379,305
B. Other Fixed Assets (including furniture and fixtures)		
Gross Block		
At cost on 31 st March of the preceding year	28,763,074	25,735,805
Additions during the year	7,496,819	4,966,935
Less: Deductions during the year	3,710,275	1,939,666
Total	32,549,618	28,763,074
Depreciation		
As at 31 st March of the preceding year	20,862,194	19,099,342
Add: Charge for the year	4,443,157	3,635,731
Less: Deductions during the year	3,589,401	1,872,879
Depreciation to date	21,715,950	20,862,194
Net Block (Refer Note 6 - Schedule 18 B)	10,833,668	7,900,880
C. Leased Fixed Assets		
Gross Block		
At cost on 31 st March of the preceding year	1,540,585	1,540,585
Additions during the year	-	-
Less: Deductions during the year	-	-
Total	1,540,585	1,540,585
Depreciation		
As at 31 st March of the preceding year	1,383,601	1,383,601
Add: Charge for the year	-	-
Less: Deductions during the year	-	-
Depreciation to date	1,383,601	1,383,601
Net Block	156,984	156,984
Total (A) +(B)+(C)	19,203,232	16,437,169

SCHEDULE 11 - OTHER ASSETS

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
I. Interest accrued	38,950,762	34,584,948
II. Advance tax (net of provision for tax)	-	-
III. Stationery and Stamps	27,038	32,885
IV. Cheques in course of collection	6,330	8,060
V. Others (Refer Note 45 - Schedule 18 A and Note 4 - Schedule 18 B)	102,364,972	95,643,355
Total	141,349,102	130,269,248

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in thousands)		
	As at 31 st March, 2023	As at 31 st March, 2022
I. Claims not acknowledged as debts	4,911,365	4,376,498
II. Liability on account of outstanding Forward Exchange Contracts	2,991,342,115	1,574,946,334
III. Guarantees on behalf of Constituents		
i) In India	268,102,384	226,981,863
ii) Outside India	-	-
IV. Acceptances, Endorsements and other obligations	244,570,188	232,694,713
V. Other Items for which the Bank is contingently liable :		
a. Liability in respect of interest rate and currency swaps and forward rate agreements	996,439,662	588,821,128
b. Liability in respect of Options Contracts	31,806,455	32,319,130
c. Capital commitments not provided	16,200,945	2,936,661
d. Unclaimed Customer balances transferred to RBI DEAF Scheme	3,564,243	3,029,995
Total	4,556,937,357	2,666,106,322

SCHEDULE 13 - INTEREST EARNED

(₹ in thousands)		
	Year ended 31 st March, 2023	Year ended 31 st March, 2022
I. Interest / discount on Advances / Bills	269,784,462	193,786,940
II. Income on Investments	64,586,509	66,892,576
III. Interest on balances with RBI and other inter-bank funds	5,502,956	7,234,223
IV. Others	2,634,582	2,474,455
Total	342,508,509	270,388,194

SCHEDULE 14 - OTHER INCOME

(₹ in thousands)		
	Year ended 31 st March, 2023	Year ended 31 st March, 2022
I. Commission, exchange and brokerage	54,400,095	42,006,907
II. Profit / (Loss) on sale of Investments (net)	(7,557,133)	(9,181)
III. Profit / (Loss) on revaluation of Investments (net)	(2,210,847)	(9,339,470)
IV. Profit / (Loss) on sale of building and other assets (net)	75,091	234,285
V. Profit on exchange transactions (net) (including derivatives)	16,366,587	18,594,651
VI. Income earned by way of dividend, etc. from Subsidiaries / Associates and / or Joint Venture in / outside India	3,646,060	3,195,332
VII. Profit on recoveries of non-performing assets acquired	3,109,786	1,636,762
VIII. Miscellaneous Income (Refer Note 45 - Schedule 18 A)	3,000,870	3,539,911
Total	70,830,509	59,859,197

SCHEDULE 15 - INTEREST EXPENDED

(₹ in thousands)		
	Year ended 31 st March, 2023	Year ended 31 st March, 2022
I. Interest on Deposits	117,982,582	93,155,595
II. Interest on RBI / Inter-Bank Borrowings	2,505,371	5,221,140
III. Others (Refer Note 13(c) - Schedule 18 B)	6,501,403	3,832,387
Total	126,989,356	102,209,122

SCHEDULE 16 - OPERATING EXPENSES

(₹ in thousands)		
	Year ended 31 st March, 2023	Year ended 31 st March, 2022
I. Payments to and provision for employees (Refer Note 9 - Schedule 18 B)	55,477,845	46,133,521
II. Rent, taxes and lighting (Refer Note 3 - Schedule 18 B)	8,254,684	7,180,603
III. Printing and Stationery	1,686,785	1,010,675
IV. Advertisement, Publicity and Promotion	6,326,413	3,561,699
V. Depreciation on Bank's property	4,617,270	3,809,929
VI. Directors' fees, allowances and expenses*	35,675	28,245
VII. Auditors' fees and expenses (Refer Note 14 - Schedule 18 B)	38,840	35,472
VIII. Law Charges	435,680	267,859
IX. Postage, telephone etc.	3,665,394	2,585,003
X. Repairs and maintenance	9,293,498	6,254,278
XI. Insurance	3,907,174	3,560,238
XII. Other Expenditure (Refer Note 45 - Schedule 18 A and Note 12 - Schedule 18 B)	44,570,879	33,604,680
	138,310,137	108,032,202
Less: Reimbursement of Costs from Group Companies	440,200	502,657
Total	137,869,937	107,529,545

* - Pertains to non-executive directors remuneration.

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES

A BACKGROUND

In February 2003, Kotak Mahindra Finance Limited was given a license to carry out banking business by the Reserve Bank of India (“RBI”). It was the first Non Banking Finance Company (NBFC) in India to be converted into a Bank. Kotak Mahindra Bank Limited (“Kotak Mahindra Bank”, “Kotak” or “the Bank”) provides a full suite of banking services to its customers encompassing Consumer Banking, Commercial Banking, Treasury and Corporate Banking in India and also has a representative office in Dubai. The Bank set up and commenced operations in May 2016, at its International Financial Services Center Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat. The Bank has commenced operations in October 2019 at its first overseas branch at the Dubai International Financial Centre (DIFC), Dubai, UAE.

B BASIS OF PREPARATION

The financial statements have been prepared in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949. The accounting and reporting policies of Kotak Mahindra Bank used in the preparation of these financial statements is the accrual method of accounting and historical cost convention unless stated otherwise and it conforms with Generally Accepted Accounting Principles in India (“Indian GAAP”), the Accounting Standards specified under section 133 and the relevant provision of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2021 in so far as they apply to banks and the guidelines issued by RBI.

Use of estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Bank’s Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

C SIGNIFICANT ACCOUNTING POLICIES

1 Investments

Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into “Held for Trading” (‘HFT’), “Available for Sale” (‘AFS’) and “Held to Maturity” (‘HTM’) categories (hereinafter called “categories”). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines at the lower of the acquisition cost or carrying value and market value on the date of the transfer, and depreciation, if any, on such transfer is fully provided.

Under each of these categories, investments are further classified under six groups (hereinafter called “group/groups”) - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

The Bank follows ‘Settlement Date’ accounting for recording purchase and sale transactions in securities, except in the case of equity shares where ‘Trade Date’ accounting is followed.

Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities as on that date. Investments which the Bank intends to hold till maturity are classified as HTM securities. The Bank has classified investments in subsidiaries, joint ventures and associates under HTM category. Investments which are not classified in either of the above two categories are classified under AFS category.

Acquisition Cost:

The cost of investments is determined on weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission, etc. paid at the time of acquisition of investments is recognised in Profit and Loss Account.

Disposal of investments:

- Investments classified as HFT or AFS - Profit or loss on sale or redemption is recognised in the Profit and Loss Account.
- Investments classified as HTM - Profit on sale or redemption of investments is recognised in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale or redemption is recognised in the Profit and Loss Account.

Short Sale:

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is categorised under HFT category and netted off from Investments in the Balance Sheet. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Gain or loss on settlement of the short position is recognised in the Profit and Loss Account.

Valuation:

The valuation of investments is performed in accordance with the RBI guidelines as follows:

- a) **Investments classified as HTM** – These are carried at their acquisition cost. Any premium on acquisition of debt instruments / government securities is amortised over the balance maturity of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided.
- b) **Investments classified as HFT or AFS** – Investments in these categories are marked to market and the net depreciation, if any, within each group is recognised in the Profit and Loss Account. Net appreciation, if any, is ignored. Further, provision other than temporary diminution is made at individual security level. Except in cases where provision other than temporary diminution is made, the book value of the individual securities is not changed as a result of periodic valuations.
- c) The market or fair value of quoted investments included in the ‘AFS’ and ‘HFT’ categories is measured with respect to the market price of the scrip as available from the trades or quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared on Fixed Income Money Market and Derivatives Association of India (‘FIMMDA’) website by Financial Benchmark India Private Limited (FBIL) as at the year end.
- d) Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.
- e) Market value of units of mutual funds is based on the latest net asset value declared by the mutual fund.
- f) Investments in subsidiaries / joint ventures (as defined by RBI) are categorised as HTM and assessed for impairment to determine other than temporary diminution, if any, in accordance with RBI guidelines.
- g) Market value of investments where current quotations are not available are determined as per the norms prescribed by the RBI as under:

• In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity for Government Securities as published by FIMMDA / FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit rating along with residual maturity issued by FIMMDA / FBIL is adopted for this purpose;

• In case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by the RBI. Interest on such securities is not recognised in the Profit and Loss Account until received;

• Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company’s latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹ 1 per investee company;

• Units of Venture Capital Funds (VCF) held under AFS category where current valuations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF. Investment in unquoted VCF after 23rd August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines. Such investments are required to be transferred to AFS thereafter;

• Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Asset Reconstruction Company or Securitisation Company or estimated recovery whichever is lower.
- h) Non-performing investments are identified and depreciation / provision are made thereon based on RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the Profit & Loss Account until received.
- i) Repurchase and reverse repurchase transactions - Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) are accounted as collateralised borrowing and lending transactions respectively. The difference between the consideration amount of the first leg and the second leg of the repo is recognised as interest income or interest expense over the period of the transaction.

2 Advances

Classification:

Advances are classified as performing and non-performing advances (‘NPAs’) based on RBI guidelines and are stated net of bills rediscounted, inter-bank participation with risk, specific provisions, interest in suspense, claims received from Export Credit Guarantee Corporation and Emergency Credit Line Guarantee Scheme (ECLGS) with respect to non-performing advances, provisions for funded interest term loan and provisions in lieu of diminution in the fair value of restructured assets. Also, NPAs are classified into sub-standard, doubtful and loss assets as required by RBI guidelines. Interest on NPAs remaining uncollected is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

Amounts paid for acquiring non-performing asset(s) from other banks and NBFCs are considered as advances. Actual collections received on such non-performing asset(s) are compared with the cash flow(s) estimated while purchasing the asset to ascertain overdue(s). If such overdue(s) is/ are in excess of 90 days, then this/these asset(s) are classified into sub-standard, doubtful or loss as required by the RBI guidelines on purchase of non-performing asset(s).

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

Provisioning:

Provision for NPAs comprising sub-standard, doubtful and loss assets is made in accordance with RBI guidelines. In addition, the Bank considers accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provision in respect of non-performing advances are charged to the Profit and Loss Account. Any recoveries made by the Bank in case of NPAs written off are recognised in the Profit and Loss Account.

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower’s financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of installments / rate of interest (due to reasons other than competitive reasons).

Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made.

In respect of borrowers restructured under the Resolution Framework – 1.0 and Resolution Framework 2.0 for COVID-19 related stress the Bank holds provisions higher than the provisions as required by the RBI guidelines based on the estimates made by the Bank.

In accordance with RBI guidelines the Bank has provided general provision on standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, and gold at levels stipulated by RBI from time to time. Additional standard asset provision is done for overseas stepdown subsidiaries of Indian corporates. Standard provision is also made at higher than the prescribed rates in respect of advances to stressed sectors as per the framework approved by the Board of Directors. In case of Frauds, the Bank makes provision for amounts it is liable for in accordance with the guidelines issued by RBI. A general provision on the entire amount outstanding from borrowers who had an overdue on February 29, 2020 and to whom moratorium was given is also made.

Further to provisions required as per the asset classification status, provisions are held for individual country exposure (except for home country) as per the RBI guidelines. Exposure is classified in the seven risk categories as mentioned in the Export Credit Guarantee Corporation of India Limited (‘ECGC’) guidelines and provisioning is done for that country if the net funded exposure is one percent or more of the Bank’s total assets based on the rates laid down by the RBI.

Provision for Unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines.

3 Loss on Sale of Advances to Asset Reconstruction Company

Loss on sale of Advances sold to Asset Reconstruction Company are recognised immediately in the Profit and Loss Account.

4 Securitisation

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle (‘SPV’). In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/ SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass-Through Certificate holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets as specified under section 133 and the relevant provision of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2021.

In accordance with the RBI guidelines on Securitisation of Standard Assets dated 24 September 2021, the profit, loss or premium on account of securitisation of assets at the time of sale is computed as the difference between the sale consideration and the book value of the securitised asset. Any resultant profit, loss or premium realised on account of securitisation is recognised to the Profit and Loss Account in the period in which the sale is completed.

The Bank invests in instruments of other SPVs which are accounted for at the deal value and are classified under Investments.

5 Fixed assets (Property, Plant & Equipment and Intangible) and depreciation / amortisation

Property, Plant & Equipment and Intangible Assets have been stated at cost less accumulated depreciation and amortisation and adjusted for impairment, if any. Cost includes cost of purchase inclusive of freight, duties, incidental expenses and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to put to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Gain or loss arising from the retirement or disposal of a Property Plant and Equipment / Intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Profit on sale of premises of the Bank, net of taxes and transfer to statutory reserve is appropriated to Capital Reserve as per RBI guidelines.

Depreciation / Amortisation - Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. The estimated useful lives of assets based on technical evaluation by management are as follows:

Asset Type	Estimated Useful life in years
Premises	58
Leasehold Land	Over the lease period
Improvement to leasehold premises	Over the period of lease subject to a maximum of 6 years.
Office equipments (High capacity chillers, Transformers, UPS, DG set, Fire Suppression, HVAC, PAC & Elevators)	10
Office equipments (other than above)	5
Computers	3
Furniture and Fixtures	6
Motor Vehicles	4
ATMs	5
Software (including development) expenditure	3

Used assets purchased are depreciated over the residual useful life from the date of original purchase.

Items costing less than ₹ 5,000 are fully depreciated in the year of purchase.

6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

7 Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale customers. The difference between the sale price to customers and actual price quoted by supplier is reflected under other income.

The Bank also borrows and lends gold, which is treated as borrowings or lending as the case may be in accordance with the RBI guidelines and the interest paid or received is classified as interest expense or income and is accounted on an accrual basis.

8 Revenue recognition

Interest income is recognised on accrual basis.

Interest income in respect of retail advances is accounted for by using the internal rate of return method to provide a constant periodic rate of return.

Interest income on investments in PTCs and loans bought out through the direct assignment route is recognised at their effective interest rate.

Interest income on discounted instruments is recognised over the tenure of the instruments so as to provide a constant periodic rate of return.

Service charges, fees and commission income are recognised when due except for guarantee commission and letter of credit which is recognised over the period of the guarantee / letter of credit. Syndication / arranger fee is recognised as income as per the terms of engagement.

Upon an asset becoming NPA the income accrued gets reversed, and is recognised only on realisation, as per RBI guidelines.

Penal interest is recognised as income on realisation other than on running accounts where it is recognised when due.

Dividend income is accounted on an accrual basis when the Bank’s right to receive the dividend is established.

Gain on account of securitisation of assets is amortised over the life of the securities issued in accordance with the guidelines issued by the RBI. Loss on account of securitisation of assets is recognised immediately in Profit and Loss account.

In respect of non-performing assets acquired from other Banks / FIs and NBFCs, collections in excess of the consideration paid at each asset level or portfolio level is treated as income in accordance with RBI guidelines and clarifications.

Fees received on sale of Priority Sector Lending Certificates is considered as Miscellaneous Income, while fees paid for purchase is recognised as expense under other expenses in accordance with the guidelines issued by the RBI.

9 Employee benefits

Defined Contribution Plan

Provident Fund

Contribution as required by the statute made to the government provident fund or to a fund set up by the Bank and administered by a board of trustees is debited to the Profit and Loss Account when an employee renders the related service. The Bank has no further obligations.

Superannuation Fund

The Bank makes contributions in respect of eligible employees, subject to a maximum of 0.01 crore per employee per annum to a Fund administered by trustees and managed by Life Insurance Companies. The Bank recognises such contributions as an expense in the year when an employee renders the related service. The Bank has no further obligations.

New Pension Scheme

The Bank contributes up to 10% of eligible employees' salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Bank recognises such contributions as an expense in the year when an employee renders the related service.

DIFC Employee Workplace Savings Scheme (DEWS)

The Bank’s branch in Dubai International Financial Centre (DIFC) contributes up to 8.33% of eligible branch employees' salary per annum to the DIFC Employee Workplace Savings Scheme (DEWS). The Bank recognises such contributions as an expense in the year when an employee renders the related service. The Bank has no further obligation.

Defined Benefit Plan

Gratuity

The Bank provides for Gratuity, covering employees in accordance with the Payment of Gratuity Act, 1972, service regulations and service awards as the case may be. The Bank’s liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date. The Bank makes contribution to Gratuity Funds administered by trustees and managed by Life Insurance Companies.

Pension Scheme

In respect of pension payable to certain erstwhile ING Vysya Bank Limited (“eIVBL”) employees under Indian Banks' Association (“IBA”) structure, the Bank contributes 10% of basic salary to a pension fund and the difference between the contribution and the amount actuarially determined by an independent actuary is trued up based on actuarial valuation conducted as at the Balance Sheet date. The Pension Fund is administered by the Board of Trustees and managed by Life Insurance Company. The present value of the Bank’s defined pension obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date.

Employees covered by the pension plan are not eligible for employer’s contribution under the provident fund plan.

The contribution made to the Pension fund is recognised as planned assets. The defined benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains or losses in respect of all defined benefit plans are recognised immediately in the Profit and Loss Account in the year in which they are incurred.

Compensated Absences – Other Long-Term Employee Benefits

The Bank accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains / losses are recognised in the Profit and Loss Account in the year in which they arise.

Other Employee Benefits

As per the Bank’s policy, employees are eligible for an award after completion of a specified number of years of service with the Bank. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the Projected Unit Credit Method.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include performance incentives.

Employee share based payments

Equity-settled scheme:

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The schemes provide for grant of options to employees of the Group to acquire the equity shares of the Bank that vest in cliff vesting or in a graded manner and that are to be exercised within a specified period.

RBI, vide its clarification dated 30th August, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments granted after the accounting period ending 31st March, 2021.

In accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the Guidance Note on “Accounting for Employee Share-based payments” issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method for all options granted on or before 31st March, 2021. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee’s Stock Option (Grant) Outstanding account.

The Bank has changed its accounting policy from intrinsic value method to fair value method for all share-linked instruments granted after 31st March, 2021 in accordance with the RBI guidance. The fair value of the option is estimated on the date of grant using Black-Scholes model and is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account.

The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense in "Payment to and provision for employee", equal to the amortised portion of the cost of lapsed option and credit to deferred employee compensation equal to the unamortised portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding account is transferred to General Reserve. The fair market price is the latest available closing price, preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

Where the terms of an equity-settled award are modified, the minimum expense recognised in 'Payments to and provision for employees' is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total intrinsic/ fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

In respect of options granted to employees of subsidiaries, the Bank recovers the related compensation cost from the respective subsidiaries.

Cash-settled scheme:

The cost of cash-settled transactions, stock appreciation rights (SARs) having grant date on or before 31st March 2021 is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. Similar to Equity settled options, SARs granted after 31st March, 2021 are measured on fair value basis.

The intrinsic / fair value is amortised on a straight-line basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the vesting date with changes in intrinsic / fair value recognised in the profit and loss account in 'Payments to and provision for employees'.The SARs that do not vest because of failure to satisfy vesting conditions are reversed by a credit to employee compensation expense, equal to the amortised cost in respect of the lapsed portion.

10 Foreign currency transactions

Foreign currency monetary assets and monetary liabilities are translated as at the Balance Sheet date at rates notified by the Foreign Exchange Dealers' Association of India (FEDAI) and the resultant gain or loss is accounted in the Profit and Loss Account.

Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transactions except in respect of representative office (which are integral in nature) expenses, which are translated at monthly average exchange rates.

Outstanding forward (other than deposit and placement swaps) and spot foreign exchange contracts outstanding at the Balance Sheet date are revalued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI, are revalued at the forward exchange rates implied by the swap curves in respective currencies. The forward profit or loss on the forward contracts are discounted using discount rate and the resulting profits or losses are recognised in the Profit and Loss Account as per the regulations stipulated by the RBI.

Foreign exchange swaps "linked" to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortised over the period of the swap and the same is recognised in the Profit and Loss Account.

Contingent liabilities on account of letters of credit, bank guarantees and acceptances and endorsements outstanding as at the Balance Sheet date denominated in foreign currencies and other foreign exchange contracts are translated at year-end rates notified by FEDAI.

The financial statements of IBU and DIFC which are in the nature of non-integral overseas operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange during the period and (b) All assets and liabilities are translated at closing rate as on Balance Sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus".

11 Derivative transactions

Notional amounts of derivative transactions comprising of swaps, futures and options are disclosed as off Balance Sheet exposures. The Bank recognises all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market) or as liabilities when the fair value is negative (negative marked to market). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account.

Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument. Option premium paid or received is recognised in the Profit and Loss Account on expiry of the option. Option contracts are marked to market on every reporting date.

12 Lease accounting

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognised as expense immediately in the Profit and Loss Account.

13 Accounting for provisions, contingent liabilities and contingent assets

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Bank recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are measured based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Bank does not expect the outcome of these contingencies to have a materially adverse effect on its financial results. Contingent assets are neither recognised nor disclosed in the financial statements.

14 Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. Impairment loss, if any, is provided in the Profit and Loss Account to the extent carrying amount of assets exceeds their estimated recoverable amount.

15 Taxes on income

The Income Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Deferred tax assets on account of timing differences are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of carry forward losses and unabsorbed depreciation, under tax laws, all the deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets are reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the period of the change.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

16 Accounting for Dividend

As per AS 4 (Revised), with effect from April 2016, the Bank is not required to provide for dividend proposed / declared after the Balance Sheet date. The same shall be appropriated from next year amount available for appropriation.

17 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

18 Share issue expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

19 Credit cards reward points

The Bank estimates the liability for credit card reward points and cost per point using actuarial valuation conducted by an independent actuary, which includes assumptions such as mortality, redemption and spends.

20 Segment reporting

In accordance with guidelines issued by RBI and Accounting Standard 17 (AS-17) on “Segment Reporting”, the Banks’ business has been segregated into the following segments whose principal activities were as under:

Segment	Principal activity
Treasury, BMU and Corporate Centre	Money market, forex market, derivatives, investments and primary dealership of government securities and Balance Sheet Management Unit (BMU) responsible for Asset Liability Management and Corporate Centre which primarily comprises of support functions.
Corporate / Wholesale Banking	Wholesale borrowings and lendings and other related services to the corporate sector which are not included under retail banking.
Retail Banking	Comprises of:
Digital Banking	Business involving digital banking products acquired by Digital Banking Unit including existing digital banking products as identified by the Management in accordance with the instructions of the RBI vide its circular dated April 7, 2022.
Other Retail Banking	Includes (other than covered under Digital Banking above): I Lending Commercial vehicle finance, personal loans, home loans, agriculture finance, other loans / services and exposures which fulfill the four criteria for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework". II Branch Banking Retail borrowings covering savings, current, term deposit accounts and Branch Banking network / services including distribution of financial products. III Credit Cards Receivables / loans relating to credit card business.
Other Banking business	Any other business not classified above.

A transfer pricing mechanism has been established by Asset Liability Committee (ALCO) for allocation of interest cost to the above segments based on borrowing costs, maturity profile of assets / liabilities etc. and which is disclosed as part of segment revenue.

Segment revenues consist of earnings from external customers and inter-segment revenues based on a transfer pricing mechanism. Segment expenses consist of interest expenses including allocated operating expenses and provisions.

Segment results are net of segment revenues and segment expenses including interdivisional items.

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth and employees’ stock option (grants outstanding) .

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.



SCHEDULE 18 – NOTES TO ACCOUNTS

A. DISCLOSURES AS LAID DOWN BY RBI CIRCULARS:

1. Capital Adequacy Ratio:

The Bank’s Capital Adequacy Ratios as per Basel III guidelines are as follows:

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Capital Ratios:		
(i) Common Equity Tier I Capital (CET 1)	77,036.40	66,920.01
(ii) Additional Tier I Capital	500.00	500.00
(iii) Tier I Capital (i + ii)	77,536.40	67,420.01
(iv) Tier II Capital	3,817.29	3,167.44
(v) Total Capital (Tier I+Tier II)	81,353.69	70,587.45
(vi) Total Risk Weighted Assets (RWAs)	373,170.24	311,055.30
(vii) CET 1 Ratio (CET 1 as a percentage of RWAs)	20.64%	21.51%
(viii) Tier I Ratio (Tier I capital as a percentage of RWAs)	20.78%	21.67%
(ix) Tier II Ratio (Tier II capital as a percentage of RWAs)	1.02%	1.02%
(x) Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	21.80%	22.69%
(xi) Leverage Ratio	14.13%	14.03%
(xii) Percentage of the shareholding of the Government of India	Nil	Nil
(xiii) Amount of paid-up equity capital raised during the year #	282.40	360.85
(xiv) Amount of non-equity Tier I capital raised during the year of which:		
PNCPS	Nil	Nil
PDI	Nil	Nil
(xv) Amount of Tier II Capital raised during the year of which:		
PNCPS	Nil	Nil
PDI	Nil	Nil

The Bank has allotted during the year 1,894,822 (previous year 2,826,092) equity shares consequent to exercise of ESOPs vested. Accordingly, the share capital further increased by ₹ 0.95 crore (previous year ₹ 1.41 crore) and share premium increased by ₹ 281.45 crore (previous year ₹ 359.44 crore), net of share issue expenses of ₹ Nil (previous year ₹0.00 crore).

As at 31 st March, 2023	Investments in India							Investments outside India				Total Investments
	Government Securities*	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	32,181.79	-	-	-	3,179.02	-	35,360.81	-	38.33	-	38.33	35,399.14
Less: Provision for non performing investments (NPI)	-	-	-	-	10.13	-	10.13	-	-	-	-	10.13
Net	32,181.79	-	-	-	3,168.89	-	35,350.68	-	38.33	-	38.33	35,389.01
Available for Sale												
Gross	57,266.95	-	1,272.83	18,848.68	-	6,877.86	84,266.32	146.48	-	1,058.74	1,205.22	85,471.54
Less: Provision for depreciation and NPI	1,239.08	-	42.61	218.55	-	468.23	1,968.47	-	-	24.05	24.05	1,992.52
Net	56,027.87	-	1,230.22	18,630.13	-	6,409.63	82,297.85	146.48	-	1,034.69	1,181.17	83,479.02
Held for Trading												
Gross	1,496.40	-	-	339.65	-	699.65	2,535.70	-	-	-	-	2,535.70
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	1,496.40	-	-	339.65	-	699.65	2,535.70	-	-	-	-	2,535.70
Total Investments												
Gross	90,945.14	-	1,272.83	19,188.33	3,179.02	7,577.51	122,162.83	146.48	38.33	1,058.74	1,243.55	123,406.38
Less: Provision for depreciation and NPI	1,239.08	-	42.61	218.55	10.13	468.23	1,978.60	-	-	24.05	24.05	2,002.65
Net	89,706.06	-	1,230.22	18,969.78	3,168.89	7,109.28	120,184.23	146.48	38.33	1,034.69	1,219.50	121,403.73

* Includes securities with face Value of ₹ 8,447.61 crore pledged and encumbered for availment of fund transfer facility, clearing facility, margin requirements and with RBI for LAF.

3. Movement of Provisions for Depreciation and Investment Fluctuation Reserve:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
i) Movement of provisions held towards depreciation on investments		
a) Opening balance	1,853.65	1,010.56
b) Add: Provisions made during the year	237.22	938.03
c) Less: Write-back of provisions during the year	88.22	94.94
d) Closing balance	2,002.65	1,853.65
ii) Movement of Investment Fluctuation Reserve		
a) Opening balance	1,774.69	1,374.69
b) Add: Amount transferred during the year	525.31	400.00
c) Less: Drawdown	-	-
d) Closing balance	2,300.00	1,774.69
iii) Closing balance in IFR as percentage of closing balance of investments in AFS and HFT/Current Category	2.67%	2.79%

4. Details of Repo / Reverse Repo (excluding LAF and MSF transactions for the year) deals (in face value terms):**Year ended 31st March, 2023:**

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 st March, 2023
Securities sold under repos				
i. Government securities	-	15,355.95	1,862.17	170.20
ii. Corporate debt securities	-	253.57	14.81	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	-	10,604.11	1,364.25	7,739.18
ii. Corporate debt securities	-	500.00	7.70	-
iii. Any other securities	-	-	-	-

Year ended 31st March, 2022:

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 st March, 2022
Securities sold under repos				
i. Government securities	-	25,845.85	14,802.48	10,475.60
ii. Corporate debt securities	-	200.00	6.03	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	-	7,892.54	326.48	1,000.00
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

5. Disclosure in respect of Non-SLR investments:**(i) Non-performing Non-SLR investments:**

(₹ in crore)

Particulars	Year ended	
	31 st March, 2023	31 st March, 2022
Opening balance	154.10	662.49
Additions during the year	0.00	3.08
Reductions during the year	(75.43)	(511.47)
Closing balance	78.67	154.10
Total provisions held	77.91	152.62

(ii) Issuer composition of Non-SLR investments as at 31st March, 2023:

(₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	672.88	566.50	-	-	-
2	FIs	739.64	40.00	-	-	699.64
3	Banks	605.77	397.65	-	400.34	205.43
4	Private Corporates	24,023.73	18,663.49	358.71	901.20	6,248.50
5	Subsidiaries, Associates and Joint Ventures	3,217.35	1,850.71	-	3,217.35	3,217.35
6	Others	3,201.87	2,718.58	684.70	914.40	3,055.38
7	Provision held towards depreciation	(763.57)	-	-	-	-
	Total	31,697.67	24,236.93	1,043.41	5,433.29	13,426.30

Issuer also include investments held outside India.

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition of Non-SLR investments as at 31st March, 2022:

(₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	1,163.23	650.00	-	-	-
2	FIs	1,487.98	288.39	-	-	-
3	Banks	1,960.64	407.65	-	397.65	189.48
4	Private Corporates	16,872.53	12,569.48	129.06	978.29	2,864.27
5	Subsidiaries, Associates and Joint Ventures	2,993.12	1,625.79	-	2,993.12	2,993.12
6	Others	2,063.49	1,545.98	856.82	158.28	1,647.63
7	Provision held towards depreciation	(680.00)	-	-	-	-
	Total	25,860.99	17,087.29	985.88	4,527.34	7,694.50

Issuer also include investments held outside India.

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

- 6.** During the year ended 31st March, 2023 and year ended 31st March, 2022, the value of sale / transfer of securities to / from HTM category (excluding one-time transfer of securities, permitted sales by RBI consequent to a downward revision in SLR requirements and sales to RBI under Open Market Operation auctions/Switch/GSAP) was within 5% of the book value of instruments in HTM category at the beginning of the year.



7. Derivatives:

A. Forward Rate Agreements/ Interest Rate Swaps:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
The notional principal of swap agreements	91,083.25	50,448.49
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	995.81	557.74
Collateral required by the Bank upon entering into swaps	NA	NA
Concentration of credit risk arising from the swaps	56.47% (Banks)	58.20% (Banks)
The fair value of the swap book	419.30	284.15

B. Exchange Traded Interest Rate Derivatives:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Notional principal amount of exchange traded interest rate derivatives undertaken during the year	-	-
Notional principal amount of exchange traded interest rate derivatives outstanding	-	-
Notional principal amount of exchange traded interest rate derivatives outstanding and not “highly effective” *	NA	NA
Mark to market value of exchange traded interest rate derivatives outstanding and not “highly effective” *	NA	NA

* Being trading positions

C. Disclosures on risk exposures in derivatives:

Qualitative disclosures:

a) Structure and organization for management of risk in derivatives trading:

The Board of Directors, the Asset Liability Management Committee (ALCO), the Risk Management Committee (RMC), Board Committee for Derivatives products, the Senior Management Committee for Derivatives (SMC) and the Risk Management Department are entrusted with the management of risks in derivatives.

The philosophy and framework for the derivative business is laid out in the Board approved Investment and Derivative policies. The ALCO of the Bank is empowered to set the limit-framework for derivatives. It also reviews the market risk exposures of derivatives against the limits. The Risk Management Committee reviews all risks on a consolidated basis.

The Board Committee for Derivatives products and the Senior Management Committee for Derivatives (SMC) oversee the client derivatives business. These committees are responsible for reviewing and approving the derivative products that can be offered to clients (within the regulatory framework provided by the RBI). The Board approved 'Customer Suitability and Appropriateness Policy for Derivatives' lays down the risk management & governance framework for offering derivatives.

The Bank has Back-Office and Risk Management - independent of the dealing function. The Market Risk Management & Counterparty Risk Management Departments are responsible for assessment, monitoring, measurement & reporting of Market & Counterparty risks in derivatives.

b) Scope and nature of risk measurement, risk reporting and risk monitoring systems:

All significant risks of the derivative portfolio are monitored, measured & reported to the senior management. The Treasury Middle Office, on a daily basis, measures & reports risk-metrics like Value-at-Risk (VaR), PV01, Option Greeks like Delta, Gamma, Vega, Theta, Rho etc. Counterparty Risk exposure of the derivatives portfolio is also reported daily. The Treasury Middle Office independently reports profitability on a daily basis. Rate reasonability tests are performed on the Derivative portfolio to ensure that all trades are entered into at market rates. Stress testing is performed to measure the impact of extreme market shifts on the Bank's portfolio (including derivatives). Suitability and Appropriateness assessment is performed before offering derivatives to clients. The Bank continuously invests in technology to enhance the Risk Management architecture.

c) Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:

The Board Approved 'Hedging Policy' details the hedging strategies, hedging processes, accounting treatment, documentation requirements and effectiveness testing for hedges.

Hedges are monitored for effectiveness periodically, in accordance with the Board Approved Policy.

d) Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:

Derivative transactions are segregated into trading or hedge transactions. Trading transactions outstanding as at the Balance Sheet dates are marked to market and the resulting profits or losses, are recorded in the Profit and Loss Account.

Derivative transactions designated as “Hedges” are accounted in accordance with hedging instruments on an accrual basis over the life of the underlying instrument.

Option premium paid / received is accounted for in the Profit and Loss Account on expiry of the option.

Pursuant to the RBI guidelines, any receivables as well positive Mark to Market (MTM) in respect of future receivable under derivative contracts comprising of crystallised receivables which remain overdue for more than 90 days are reversed through the Profit and Loss Account. Limits for Derivative exposures to Corporates are approved by the Credit Committee and for Banks by the ALCO. These limits are renewable annually and are duly supported by ISDA agreements. MTM breaches are monitored daily and are cash collateralised wherever necessary.

Quantitative Disclosures:

31st March 2023:

(₹ in crore)

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)		
	a) For hedging	-	-
	b) For trading	310,875.58	91,083.25
2	Marked to Market Positions**		
	a) Asset (+)	79.87	419.30
	b) Liability (-)	-	-
3	Credit Exposure	8,735.13	1,448.19
4	Likely impact of one percentage change in interest rate (100*PV01)#		
	a) On hedging derivatives	-	-
	b) On trading derivatives	60.95	1,305.18
5	Maximum of 100*PV01 observed during the year#		
	a) On hedging derivatives	-	-
	b) On trading derivatives	70.41	1,332.53
6	Minimum of 100*PV01 observed during the year#		
	a) On hedging derivatives	-	-
	b) On trading derivatives	55.62	180.84

Currency interest rate swaps have been included under currency derivatives.

Excludes PV01 on options.

* Forwards in currency derivatives includes TOM, Spot deal.

** The net position has been shown either under asset or liability, as the case may be, for each type of derivatives.The MTM does not include MTM on Export Bills – Discounted, BULRET deals and Internal deals between KMBL and GIFT, where counterparty is Kotak Bank.

The nature and terms of the Interest Rate Swaps (IRS) as on 31st March, 2023 are set out below:

(₹ in crore)

Nature	No.*	Notional Principal	Benchmark	Terms
Trading	1	45.95	EURIBOR	Receive Fixed Vs. Pay Floating
Trading	1	45.95	EURIBOR	Receive Floating Vs. Pay Fixed
Trading	19	486.89	LIBOR	Receive Fixed Vs. Pay Floating
Trading	104	6,970.17	LIBOR	Receive Floating Vs. Pay Fixed
Trading	1	164.34	LIBOR	Receive Floating Vs. Pay Floating
Trading	65	4,520.84	SOFR	Receive Floating Vs. Pay Fixed
Trading	22	1,548.39	SOFR	Receive Fixed Vs. Pay Floating
Trading	1	73.95	SOFR	Receive Floating Vs. Pay Floating
Trading	200	7,527.76	MIFOR	Receive Fixed Vs. Pay Floating
Trading	35	2,235.00	MIFOR	Receive Floating Vs. Pay Fixed
Trading	90	4,105.00	Mod MIFOR	Receive Fixed Vs. Pay Floating

(₹ in crore)

Nature	No.*	Notional Principal	Benchmark	Terms
Trading	19	1,340.00	Mod MIFOR	Receive Floating Vs. Pay Fixed
Trading	379	14,983.87	MIBOR	Receive Fixed Vs. Pay Floating
Trading	1,133	40,370.91	MIBOR	Receive Floating Vs. Pay Fixed
Trading	194	6,664.23	FBIL*	Receive Fixed Vs. Pay Floating
Total	2,264	91,083.25		

* Benchmark FBIL pertains to trades done in Bond FRA product.

The nature and terms of the Cross Currency Swaps (CCS) as on 31st March, 2023 are set out below:

(₹ in crore)

Nature	No.*	Notional Principal	Benchmark	Terms
Trading	3	289.18	EURIBOR	Receive Fixed Vs. Pay Floating
Trading	3	289.18	EURIBOR	Receive Floating Vs. Pay Fixed
Trading	4	274.74	FIXED	Pay Fixed
Trading	3	237.60	FIXED	Receive Fixed
Trading	67	2,329.25	FIXED	Receive Fixed Vs. Pay Fixed
Trading	3	41.68	EURIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
Trading	14	1,759.59	LIBOR	Receive Fixed Vs. Pay Floating
Trading	3	1,039.51	LIBOR	Receive Floating Vs. Pay Fixed
Trading	5	690.35	SOFR	Receive Fixed Vs. Pay Floating
Trading	18	1,609.65	SOFR Vs. EURIBOR	Receive Floating Vs. Pay Floating
Total	123	8,560.73		

* Above notional principal does not include trades done with GIFT-City branch since it gets zeroed at bank level however, only count of trades done is specified.

The overnight Net open position as at 31st March, 2023 is ₹ 331.21 crore (previous year ₹ 143.45 crore).

31st March 2022:

(₹ in crore)

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)		
	a) For hedging	-	-
	b) For trading	169,160.16	50,448.49
2	Marked to Market Positions**		
	a) Asset (+)	-	-
	b) Liability (-)	105.25	NA
3	Credit Exposure	5,588.00	834.38
4	Likely impact of one percentage change in interest rate (100*PV01)[#]		
	a) On hedging derivatives	-	-
	b) On trading derivatives	50.98	248.40
5	Maximum of 100*PV01 observed during the year[#]		
	a) On hedging derivatives	-	-
	b) On trading derivatives	51.45	352.27
6	Minimum of 100*PV01 observed during the year[#]		
	a) On hedging derivatives	-	-
	b) On trading derivatives	22.92	226.09

Currency interest rate swaps have been included under currency derivatives.

[#] Excludes PV01 on options.

^{**} MTM has been considered at product level.

The nature and terms of the Interest Rate Swaps (IRS) as on 31st March, 2022 are set out below:

(₹ in crore)

Nature	No.*	Notional Principal	Benchmark	Terms
Trading	38	1,367.54	LIBOR	Receive Fixed Vs. Pay Floating
Trading	135	8,403.37	LIBOR	Receive Floating Vs. Pay Fixed
Trading	1	151.59	LIBOR	Receive Floating Vs. Pay Floating
Trading	5	363.80	SOFR	Receive Floating Vs. Pay Fixed
Trading	254	9,525.00	MIFOR	Receive Fixed Vs. Pay Floating
Trading	68	3,670.00	MIFOR	Receive Floating Vs. Pay Fixed
Trading	14	625.00	Mod MIFOR	Receive Fixed Vs. Pay Floating
Trading	5	455.00	Mod MIFOR	Receive Floating Vs. Pay Fixed
Trading	166	8,765.53	MIBOR	Receive Fixed Vs. Pay Floating
Trading	499	17,121.66	MIBOR	Receive Floating Vs. Pay Fixed
Total	1,185	50,448.49		

The nature and terms of the Cross Currency Swaps (CCS) as on 31st March, 2022 are set out below:

(₹ in crore)

Nature	No.*	Notional Principal	Benchmark	Terms
Trading	10	562.06	FIXED	Pay Fixed
Trading	5	511.59	FIXED	Receive Fixed
Trading	66	2,933.42	FIXED	Receive Fixed Vs. Pay Fixed
Trading	2	48.70	EURIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
Trading	22	2,504.11	LIBOR	Receive Fixed Vs. Pay Floating
Trading	4	1,493.16	LIBOR	Receive Floating Vs. Pay Fixed
Trading	2	380.58	SOFR	Receive Fixed Vs. Pay Floating
Total	111	8,433.62		

* Above notional principal does not include trades done with GIFT-City branch since it gets zeroed at bank level however, only count of trades done is specified.

8. Credit default swaps:

The Bank has not entered into any Credit Default Swap transactions.

9. Classification of advances and provisions held:

As at 31st March, 2023

(₹ in crore)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	269,558.47	1,792.01	4,397.42	280.31	6,469.74	276,028.21
Add: Additions during the year					3,989.92	
Less: Reductions during the year (*)					(4,691.34)	
Closing Balance	318,695.94	1,528.74	3,970.41	269.17	5,768.32	324,464.26
(*) Reductions in Gross NPAs due to:						
i) Upgradation					(2,041.37)	(2,041.37)
ii) Recoveries (excluding recoveries from upgraded accounts)					(1,859.60)	(1,859.60)
iii) Technical/Prudential Write-offs					(93.39)	(93.39)
iv) Write-offs other than those covered under (iii) above					(696.98)	(696.98)

(₹ in crore)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	41.57	863.11	3,589.61	280.31	4,733.03	4,774.60
Add: Fresh provisions made during the year					2,313.56	
Less: Excess provision reversed/Write-off loans					(2,471.57)	
Closing balance of provisions held	28.03	837.21	3,468.64	269.17	4,575.02	4,603.05
Net NPAs						
Opening Balance		928.90	807.81	0.00	1,736.71	
Add: Fresh additions during the year					1,676.36	
Less: Reductions during the year					(2,219.77)	
Closing Balance		691.53	501.77	0.00	1,193.30	
Ratios						
Gross NPA to Gross Advances (%)						1.78%
Net NPA to Net Advances (%)						0.37%

Above numbers do not include standard asset provision on Advances (other than provision for country risk and unhedged foreign currency exposures) amounting to ₹ 1,449.75 crore as at 31st March, 2023.

As at 31st March, 2022

(₹ in crore)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	220,981.31	3,506.61	3,379.30	539.60	7,425.51	228,406.82
Add: Additions during the year					4,316.13	
Less: Reductions during the year (*)					(5,271.90)	
Closing Balance	269,558.47	1,792.01	4,397.42	280.31	6,469.74	276,028.21
(*) Reductions in Gross NPAs due to:						
i) Upgradation					(1,968.80)	(1,968.80)
ii) Recoveries (excluding recoveries from upgraded accounts)					(2,073.51)	(2,073.51)
iii) Technical/Prudential Write-offs					(358.98)	(358.98)
iv) Write-offs other than those covered under (iii) above					(870.61)	(870.61)
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	16.33	1,521.36	2,659.38	539.60	4,720.34	4,736.67
Add: Fresh provisions made during the year					3,047.73	
Less: Excess provision reversed/Write-off loans					(3,035.04)	
Closing balance of provisions held	41.57	863.11	3,589.61	280.31	4,733.03	4,774.60
Net NPAs						
Opening Balance		1,985.25	719.92	0.00	2,705.17	
Add: Fresh additions during the year					1,268.40	
Less: Reductions during the year					(2,236.86)	
Closing Balance		928.90	807.81	0.00	1,736.71	
Ratios						
Gross NPA to Gross Advances (%)						2.34%
Net NPA to Net Advances (%)						0.64%

Above numbers do not include standard asset provision on Advances (other than provision for country risk and unhedged foreign currency exposures) amounting to ₹ 1,309.54 crore as at 31st March, 2022.

10. Movement of Technical Write-offs and Recoveries:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Opening balance of Technical / Prudential written-off accounts as at 1 st April	1,818.80	1,660.35
Add: Technical / Prudential write-offs during the year	93.39	358.98
Less: Recoveries / Reductions made from previously Technical / Prudential written-off accounts during the year	(330.30)	(200.53)
Closing Balance as at 31st March	1,581.89	1,818.80

11. The Provision Coverage Ratio (PCR) of the Bank after considering technical write-off is 83.77% as at 31st March, 2023 (previous year 79.05%).

12. Concentration of NPAs:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Total Exposure to top twenty NPA accounts*	653.47	817.02
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	11.33%	12.63%

(*) Above represents Gross NPA

13. RBI vide its circular dated 1st April 2019, has directed banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 10 percent of the published net profits before provision and contingency for the reference period or (b) the additional Gross NPAs identified by RBI exceed 10 percent of the published incremental Gross NPAs for the reference period, or both. There has been no divergence observed by RBI for the financial year 2021-22 (previous year Nil) in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

14. Sector-wise Advances and Gross NPAs

(₹ in crore)

Sl. No.	Sector	As at 31 st March, 2023			As at 31 st March, 2022		
		Outstanding Total Advances*	Gross NPAs	Percentage of Gross NPAs to Total Advances in that Sector	Outstanding Total Advances*	Gross NPAs	Percentage of Gross NPAs to Total Advances in that Sector
A	Priority Sector						
1	Agricultural and Allied Activities	39,696.68	1,496.95	3.77%	34,360.83	1,581.30	4.60%
2	Advances to Industries Sector eligible as Priority sector lending	53,833.32	221.74	0.41%	47,974.56	312.78	0.65%
3	Services	52,649.70	657.41	1.25%	41,653.20	575.87	1.38%
4	Personal Loans and others	2,633.62	14.68	0.56%	2,090.54	26.44	1.26%
	Sub-Total (A)	148,813.32	2,390.78	1.61%	126,079.13	2,496.39	1.98%
B	Non Priority Sector						
1	Agricultural and Allied Activities	566.95	65.93	11.63%	575.50	44.72	7.77%
2	Industry	40,064.46	878.23	2.19%	49,489.06	1,346.77	2.72%
3	Services	41,602.20	542.05	1.30%	48,140.47	928.59	1.93%
4	Personal loans and others	93,417.33	1,891.33	2.02%	51,744.05	1,653.27	3.20%
	Sub-Total (B)	175,650.94	3,377.54	1.92%	149,949.08	3,973.35	2.65%
	Total (A+B)	324,464.26	5,768.32	1.78%	276,028.21	6,469.74	2.34%

* Represents Gross Advances

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

15. Priority sector lending certificates

The amount of PSLCs (category wise) Purchased and Sold during the year:

As at 31st March, 2023:

(₹ in crore)			
Sl. No.	Type of PSLCs	Purchased	Sold
1	PSLC – Agriculture	-	9,050.00
2	PSLC - SF / MF	9,360.00	-
3	PSLC - Micro Enterprises	-	28,477.75
4	PSLC – General	-	20,856.00
TOTAL		9,360.00	58,383.75

As at 31st March, 2022:

(₹ in crore)			
Sl. No.	Type of PSLCs	Purchased	Sold
1	PSLC – Agriculture	-	4,206.00
2	PSLC - SF / MF	11,090.00	-
3	PSLC - Micro Enterprises	1,000.00	11,914.50
4	PSLC – General	-	38,446.50
TOTAL		12,090.00	54,567.00



16. Details of accounts subjected to restructuring*

Particulars	Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
	As on 31 st March, 2023	As on 31 st March, 2022	As on 31 st March, 2023	As on 31 st March, 2022	As on 31 st March, 2023	As on 31 st March, 2022	As on 31 st March, 2023	As on 31 st March, 2022	As on 31 st March, 2023	As on 31 st March, 2022
	(₹ crore)	(₹ crore)	(₹ crore)	(₹ crore)	(₹ crore)	(₹ crore)	(₹ crore)	(₹ crore)	(₹ crore)	(₹ crore)
Standard										
Number of borrowers	101	2,497	-	1	685	908	1,505	4,670	2,291	8,076
Gross Amount (₹ crore)	14.57	20.22	-	8.50	546.50	799.96	265.14	392.78	826.21	1,221.46
Provision held# (₹ crore)	1.38	2.20	-	1.26	71.99	95.39	47.27	62.66	120.64	161.51
Substandard										
Number of borrowers	70	797	-	-	144	261	7,365	8,550	7,579	9,608
Gross Amount (₹ crore)	7.66	2.60	-	-	47.94	82.65	86.41	200.28	142.01	285.53
Provision held (₹ crore)	1.45	0.67	-	-	25.57	32.19	41.87	79.36	68.89	112.22
Doubtful										
Number of borrowers	183	56	7	15	603	180	23,057	24,638	23,850	24,889
Gross Amount (₹ crore)	14.51	21.62	198.39	302.41	166.28	231.76	400.14	328.76	779.32	884.55
Provision held (₹ crore)	12.18	14.95	190.06	280.01	121.30	146.39	370.51	296.32	694.05	737.67
Total										
Number of borrowers	354	3,350	7	16	1,432	1,349	31,927	37,858	33,720	42,573
Gross Amount (₹ crore)	36.74	44.44	198.39	310.91	760.72	1,114.37	751.69	921.82	1,747.54	2,391.54
Provision held (₹ crore)	15.01	17.82	190.06	281.27	218.86	273.97	459.65	438.34	883.58	1,011.40

* Restructuring as defined as per applicable regulations.

- does not include provisions made over regulatory requirement as on 31st March, 2023 amounting to ₹ 82.50 crore (previous year - ₹ 120.00 crore).

Disclosure on the scheme for MSME sector – restructuring of advances**As at 31st March, 2023:**

(₹ in crore)

No. of accounts restructured	Amount
960*	630.78

* Disclosure given is at borrower level

As at 31st March, 2022:

(₹ in crore)

No. of accounts restructured	Amount
1,131*	894.71

* Disclosure given is at borrower level

Disclosure on Resolution of stressed assets:

In terms of the RBI circular dated 7th June 2019 on Prudential Framework for Resolution of Stressed Assets, during the financial year ended 31st March 2023, the Bank has implemented Resolution plan (RP) for one borrower (Previous year one borrower), for which Inter Creditor Agreement (ICA) was executed under consortium arrangement. There was some delay in RP implementation for this case. However, additional provision for any delayed implementation of RP is not applicable to this borrower since the banking system exposure was less than ₹1,500 crores. Borrowers for whom resolution plan is implemented under sole banking arrangement are not included here as no ICA is required.

In respect of certain borrowers with banking system exposure of ₹1,500 crores or more, where RP formulation / implementation was pending, the required additional provision has been made as required by RBI stipulations.

17. Overseas Assets, NPAs and Revenue:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Total Assets	7,168.17	7,668.62
Total NPAs	Nil	Nil
Total Revenue	266.38	67.62

18. Disclosure of transfer of loan exposures

Details of loans transferred/acquired for the year ended 31st March, 2023 and 31st March, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated 24th September, 2021 are given below:

(i) The Bank has not transferred any Loans not in default, Special Mention Account (SMA) and Non-performing Assets (NPAs).

(ii) Details of Loans not in default acquired From Eligible Lenders through Assignment:

₹ crore except tenor

Sr. No	Particulars	31 st March, 2023	31 st March, 2022
1	Aggregate amount of loans acquired	404.97	194.22
2	Aggregate consideration paid	371.08	137.01
3	Weighted average residual maturity	1.9 years	2.03 years
4	Weighted average holding period of originator	3.26 years	2.78 years
5	Retention of beneficial economic interest	Nil	Nil
6	Coverage of tangible security coverage	100%	100%
7	Rating-wise distribution of rated loans	Retail loans – NA	Retail loans – NA

(iii) Details of Special Mention Accounts (SMAs) acquired:

₹ crore except tenor

Portfolio acquired during the year ended	From lenders listed in Clause 3 of the circular dated 24 th September, 2021		
	Aggregate Principal outstanding of loans acquired	Aggregate consideration paid	Weighted average residual tenor of loans acquired (in Years)
31 st March, 2023	176.79	110.87	1.89
31 st March, 2022	28.15	8.80	2.39

(iv) Details of Non-performing Assets (NPAs) acquired:

₹ crore except tenor

Portfolio acquired during the year ended	From lenders listed in Clause 3 of the circular dated 24 th September, 2021		
	Aggregate Principal outstanding of loans acquired	Aggregate consideration paid	Weighted average residual tenor of loans acquired (in Years) [§]
31 st March, 2023	1,862.83	259.90	8.09
31 st March, 2022	693.66	75.53	7.58

[§] - Weighted Average residual tenor of loans is excluding limit based facilities

(v) Details of recovery ratings assigned for Security Receipts as :

Recovery Rating [^]	Anticipated Recovery as per Recovery Rating	Carrying Value* as at 31 st March, 2023 (₹ crore)	Carrying Value* as at 31 st March, 2022 (₹ crore)
NR1/R1+/RR1+	>150%	11.14	37.78
NR2/R1/RR1	100% - 150%	447.04	334.81
NR3/R2/RR2	75% - 100%	36.12	42.51
NR4/R3/RR3	50% - 75%	134.33	141.28
NR5/R4/RR4	25%-50%	2.09	15.30
NR6/R5/RR5	0% - 25%	-	26.44
Yet to be rated**	-	524.97	46.80
Unrated	-	0.09	0.01
Total		1,155.78	644.93

[^] - Recovery Rating is as assigned by various external rating agencies.^{**} - Recent purchases whose statutory period not yet elapsed.^{*} - Net of Provisions.**19. Unsecured Advances**

(₹ in crore)

Particulars	31 st March, 2023	31 st March, 2022
Total unsecured advances of the bank	66,348.92	61,557.93
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-



20. Business ratios / information:

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Interest income as a percentage of working funds (A)	7.72%	6.73%
Non-Interest income as a percentage of working funds	1.60%	1.49%
Cost of deposits	3.65%	3.22%
Net Interest Margin (E)	5.33%	4.62%
Operating profit as a percentage of working funds (B) & (F)	3.35%	3.00%
Return on assets (average) (F)	2.47%	2.13%
Business (deposit plus advance) per employee (₹ in crore) (C)	8.73	8.71
Profit per employee (₹ in crore)	0.15	0.14

Definitions:

- (A) Working funds to be reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X, during the 12 months of the financial year.
- (B) Operating profit = (Interest Income + Other Income – Interest expenses – Operating expenses).
- (C) For the purpose of computation of business per employee (deposits plus advances), inter-bank deposits shall be excluded.
- (D) Productivity ratios are based on average number of employees.
- (E) Net Interest Income/ Average Earning Assets. Net Interest Income= Interest Income – Interest Expense
- (F) Return on Assets would be with reference to average working funds (i.e., total of assets excluding accumulated losses, if any).

21. Maturity pattern of certain items of assets and liabilities:

31st March, 2023:

Particulars	(₹ in crore)											
	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months & to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances [^]	1,553.16	2,642.88	3,061.59	5,074.61	10,837.81	12,140.90	15,807.61	45,951.14	1,31,141.29	32,275.74	59,374.48	3,19,861.21
Investments [*]	35,764.85	3,523.26	1,901.66	4,731.83	4,183.72	3,687.30	10,611.74	12,703.37	36,661.58	2,534.34	4,501.39	1,20,805.04
Deposits	10,741.88	17,067.46	9,838.68	8,290.28	16,739.01	14,526.90	44,617.13	54,387.26	1,84,654.71	1,812.81	419.93	3,63,096.05
Borrowings	367.14	4,889.49	295.93	2,050.35	1,400.80	438.69	5,633.50	1,968.55	3,600.12	971.70	1,800.00	23,416.27
Foreign Currency Assets	2,514.86	1,903.04	526.53	1,921.90	1,585.60	1,885.48	2,480.10	2,209.10	2,793.99	779.95	261.42	18,861.97
Foreign Currency Liabilities	972.87	379.53	166.33	285.98	233.55	341.68	1,528.95	1,738.82	7,328.11	875.90	478.66	14,330.38

^{*} Listed equity investments in AFS have been considered at 50% (₹ 598.68 crore) haircut as per RBI directions

[^] Funds raised through bills rediscounted and Inter Bank Participatory Certificate amounting ₹ 5,682.10 crore are netted off against advances.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management.

31st March, 2022:

Particulars	(₹ in crore)											
	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months & to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances [^]	1,739.92	15.32	4,406.90	7,041.15	12,555.68	13,770.67	17,920.47	35,987.87	107,826.16	29,382.72	40,606.74	271,253.60
Investments [*]	24,713.82	4,346.59	2,085.34	1,893.29	2,146.48	3,861.17	7,793.96	7,101.15	39,053.74	2,805.31	4,333.83	100,134.68
Deposits	17,173.43	21,765.54	9,954.79	5,825.27	11,265.99	15,516.46	35,793.87	29,844.36	161,679.20	2,425.95	439.25	311,684.11
Borrowings	112.42	10,531.99	543.08	209.60	863.40	508.09	2,999.87	2,342.52	7,327.19	528.96	-	25,967.12
Foreign Currency Assets	5,259.61	1,589.64	852.47	1,327.99	1,646.76	2,488.07	3,685.50	2,187.45	2,322.72	603.71	245.10	22,209.02
Foreign Currency Liabilities	768.12	497.16	220.63	569.24	672.95	186.44	967.11	732.81	5,306.52	387.36	318.07	10,626.41

^{*} Listed equity investments in AFS have been considered at 50% (₹ 445.54 crore) haircut as per RBI directions

[^] Funds raised through bills rediscounted amounting ₹ 2,792.10 crore are netted off against advances.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management.

22. Exposures:

(a) Exposure to Real Estate Sector*:

Particulars	As at	
	31 st March, 2023	31 st March, 2022
a) Direct exposure	70,670.46	58,329.55
i. Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Includes Individual housing loans eligible for inclusion in priority sector advances as at 31 st March, 2023 ₹ 1,441.90 crore and as at 31 st March, 2022 ₹ 1,449.50 crore). Exposure also includes non-fund based (NFB) limits	46,438.51	39,002.73
ii. Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure also includes non-fund based (NFB) limits	24,231.95	19,326.82
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures- - Residential, - Commercial Real Estate	-	-
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	5,924.40	6,488.76
Total Exposure to Real Estate Sector (a+b)	76,594.86	64,818.31

^{*} On limit basis or outstanding basis whichever is higher

(b) Exposure to Capital Market*:

Particulars	As at	
	31 st March, 2023	31 st March, 2022
i. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;#	2,362.01	1,231.34
ii. Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	844.77	667.96
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	4,643.95	2,439.83
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	2,449.04	2,438.98
vi. Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii. Bridge loans to companies against expected equity flows / issues;	-	-
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	1,293.16	-
ix. Financing to stockbrokers for margin trading;	1,090.94	300.00
x. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	30.54	0.03
xi. Others (Financial Guarantees)	219.92	16.59
Total Exposure to Capital Market*	12,934.33	7,094.73

[#] The above amount excludes shares/convertible bonds aggregating to ₹ 27.74 crore (Previous year ₹ 39.63 crore) acquired due to conversion of debt to equity under restructuring process. As per para 20 of DBR.No.BP.BC.101/21.04.048/2017-18 dated 12th February, 2018, the above amount is exempt from regulatory ceilings/restriction on capital market exposure.

^{*} On limit basis or outstanding basis whichever is higher

(c) Risk category wise country exposure:

As per extant RBI guidelines, the country exposure of the Bank is categorized into various risk categories listed in following table.

(₹ in crore)

Risk Category	Exposure (net) as at 31 st March, 2023	Provision held as at 31 st March, 2023	Exposure (net) as at 31 st March, 2022	Provision held as at 31 st March, 2022
Insignificant	8,255.85	-	8,901.77	4.79
Low	425.56	-	383.90	-
Moderately Low	2.74	-	-	-
Moderate	-	-	-	-
Moderately High	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Total	8,684.15	-	9,285.67	4.79

Exposure is given as net exposure basis the definition given in circular dated 19th February, 2003

23. Concentration of deposits:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Total deposits of twenty largest depositors	29,947.17	27,596.09
Percentage of deposits of twenty largest depositors to total deposits of the Bank	8.25%	8.85%

24. Concentration of advances*:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Total advances to twenty largest borrowers	42,999.39	38,737.34
Percentage of advances to twenty largest borrowers to total advances of the bank	7.37%	7.96%

* Advances have been computed based on credit exposure i.e. funded and non-funded limits including derivative exposures where applicable. The sanctioned limits or outstanding, whichever are higher, have been reckoned. However, in the case of fully drawn term loans, where there is no scope for re-drawal of any portion of the sanctioned limit, bank has reckoned the outstanding as the credit exposure.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

25. Concentration of exposures**:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Total exposure to twenty largest borrowers/customers	49,375.62	45,190.68
Percentage of exposures to twenty largest borrowers/customers to total exposure of the bank on borrowers/customers	8.01%	8.81%

** Exposures represents credit, derivatives and investment exposure as prescribed in Master Circular on Exposure Norms DBR.No.Dir.BC. 12/13.03.00/2015-16 dated 1st July, 2015.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

26. Disclosure on Resolution Framework for COVID-19 related stress:

In accordance with Resolution Framework for COVID-19 announced by RBI on 6th August, 2020 and 5th May, 2021, the Bank has implemented one-time restructuring for certain eligible borrowers and such borrowers are classified as Standard in accordance with the above framework.

The disclosure requirements as required by RBI circular dated 6th August, 2020 (Resolution Framework 1.0) and 5th May, 2021 (Resolution Framework 2.0) as at 31st March, 2023 is given below:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half - year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half - year#	Of (A) amount paid by the borrowers during the half-year ^	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of this half – year
Personal Loans	160.33	5.33	0.26	33.83	121.17
Corporate persons*	44.56	0.00	0.00	11.46	33.10
Of which, MSMEs	33.54	0.00	0.00	9.67	23.87
Others	115.94	10.20	0.00	21.81	83.93
Total	320.83	15.53	0.26	67.10	238.20

* As defined in section 3(7) of the Insolvency and Bankruptcy Code, 2016

represents debt that slipped into NPA and was subsequently written off during the half-year

^ includes change in balances on account of interest and net of increase in exposure during the period

27. The factoring exposure of the Bank as at 31st March, 2023 is ₹ 2,243.88 crore (previous year: ₹ 1,838.31 crore).

28. During the year, the Reserve Bank of India has levied a penalty of ₹ 1.07 crore (previous year ₹ Nil) on the Bank for the following:

- ₹ 0.30 crores on account of delayed credit of eligible amount to the Depositor Education and Awareness Fund within the period prescribed
- ₹ 0.30 crores on account of failure to credit (shadow reversal) of the amount involved in the unauthorised electronic transactions to the customers' account within period prescribed
- ₹ 0.45 crores on failure to maintain/ apply margin on advances to stock brokers
- Penal interest of ₹ 0.017 crores for default in maintenance of Cash Reserve Ratio (CRR) on an average basis for a fortnight
- ₹ 0.002 crores for 2 instances in relation to exchange of soiled notes / adjudicate mutilated notes as detected during incognito visits undertaken by RBI.

29. There are no Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) (previous year ₹ Nil).

30. Bancassurance Business:

(₹ in crore)

Sr. No.	Nature of Income	Year Ended	
		31 st March, 2023	31 st March, 2022
1.	For selling life insurance policies	380.18	290.71
2.	For selling non life insurance policies	32.04	15.34
3.	For selling mutual fund products	245.84	224.62
4.	Others	-	-

This Income has been reflected under Commission, exchange and brokerage under Other Income.

31. Floating Provisions:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
(a) Opening balance in the floating provisions account	Nil	Nil
(b) The quantum of floating provisions made in the accounting year	Nil	Nil
(c) Amount of draw down made during the accounting year	Nil	Nil
(d) Closing Balance in floating provisions account	Nil	Nil

32. Draw Down from Reserves:

In accordance with the RBI requirement there are no draw downs from reserves during the year (previous year: Nil).



33. a) Status of Shareholder Complaints:

Sr. No.	Particulars	Year Ended	
		31 st March, 2023	31 st March, 2022
(a)	No. of complaints pending at the beginning of the year	2	6
(b)	No. of complaints received during the year	35	49
(c)	No. of complaints redressed during the year	37	53
(d)	No. of complaints pending at the end of the year	0	2 [#]

The Pending investor grievances have been resolved as on 19th April 2022.

b) Summary information on complaints received by the bank from customers and from the Offices of the Banking Ombudsman (OBOs):

Sr. No.	Particulars	31 st March, 2023	31 st March, 2022
Complaints received by the bank from its customers(*)			
1.	Number of complaints pending at beginning of the year	8,195	9,462
2.	Number of complaints received during the year	235,655	198,146
3.	Number of complaints disposed during the year	232,632	199,413
3.1	Of which, number of complaints rejected by the bank	109,209	85,347
4.	Number of complaints pending at the end of the year	11,218	8,195
* No of complaints reported are excluding complaints redressed in 0 & 1 day.			
Maintainable complaints received by the bank from OBOs			
5.	Number of maintainable complaints received by the bank from OBOs	4,921*	5,737**
5.1.	Of 5, number of complaints resolved in favour of the bank by BOs	2,267	3,027
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	333	426
5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	Nil	Nil
6.	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2021 (Previously BO Scheme 2006) and covered within the ambit of the Scheme.

* Data is as received from CEPD, RBI

** Data received from CEPD was 4,708 however this data was received post publication of the annual report. The difference was duly clarified to CEPD and updated to the Customer Service Committee of the Board

Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
31st March, 2023					
ATM/Debit Cards	3,088	80,053	12%	1,126	187
Internet Banking /Mobile Banking/E-Banking	3,501	67,304	33%	5,685	1,883
Account opening/difficulty in operation of accounts	302	17,687	51%	924	350
Credit Cards	297	15,770	6%	660	22
Mis-selling/Para-banking	112	7,449	21%	365	5
Others	895	47,392	10%	2,458	256
Total	8,195	2,35,655	19%	11,218	2,703

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
31st March, 2022					
ATM/Debit Cards	3,476	71,703	-9%	3,088	1,727
Internet Banking /Mobile Banking/E-Banking	3,857	50,670	-5%	3,501	517
Levy of charges without prior notice/ excessive charges/ foreclosure charges	292	14,818	-40%	297	10
Account opening/difficulty in operation of accounts	644	11,736	-38%	302	13
Credit Cards	50	7,443	608%	18	0
Others	1,143	41,776	-65%	989	163
Total	9,462	198,146	-33%	8,195	2,430

Note: The master list for identifying the grounds of complaints is provided in Appendix 1 as prescribed in Master Circular on Strengthening of Grievance Redress Mechanism in Bank (CEPD.CO.PR.D.Cir.No.01/13.01.013/2020-21; dtd 27th January, 2021.)

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

34. Marketing and Distribution (excluding Bancassurance business)

Sr. No.	Nature of Income	Year Ended	
		31 st March, 2023	31 st March, 2022
1	Referral Fees	339.00	300.36
2	Arrangers Fees	225.01	261.62
3	Income on distribution of Sovereign Gold Bond	0.83	2.91
4	Other Income	8.37	6.62

Above has been reflected under Commission, exchange and brokerage under Other Income.

35. Disclosures on Remuneration

A. Qualitative Disclosures:

a) Information relating to the composition and mandate of the Remuneration Committee:

The Nomination & Remuneration committee comprises of independent directors of the Bank. Key mandate of the Nomination & Remuneration committee is to oversee the overall design and operation of the compensation policy of the Bank and work in coordination with the Risk Management Committee to achieve alignment between risks and remuneration.

The Nomination and Remuneration Committee (NRC) will be, *inter alia*, reviewing and tracking the implementation of the Compensation Policy of the Bank. The NRC comprises of atleast 3 Non-executive Directors, out of which not less than one-half should be independent directors and should include at least one member from the Bank's Risk Management Committee of the Board. (RMC).

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

Objective of Banks' Compensation Policy is:

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

The remuneration process is aligned to the Bank's Compensation Policy objectives.



c) **Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:**

In order to manage current and future risk and allow a fair amount of time to measure and review both quality and quantity of the delivered outcomes, a significant portion of senior and middle management compensation is variable. Further reasonable portion variable compensation is non- cash and deferred, over a period of 3 years or longer.

In case the employee is retiring within next 2 years, cash to non-cash ratio may change in favor of more cash (including deferred cash) and the vesting schedule may be shorter.

In addition, remuneration process provides for 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ company.

d) **Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:**

Individual performances are assessed in line with business/ individual delivery of the Key Result Areas (KRAs), top priorities of business, budgets etc. KRAs of Line roles are linked to financials, people, service and process (Quality) and compliance parameters and KRAs of non-Line Roles have linkage to functional deliveries needed to achieve the top business priorities.

Further remuneration process is also linked to market salaries / job levels, business budgets and achievement of individual KRAs.

e) **A discussion of the banks' policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:
A discussion on Policy on Deferral of Remuneration revised effective 25th June, 2022 and further amendments thereafter (Last amendment in Jun'22)**

Employees have been broadly classified into following categories:

- Category I – Comprising MD & CEO and Whole Time Directors (WTDs).
- 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:
 - Qualitative Criteria: Employees in the grade M10 and above
 - Quantitative Criteria: Fixed Cost to Company (FCTC) is ₹ 1.25 Crore p.a. and above.This excludes employees under Category III.
- Category III – Risk control and compliance employees – comprising staff in grade M9 and above in the following Control functions;
 - Risk & Policy function
 - Financial Control including group consolidation;
 - Compliance;
 - Internal Audit;
 - Back-office Operations
 - Vigilance
 - Legal
 - Secretarial
 - HR
 - Investor Relations
 - CSR
- Category IV: Other employees - This includes all employees, not explicitly covered in the first three categories.

Following principles are applied for deferral / vesting of variable remuneration in accordance with RBI guidelines and Bank's compensation policy:

Category I & II

- At least 50% of Total Pay, should be variable for arriving at the total compensation for the year.
- The Cash component of the Variable Pay will not exceed 50% of the Fixed Pay.
- The total variable payout shall be limited to a maximum of 300% of the fixed pay.
- In case variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments.
- Regardless of the quantum of pay, a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus should also be deferred.
- However, in cases where the cash component of variable pay is under ₹ 25 lakh for a year, deferral requirements would not be necessary.

- The deferral period should be a minimum of three years. This would be applicable to both, the cash and non-cash components of the variable pay.

The compensation will be approved by the Nomination and Remuneration committee and RBI.

Category III

- The total variable payout shall be limited to a maximum of 300% of the fixed pay.
- However, in cases where the cash component of variable pay is under ₹ 25 lakh for a year, deferral requirements would not be necessary.
- The deferral period should be a minimum of three years. This would be applicable to both, the cash and non-cash components of the variable pay.

Approval authority: MD & CEO or as delegated by MD & CEO, will approve the variable pay.

For adjusting deferred remuneration before & after vesting:

Malus: Payment of all or part of amount of deferred variable pay can be prevented.

Clawback: Previously paid or already vested deferred variable pay can also be recovered under this clause.

Malus and clawback may be applied for following circumstances:

- Fraud, misfeasance, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information pertaining to the bank or any of its affiliates;
- Willful misinterpretation / misreporting of financial performance of the bank;
- Material failure in risk management controls or material losses due to negligent risk-taking which are attributable to the employee, whether directly or indirectly;
- Any misconduct pertaining to moral turpitude, theft, misappropriation, corruption, forgery, embezzlement or an act of a felonious or criminal nature;
- Non-disclosure of material conflict of interest by the employee or any misuse of official powers;
- An act of willful, reckless or grossly negligent conduct which is detrimental to the interest or reputation of the bank or any of its affiliates, monetarily or otherwise;
- Material breach of Code of Conduct, any Non-Disclosure Agreement, regulatory procedures, internal rules and regulations or any other such instance for which the NRC, in its discretion, deems it necessary to apply malus or / and clawback provisions;

Besides the above there can be other circumstances when malus may be applied. In deciding the application of malus / clawback to any part or all of variable pay or incentives (whether paid, vested or unvested), the NRC will follow due process and adhere to the principles of natural justice and proportionality.

f) **Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:**

Depending on the nature of the business/function/ role, the risk involved, the time horizon for review, various forms of Variable Pay may be applicable.

The components of such variable pay will include:

- Cash – this may be paid at intervals ranging from Monthly, Quarterly, half-yearly and annual. The Monthly/ Quarterly / Half Yearly VP will be under the role and preapproved business specific incentive schemes. This may be payable within one year of grant.
- Long Term Incentive Pay (LTIP): This shall be granted to employees, in the form of Employee Stock Options (ESOPs) and / or Stock Appreciation Rights (SARs) and / or Deferred Cash. This shall be granted on a discretionary and reasonable basis, to motivate employees, create shareholder value by aligning interest of employees with the long-term interests of the Bank. LTIP may also be granted from time to time with the objective of retaining employees.
 - ESOPs/ SARs will be linked to Kotak Mahindra Bank Stock price and will vest over a period of time.
 - Black Scholes Model will generally be applied for arriving at the value of the units to be granted. However, Bank may choose any other model with the approval of NRC within the regulatory framework.
 - ESOPs / SARs will be approved by the NRC. The quantum of ESOPs / SARs will be reasonable and the formulation of the ESOP series, the coverage, the vesting period and their pricing schedule, etc. will also be decided by the NRC as per SEBI guidelines.
 - Deferred Cash may paid over a period of 3 to 5 years.



B. Quantitative Disclosures:

a) Number of meetings of the Nomination and Remuneration Committee held during the financial year and remuneration (sitting fees) paid to its members during the financial year.

During the financial year ended 31st March, 2023, 8 meetings (previous year 6 meetings) of the Nomination and Remuneration Committee were held. Members of the Nomination and Remuneration Committee were paid, for attending the meetings held during the financial year, a sitting fee of ₹ 50,000 per meeting (for the meetings held during before 22nd October, 2022) and ₹ 60,000 per meeting (for the meetings held on or after 22nd October, 2022) (previous year ₹ 40,000 per meeting).

b) Number of employees having received a variable remuneration award during the financial year.

As per FY23 policy for the year ended 31st March 2023 (“FY2023 policy”):

Quantitative disclosure restricted to CEO & four Whole Time Directors as Category I employees and Fifty Nine Category II employees as Material Risk Takers. For employees who have moved to a group company or retired or separated as well as new joiner awards up to the date in the Bank are included.

As per FY22 policy for the year ended 31st March 2022 (“FY2022 policy”):

Quantitative disclosure restricted to CEO & three Whole Time Directors as Category I employees and Seventy Nine Category II employees as Material Risk Takers. For employees who have moved to a group company or retired or separated as well as new joiner awards up to the date in the Bank are included.

All quantitative disclosures are as per FY2023 policy which is applicable from 25th June, 2022.

c) Number of employees and total amount of sign-on/joining bonus made during the financial year.

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
No of employees	5	1
Cash (Cr)	Nil	Nil
ESOPs (equity shares)	15,820	Nil
SARs (rights)	296,350	2,560

d) Details of severance pay, in addition to accrued benefits, if any.

Year ended 31 st March, 2023	Year ended 31 st March, 2022
Nil	Nil

e) Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms.

	As at 31 st March, 2023	As at 31 st March, 2022
Cash (Deferred)	₹ 29.39 crore	₹ 30.52 crore
Outstanding SARs	650,239 rights	357,767 rights
Outstanding ESOPs*	779,707 equity shares	1,097,291 equity shares

* Outstanding ESOPs include those granted in previous financial years also.

f) Total amount of deferred remuneration paid out in the financial year.

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash (Deferred)	₹ 7.20 crore	₹ 3.27 crore
Payment towards SARs	₹ 19.24 crore	₹ 32.01 crore

g) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.

Fixed Pay

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Total fixed salary	₹ 118.60 crore	₹ 114.93 crore

Variable Pay

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Deferred Variable Pay [§]		
Cash (Deferred)	₹ 16.67 crore	₹ 24.00 crore
SARs	484,740 rights	117,170 rights
ESOPs	449,142 equity shares	430,580 equity shares
Non Deferred variable pay [§]	₹ 22.84 crore	₹ 21.15 crore

[§] Details relating to variable pay pertains to remuneration awards for the financial year 2021-22 awarded in FY2022. Remuneration award for the year ended 31st March, 2023 are yet to be reviewed and approved by the Nomination and Remuneration Committee.

h) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.

Nil (previous year Nil)

i) Total amount of reductions during the financial year due to ex- post explicit adjustments.

Nil (previous year Nil)

j) Total amount of reductions during the financial year due to ex- post implicit adjustments.

Nil (previous year Nil)

k) Number of MRT identified

64 (previous year 83)

l) Number of cases where malus has been exercised.

Nil (previous year Nil)

m) Number of cases where clawback has been exercised.

Nil (previous year Nil)

n) Number of cases where both malus and clawback have been exercised

Nil (previous year Nil)

o) The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.

Mean pay for the Bank as a whole for all employees who were in employment for the whole of FY2022-23 and FY2021-22 was ₹ 0.11 crore (previous year ₹ 0.09 crore).

Ratio of pay of each WTD to the mean pay for the bank as a whole

Director	Ratio	
	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Mr Uday Kotak	0.04X	0.04X
Mr Dipak Gupta	49.64X	43.31X
Mr K.V.S. Manian	47.80X	48.76X
Mr Gaurang Shah	45.72X	49.12X
Ms. Shanti Ekambaram	19.38X	NA

Notes:

- Pay includes Fixed pay + variable pay paid during the year + perquisite value as calculated under the Income Tax Act, 1961,(excluding perquisite value of Stock Options)
- Stock Appreciation Rights 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 dates. Cash paid out during the year is included for the purposes of remuneration.
- Ratio for year ended 31st March, 2022 are recomputed after including approved increment (approval received post 31st March, 2022) for Mr. Dipak Gupta, Mr. K.V.S. Manian and Mr. Gaurang Shah to make is comparable with current year ratios which include current year approved increments.

36. Intra – Group Exposures

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
(a) Total amount of intra-group exposures	6,041.96	6,758.22
(b) Total amount of top-20 intra-group exposures	6,036.98	6,757.10
(c) Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.98%	1.32%
(d) Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	NA	NA

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

37. Transfers to Depositor Education and Awareness Fund (DEA Fund)

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Opening balance of amounts transferred to DEA Fund	303.00	260.49
Add: Amounts transferred to DEA Fund during the year	56.22	44.00
Less: Amounts reimbursed by DEA Fund towards claim	2.80	1.49
Closing balance of amounts transferred to DEA Fund	356.42	303.00

38. Unhedged Foreign Currency Exposure of borrowers:

The Bank recognises the importance of the risk of adverse fluctuation of foreign exchange rates on the profitability and financial position of borrowers who are exposed to currency risk. Currency induced credit risk refers to the risk of inability of borrowers to service their debt obligations due to adverse movement in the exchange rates and corresponding increase / decrease in their book values of trade payables, loan payables, trade receivables, etc. thereby exposing the Bank to risk of default by the borrower. In this regard, the Bank had put in place requisite policies & processes for monitoring and mitigation of currency induced credit risk of borrowers. These include the following:

- a) Currency risk of borrowers on account of un-hedged foreign currency exposures ("UFCE") is duly considered and analysed in credit appraisal notes.
- b) Periodic monitoring of un-hedged foreign currency exposures of borrowers.
- c) Risk classification of borrowers having un-hedged foreign currency exposures, into Low / Medium / High, as per internal norms, based on likely loss / EBID ratio. Likely loss means the potential loss which can be caused over a one year horizon by adverse movement of exchange rates.
- d) Incremental provisioning (over and above provision applicable for standard assets) is made in Bank’s Profit and Loss Account, on borrower counter parties having UFCE, depending on the likely loss / EBID ratio, in line with stipulations by RBI. Incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI. These requirements are given below:

Likely Loss / EBID ratio	Incremental Provisioning Requirement (computed on the total credit exposures reckoned for standard asset provisioning)	Incremental Capital Requirement
Up to 15%	Nil	Nil
More than 15% to 30%	20 bps	Nil
More than 30% to 50%	40 bps	Nil
More than 50% to 75%	60 bps	Nil
More than 75% (Most risky)	80 bps	25 per cent increase in the risk weight

- e) In case of borrowers exposed to currency risk where declarations for foreign currency payables / receivables (UFCE declarations) are not submitted, provision for currency induced credit risk is made as per RBI stipulated rates mentioned below:

10 bps in cases where limits with banking system are less than ₹ 50 crore;

80 bps in cases where limits with banking system are ₹ 50 crore or more.
- f) Further, where annual certification from statutory auditors of UFCE data is not submitted, such borrowers are treated as UFCE declaration not submitted cases and provision is computed as per point (e) above.
- g) Borrowers where the credit exposure is backed by other bank Letter of Credit, Bank guarantee or Standby Letter of Credit or Fixed Deposits are exempted from the above requirements. Exposures on other Banks and Public Financial Institutions like SIDBI, EXIM Bank, NABARD, NHB are also exempted from the above requirements.
- h) Management of foreign exchange risk is considered as a parameter for internal risk rating of borrowers.

Provision held for currency induced credit risk as at 31st March, 2023 is ₹ 62.85 crore. (Previous year ₹ 73.94 crore). Incremental Risk weighted Assets value considered for the purpose of CRAR calculation in respect of currency induced credit risk as at 31st March, 2023 is ₹ 1,393.73 crore (Previous year ₹ 1,897.25 crore).



39. a) Liquidity Coverage Ratio

Particulars	Average Q1 2022-2023		Average Q2 2022-2023		Average Q3 2022-2023		Average Q4 2022-2023		Total Adjusted Value
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	
High Quality Liquid Assets (HQLA)		86,305		84,712		87,406		94,801	
1 Total High Quality Liquid Assets (HQLA)									
Cash Outflows									
2 Retail deposits and deposits from small business customers, of which:									
(i) Stable deposits					34,061	1,703	35,145	1,757	
(ii) Less stable deposits					1,69,013	16,901	1,73,408	17,341	
3 Unsecured wholesale funding, of which									
(i) Operational deposits (all counterparties)		-		-		-		-	
(ii) Non-operational deposits (all counterparties)					94,936	57,145	1,00,655	60,172	
(iii) Unsecured debt					601	601	1,378	1,378	
4 Secured wholesale funding						3		3	
5 Additional requirements, of which									
(i) Outflows related to derivative exposures and other collateral requirements	18,054		21,971		24,140		21,638	21,638	
(ii) Outflows related to loss of funding on debt products									
(iii) Credit and liquidity facilities					2,996	250	3,193	295	
6 Other contractual funding obligations					5,699	5,699	5,489	5,489	
7 Other contingent funding obligations					1,78,244	7,960	1,82,760	8,151	
8 Total Cash Outflows		1,07,538		1,11,957		1,14,402		1,16,224	
Cash Inflows									
9 Secured lending (e.g. reverse repos)								6	
10 Inflows from fully performing exposures								34,406	
11 Other cash inflows								405	
12 Total Cash Inflows								34,817	
13 TOTAL HQLA									
14 Total Net Cash Outflows									
15 Liquidity Coverage Ratio (%)									



Particulars	Average Q4 2021-2022		Average Q3 2021-2022		Average Q2 2021-2022		Average Q1 2021-2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		86,081		97,786		95,031		89,062
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	27,937	1,397	27,142	1,357	27,434	1,372	60,382	3,019
(ii) Less stable deposits	1,61,261	16,126	1,59,257	15,926	1,54,750	15,475	1,17,101	11,710
3 Unsecured wholesale funding, of which								
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	92,215	53,352	99,715	60,123	95,989	57,616	87,643	50,285
(iii) Unsecured debt	1,215	1,215	577	577	575	575	1,177	1,177
4 Secured wholesale funding		-		-		1		1
5 Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	19,047	19,047	21,770	21,770	18,679	18,679	18,531	18,531
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	2,683	226	2,145	197	1,682	158	1,732	168
6 Other contractual funding obligations	5,749	5,749	5,742	5,742	4,675	4,675	4,350	4,350
7 Other contingent funding obligations	1,43,693	6,378	1,31,573	5,765	1,24,178	5,452	1,17,589	5,158
8 Total Cash Outflows		1,03,490		1,11,457		1,04,003		94,399
Cash Inflows								
9 Secured lending (e.g. reverse repos)	17,943	-	21,784	-	23,338	-	16,568	-
10 Inflows from fully performing exposures	40,925	33,489	48,580	41,510	47,269	41,082	45,939	40,149
11 Other cash inflows	1,806	902	2,053	1,026	1,661	831	2,126	1,063
12 Total Cash Inflows		34,391		42,536		41,913		41,212
13 TOTAL HQLA								
14 Total Net Cash Outflows		86,081		97,786		95,031		89,062
15 Liquidity Coverage Ratio (%)		69,099		68,921		62,090		53,187
		124.58%		141.88%		153.05%		167.45%

b) Qualitative disclosure around LCR

The Reserve Bank of India has prescribed monitoring of sufficiency of Bank's liquid assets using Basel III – Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting short-term resilience of Banks to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. HQLA has been divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, SLR securities in excess of minimum SLR requirement and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR) and Level 2 HQLA which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

The Bank has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold. The average LCR for the quarter ended 31st March, 2023 was 116.45% which is above the regulatory requirement of 100%. For the quarter ended 31st March, 2023 average Level 1 HQLA stood at 89.77% (₹ 85,101 crore.) of the total HQLA.

Apart from LCR, Bank uses various stock liquidity indicators to measure and monitor the liquidity risk in terms of funding stability, concentration risk, dependence on market borrowings, liquidity transformation, etc. The Bank maintains a diversified source of funding in terms of depositors, lenders and various funding instruments. This is evident through low depositor and lender concentration with top 20 depositors contributing 8.25% of Bank's total deposits and top 10 lenders contributing 2.91% of Bank's total liabilities.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management supported by Balance Sheet Management Unit (BMU), Risk Management Department (RMD), Finance and ALCO Support Group. BMU is the central repository of funds within the Bank and is vested with the responsibility of managing liquidity risk within the risk appetite of the Bank. Bank has incorporated Basel III Liquidity Standards - LCR and NSFR as part of its risk appetite statement for liquidity risk.

40. Frauds

The Bank has reported 706 (Previous year 899 cases) fraud cases involving fraud amount of one lakh and above during the financial year ended 31st March 2023 amounting to ₹ 72.40 crore (Previous year ₹ 169.55 crore). The Bank has recovered / expensed off / provided the entire amount where necessary.

Details of fraud provisioning made in more than one financial year:

(₹ in crore)			
Number of fraud reported	Amount involve in Fraud	Provision made during the year	Quantum of unamortised provision debited from 'other reserve'
Nil	Nil	Nil	Nil

41. Dividend

The Board of Directors of the Bank have a proposed a dividend of ₹ 1.50 per share having a face value ₹ 5 for the year ended 31st March, 2023 (Previous Year ₹ 1.10 per share). The Bank is obliged to pay dividend to those shareholders whose names are appearing in the register of members as on the book closure date. Dividend will be paid after the approval of the shareholders at the Annual General Meeting.

42. Payment of DICGC Insurance Premium

(₹ in crore)			
Sr. No.	Particulars	31 st March, 2023	31 st March, 2022
i)	Payment of DICGC Insurance Premium	378.01	343.84
ii)	Arrears in payment of DICGC Premium	-	-

43. Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The Ministry of Finance, Government of India, 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), Non-Banking Financial Companies and Insurance companies. The Reserve Bank of India ("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 the Government of India. The RBI has not issued any further notification on implementation of Ind AS for SCBs.

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

- Formed Steering Committee for Ind AS implementation. The Steering Committee headed by the Joint Managing Director ('JMD') comprises representatives from Finance, Risk, Information Technology and Treasury. The Committee closely reviews progress of Ind AS implementation in the Bank and provides guidance on critical aspects of the implementation.
- The Bank has identified changes required to its IT systems for automation of Ind AS reporting. The Bank has identified an IT solution for Ind AS reporting and is currently in the process of implementing the solution. Further, there may be new regulatory guidelines and clarifications for Ind AS application, which the Bank will need to suitably incorporate in its implementation.

44. Disclosure on amortisation of expenditure on account of enhancement in family pension of employees of banks

Pursuant to the revision in family pension payable to employees of the Bank covered under 11th Bi-Partite settlement and Joint Note dated 11th November, 2020, the Bank has recognised the entire additional liability of ₹ Nil in the Profit and Loss Account during the year ended 31st March, 2023 (Previous Year: ₹ 115.15 crore). There is no unamortised expenditure in the Balance Sheet on account of Family Pension.



45. Items exceeding 1% of Total Assets/Total Income

- a) Details of items under Others (including provisions) (Schedule 5 – Other Liabilities and Provisions) exceeding 1% of total assets of the Bank is Nil. (Previous Year Nil)
- b) Details of items under Others (Schedule 11 – Other Assets) exceeding 1% of total assets of the Bank are given below:

(₹ in crore)

Sr. No.	Nature of Asset	Year Ended	
		31 st March, 2023	31 st March, 2022
1	Deposits placed with NABARD/SIDBI	4,544.48	5,572.40

- c) Details of items under Miscellaneous Income (Schedule 14 – Other Income) exceeding 1% of total income of the Bank is Nil. (Previous Year Nil)
- d) Details of items under Other expenditure (Schedule 16 – Operating Expenses) exceeding 1% of total income of the Bank are given below:

(₹ in crore)

Sr. No.	Nature of expense	Year Ended	
		31 st March, 2023	31 st March, 2022
1	Professional Fees	1,647.68	1,162.19
2	Brokerage Fees	707.83	485.87
3	Goods and Service Tax (GST) Expense	509.47	331.33

B. OTHER DISCLOSURES:

1. Earnings per Equity Share:

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Reconciliation between weighted shares used in the computation of basic and diluted earnings per share		
Weighted average number of equity shares used in computation of basic earnings per share	1,985,666,543	1,983,099,747
Effect of potential equity shares for stock options outstanding	502,301	8,52,749
Weighted average number of equity shares used in computation of diluted earnings per share	1,986,168,844	1,983,952,496
Following is the reconciliation between basic and diluted earnings per share		
Nominal value per share	5.00	5.00
Basic earnings per share	54.89	43.02
Effect of potential equity shares for stock options	0.02	0.01
Diluted earnings per share	54.87	43.01
Profit for the year after tax (₹ in crore)	10,939.30	8,572.69
Less : Preference dividend including tax (₹ in crore)	40.50	40.50
Earnings used in the computation of basic and diluted earnings per share (₹ in crore)	10,898.80	8,532.19

2. Segment Reporting:

The Summary of the operating segments of the Bank are as given below:

(₹ in crore)

Sr. No.	Particulars	31 st March, 2023	31 st March, 2022
1.	Segment Revenue		
a.	Treasury, BMU and Corporate Centre	6,923.67	8,479.37
b.	Corporate / Wholesale Banking	18,130.83	13,521.78
c.	Retail Banking	19,179.15	14,956.16
d.	Other Banking business	-	-
	Sub-total	44,233.65	36,957.31
	Less : Inter-segmental revenue	2,899.75	3,932.57
	Total	41,333.90	33,024.74
2.	Segment Results		
a.	Treasury, BMU and Corporate Centre	3,906.35	4,135.64
b.	Corporate / Wholesale Banking	7,072.95	6,379.46
c.	Retail Banking	3,411.69	846.21
d.	Other Banking business	-	-
	Sub-total	14,390.99	11,361.31
	Total Profit Before Tax	14,390.99	11,361.31
	Provision for Tax	3,451.69	2,788.62
	Total Profit After Tax	10,939.30	8,572.69

(₹ in crore)

Sr. No.	Particulars	31 st March, 2023	31 st March, 2022
3.	Segment Assets		
a.	Treasury, BMU and Corporate Centre	133,506.32	136,339.52
b.	Corporate / Wholesale Banking	223,845.52	188,132.89
c.	Retail Banking	310,374.20	269,857.05
d.	Other Banking business	-	-
	Sub-total	667,726.04	594,329.46
	Less : Inter-segmental Assets	178,234.99	165,312.01
	Total	489,491.05	429,017.45
	Add : Unallocated Assets	371.43	410.95
	Total Assets as per Balance Sheet	489,862.48	429,428.40
4.	Segment Liabilities		
a.	Treasury, BMU and Corporate Centre	93,987.32	98,943.19
b.	Corporate / Wholesale Banking	202,922.48	169,595.03
c.	Retail Banking	287,429.54	253,410.95
d.	Other Banking business	-	-
	Sub-total	584,339.34	521,949.17
	Less : Inter-segmental Liabilities	178,234.99	165,312.01
	Total	406,104.35	356,637.16
	Add : Unallocated liabilities	298.18	334.77
	Add : Share Capital & Reserves & surplus	83,459.95	72,456.47
	Total Capital & Liabilities as per Balance Sheet	489,862.48	429,428.40
5.	Capital Expenditure		
a.	Treasury, BMU and Corporate Centre	122.68	67.80
b.	Corporate / Wholesale Banking	65.17	37.23
c.	Retail Banking	562.99	392.15
d.	Other Banking business	-	-
	Total	750.84	497.18
6.	Depreciation / Amortisation		
a.	Treasury, BMU and Corporate Centre	90.11	81.30
b.	Corporate / Wholesale Banking	33.81	28.39
c.	Retail Banking	337.81	271.30
d.	Other Banking business	-	-
	Total	461.73	380.99

Segmental Information is provided as per the MIS available for internal reporting purposes, which includes certain estimates and assumptions.

RBI's Master Direction on Financial Statements - Presentation and Disclosures, requires to divide the 'Retail banking' into (a) Digital Banking (as defined in RBI circular on Establishment of Digital Banking Units dated April 7, 2022) and (b) Other Retail Banking segment. During the quarter ended 31st December, 2022, the Bank has commenced operations in two DBUs. Accordingly, the segmental results for retail banking are subdivided as under:

For the quarter ended March 31, 2023:

(₹ in crore)

Particulars	Segment Revenue for quarter ended 31 st Mar, 2023	Segment Results for quarter ended 31 st Mar, 2023	Segment Assets for quarter ended 31 st Mar, 2023	Segment Liability for quarter ended 31 st Mar, 2023
Retail Banking	5,389.43	1,361.74	310,374.20	287,429.54
(i) Digital Banking	305.59	(4.14)	33.72	10,647.31
(ii) Other Retail Banking	5,083.84	1,365.88	310,340.48	276,782.23

For the quarter ended December 31, 2022:

(₹ in crore)

Particulars	Segment Revenue for quarter ended 31 st Dec 2022	Segment Results for quarter ended 31 st Dec 2022	Segment Assets for quarter ended 31 st Dec 2022	Segment Liability for quarter ended 31 st Dec 2022
Retail Banking	5,177.77	901.65	295,647.69	274,064.63
(i) Digital Banking	278.14	(44.78)	19.81	9,629.60
(ii) Other Retail Banking	4,899.63	946.43	295,627.88	264,435.03



3. Lease Disclosures:

- a. The Bank has taken various premises and equipment under operating lease. The lease payments recognised in the Profit and Loss Account are ₹ 672.27 crore (previous year ₹ 599.68 crore). The sub-lease income recognised in the Profit and Loss Account is ₹ 11.21 crore (previous year ₹ 8.61 crore).
- b. The future minimum lease payments under non-cancellable operating lease – not later than one year is ₹ 573.38 crore (previous year ₹ 502.95 crore), later than one year but not later than five years is ₹ 1,575.85 crore (previous year ₹ 1,452.28 crore) and later than five years ₹ 770.25 crore (previous year ₹ 752.95 crore).

The lease terms include renewal option after expiry of primary lease period. There are no restrictions imposed by lease arrangements. There are escalation clauses in the lease agreements.

4. Deferred Taxes:

“Others” in Other Assets (Schedule 11 (VI)) includes deferred tax asset (net) of ₹ 371.43 crore (previous year ₹ 410.95 crore). The components of the same are as follows:

(₹ in crore)

Particulars of Asset/ (Liability)	Year Ended	
	31 st March, 2023	31 st March, 2022
Provision for NPA and General provisions	437.87	446.68
Expenditure allowed on payment basis	122.15	125.76
Depreciation	23.97	25.90
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	(212.56)	(187.39)
Net Deferred Tax Asset	371.43	410.95

5. Provisions:

Given below is the movement in provisions recognised by the Bank:

a) Credit card reward points:

The following table sets forth, for the periods indicated, movement in actuarially determined provision for credit card account reward points:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Opening provision for reward points	28.51	19.78
Provision for reward points made during the year	171.87	78.10
Utilisation/write-back of provision for reward points	(132.12)	(69.37)
Closing provision for reward points*	68.26	28.51

* This amount will be utilised towards redemption of the credit card accounts reward points.

b) Legal:

(₹ in crore)

Particulars	31 st March, 2023	31 st March, 2022
Opening Provision	43.78	30.80
Add: Addition during the year	0.70	13.23
Less: Reduction during the year	(3.04)	(0.25)
Closing Provision	41.44	43.78

c) Fraud and Other Provisions:

(₹ in crore)

Particulars	31 st March, 2023	31 st March, 2022
Opening Provision	42.19	44.46
Add: Addition during the year	4.78	1.66
Less: Reduction during the year	(7.95)	(3.93)
Closing Provision	39.02	42.19

6. Fixed Assets as per Schedule 10 B include intangible assets relating to purchased software and system development expenditure which are as follows:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Gross Block		
At cost on 31 st March of the preceding year	713.43	590.37
Add: Additions during the year	212.24	145.27
Less: Deductions during the year	37.98	22.21
Total	887.69	713.43
Depreciation / Amortisation		
As at 31 st March of the preceding year	549.80	474.75
Add: Charge for the year	109.77	97.27
Less: Deductions during the year	33.67	22.22
Depreciation to date	625.90	549.80
Net Block	261.79	163.63

Capital commitments for purchase of software and system development expenditure are ₹ 91.10 crore (Previous year ₹ 111.82 crore).

7. Related Party Disclosures:

As per Accounting Standard -18, Related Party Disclosure, the Bank’s related parties are disclosed below:

A. Parties where control exists:

Nature of relationship	Related Party
Subsidiary Companies	Kotak Mahindra Prime Limited
	Kotak Securities Limited
	Kotak Mahindra Capital Company Limited
	Kotak Mahindra Life Insurance Company Limited
	Kotak Mahindra Investments Limited
	Kotak Mahindra Asset Management Company Limited
	Kotak Mahindra Trustee Company Limited
	Kotak Mahindra (International) Limited
	Kotak Mahindra (UK) Limited
	Kotak Mahindra Inc.
	Kotak Investment Advisors Limited
	Kotak Mahindra Trusteeship Services Limited
	Kotak Infrastructure Debt Fund Limited
	Kotak Mahindra Pension Fund Limited
	Kotak Mahindra Financial Services Limited
	Kotak Mahindra Asset Management (Singapore) Pte. Limited
	Kotak Mahindra General Insurance Company Limited
	IVY Product Intermediaries Limited
	BSS Microfinance Limited

B. Other Related Parties:

Nature of Relationship	Related Party
Individual having significant influence over the enterprise	Mr. Uday S. Kotak along with his relatives and enterprises in which he has beneficial interest holds 25.95% of the equity share capital and 17.26% of the paid-up share capital of Kotak Mahindra Bank Limited as on March 31, 2023.
Associates / Others	ECA Trading Services Limited (upto 18 th Dec 2021)
	Infina Finance Private Limited
	Phoenix ARC Private Limited
	ING Vysya Foundation
Key Management Personnel (KMP)	Mr. Uday S. Kotak - Managing Director and CEO
	Mr. Dipak Gupta - Joint Managing Director
	Mr. KVS Manian - Whole-time Director
	Mr. Gaurang Shah - Whole-time Director (upto 31 st Oct 2022)
	Ms. Shanti Ekambaram - Whole-time Director (w.e.f 1 st Nov 2022)



Nature of Relationship	Related Party
Enterprises over which KMP / relatives of KMP have control / significant influence	Aero Agencies Private Limited (formerly known as Aero Agencies Limited)
	Kotak and Company Private Limited
	Komaf Financial Services Private Limited
	Asian Machinery & Equipment Private Limited
	Insurekot Sports Private Limited
	Kotak Trustee Company Private Limited
	Cumulus Trading Company Private Limited
	Palko Properties Private Limited
	Kotak Chemicals Limited
	Kotak Ginning & Pressing Industries Private Limited
	Kotak Commodity Services Private Limited
	Harisiddha Trading and Finance Private Limited
	Puma Properties Private Limited
	Business Standard Private Limited
	Business Standard Online Private Limited
	Allied Auto Accessories Private Limited
	Uday S Kotak HUF
	Suresh A Kotak HUF
	KF Trust (formerly known as USK Benefit Trust II)
	Kotak Family Foundation
	Helena Realty Private Limited
	Doreen Realty Private Limited
	Renato Realty Private Limited
	Pine Tree Estates Private Limited
	Meluha Developers Private Limited
	Quantlyco Realty Private Limited
	Xanadu Properties Private Limited
	Laburnum Adarsh Trust
	True North Enterprises (upto 31 st Oct 2022)
	Manian Family Trust
	Brij Disa Arnav Trust
	Brij Disa Parthav Trust
	Kotak Mahindra Group Employee Welfare Trust
	TML Benefit Trust
	Brij Disa Foundation (w.e.f 6 th Jan 2021)
	Amrit Lila Enterprises Private Limited (w.e.f. 29 th Sep 2021)
	Manians Family Trust II (w.e.f. 10 th Feb 2022)
	USK Benefit Trust III (w.e.f. 14 th Oct 2021)
	Kudin Trusteeship Services Private Limited (w.e.f 9 th Sep 2022)
	Shanti Family Trust (w.e.f 1 st Nov 2022)
	Shivkaran Trust (w.e.f 1 st Nov 2022)
Relatives of KMP	Ms. Pallavi Kotak
	Mr. Suresh Kotak
	Ms. Indira Kotak
	Mr. Jay Kotak
	Mr. Dhawal Kotak
	Ms. Aarti Chandaria
	Ms. Anita Gupta
	Ms. Urmila Gupta
	Mr. Arnav Gupta
	Mr. Parthav Gupta
	Mr. Prabhat Gupta
	Ms. Jyoti Banga
	Ms. Seetha Krishnan
	Ms. Lalitha Mohan
	Ms. Shruti Manian
	Mr. Shashank Manian

Nature of Relationship	Related Party
	Ms. Vanathi Gopalakrishnan (w.e.f. 15 th Apr 2022)
	Ms. Asha Shah (upto 31 st Oct 2022)
	Ms. Divya Shah (upto 31 st Oct 2022)
	Ms. Manasi Shah (upto 31 st Oct 2022)
	Ms. Mahima Shah (upto 31 st Oct 2022)
	Mr. Chetan Shah (upto 31 st Oct 2022)
	Ms. Chetna Shah (upto 31 st Oct 2022)
	Ms. G. Saraswathi (w.e.f. 1 st Nov 2022)
	Ms. Shobha Srivastava (w.e.f. 1 st Nov 2022)

(₹ in crore)						
Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Liabilities						
Deposits	1,823.43	67.64	261.73	104.26	184.32	2,441.38
	(1,597.22)	(100.57)	(2,459.75)	(21.55)	(202.43)	(4,381.52)
Borrowings	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Interest Payable	3.04	0.10	1.94	1.00	0.50	6.58
	(1.13)	(0.30)	(0.01)	(0.07)	(0.13)	(1.64)
Other Liabilities	72.32	-	-	0.01	-	72.33
	(54.71)	(-)	(-)	(#)	(-)	(54.71)
Assets						
Advances	779.83	40.31	-	0.92	4.45	825.51
	(547.96)	(55.31)	(4.62)	(2.45)	(3.73)	(614.07)
Investments-Gross	4,342.50	-	-	#	-	4,342.50
	(4,625.31)	(-)	(-)	(#)	(-)	(4,625.31)
Diminution on Investments	-	-	-	#	-	#
	(-)	(-)	(-)	(#)	(-)	(#)
Commission Receivable	102.63	-	-	-	-	102.63
	(63.50)	(-)	(-)	(-)	(-)	(63.50)
Others	133.56	0.39	-	-	0.03	133.98
	(92.86)	(0.38)	(0.02)	(0.01)	(0.01)	(93.28)
Non Funded Commitments						
Bank Guarantees	0.57	-	-	1.13	-	1.70
	(0.27)	(-)	(-)	(1.13)	(-)	(1.40)
Swaps/Forward contracts (Notional)	334.83	-	-	-	1.65	336.48
	(550.00)	(-)	(-)	(-)	(3.72)	(553.72)
Expenses						
Salaries/fees (Include ESOP)	-	-	23.66	-	0.45	24.11
	(-)	(-)	(21.15)	(-)	(0.30)	(21.45)
Interest Paid	32.50	4.40	44.30	3.09	8.77	93.06
	(38.90)	(2.53)	(120.18)	(1.05)	(7.34)	(170.00)
Others	551.44	-	-	0.76	-	552.20
	(258.49)	(0.21)	(-)	(0.61)	(-)	(259.31)
Income						
Dividend	242.27	-	-	-	-	242.27
	(201.76)	(-)	(-)	(-)	(-)	(201.76)
Interest Received	104.85	4.05	0.17	0.14	0.35	109.56
	(104.14)	(1.38)	(0.33)	(0.20)	(0.33)	(106.38)
Others	724.77	0.11	0.01	0.04	0.01	724.94
	(649.04)	(0.10)	(#)	(0.02)	(0.01)	(649.17)
Other Transactions						
Sale of Investment	377.25	-	-	-	-	377.25
	(37.52)	(-)	(-)	(-)	(-)	(37.52)



(₹ in crore)						
Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Purchase of Investment	1,161.82	-	-	-	-	1,161.82
	(1,074.24)	(-)	(-)	(-)	(-)	(1,074.24)
Loan Disbursed During the Year	1,294.02	-	-	-	-	1,294.02
	(4,435.00)	(60)	(-)	(-)	(-)	(4,495.00)
Loan Repaid During the Year	1,074.02	15.00	-	-	-	1,089.02
	(4,735.00)	(4.69)	(-)	(-)	(-)	(4,739.69)
Dividend paid	-	-	56.37	0.14	0.39	56.90
	(-)	(-)	(46.16)	(0.07)	(0.32)	(46.55)
Reimbursement to companies	23.94	-	-	-	-	23.94
	(21.36)	(-)	(-)	(-)	(-)	(21.36)
Reimbursement from companies	131.42	0.43	-	-	-	131.85
	(110.89)	(#)	(-)	(-)	(-)	(110.89)
Purchase of Fixed assets	0.47	-	-	-	-	0.47
	(0.41)	(-)	(-)	(-)	(-)	(0.41)
Sale of Fixed assets	4.48	-	-	-	-	4.48
	(0.94)	(-)	(-)	(-)	(-)	(0.94)
Swaps/Forward contracts (Notional)	902.00	-	5.90	4.21	26.02	938.13
	(233.17)	(-)	(-)	(-)	(3.72)	(236.89)
Guarantees/Lines of credit	0.80	-	-	-	-	0.80
	(25.17)	(-)	(-)	(0.13)	(-)	(25.30)
I. Liabilities:						
Other liabilities						
Other Payable						
Kotak Mahindra Prime Limited	2.79	-	-	-	-	2.79
	(1.35)	(-)	(-)	(-)	(-)	(1.35)
BSS Microfinance Limited	61.31	-	-	-	-	61.31
	(29.17)	(-)	(-)	(-)	(-)	(29.17)
Kotak Securities Limited	3.92	-	-	-	-	3.92
	(0.94)	(-)	(-)	(-)	(-)	(0.94)
Kotak Mahindra Capital Company Limited	0.01	-	-	-	-	0.01
	(22.70)	(-)	(-)	(-)	(-)	(22.70)
Kotak Mahindra (UK) Limited	3.62	-	-	-	-	3.62
	(-)	(-)	(-)	(-)	(-)	(-)
Others	0.67	-	-	0.01	-	0.68
	(0.55)	(-)	(-)	(#)	(-)	(0.55)
II. Assets:						
Investments						
Kotak Mahindra Life Insurance Company Limited	1,557.20	-	-	-	-	1,557.20
	(1,557.20)	(-)	(-)	(-)	(-)	(1,557.20)
Kotak Mahindra Prime Limited	654.46	-	-	-	-	654.46
	(994.88)	(-)	(-)	(-)	(-)	(994.88)
BSS Microfinance Limited	138.56	-	-	-	-	138.56
	(138.56)	(-)	(-)	(-)	(-)	(138.56)
Kotak Mahindra Investments Limited	587.33	-	-	-	-	587.33
	(587.33)	(-)	(-)	(-)	(-)	(587.33)
Kotak Mahindra General Insurance Limited	680.00	-	-	-	-	680.00
	(455.00)	(-)	(-)	(-)	(-)	(455.00)
Kotak Infrastructure Debt Fund Limited	324.79	-	-	-	-	324.79
	(492.19)	(-)	(-)	(-)	(-)	(492.19)
Others	400.15	-	-	#	-	400.15
	(400.15)	(-)	(-)	(#)	(-)	(400.15)
Diminution on investments						
Business Standard Private Limited	-	-	-	#	-	#
	(-)	(-)	(-)	(#)	(-)	(#)

(₹ in crore)						
Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Commission Receivable						
Kotak Mahindra Life Insurance Company Limited	98.03	-	-	-	-	98.03
	(62.06)	(-)	(-)	(-)	(-)	(62.06)
Kotak Mahindra General Insurance Limited	4.60	-	-	-	-	4.60
	(1.44)	(-)	(-)	(-)	(-)	(1.44)
Others Receivable						
Kotak Mahindra Prime Limited	30.59	-	-	-	-	30.59
	(31.53)	(-)	(-)	(-)	(-)	(31.53)
Kotak Securities Limited	14.51	-	-	-	-	14.51
	(7.13)	(-)	(-)	(-)	(-)	(7.13)
Kotak Investment Advisors Ltd	23.94	-	-	-	-	23.94
	(6.48)	(-)	(-)	(-)	(-)	(6.48)
Kotak Mahindra Investments Ltd	7.69	-	-	-	-	7.69
	(7.05)	(-)	(-)	(-)	(-)	(7.05)
Kotak Mahindra Life Insurance Company Limited	20.56	-	-	-	-	20.56
	(7.86)	(-)	(-)	(-)	(-)	(7.86)
Kotak Infrastructure Debt Fund Limited	9.54	-	-	-	-	9.54
	(11.19)	(-)	(-)	(-)	(-)	(11.19)
BSS Microfinance Limited	19.38	-	-	-	-	19.38
	(7.38)	(-)	(-)	(-)	(-)	(7.38)
Kotak Mahindra Asset Management Company Limited	3.63	-	-	-	-	3.63
	(9.54)	(-)	(-)	(-)	(-)	(9.54)
Kotak Mahindra General Insurance Limited	2.26	-	-	-	-	2.26
	(3.58)	(-)	(-)	(-)	(-)	(3.58)
Phoenix ARC Private Limited	-	0.33	-	-	-	0.33
	(-)	(0.37)	(-)	(-)	(-)	(0.37)
Others	1.46	0.06	-	-	0.03	1.55
	(1.12)	(0.01)	(0.02)	(0.01)	(0.01)	(1.17)
Non Funded Commitments						
Bank Guarantees						
Kotak Mahindra Life Insurance Company Limited	0.25	-	-	-	-	0.25
	(0.25)	(-)	(-)	(-)	(-)	(0.25)
Kotak Securities Limited	0.02	-	-	-	-	0.02
	(0.02)	(-)	(-)	(-)	(-)	(0.02)
Aero Agencies Private Limited	-	-	-	1.00	-	1.00
	(-)	(-)	(-)	(1.00)	(-)	(1.00)
Kotak Mahindra Prime Limited	0.25	-	-	-	-	0.25
	(-)	(-)	(-)	(-)	(-)	(-)
Others	0.05	-	-	0.13	-	0.18
	(-)	(-)	(-)	(0.13)	(-)	(0.13)
Swaps/Forward contracts (Notional)						
Kotak Mahindra Prime Limited	234.83	-	-	-	-	234.83
	(550.00)	(-)	(-)	(-)	(-)	(550.00)
Kotak Mahindra Investments Limited	100.00	-	-	-	-	100.00
	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	-	-	1.65	1.65
	(-)	(-)	(-)	(-)	(3.72)	(3.72)
III. Expenses:						
Salaries/fees (Include ESOP)						
Mr. Uday Kotak	-	-	#	-	-	#
	(-)	(-)	(#)	(-)	(-)	(#)
Mr. Gaurang Shah	-	-	5.27	-	-	5.27
	(-)	(-)	(6.85)	(-)	(-)	(6.85)



(₹ in crore)						
Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Mr. KVS Manian	-	-	7.82	-	-	7.82
	(-)	(-)	(6.78)	(-)	(-)	(6.78)
Mr. Dipak Gupta	-	-	8.22	-	-	8.22
	(-)	(-)	(7.52)	(-)	(-)	(7.52)
Ms. Shanti Ekambaram	-	-	2.35	-	-	2.35
	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Jay Kotak	-	-	-	-	0.45	0.45
	(-)	(-)	(-)	(-)	(0.30)	(0.30)
Other Expenses Brokerage						
Kotak Securities Limited	0.78	-	-	-	-	0.78
	(1.05)	(-)	(-)	(-)	(-)	(1.05)
Premium						
Kotak Mahindra Life Insurance Company Limited	21.39	-	-	-	-	21.39
	(11.02)	(-)	(-)	(-)	(-)	(11.02)
Kotak Mahindra General Insurance Limited	3.49	-	-	-	-	3.49
	(3.58)	(-)	(-)	(-)	(-)	(3.58)
Other Expenses:						-
Kotak Mahindra Prime Limited	2.74	-	-	-	-	2.74
	(0.68)	(-)	(-)	(-)	(-)	(0.68)
Aero Agencies Private Limited	-	-	-	0.68	-	0.68
	(-)	(-)	(-)	(0.54)	(-)	(0.54)
Business Standard Private Limited	-	-	-	0.08	-	0.08
	(-)	(-)	(-)	(0.07)	(-)	(0.07)
BSS Microfinance Limited	523.01	-	-	-	-	523.01
	(242.11)	(-)	(-)	(-)	(-)	(242.11)
Kotak Mahindra (UK) Limited	0.03	-	-	-	-	0.03
	(0.05)	(-)	(-)	(-)	(-)	(0.05)
Infina Finance Private Limited	-	-	-	-	-	-
	(-)	(0.21)	(-)	(-)	(-)	(0.21)
Others	#	-	-	-	-	#
	(#)	(-)	(-)	(-)	-	(#)
IV. Income: Dividend						
Kotak Mahindra Capital Company Limited	34.36	-	-	-	-	34.36
	(48.11)	(-)	(-)	(-)	(-)	(48.11)
Kotak Mahindra Life Insurance Company Limited	88.41	-	-	-	-	88.41
	(62.87)	(-)	(-)	(-)	(-)	(62.87)
Kotak Infrastructure Debt Fund Limited	0.09	-	-	-	-	0.09
	(0.05)	(-)	(-)	(-)	(-)	(0.05)
Kotak Mahindra Asset Management Company Limited	74.50	-	-	-	-	74.50
	(59.60)	(-)	(-)	(-)	(-)	(59.60)
Kotak Mahindra Prime Limited	8.91	-	-	-	-	8.91
	(7.13)	(-)	(-)	(-)	(-)	(7.13)
Kotak Securities Limited	36.00	-	-	-	-	36.00
	(24.00)	(-)	(-)	(-)	(-)	(24.00)
Other Income						
Kotak Mahindra Life Insurance Company Limited	407.35	-	-	-	-	407.35
	(322.01)	(-)	(-)	(-)	(-)	(322.01)
Kotak Mahindra General Insurance Company Limited	35.79	-	-	-	-	35.79
	(18.65)	(-)	(-)	(-)	(-)	(18.65)
Kotak Securities Limited	166.32	-	-	-	-	166.32
	(204.23)	(-)	(-)	(-)	(-)	(204.23)

(₹ in crore)						
Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Kotak Mahindra Capital Company Limited	8.93	-	-	-	-	8.93
	(8.59)	(-)	(-)	(-)	(-)	(8.59)
Kotak Mahindra Asset Management Company Limited	16.51	-	-	-	-	16.51
	(22.66)	(-)	(-)	(-)	(-)	(22.66)
Kotak Mahindra Prime Limited	37.09	-	-	-	-	37.09
	(48.20)	(-)	(-)	(-)	(-)	(48.20)
Kotak Investment Advisors Limited	41.83	-	-	-	-	41.83
	(14.78)	(-)	(-)	(-)	(-)	(14.78)
Others	10.95	0.11	0.01	0.04	0.01	11.12
	(9.92)	(0.10)	(#)	(0.02)	(0.01)	(10.05)
V. Other Transactions: Sale of Investment						
Kotak Infrastructure Debt Fund Limited	250.70	-	-	-	-	250.70
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Prime Limited	35.00	-	-	-	-	35.00
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra (UK) Limited	66.68	-	-	-	-	66.68
	(37.52)	(-)	(-)	(-)	(-)	(37.52)
Kotak Securities Limited	24.88	-	-	-	-	24.88
	(-)	(-)	(-)	(-)	(-)	(-)
Purchase of Investments						
Kotak Mahindra Pension Fund Limited	-	-	-	-	-	-
	(16.32)	(-)	(-)	(-)	(-)	(16.32)
Kotak Mahindra Prime Limited	319.61	-	-	-	-	319.61
	(200.00)	(-)	(-)	(-)	(-)	(200.00)
Kotak Mahindra Asset Management Company Limited	-	-	-	-	-	-
	(12.71)	(-)	(-)	(-)	(-)	(12.71)
Kotak Mahindra Investments Limited	-	-	-	-	-	-
	(250.99)	(-)	(-)	(-)	(-)	(250.99)
Kotak Investment Advisors Ltd	-	-	-	-	-	-
	(175.91)	(-)	(-)	(-)	(-)	(175.91)
Kotak Mahindra General Insurance Limited	225.00	-	-	-	-	225.00
	(125.00)	(-)	(-)	(-)	(-)	(125.00)
Kotak Mahindra (UK) Limited	257.21	-	-	-	-	257.21
	(278.15)	(-)	(-)	(-)	(-)	(278.15)
Kotak Mahindra, Inc	-	-	-	-	-	-
	(15.16)	(-)	(-)	(-)	(-)	(15.16)
Kotak Infrastructure Debt Fund Limited	360.00	-	-	-	-	360.00
	(-)	(-)	(-)	(-)	(-)	(-)
Loan Disbursed During the Year						
Kotak Mahindra Prime Limited	800.02	-	-	-	-	800.02
	(4,135.00)	(-)	(-)	(-)	(-)	(4,135.00)
Kotak Mahindra Investments Limited	494.00	-	-	-	-	494.00
	(300.00)	(-)	(-)	(-)	(-)	(300.00)
Phoenix ARC Private Limited	-	-	-	-	-	-
	(-)	(60.00)	(-)	(-)	(-)	(60.00)
Loan Repaid During the Year						
Kotak Mahindra Investments Limited	249.00	-	-	-	-	249.00
	(600.00)	(-)	(-)	(-)	(-)	(600.00)
Phoenix ARC Private Limited	-	15.00	-	-	-	15.00
	(-)	(4.69)	(-)	(-)	(-)	(4.69)
Kotak Mahindra Prime Limited	825.02	-	-	-	-	825.02
	(4,135.00)	(-)	(-)	(-)	(-)	(4,135.00)



(₹ in crore)						
Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Dividend Paid						
Mr. Uday Kotak	-	-	56.20	-	-	56.20
	(-)	(-)	(45.98)	(-)	(-)	(45.98)
Mr. Dipak Gupta	-	-	0.07	-	-	0.07
	(-)	(-)	(0.08)	(-)	(-)	(0.08)
Mr. Gaurang Shah	-	-	0.10	-	-	0.10
	(-)	(-)	(0.08)	(-)	(-)	(0.08)
Mr. KVS Manian	-	-	-	-	-	-
	(-)	(-)	(0.02)	(-)	(-)	(0.02)
Ms. Pallavi Kotak	-	-	-	-	0.12	0.12
	(-)	(-)	(-)	(-)	(0.10)	(0.10)
Ms. Indira Kotak	-	-	-	-	0.22	0.22
	(-)	(-)	(-)	(-)	(0.18)	(0.18)
Others	-	-	-	0.14	0.05	0.19
	(-)	(-)	(-)	(0.07)	(0.04)	(0.11)
Reimbursements to companies						
Kotak Mahindra Capital Company Limited	#	-	-	-	-	#
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Prime Limited	6.39	-	-	-	-	6.39
	(6.23)	(-)	(-)	(-)	(-)	(6.23)
Kotak Securities Limited	11.45	-	-	-	-	11.45
	(10.97)	(-)	(-)	(-)	(-)	(10.97)
Kotak Mahindra Life Insurance Company Limited	0.58	-	-	-	-	0.58
	(1.29)	(-)	(-)	(-)	(-)	(1.29)
Kotak Investment Advisors Limited	0.25	-	-	-	-	0.25
	(1.30)	(-)	(-)	(-)	(-)	(1.30)
Kotak Mahindra Investments Limited	1.49	-	-	-	-	1.49
	(0.83)	(-)	(-)	(-)	(-)	(0.83)
Kotak Mahindra (UK) Limited	3.62	-	-	-	-	3.62
	(-)	(-)	(-)	(-)	(-)	(-)
Others	0.15	-	-	-	-	0.15
	(0.74)	(-)	(-)	(-)	(-)	(0.74)
Reimbursements from companies						
Kotak Mahindra Capital Company Ltd	10.34	-	-	-	-	10.34
	(4.83)	(-)	(-)	(-)	(-)	(4.83)
Kotak Mahindra Prime Limited	28.80	-	-	-	-	28.80
	(24.13)	(-)	(-)	(-)	(-)	(24.13)
Kotak Mahindra Life Insurance Company Limited	16.42	-	-	-	-	16.42
	(18.46)	(-)	(-)	(-)	(-)	(18.46)
Kotak Securities Limited	31.11	-	-	-	-	31.11
	(26.09)	(-)	(-)	(-)	(-)	(26.09)
Kotak Mahindra Investments Limited	8.12	-	-	-	-	8.12
	(7.28)	(-)	(-)	(-)	(-)	(7.28)
Kotak Mahindra Asset Management Company Limited	11.76	-	-	-	-	11.76
	(8.88)	(-)	(-)	(-)	(-)	(8.88)
Kotak Investment Advisors Limited	9.64	-	-	-	-	9.64
	(8.17)	(-)	(-)	(-)	(-)	(8.17)
Kotak Mahindra Asset Management (Singapore) Pte Limited	4.07	-	-	-	-	4.07
	(3.63)	(-)	(-)	(-)	(-)	(3.63)
Kotak Mahindra General Insurance Limited	4.19	-	-	-	-	4.19
	(2.91)	(-)	(-)	(-)	(-)	(2.91)
Others	6.96	0.43	-	-	-	7.39
	(6.51)	(-)	(-)	(-)	(-)	(6.51)

(₹ in crore)						
Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Purchase of Fixed Assets						
Kotak Mahindra Prime Limited	-	-	-	-	-	-
	(#)	(-)	(-)	(-)	(-)	(#)
Kotak Mahindra General Insurance Company Limited	0.14	-	-	-	-	0.14
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Investments Limited	0.09	-	-	-	-	0.09
	(0.14)	(-)	(-)	(-)	(-)	(0.14)
Kotak Mahindra Life Insurance Company Limited	0.09	-	-	-	-	0.09
	(0.27)	(-)	(-)	(-)	(-)	(0.27)
Kotak Securities Limited	0.10	-	-	-	-	0.10
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Investment Advisors Limited	-	-	-	-	-	-
	(#)	(-)	(-)	(-)	(-)	(#)
Kotak Mahindra Capital Company Limited	0.04	-	-	-	-	0.04
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Trusteeship Services Limited	0.01	-	-	-	-	0.01
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Asset Management Company Limited	#	-	-	-	-	#
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Pension Fund Limited	-	-	-	-	-	-
	(#)	(-)	(-)	(-)	(-)	(#)
Sale of Fixed Assets						
Kotak Mahindra General Insurance Company Limited	-	-	-	-	-	-
	(#)	(-)	(-)	(-)	(-)	(#)
Kotak Investment Advisors Ltd	4.30	-	-	-	-	4.30
	(0.12)	(-)	(-)	(-)	(-)	(0.12)
Kotak Mahindra Asset Management Company Limited	-	-	-	-	-	-
	(0.17)	(-)	(-)	(-)	(-)	(0.17)
Kotak Mahindra Trusteeship Services Limited	-	-	-	-	-	-
	(0.07)	(-)	(-)	(-)	(-)	(0.07)
Kotak Mahindra Investments Limited	0.03	-	-	-	-	0.03
	(0.17)	(-)	(-)	(-)	(-)	(0.17)
Kotak Mahindra Life Insurance Company Limited	0.14	-	-	-	-	0.14
	(0.22)	(-)	(-)	(-)	(-)	(0.22)
Kotak Mahindra Prime Limited	0.02	-	-	-	-	0.02
	(0.19)	(-)	(-)	(-)	(-)	(0.19)
Swaps/Forwards/Options Contracts (Notional)						
Kotak Mahindra International Ltd	#	-	-	-	-	#
	(233.17)	(-)	(-)	(-)	(-)	(233.17)
Kotak Mahindra Prime Limited	533.63	-	-	-	-	533.63
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Investments Limited	100.00	-	-	-	-	100.00
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Life Insurance Company Limited	26.82	-	-	-	-	26.82
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Investment Advisors Limited	9.50	-	-	-	-	9.50
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Asset Management Company Limited	10.30	-	-	-	-	10.30
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Mahindra Capital Company Limited	15.09	-	-	-	-	15.09
	(-)	(-)	(-)	(-)	(-)	(-)
Kotak Securities Limited	206.57	-	-	-	-	206.57
	(-)	(-)	(-)	(-)	(-)	(-)

(₹ in crore)						
Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of Key Management Personnel	Total
BSS Microfinance Limited	0.09	-	-	-	-	0.09
	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	5.90	4.21	26.02	36.13
	(-)	(-)	(-)	(-)	(3.72)	(3.72)
Guarantees/Lines of Credits						-
Kotak Investment Advisors Limited	0.55	-	-	-	-	0.55
	(25.15)	(-)	(-)	(-)	(-)	(25.15)
Kotak Securities Limited	-	-	-	-	-	-
	(0.02)	(-)	(-)	(-)	(-)	(0.02)
Kotak Mahindra Prime Limited	0.25	-	-	-	-	0.25
	(-)	(-)	(-)	(-)	(-)	(-)
KF Trust	-	-	-	-	-	-
	(-)	(-)	(-)	(0.13)	(-)	(0.13)

- Note:**
- Figures in brackets represent previous year's figures.
 - The above does not include any transactions in relation to listed securities done on recognised stock exchange during the year. However above includes transactions done on NDS with known related parties.
 - # in the above table denotes amounts less than ₹50,000
 - Remuneration paid to KMPs is pursuant to approval from RBI

Maximum Balance outstanding during the year

(₹ in crore)					
Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of Key Management Personnel
Liabilities					
Deposits	6,199.33	768.74	2,553.73	180.63	248.59
	(7,758.22)	(492.07)	(3,514.64)	(340.69)	(221.36)
Borrowings	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Other Liabilities	77.72	0.27	2.21	1.16	0.77
	(97.40)	(0.30)	(0.01)	(0.24)	(0.13)
Assets					
Advances	948.94	55.31	4.62	3.79	8.24
	(1,496.60)	(59.06)	(5.07)	(2.88)	(4.89)
Investments-Gross	5,164.90	-	-	#	-
	(4,825.31)	(11.89)	-	(#)	-
Commission Receivable	102.63	-	-	-	-
	(63.50)	-	-	-	-
Other Assets	215.70	0.65	0.04	0.03	0.09
	(359.80)	(0.39)	(0.02)	(0.01)	(0.02)
Non Funded Commitments					
Bank Guarantees	1.02	-	-	1.13	-
	(38.70)	(-)	(-)	(1.13)	(-)
Swaps/Forwards	1,030.55	-	4.79	0.97	16.25
	(618.62)	(-)	(-)	(-)	(3.72)

- Note:**
- Figures in brackets represent previous year's figures.
 - # in the above table denotes amounts less than ₹50,000

8. Employee Share Based Payments:

The Shareholders of the Bank had passed a Special Resolution in the General meeting dated 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to this resolution, the Kotak Mahindra Equity Option Scheme 2015 has been formulated and adopted.

Equity-settled options

The Bank has granted options to employees of the Group vide various employee stock option schemes. During the year ended 31st March, 2023, the following schemes were in operation:

Particulars	Plan 2015
Date of grant	Various Dates
Date of Board Approval	Various Dates
Date of Shareholder's approval	29 th June, 2015
Number of options granted	19,968,473
Method of Settlement (Cash / Equity)	Equity
Vesting Period	0.01 – 4.09 years
Exercise Period	0.03 – 1 year
Vesting Conditions	Graded / Cliff vesting

The details of activity under Plan 2015 have been summarised below:

Particulars	Year ended 31 st March, 2023		Year ended 31 st March, 2022	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	4,270,658	1,485.35	6,159,212	1,321.54
Granted during the year	1,474,424	1,804.47	1,201,540	1,801.00
Forfeited during the year	137,475	1,611.54	217,852	1,443.90
Exercised during the year	1,894,822	1,413.62	2,826,092	1,268.76
Expired during the year	139,560	1,670.66	46,150	1,300.21
Outstanding at the end of the year	3,573,225	1,642.98	4,270,658	1,485.35
Out of the above exercisable at the end of the year	835,480	1,439.84	1,011,709	1,349.27
Weighted average remaining contractual life (in years)		1.46		1.30
Weighted average fair value of options granted		490.13		495.45

The weighted average share price at the date of exercise for stock options exercised during the year was ₹1,772.38 (Previous year ₹ 1,819.07).

The details of exercise price for stock options outstanding at the end of the year are:

31st March, 2023

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
901-1,000	75,321	0.73	1,000.00
1,001-1,100	10,000	0.25	1,050.00
1,201-1,300	20,040	1.03	1,240.89
1,301-1,400	738,312	0.72	1,341.00
1,401-1,500	442,832	0.25	1,460.00
1,701-1,800	1,224,120	2.08	1,798.00
1,801-1,900	1,062,600	1.83	1,809.20

31st March, 2022

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
801-900	8,764	0.25	900.00
901-1,000	152,280	1.30	1,000.00
1,001-1,100	24,728	1.00	1,050.00
1,201-1,300	496,361	0.34	1,268.41
1,301-1,400	913,422	1.60	1,341.00
1,401-1,500	1,510,393	0.74	1,460.00
1,801-1,900	1,164,710	2.20	1,801.00

Stock appreciation rights

At the General Meeting on 29th June, 2015, the shareholders of the Bank had passed Special Resolution to grant SARs to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 had been formulated and adopted. Subsequently, the SARs have been granted under this scheme.

The SARs are settled in cash and vest on the respective due dates in a graded manner as per the terms and conditions of grant. The contractual life of the SARs outstanding range from 1.00 to 4.13 years.

Detail of activity under SARs is summarised below:

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Outstanding at the beginning of the year	623,855	697,615
Granted during the year	870,541	234,170
Additions/(Reduction) due to transfer of employees	28,888	(3,199)
Settled during the year	193,696	278,435
Forfeited during the year	77,414	26,296
Outstanding at the end of the year	1,252,174	623,855

Fair value of Employee stock options

The fair value of the equity-settled options is estimated on the date of grant using Black-Scholes options pricing model taking into account the terms and conditions upon which the options were granted. The fair value of the cash-settled options is remeasured at each Balance Sheet date. The following table lists the inputs to the model used for equity-settled and cash-settled options:

Year ended 31 st March,	2023		2022	
	Equity-settled	Cash-settled	Equity-settled	Cash-settled
Exercise Price ₹	1,798-1,900	0-1,801	1,341-1,801	0-1,801
Weighted Average Share Price ₹	1,782.25	1,735.68	1,797.38	1,541.15
Expected Volatility	26.57%-36.85%	14.24%-33.18%	27.79%-43.76%	26.92%-37.68%
Historical Volatility	26.57%-36.85%	14.24%-33.18%	27.79%-43.76%	26.92%-37.68%
Life of the options granted (Vesting and exercise period)				
- At the grant date	1.25-4.31		0.51-4.34	
- As at 31 st March		0.02-4.04		0.25-3.71
Risk-free interest rate	5.75%-7.77%	6.79%-7.32%	3.58%-5.94%	3.97%-6.04%
Expected dividend rate	0.06%	0.06%	0.05%	0.05%

The expected volatility was determined based on historical volatility data and the Bank expects the volatility of its share price may not differ from historical volatility. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant for equity settled options and remeasurement date for the cash settled options, corresponding with the expected / residual life of the share-linked instruments has been considered.

Effect of the employee share-based payment plans on the Profit and Loss Account and on the financial position:

Year ended 31 st March,	(₹ in crore)	
	2023	2022
Total Employee compensation cost pertaining to share-based payment plans	99.77	65.48
Compensation cost pertaining to equity-settled employee share-based payment plan included above	24.18	21.00
Liability for employee stock options outstanding as at year end	121.78	71.28
Deferred Compensation Cost	61.48	39.97
Closing balance of liability for cash-settled options	99.10	56.00
Expense arising from increase in intrinsic value of liability for cash stock appreciation plan	31.69	45.47

Had the Bank recorded the compensation cost for all share-linked instruments granted on or before 31 March 2021 on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 5.20 crore (Previous year ₹ 20.52 crore) and the profit after tax would have been lower by ₹ 3.89 crore (Previous year ₹ 15.35 crore). Consequently the basic and diluted EPS would have been ₹ 54.87 (Previous year ₹ 42.95) and ₹ 54.85 (Previous year ₹ 42.93) respectively.


9. Employee Benefits

- i. The Bank has recognised the following amounts in the Profit and Loss Account towards contributions to Provident Fund and Other Funds:

Particulars	(₹ in crore)	
	Year Ended 31 st March, 2023	31 st March, 2022
Provident Fund	235.48	184.73
Superannuation Fund	1.17	1.45
New Pension Fund	10.51	7.23
DIFC Employee Workplace Savings Scheme (DEWS)	0.72	0.67

ii. Gratuity

The gratuity plan provides a lumpsum payment to vested domestic employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Bank subject to a maximum of ₹ 0.20 crore. There is no ceiling on gratuity payable to directors and certain categories of employees subject to service regulations and service awards.

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits is given below.

Particulars	(₹ in crore)	
	As at 31 st March, 2023	31 st March, 2022
Change in benefit obligations		
Liability at the beginning of the year	515.20	497.48
Current Service cost	77.27	61.84
Interest cost	36.19	31.55
Actuarial Losses / (Gain)	(7.71)	20.75
Past Service Cost	-	-
Liability assumed on acquisition / (Settled on divestiture)	0.61	(0.83)
Benefits paid	(99.01)	(95.59)
Liability at the end of the year	522.55	515.20
Change in plan assets		
Fair value of plan assets at the beginning of the year	572.43	546.65
Expected return on plan assets	38.66	34.84
Actuarial Gain / (Losses)	(40.51)	34.10
Benefits paid	(99.01)	(95.59)
Employer contributions	31.00	52.43
Fair value of plan assets at the end of the year	502.57	572.43

Reconciliation of present value of the obligation and the fair value of the plan assets	(₹ in crore)	
	As at 31 st March, 2023	31 st March, 2022
Fair value of plan assets at the end of the year	502.57	572.43
Liability at the end of the year	522.55	515.20
(Net Liabilities)/Net Asset included in "Others" under "Other Liabilities & Other Asset"	(19.98)	57.23
Expense recognised for the year		
Current Service cost	77.27	61.84
Interest cost	36.19	31.55
Expected return on plan assets	(38.66)	(34.84)
Actuarial (Gain) / Loss	32.80	(13.35)
Past Service Cost	-	-
Net gratuity expense recognised in Schedule 16.I	107.60	45.20
Actual return on plan assets	(1.84)	68.94



(₹ in crore)		
Reconciliation of the Liability recognised in the Balance Sheet	As at	
	31 st March, 2023	31 st March, 2022
Net (Asset) / Liability at the beginning of the year	(57.23)	(49.17)
Expense recognized	107.60	45.20
Liability assumed on acquisition / (Settled on divestiture)	0.61	(0.83)
Employer contributions	(31.00)	(52.43)
Net (Asset) / Liability	19.98	(57.23)

Investment details of plan assets

The plan assets are invested in insurer managed funds. Major categories of plan assets as a percentage of fair value of total plan assets are as follows:

	31 st March, 2023	31 st March, 2022
	%	%
LIC managed funds #	0.31%	0.23%
Government securities	32.87%	30.58%
Bonds, debentures and other fixed income instruments	35.65%	8.49%
Money market instruments	19.55%	10.41%
Equity shares	11.62%	50.29%
Total	100.00%	100.00%

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Actuarial assumptions used	
Discount rate	7.30% - 7.39% p.a. (Previous Year 6.70% - 6.79% p.a.)
Salary escalation rate	5.50% - IBA, 7% – (others) p.a. (Previous Year 5.50% (IBA) and 12% in year 1 inclusive and 7% thereafter (others) p.a.)
Expected return on plan assets	7.00% p.a. (Previous Year 7.00% - 7.25% p.a.)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Experience adjustments

Amounts for the current and previous four years are as follows:

(₹ in crore)					
Gratuity	Year ended 31 st March				
	2023	2022	2021	2020	2019
Defined benefit obligation	522.55	515.20	497.48	455.85	400.06
Plan assets	502.57	572.43	546.65	412.45	401.99
Surplus / (Deficit)	(19.98)	57.23	49.17	(43.40)	1.93
Experience adjustments on plan liabilities	7.66	22.61	12.62	41.19	20.46
Experience adjustments on plan assets	(40.51)	34.10	60.28	(36.81)	9.63

The Bank expects to contribute ₹ 47.84 crore to gratuity fund in financial year 2023-2024.

The above information is as certified by the actuary and relied upon by the auditors.

iii. Pension

Pension liability relates to employees of eIVBL

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for pension benefits is given below.

(₹ in crore)		
Particulars	As at	
	31 st March, 2023	31 st March, 2022
	Funded	Funded
Change in benefit obligations		
Liability at the beginning of the year	1,909.31	1,891.94
Transfer of liabilities funded during the year	-	-
Current Service cost	63.16	69.14
Interest cost	134.04	109.56
Actuarial (gain) / loss on obligations	40.67	182.71
Past Service cost	-	-
Benefits paid	(234.53)	(344.04)
Liability at the end of the year	1,912.65	1,909.31
Change in plan assets		
Fair value of plan assets at the beginning of the year	1,953.43	1,872.49
Expected return on plan assets	133.47	119.35
Actuarial Gain / (loss)	11.27	34.13
Benefits paid	(234.53)	(344.04)
Employer contributions	9.62	271.50
Fair value of plan assets as at the end of the year	1,873.26	1,953.43

(₹ in crore)		
Reconciliation of present value of the obligation and the fair value of the plan Assets	As at	
	31 st March, 2023	31 st March, 2022
	Funded	Funded
Fair value of plan assets as at the end of the year	1,873.26	1,953.43
Liability at the end of the year	1,912.65	1,909.31
Net Asset / (Liability) included in "Others" under "Other Assets" / "Other Liabilities"	(39.39)	44.12
Expenses recognised for the year		
Current service cost	63.16	69.14
Interest cost	134.04	109.56
Expected return on plan assets	(133.47)	(119.35)
Actuarial (gain) / loss	29.40	148.58
Effect of the limit in Para 59(b)	-	-
Net pension expense recognized in Schedule 16.I	93.13	207.93
Actual return on plan assets	144.74	153.48

(₹ in crore)		
Particulars	As at	
	31 st March, 2023	31 st March, 2022
Reconciliation of the Liability recognised in the Balance Sheet	Funded	Funded
Net (Asset) / Liability at the beginning of the year	(44.12)	19.45
Expense recognized	93.13	207.93
Employer contributions	(9.62)	(271.50)
Effect of the limit in Para 59(b)	-	-
Net (Asset) / Liability is included in "Others" under "Other Assets" / "Other Liabilities"	39.39	(44.12)

Investment details of plan assets

The plan assets are invested in a fund managed by Life Insurance Corporation of India. In the absence of detailed information regarding plan assets of the fund, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Actuarial assumptions used

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Discount rate	7.39% p.a.	6.79% p.a.
Salary escalation rate	5.50% p.a.	5.50% p.a.
Expected rate of return on plan assets	7.50% p.a.	7.25% p.a.
Inflation	10.00% p.a.	10.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors like settlement with employee unions.

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Experience adjustments

Amounts for the current year are as follows:

(₹ in crore)

Pension	Year ended 31 st March,				
	2023	2022	2021	2020	2019
Defined benefit obligation	1,912.65	1,909.31	1,891.94	1,600.48	1,156.33
Plan assets	1,873.26	1,953.43	1,872.49	1,514.35	1,159.16
Surplus / (deficit)	(39.39)	44.12	(19.45)	(86.13)	2.83
Experience adjustments on plan liabilities	140.78	248.33	199.72	440.57	102.64
Experience adjustments on plan assets	11.27	34.13	(1.52)	(7.85)	(6.46)

The Bank expects to contribute ₹ 257.81 crore to pension fund in financial year 2023-2024.

iv. Compensated absences

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Bank is given below:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Total actuarial liability	129.40	227.61
Assumptions:		
Discount rate	7.30% - 7.39% - 3.52% (DIFC) p.a.	6.70% - 6.79% - 2.45% (DIFC) p.a.
Salary escalation rate	5.50% (IBA), 7.00% (Others) and 3% (DIFC) p.a.	5.50% (IBA), 12.00% until year 1 and 7.00% thereafter (Others) and 3% (DIFC) p.a.

v. Long Service Award

The actuarially determined liability in respect of Long Service Award of the employees of the Bank is given below:

(₹ in crore)

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Total actuarial liability	9.49	12.81
Assumptions:		
Discount rate	7.30%-7.39% p.a.	6.70%-6.79% p.a.



10. Provisions and Contingencies

As per the Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated 30th August, 2021 (updated as on 15th November, 2021), the Bank is classifying provision / (write-back) of mark-to-market depreciation on investments under Other Income from the year ended 31st March, 2022. Prior to that, the same was being classified under Provisions and Contingencies. Figures for the previous year have been regrouped to conform to current year presentation.

Breakup of "Provisions and Contingencies" (including write-offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Provisions for Investments (including NPI)	(21.05)	(91.37)
Provision towards NPA	507.69	1,111.95
Provision towards Unhedged Foreign Currency Exposure	(11.09)	19.46
Provision towards Standard Assets	140.42	363.37
General Provision – Covid-19 Deferment Cases	(159.55)	(732.00)
Provision for country risk exposure	(4.79)	4.79
Provision for Current Tax	3,412.17	2,683.45
Provision for Deferred Tax	39.52	105.17
Other Provision and Contingencies	5.36	13.36
Total Provisions and Contingencies	3,908.68	3,478.18

11. COVID-19, a global pandemic, affected the world economy over the last few years. The revival of economic activity improved in financial year 2022 supported by relaxation of restrictions due to administration of the COVID vaccines to a large population in the country. The extent to which COVID-19 pandemic will impact the company's results going forward will depend on ongoing as well as future developments including the nature and severity of COVID-19.

The Bank held an aggregate COVID-19 related provision of ₹ 547 crore as of 31st March, 2022. Based on the improved outlook and on actual collections, the Bank has reversed provisions amounting to ₹ 159.55 crore during the year ended 31st March 2023 and continues to hold provision of ₹ 387.45 crore as at 31st March, 2023.

12. Corporate Social Responsibility (CSR)

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.

Disclosures in relation to corporate social responsibility expenditure:

(₹ in crore)

Details of CSR Expenditure	31 st March 2023	31 st March 2022
Amount of expenditure incurred		
Contribution to Kotak Education Foundation	22.74	16.41
Contribution to Other Initiatives	72.10**	49.53**
Accrual towards unspent obligations (Shortfall) in relation to:		
Ongoing project	93.11*	96.06
Other than ongoing project	Nil	Nil
Total	187.95	162.00
Amount required to be spent as per Section 135 of the Act	187.41	161.83
Amount of cumulative unspent at the end of the year	168.34***	119.63
Amount spent during the year on		
(i) Construction / acquisition of any asset	22.47 [§]	6.84 [#]
(ii) On purposes other than (i) above	72.36	59.10**

* Includes ₹ 9.67 crore (previous year ₹ 3.63 crore) contributed to Kotak Education Foundation for Ongoing CSR projects.

** Includes Administrative expenses incurred of ₹ 3.06 crore (previous year ₹ 3.87 crore) and Impact Assessment expenses incurred of ₹ 0.31 crore (previous year Nil).

*** Includes Unspent of ₹ 4.37 crore of FY'21 and ₹ 70.86 crore of FY'22.

[#] For funding Capital assets which are held in the books of the implementing partner organisations / beneficiaries/public authorities.

[§] does not include Capital Works-in-Progress and doesn't include amount spent on creation/acquisition of Capital assets out of Unspent CSR accounts of previous financial years.

Details of ongoing CSR projects under Section 135(6) of the Act:

(₹ in crore)

Financial Year	Balance as at 1 st April		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 st March	
	With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
FY 22-23			172.35	79.24		93.11 [#]	
FY 21-22	96.06 [*]	-	-	-	25.20	-	70.86 ^{**}
FY 20-21		23.57	-	-	19.20	-	4.37

^{*} The amount was transferred to Kotak Mahindra Bank Limited Unspent Account FY 2021-22 in April 2022.

^{**} Includes adjustment of ₹ 0.29 crore of unutilised CSR payment, which was returned by an implementation agency after 31st March, 2023.

[#] The amount was transferred to Kotak Mahindra Bank Limited Unspent CSR Account FY2022-23 on 27th April, 2023.

Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects:

(₹ in crore)

Balance unspent as at 1 st April 2022	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 st March 2023
Nil	-	12.23	12.23	Nil

Note

1. The amount required to be spent is Board approved CSR Project Budget for Other than Ongoing (Annual) CSR Projects for FY2022-23

2. The amount spent does not include CSR Administrative Overheads Expenditure of ₹3.06 crore.

Details of excess CSR expenditure under Section 135(5) of the Act:

(₹ in crore)

Balance excess spent as at 1 st April 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at 31 st March 2023
0.89	187.41	187.95 [*]	1.42

^{*} includes unspent/ unutilised CSR amount transferred to Kotak Mahindra Bank Unspent CSR Account for FY 2022-23

13. Tier II Bonds

- a) Lower Tier II Bonds outstanding as at 31st March, 2023 ₹ Nil (previous year ₹ 306.00 crore).
- b) Upper Tier II Bonds outstanding as at 31st March, 2023 and as at 31st March 2022 is ₹ Nil.
- c) Interest Expended-Others (Schedule 15(III)) includes interest on subordinated debt (Lower and Upper Tier II) ₹ 21.33 crore (previous year ₹ 30.52 crore).

14. Details of payments of audit fees

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2023	31 st March, 2022
Statutory Audit fees	3.44	3.25 [*]
Other Matters	0.44	0.29
Total	3.88	3.54

^{*} ₹0.20 crore is subject to shareholder's approval at AGM

15. Description of Contingent Liabilities:

Sr. No.	Contingent Liability*	Brief Description
1.	Claims not acknowledged as debts	This includes liability on account of Direct and Indirect tax demands and legal cases filed against the Bank. The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, result of operations or cash flows. In respect of appeals filed by the Income Tax department with higher authorities, where the matter was settled in favour of the Bank at the first appellate stage, and where in view of the Management, it gives rise to an item of timing difference, no contingent liability is envisaged by the Bank.
2.	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts with inter Bank participants and with its customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.
3.	Guarantees on behalf of constituents	As a part of its Banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations.
4.	Acceptances, endorsements and other obligations	These includes: • Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Bank. • Bills re-discounted by the Bank and cash collateral provided by the Bank on assets which have been securitised. • Underwriting commitments in respect of Debt Syndication.
5.	Other items for which the Bank is contingently liable	These include: • Liabilities in respect of interest rate swaps, currency swaps, forward rate agreements, futures and options contracts. The Bank enters into these transactions with inter Bank participants and its customers. Currency Swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as contingent liabilities are amounts used as a benchmark for the calculation of interest component of the contracts. • Liability in respect of Capital commitments relating to fixed assets and undrawn commitments in respect of investments. • Amount Transferred to RBI under the Depositor Education and Awareness Fund ('DEA Fund').

^{*} Also refer Schedule 12 – Contingent Liability

16. Small and Medium Enterprises:

Under the Micro, Small and Medium Enterprises Development Act, 2006 certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Following is the disclosure as applicable:

(₹ in crore)

Sr. No.	Particulars	As at	
		31 st March, 2023	31 st March, 2022
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.05	Nil
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	7.09	Nil
4	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.05	Nil
7	Further interest remaining due and payable for earlier years	Nil	NA

17. The Bank, as part of its normal banking business that is conducted ensuring adherence to all regulatory requirements, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons.

Other than the transactions described above which are carried out in the normal course of business, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or deposits or any other sources or kinds of funds) by the Bank to or in any other persons or entities, including foreign entities ("intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank ("Ultimate Beneficiaries"). The Bank has also not received any funds from any parties (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

18. On 10th February, 2023, the Bank has entered into share purchase agreements with the shareholders of Sonata Finance Private Limited ("Sonata"), a Non-Banking Finance Company – Micro Finance Institution registered with the RBI, to acquire 100% of the issued and paid up capital of Sonata, for a total consideration of approximately ₹ 537.00 crore. The transaction is subject to regulatory and other approvals, including from Reserve Bank of India, which are awaited. Upon completion of the transaction (subsequent to receipt of regulatory and other approvals), Sonata will be a 100% subsidiary of the Bank.

19. Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current years' presentation.

As per our report of even date attached.

For and on behalf of the Board of Directors

For KKC & Associates LLP

Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration No. 105146W/W100621

Prakash Apte

Chairman
DIN:00196106

Uday Kotak

Managing Director and
Chief Executive Officer
DIN: 00007467

Gautam Shah

Partner
Membership No. 117348

Dipak Gupta

Joint Managing Director
DIN: 00004771

Uday Khanna

Director
DIN: 00079129

Mumbai
29th April, 2023

For Price Waterhouse LLP

Chartered Accountants
Firm Registration No. 301112E/E300264

Jaimin Bhatt

President and
Group Chief Financial Officer
Membership No. 35630

Avan Doomasia

Senior Executive Vice President and
Company Secretary
FCS. No. 3430

Russell I Parera

Partner
Membership No. 042190

Mumbai
29th April, 2023

Mumbai
29th April, 2023

Directors' Report

To the Members,

KOTAK MAHINDRA BANK LIMITED

Your Directors have pleasure in presenting the Thirty-Eighth Annual Report of Kotak Mahindra Bank Limited ("Bank") together with the audited Financial Statements for the financial year ("FY") ended 31st March, 2023.

FINANCIAL HIGHLIGHTS

(A) Consolidated*:

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

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:

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

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 ("MB") 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 Udaan Meri Pehchaan' 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. '#kharchepebachat' 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 Crème', 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. Jagjit 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 floater 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-divisional synergies and execution of complex solutions, such as syndication of structured debt to Private Banking customers, referring of Investment Banking solutions to Wholesale Banking clients and 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 ("HNI") 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”). This branch complements your Bank’s ability to advise and arrange global investment products, provide loans and accept deposits from its overseas private banking customers that qualify under the Professional client criteria of the DFSA. Your Bank has developed capabilities to advise and arrange global investments through this Branch. The Branch also has tie-ups with some leading names in the international investments space and arranges access to their services to eligible customers of the Branch.

Asset Reconstruction

Your Bank’s Asset Reconstruction Division (ARD) looks at opportunities and takes exposure in distressed/Non Performing Assets (“NPA”) accounts through Security Receipts (“SR”) investments, Stressed/NPA portfolio buyout from other banks, priority funding and working capital assistance with an aim to resolve and turn them around. 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.

Treasury

Your Bank’s Treasury actively contributes by way of:

- i. Balance Sheet Management: The Balance Sheet Management Unit (“BMU”) ensures maintenance of regulatory reserves and adequate liquidity buffers and requisite investments. The BMU also manages Interest Rate and Liquidity risk, within the overall risk appetite of your Bank.
- ii. Proprietary Trading: The Proprietary Trading Desk actively trades in products such as Fixed Income Securities, Money Markets, Derivatives, Foreign Exchange and Equity. The Proprietary Desk also helps 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 also imports gold and silver to meet the needs of customers, under a license received from the RBI.

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

digitised and made available on Employee App. Your Bank is also working on new initiatives to improve the New Joiner and Learning Experiences and actively listening and engaging with employees using Artificial Intelligence conversational tools.

- 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' Survey 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 'Brandon 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 Catallyst 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:

Number of complaints received during FY 2022-23	55
Number of complaints disposed off as of 31 st March, 2023	42
Number of complaints pending as of 31 st March, 2023	13

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/embezzlement, misappropriation of asset, bribery/corruption, collusion with vendor/customers, deliberate breaches and non-compliance with the Bank's policies, processes, data leakage, questionable accounting/audit matters/financial malpractice, ethics violation, conflict of interest, dual employment and 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 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 Policy is available on the Bank's website viz., URL : <https://www.kotak.com/en/about-us/sustainability/csr.html>

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, 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:

(₹ in crore)				
Name of the Unspent CSR account	Financial Year to which Unspent CSR account relates	Amount transferred to Unspent CSR account in respective financial years	Amount disbursed from unspent CSR account upto 31 st March, 2023	Balance as on 31 st March, 2023 in the unspent CSR account
Kotak Mahindra Bank Limited Unspent CSR account FY 2020-21	FY 2020-21	63.59	59.22	4.37
Kotak Mahindra Bank Limited Unspent CSR account FY 2021-22	FY 2021-22	96.06	25.20*	70.86**

* 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>

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 and 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:

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

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 total 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 macros 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

inclusive), subject to the approval of the members of the Bank. Further, the members of the Bank had granted their consent to the aforesaid appointment of Mr. C S Rajan by way of Postal Ballot on 7th December, 2022.

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 be 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 Bank had engaged an independent external professional services firm for issuing a report on the Board Evaluation for the Bank, based on the responses received from the Directors. Based on the assessment of the responses received to the questionnaire from the Directors on the annual evaluation of the Board, its Committees, the 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

- Internal Audit
- Back-office Operations
- Vigilance
- Legal
- Secretarial
- Human Resources
- Corporate Social Responsibility
- Investor Relations

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

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

The NRC 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.8/29.67.001/2021-22 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 31st 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 31st 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/kotakcl/en/investor-relations/governance/sebi-listing-disclosures.html>

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 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 ChandioK & 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:

- i. Annual Report on Corporate Social Responsibility Activities of the Bank for the financial year ended 31st March, 2023.
- ii. Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- 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



ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES OF KOTAK MAHINDRA BANK LIMITED FOR THE FINANCIAL YEAR 2022-23

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.

The CSR Policy of the Bank is available on its website viz., URL: <https://www.kotak.com/en/about-us/sustainability/csr.html>

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

Sr. No.	Name of Director	Designation	Nature of Directorship	Number of meetings of CSR & ESG Committee held during the year	Number of meetings of CSR & ESG Committee attended during the year
1	Mr. Prakash Apte	Chairperson	Independent Director	5	5
2	Mr. C. Jayaram	Member	Non-Executive Director	5	5
3	Mr. Dipak Gupta	Member	Joint Managing Director	5	5
4	Mr. C.S. Rajan*	Member	Independent director	2	2

* 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: <https://www.kotak.com/en/about-us/sustainability/csr.html>

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:

Sr. No.	Implementing organisation	CSR Project Unique ID	Executive Summary of the Impact Assessment reports
1.	Pratham Education Foundation	03	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.
2.	Head Held High Foundation	11	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.
3.	IIMPACT	50	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

Sr. No.	Implementing organisation	CSR Project Unique ID	Executive Summary of the Impact Assessment reports
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.



Sr. No.	Implementing organisation	CSR Project Unique ID	Executive Summary of the Impact Assessment reports
10.	Covid Rehabilitation project	38	Your Bank's Relief and Rehabilitation Healthcare project implemented as a direct project in FY 2020-21, focused on providing COVID supplies to frontline workers in 17 Hospitals, two Municipal Corporation Offices and Police Department, across Mumbai, Solapur, Pune, Nashik, Surat and Chennai. The impact assessment study conducted by Sattva Consulting, indicated that: • The project helped in limiting the spread of COVID. • Interviewed stakeholders shared that the COVID supplies provided were of good quality, comfortable to wear for long hours, allowed the frontline workers to feel safe from COVID and perform their work more effectively.
11.	Wockhardt Foundation	66	Your Bank's Healthcare project implemented by Wockhardt Foundation in FY 2020-21, supported six Mobile Medical Vans ("MMV") operating in the urban slums of Hyderabad. The impact assessment study conducted by Sattva Consulting, indicated that: • 94% respondents shared that the MMV was available to them once a week. • 85% of those who availed the service reported a reduction in their average monthly healthcare expenditure. • 89% were satisfied with the overall facilities provided by the MMV.

The entire set of Impact assessment reports are uploaded on your Bank's website at the link viz., <https://www.kotak.com/en/about-us/sustainability/csr.html>

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:

Total Amount spent for the Financial Year (₹ in crore)	Amount Unspent (₹ in crore)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
94.83*	93.11	27 th April, 2023	N.A.	N.A.	N.A.

* 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:

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

*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:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) of the Act (₹ in crore)	Balance amount in Unspent CSR Account under Section 135(6) of the Act (₹ in crore)	Amount spent in the reporting Financial Year (₹ in crore) *	Amount transferred to any fund specified under Schedule VII as per Section 135(6) of the Act, if any			Amount remaining to be spent in succeeding Financial Years (₹in crore) *
					Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2020-21	63.59	23.57	19.20	Nil	Nil	Nil	4.37
2.	2021-22	96.06	N.A	25.20	Nil	Nil	Nil	70.86

* 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 :

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ in crore)	Details of entity/Authority/beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1.	PET CT scan machine and installation costs, air conditioning system, electrical cable, doors and windows, vinyl flooring, civil works	281121	4 th February, 2023 10 th February, 2023 27 th February, 2023 4 th March, 2023 16 th March, 2023 17 th March, 2023 23 rd March, 2023 26 th March, 2023 27 th March, 2023	10.20	CSR00006101	Ramakrishna Mission Sevashrama Charitable Hospital	Swami Vivekananda Marg, P.O Vrindavan, Dist. Mathura, Uttar Pradesh 281121
2.	Construction of Badminton Academy	500032	31 st March, 2023	4.08	CSR00001555	Pullela Gopichand Badminton Foundation	Survey No. 91, ISB Road, Madhava Reddy Colony, Gachibowli, Hyderabad 500032
3.	Furniture, Fixtures and Office equipments	431001, 800002, 751003, 700107, 140110, 110001 and 03 221011, 431001	19 th May, 2022 5 th August, 2022 3 rd March, 2023 9 th March, 2023	1.30	CSR00000341	Cankids Kidscan	D 7/7, Vasant Vihar, New Delhi 110057
4.	DG Sets (includes installation costs), equipments for medical centre and air conditioning systems (includes installation cost)	412108	18 th November, 2022 29 th November, 2022 27 th December, 2022 29 th December, 2022 11 th January, 2023 25 th January, 2023 9 th March, 2023	0.98	CSR00019118	The Mahindra United World College of India	Village Khubavali, PO Paud, taluka Mulshi, Pune 412108
5.	Therapeutic Video Bronchoscope System and Blood Bank Refrigerator	360001	17 th March, 2023	0.92	N.A	PDU Medical College	Civil Hospital, Opp PMSSY Block, AIIMS, Rajkot 360001
6.	Computers, Equipment and Servers	560012	18 th February, 2023 24 th February, 2023 3 rd March, 2023 6 th to 10 th March, 2023 13 th March, 2023 14 th March, 2023 16 th March, 2023 17 th March, 2023	0.81	CSR00007370	Indian Institute of Science, Bangalore	India Institute of Science, C V Raman Road, Bangalore 560012
7.	(i) Computers, Laptops and tablet	302017, 363641, 400024, 413516, 414001, 416008, 445402, 492013, 530008, 834004	30 th September, 2022 31 st December, 2022 8 th March, 2023	0.41	CSR00000258	Pratham Education Foundation	4 th Floor, YB Chavan Centre, Nariman Point, Mumbai 400021
	(ii) Beds, Chairs, Cupboards, Racks and Table	160055, 226202, 363641, 530008, 754001	7 th May, 2022 31 st December, 2022 30 th March, 2023 31 st March, 2023	0.09			



Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ in crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered address
	(iii) Batteries, CCTV Biometric machine and Camera	363641, 414001, 462042, 226202, 492013	4 th July, 2022 23 rd September, 2022 31 st December, 2022 7 th February, 2023 17 th February, 2023 22 nd February, 2023 22 nd March, 2023 31 st March, 2023	0.03			
	(iv) Coolers, Fans, Video recorder, Fire Extinguisher, Air-conditioners, Geyser and Inverter	414001, 445402, 363641, 226202, 509216, 492013, 834004	23 rd May, 2022 30 th August, 2022 9 th November, 2022 31 st December, 2022 31 st January, 2023 7 th February, 2023 10 th February, 2023 22 nd February, 2023 17 th March, 2023 23 rd March, 2023 24 th March, 2023 30 th March, 2023 31 st March, 2023	0.03			
	(v) Office Equipment, Printers and Mini pulverizers	363641, 226202, 462024	31 st December, 2022 30 th January, 2023 31 st January, 2023 7 th February, 2023 16 th February, 2023	0.01			
	(vi) Sound speakers, Speaker box and Water filter	414005, 363641, 492013	22 nd February, 2023 27 th February, 2023 6 th March, 2023	0.004			
8.	Neonatal Ventilator, Bubble Cap with humidifier, LED Phototherapy Unit, Jaundice Meter, ABG Analyser, Multipara Monitors, Baby Warmers, Central Station, Syringe Pumps and Neopuff	411001	3 rd March, 2023	0.56	CSR00000769	Spherule Foundation	S.No.232/1, Wing No.A1, Lalwani Vastu, Sakore Nagar, Pune 411014
9.	Portable Flow meter, Leak Detector, Thermal Imager, Load manager, manometer, Temperature and humidity data logger, Anemometer, tachometer and Clampmeter	600036	31 st March, 2023	0.53	CSR00004320	Indian Institute of Technology, Madras	Indian Institute Of Technology, Chennai 600036
10.	Wrestling mats, training bikes and furniture	583123	15 th March, 2023	0.49	CSR00000123	Inspire Institute of Sports	Bannihatti 583123
11.	(i) Tablets, Chairs, Printers, Office tables, Racks, Cupboards, Motor cycle and Containers	803201, 800023, 768000, 804453, 800007	14 th March, 2023 15 th March, 2023 29 th March, 2023	0.10	CSR00000259	BAIF Institute for Sustainable Livelihoods and Development	Dr. Manibhai Desai Nagar, NH-4 , Bypass, Wajre, Pune 411058
	(ii) Laptops Printers, Camera, Whiteboard, Office Table, Containers and Motor cycles	413512	31 st March, 2023	0.10			
	(iii) Motor Cycle and Containers	562101, 562105, 571114, 580001, 575001	28 th February, 2023 10 th March, 2023 25 th March, 2023 27 th March, 2023	0.21			

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ in crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered address
12.	(i) Racks and Cupboards	180002	25 th October, 2022 4 th November, 2022	0.02	CSR00002223	Borderless World Foundation	C1/1, S. No. 14/15 Yashwantrao Chavan Nagar Dhankwadi, Pune 411043
	(ii) Geysers		6 th December, 2022	0.003			
	(iii) Cupboards		23 rd December, 2022	0.02			
	(iv) Beds		18 th January, 2023	0.01			
	(v) Solar Panels		13 th February, 2023	0.18			
13.	Interactive Panel (Windows 10 pro) and Automatic Milk collection Unit	560029	8 th March, 2023 15 th March, 2023	0.24	N.A	Karnataka Co-operative Milk Producers Federation Limited	KMF Complex, P.B. No. 2915, Dr. M.H. Marigowda Road, Bengaluru 560029
14.	40 Computer Systems	313001	31 st March, 2023	0.22	CSR00003180	Vidya Bhawan Society	Mohan Sinha Mehta Marg, Fatehpura, Udaipur, Rajasthan 313001
15.	14 LED Televisions sets	312605	10 th October, 2022	0.20	N.A	Public authority	Dharyawad Road, Near Housing Board colony, Pratapgarh 312605
16.	Ambulance (Veterinary Hospital)	411016	29 th July, 2022	0.18	N.A.	Punyashlok Ahilyadevi Maharashtra Mendhi Va Sheli Vikas Mahamandal Limited	GRFF+RJ2, Mendhi Farm Rd, Gokhalenagar, Pune 411016
17.	Furniture and Fixtures (table, chair), Electrical fittings, fan and Fire extinguisher	400054	27 th July, 2022, 16 th December, 2022 3 rd January, 2023 23 rd March, 2023	0.10	CSR00000703	Deeds Public Charitable Trust	651, Avinash House, 1 st Floor, 20 th Road, Khar West, Mumbai 400052
18.	Desktops and Smart Boards	221005	24 th March, 2023	0.09	N.A	5 Government schools in Varanasi District.	1. Composite School Orderly Bazar , Varunapar Zone, Nagar Kshetra , Varanasi 221001 2. Primary School, Sikraul, Varunapar Zone, Nagar Kshetra, Varanasi 221001 3. Primary School, Ragghubeer, Varanasi 221002 4. Composite School Multi Story, Shivpur, Varunapar Zone, Nagar Kshetra, Varanasi 221001 5. Primary School, Saraiya, Adampur, Varunapar Zone, Nagar Kshetra, Varanasi 221001
19.	(i) Laptops	400088	30 th March, 2023	0.09	CSR00001785	Kotak Education Foundation	1 st Floor, North Side, Ujagar Compound, Sunder Baug, Opp. Deonar Bus Depot, Off Sion-Trombay Road, Deonar, Mumbai 400 088
	(ii) Biometric machine			0.002			



Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ in crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered address
20.	Beds, cupboard, Furniture Fridge and Kitchen equipments	416013	29 th March, 2023 30 th March, 2023 31 st March, 2023	0.07	CSR00025955	Chetana Apangamati Vikas Sanstha	Shenda Park, Kolhapur 416012
21.	(i) Laptops and tablet	110001	23 rd September, 2022	0.03	CSR00001762	Khan Academy India	L-29, 1 st floor, Outer circle, Connaught Place, New Delhi 110001
	(ii) Podcast microphones and other equipments		4 th October, 2022 8 th October, 2022 29 th October, 2022 30 th November, 2022 20 th December, 2022 26 th December, 2022 27 th December, 2022 22 nd February, 2023	0.02			
	(iii) DELL monitor with IPS technology		29 th December, 2022	0.002			
22.	Computer Tables - Chairs Desktops and Printers, Water Dispenser	520002	23 rd December, 2022 26 th December, 2022 27 th December, 2022 27 th January, 2023	0.04	CSR00002046	Youth4 Jobs Foundation	Plot No: 8-2- 686/D/I/ G/4-B, Road No. 12, Banjara Hills, Hyderabad 500034
23.	LED TV and Desktops	384325	22 nd December, 2022 23 rd December, 2022 17 th February, 2023	0.03	Not applicable	Sarkari Zilla Prathmik Shala	Kheralu Agathi 384325 Dabhoda Kuda 382355 Devada Sagthar 382830
24.	(i) Desktops, Tablet and pen drive	110070	12 th September, 2022 15 th September, 2022 10 th January, 2023	0.02	CSR00000382	Samarpan Foundation	63, Jor Bagh, New Delhi 110003
	(ii) Fan, CCTV cameras and Electric ring bell		24 th August, 2022 21 st September, 2022 28 th November, 2022	0.007			
	(iii) Batteries, Inverters and Weighing machine		11 th October, 2022 24 th February, 2023 15 th March, 2023	0.009			
25.	Printers, Desktop, Laptops Furniture and Fixtures, Cupboards, chairs, fans and camera	384325	22 nd December, 2022 20 th January, 2023 24 th March, 2023	0.02	CSR00000148	Cohesion Foundation Trust	6-Sejal Apartment, Behind Navneet Publications, Gurukul Road, Memnagar, Ahmedabad 380052
26.	Laptops	400013	2 nd March, 2023	0.01	CSR00004619	Make a Wish Foundation	111, Vasan Udyog Bhavan, S. B. Marg, Sunmill compound, Lower Parel (W), Mumbai 400013
27.	Laptop, Desktop and Tablets	563102, 625016	8 th March, 2023	0.01	CSR00000518	DHAN Foundation	1 A, Vaidyanathapuram East, Kennet Cross Road, Madurai 625016
28.	(i) Laptop	560041	1 st August, 2022	0.006	CSR00009141	IT for Change	No: 393, 17 th Main, 35 th Cross, Jayanagar 4 th T Block, Bangalore 560041
	(ii) Furniture and Stationery		29 th December, 2022	0.0			
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 :

S. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered address
1.	Computer, Laptops, web applications, Thermal Imager, Load manager, digital manometer, Temperature and humidity data logger, Anemometer, tachometer and Clampmeter, Gas analysers	600036	23 rd May, 2022 20 th June, 2022 21 st June, 2022 26 th June, 2022 1 st August, 2022 10 th August, 2022 16 th August, 2022 17 th August, 2022 12 th September, 2022 10 th October, 2022 21 st October, 2022 13 th December, 2022 29 th December, 2022 13 th January, 2023 31 st January, 2023 2 nd March, 2023 4 th March, 2023 24 th March, 2023 28 th March, 2023	1.79	CSR00004320	Indian Institute of Technology, Madras	Indian Institute of Technology, Chennai 600036
2.	Laptops, Computers, Washing Machine, Study material for cancer treatment (Breast trainer and gynac model), Projector and Water Purifier	410203	16 th June, 2022 27 th July, 2022 2 nd February, 2023	0.15	CSR00001287	Tata Memorial Centre	Dr. E Borges Road, Parel, Mumbai 400 012
3.	Bikes, Office furnitures, laptops, Printers and Containers	571128, 571417, 571424, 571430, 571606, 572201, 580001	15 th April, 2022 27 th September, 2022 17 th November, 2022 29 th March, 2023	0.09	CSR00000259	BAIF Institute for Sustainable Livelihoods and Development	Dr Manibhai Desai Nagar, NH-4, Bypass, Wajre , Pune 411058
4.	Office Equipments, Tablets, Computer accessories and Microphone	110001	1 st April, 2022 24 th April, 2022 30 th April, 2022 5 th May, 2022 31 st May, 2022	0.03	CSR00001762	Khan Academy India	L-29, 1 st floor, Outer circle, Connaught Place, New Delhi 110001
5.	Laptops, Computers and Printers	400088	2 nd May, 2022	0.01	CSR00001785	Kotak Education Foundation	1 st Floor, North Side, Ujagar Compound, Sunder Baug, Opp. Deonar Bus Depot, Off Sion-Trombay Road, Deonar, Mumbai 400 088
6.	Stationery items and Sound system and accessories	411003	14 th July, 2022 20 th July, 2022	0.005	CSR00006410	Urban Rural Management Empowerment and Establishment	15-A,Bhale Estate,Behind Pratham Motors, Pune Road, Wakdewadi, Pune 411003
7.	Music System	410206	29 th July, 2022	0.0002	CSR00001865	Society of Parents of Children with Autistic Disorders	BMC School Building, Natwar Nagar, Road no.5, Jogeshwari East, Mumbai 400060
Total				2.10			



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

S. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered address
1.	Construction of building - badminton academy	500032	31 st March, 2023	13.30**	CSR00001555	Pullela Gopichand Badminton Foundation	Survey No. 91, ISB Road, Madhava Reddy Colony, Gachibowli, Hyderabad, Telangana 500032
2.	Chairs, Tables and Cupboards	410206	1 st April, 2022 25 th November, 2022 27 th January, 2023 9 th February, 2023	0.16***	CSR00001865	Society of Parents of Children with Autistic Disorders	BMC School Building, Natwar Nagar, Road no.5, Jogeshwari East, Mumbai 400060
3.	Furniture and Officer Equipments	700107, 110003, 110001, 140110	19 th May, 2022 5 th August, 2022 3 rd March, 2023 18 th March, 2023 22 nd March, 2023	0.01	CSR00000341	Cankids...Kidscan	D 7/7, Vasant Vihar , New Delhi 110057
Total				13.47			

* 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 : 24 th June, 2023 Place : Mumbai	Prakash Apte Chairperson – Corporate Social Responsibility and Environmental Social Governance Committee Date : 24 th June, 2023 Place : Mumbai
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DISCLOSURE PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. Ratio of the remuneration of each Director to the median remuneration of the employees for the financial year¹:

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

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

Directors/Key Managerial Personnel	Title	% increase in remuneration	% increase in remuneration excluding Stock Appreciation Rights ("SARs")
Mr. Prakash Apte	Non-Executive Part-time Chairperson	8.42	8.42
Mr. Uday Khanna	Independent Director	28.11	28.11
Ms. Farida Khambata (up to 6 th September, 2022)	Independent Director	-	-
Mr. Uday Shankar	Independent Director	59.52	59.52
Dr. Ashok Gulati	Independent Director	78.19	78.19
Ms. Ashu Suyash (with effect from 24 th January, 2022)	Independent Director	-	-
Mr. C S Rajan (with effect from 22 nd October, 2022)	Independent Director	-	-
Mr. C. Jayaram	Non-Executive Director	27.75	27.75
Mr. Amit Desai (with effect from 18 th March, 2022)	Non-Executive Director	-	-
Mr. Uday Kotak	Managing Director & CEO	0	0
Mr. Dipak Gupta	Joint Managing Director	34.47	27.24
Mr. KVS Manian	Whole-time Director	16.33	28.43
Mr. Gaurang Shah (up to 31 st October, 2022)	Whole-time Director	-	-
Ms. Shanti Ekambaram (with effect from 1 st November, 2022)	Whole-time Director	-	-
Mr. Jaimin Bhatt	Group Chief Financial Officer	16.56	33.96
Ms. Avan Doomasia	Company Secretary	0.65	0.65

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

¹ GRI 2-21



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.

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 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 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
 - t) The Securities and Exchange Board of India-guidelines for Anti-Money Laundering Measures.

- (vi) Other laws applicable specifically to the Bank namely:

(a) Banking Regulation Act, 1949, Master Circulars, Notifications and Guidelines issued by the RBI and as amended from time to time;

(b) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

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. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **Parikh & Associates**
Company Secretaries

Jigyasa N. Ved
Partner
FCS No: 6488 CP No: 6018
UDIN: 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.

- 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.
- 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.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
- 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.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Company Secretaries

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

Place : Mumbai
Date : April 26, 2023

Report on Corporate Governance

PHILOSOPHY OF CORPORATE GOVERNANCE

Kotak Mahindra Bank Limited (“the Bank”) believes that Corporate Governance is a reflection of its value system, encompassing its culture, policies and its relationship with the stakeholders such as shareholders, regulators, employees, customers, vendors, government and the community at large. It is a system of practices, processes and rules which directs the affairs of an organisation in an efficient manner and helps it to maximise value for its stakeholders. It essentially involves balancing the interests of an organisation with that of its various stakeholders. Corporate Governance is more than just adherence to the regulatory and statutory requirements, it is equally about focusing on the voluntary practices that underlie the highest levels of transparency.

Corporate Governance provides a framework for attaining the objectives of the Bank and encompasses practically every sphere of management, from action plans and internal controls to performance measurement, ethics and corporate disclosures. Good Corporate Governance helps to build trust with the investors and the community and also helps in creating, enhancing and safeguarding long-term interest and sustainable value for all its stakeholders. The Bank is committed to meet the aspirations of all its stakeholders, which is reflected in shareholder returns, awards, recognitions and decision making, resulting in a valuable relationship and trust with its stakeholders. Strong Corporate Governance practices form the foundation of the Bank's consistent performance and has helped it gain the respect and long-term association of its stakeholders.

The Bank is committed to achieving and adhering to the highest standards of Corporate Governance and ethical practices and constantly benchmarks itself with best practices, in this regard, strengthening its governance practices. The Bank's philosophy on Corporate Governance is, therefore, based on the core principles of Accountability and Responsibility, Integrity, Independence, Leadership, Excellence, Fair, Transparent and timely dealings and disclosures, Equality, Sustainability and Social Responsibility.

The Board of Directors (“Board”) of the Bank ensures the basis of an effective Corporate Governance framework by safeguarding and enhancing the shareholders' capital, ensuring independence of the Board and effectiveness of the Management, legal compliance and responsible leadership.

The Bank has adopted the Codes of Conduct for Directors and employees, which lays down the values and standard of conduct that is expected from them, while performing their roles and responsibilities across various functions of the Bank. The Bank has also adopted the Policy on Board Diversity, Vigilance Policy, Whistle Blower Policy, Policy against Sexual Harassment in the Workplace, Policy for determination of materiality of events or information and the Insider Trading Code of Conduct.

BOARD OF DIRECTORS¹

The Board provides guidance to the Management and directs, oversees and supervises the activities of the Bank. The responsibilities of the Board, *inter alia*, include the formulation of overall strategy for the Bank and the Kotak Group, taking new initiatives, review of financial and operating performance, overseeing major capital expenditure, acquisitions, monitoring of plans, ensuring and monitoring due compliance with applicable laws, pursuing of policies and procedures, reviewing and approving the financial results, reviewing risk factors, adhering and enhancing Corporate Governance practices and ensuring the best interest of the shareholders, the community, environment and its various stakeholders. The Board is responsible for providing strategic guidance for the business and overall affairs of the Bank, ensuring effective monitoring of Management and avoiding potential conflicts of interest. The reporting structure of the Bank is consistent with the same. The Managing Director & CEO reports to the Board and is responsible for the overall performance of the business of the Bank along with the Joint Managing Director. The Board has constituted various Board and non-Board Committees to deal with matters as may be prescribed under applicable laws or directed by the Board from time to time.

The Board has received declarations from the Independent Directors and after undertaking due assessment of the veracity of the same, is of the opinion that, the Independent Directors fulfil the conditions as specified in the Companies Act, 2023 (“Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and are independent of the Management. Independent Directors have also complied with the provisions of sub rules (1) and (2) of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014

Size and Composition of the Board²

The size of the Board is commensurate with the size and business of the Bank. The selection and appointment of Directors of the Bank and its composition is governed by the relevant provisions of the Act and the Rules thereunder, the Banking Regulation Act, 1949 (“BR Act”), Regulation 17 of the SEBI Listing Regulations and the guidelines/regulations/circulars issued by the Reserve Bank of India (“RBI”), from time to time, and is in conformity with the same.

The Board has a mix of Independent, Non-Executive and Executive Directors, with one-half of the Board comprising Independent Directors. The Bank's Board consists of eminent individuals having expertise and experience in various fields who understand and respect their fiduciary roles and responsibilities towards its stakeholders, including the duties prescribed under the provisions of the Act and any other applicable laws, and strive hard to meet their expectations at all times. The Board meets the criteria prescribed under Section 10(A)(2) of the BR Act and the circulars issued by the RBI, from time to time. The Board mix provides a combination of professionalism, knowledge and experience required in the banking industry and for oversight, governance and strategic needs of the Bank. The Board is well- diversified and meets the criteria prescribed under the Policy on Board Diversity adopted by the Board.

As on 31st March, 2023, the Board of Directors comprised a combination of 12 Directors, as mentioned below:

Sr. No.	Category of Directorship	Name of the Director(s)
1.	Independent Directors	Mr. Prakash Apte (Part-time Chairperson) ³
2.		Mr. Uday Khanna
3.		Mr. Uday Shankar
4.		Dr. Ashok Gulati
5.		Ms. Ashu Suyash
6.		Mr. C S Rajan

¹ GRI 2-9, GRI 2-17

² GRI 2-10, GRI 405-1

³ GRI 2-11



Sr. No.	Category of Directorship	Name of the Director(s)
7.	Non-Executive Directors	Mr. C. Jayaram
8.		Mr. Amit Desai
9.	Executive Directors	Mr. Uday Kotak, Managing Director & CEO
10.		Mr. Dipak Gupta, Joint Managing Director
11.		Mr. KVS Manian, Whole-time Director
12.		Ms. Shanti Ekambaram, Whole-time Director

Profile of Directors

Brief profile of all the Directors comprising their skills/expertise/competence, shareholding in the Bank, their directorship in other companies (including in equity listed#/debt listed^ entities/entities which have listed units of mutual fund schemes managed by them@), are given below:

Mr. Prakash Apte, Non-Executive Independent Part-time Chairperson⁴ (DIN: 00196106)

Mr. Prakash Apte, B.E. (Mechanical), served as Managing Director of Syngenta India Limited (“SIL”), an agricultural business company in India and a subsidiary of Syngenta Group, one of the largest research based agribusiness in the world, from November 2000 to April 2011. Mr. Apte has been the Non-Executive Chairperson of SIL from May 2011 till September 2021. He was instrumental in setting up the Syngenta Foundation India which focuses on providing knowledge and support for adopting scientific growing systems to resource poor farmers and enabling their access to market. In a career spanning over 40 years, he has extensive experience in various areas of management, business leadership and agriculture sector. In the more than 16 years of successful leadership experience in agriculture business, he has gained diverse knowledge in various aspects of businesses and has been involved with many initiatives for technology, knowledge and skills upgradation in this sector, which is vital for India's food security. He was on the Boards of Syngenta Foundation India and Indo-Swiss Centre of Excellence up to 15th July, 2021 and 8th June, 2021, respectively.

Age	69
Date of appointment	18 th March, 2011*
Shareholding in the Bank as on 31 st March, 2023	Nil
Board Membership in other listed entities	1. Fine Organic Industries Limited [#] (Independent Director) 2. GMM Pfaudler Limited [#] (Independent Director) 3. Blue Dart Express Limited [#] (Independent Director) 4. Kotak Mahindra Investments Limited^ (Independent Director)
Board Membership in other unlisted entities	1. Kotak Mahindra Life Insurance Company Limited (Independent Director)
Committee Positions in other entities	1. Fine Organic Industries Limited - Audit Committee (Member) - Stakeholders Relationship Committee (Member) - Risk Management Committee (Chairperson) 2. GMM Pfaudler Limited - Audit Committee (Member) - Stakeholders Relationship Committee (Chairperson) - Nomination and Remuneration Committee (Member) - Risk Management Committee (Member) 3. Blue Dart Express Limited - Audit Committee (Member) - Nomination and Remuneration Committee (Chairperson) 4. Kotak Mahindra Investments Limited - Stakeholders Relationship Committee (Chairperson) - Corporate Social Responsibility Committee (Member) - Credit Committee of Board (Member) - IT Strategy Committee (Member) 5. Kotak Mahindra Life Insurance Company Limited - Audit Committee (Chairperson) - Nomination and Remuneration Committee (Chairperson) - With Profits Committee (Member) - Corporate Social Responsibility Committee (Member)
Special Knowledge/Skills/Competencies/Expertise	1. Agriculture and Rural Economy 2. Business Management 3. Economics 4. Risk Management 5. Human Resources

* Mr. Apte was appointed as a Non-Executive Director of the Bank, with effect from 18th March, 2011. He was appointed as the Part-time Chairperson of the Bank, with effect from 20th July, 2018 and, thereafter, re-appointed for a period up to 31st December, 2023.

Mr. Uday Khanna, Independent Director (DIN: 00079129)

Mr. Uday Khanna is a Chartered Accountant by qualification. Mr. Khanna was the Financial Controller and Treasurer of Hindustan Unilever Limited (“HUL”) and was thereafter, on the Board of HUL as Director - Exports. He has also worked as Vice Chairperson of Lever Brothers in Nigeria and General Auditor for Unilever - North America, based in the USA and was the Senior Vice President - Finance, Unilever - Asia, based in Singapore. Thereafter, Mr. Khanna joined the Lafarge Group in Paris in June 2003 as Senior Vice President for Group Strategy, after an extensive experience of almost 30 years with Hindustan Lever/Unilever in a variety of financial, commercial and general management roles, both nationally and internationally. Mr. Khanna was also the Managing Director & CEO of Lafarge India from July 2005 to July 2011 and the Non-Executive Chairperson of Lafarge India from July 2011 to September 2014. He was the Non-Executive Chairperson of Bata India Limited from June 2011 to August 2019.

Mr. Khanna has been the past President of the Bombay Chamber of Commerce and Industry and also the Indo French Chamber of Commerce and Industry. He was the recipient of the L'ordre National du Mérite' from the President of the Republic of France for his contribution in promoting Indo-French trade relations. He was a Joint Managing Trustee of the Indian Cancer Society up to September 2020. Mr. Khanna was the recipient of the 'Best Independent Director' award by Asian Centre for Corporate Governance Sustainability in 2018.

Age	73
Date of appointment	16 th September, 2016
Shareholding in the Bank as on 31 st March, 2023	3,000 Equity Shares
Board Membership in other listed entities	1. Pfizer Limited [#] (Independent Director) 2. Pidilite Industries Limited [#] (Independent Director) 3. Castrol India Limited [#] (Independent Director)
Board Membership in other unlisted entities	1. The Anglo Scottish Education Society (Member - Board of Governors)
Committee Positions in other entities	1. Pfizer Limited - Audit Committee (Chairperson) - Stakeholders Relationship Committee (Member) - Nomination and Remuneration Committee (Chairperson) 2. Pidilite Industries Limited - Audit Committee (Member) - Risk Assessment Committee (Member) 3. Castrol India Limited - Audit Committee (Chairperson) - Nomination and Remuneration Committee (Member) - Corporate Social Responsibility Committee (Member)
Special Knowledge/Skills/Competencies/Expertise	1. Business Management 2. Law 3. Human Resources 4. Economics 5. Finance 6. Accountancy

Mr. Uday Shankar, Independent Director (DIN: 01755963)

Mr. Uday Shankar is a M. Phil in Economic History from the Jawaharlal Nehru University, Delhi. Mr. Shankar is a highly successful and globally recognised Indian executive who created one of the biggest media and entertainment businesses in the Asia-Pacific region. In his new avatar, Mr. Shankar is a technology entrepreneur and the founder of Asia Initiatives, wherein he partners with Mr. James Murdoch to set up technology-led enterprises in education, media and healthcare in Asia. He is also the Past President of the Federation of Indian Chambers of Commerce and Industry ("FICCI"), India's premier industry association and was formerly the President of the Indian Broadcasting Foundation. During his tenure as President of FICCI, he was also a member of the Start-up Advisory Council of India set up by the Government of India to promote and bolster the start-up ecosystem. In a long and illustrious career, Mr. Shankar has served in several leadership roles including as a Chairperson and Chief Executive Officer of Star India, President of 21st Century Fox Asia and more recently President of the Walt Disney Company Asia Pacific and Chairperson of Disney and Star India. Under his leadership, Star transformed into the region's leading company placed distinctively at the intersection of media, entertainment and technology. He is credited with leading the streaming and OTT revolution in India and in the APAC region. Hotstar is now one of the leading global OTT platforms. Star Sports transformed into Asia's leading sports network during his tenure. He also led the Star India's strong foray into regional and local language content, building a comprehensive consumer offering across entertainment and sports. Mr. Shankar started his career in news and is widely regarded as the pioneer of television news revolution in India with the launch of Aaj Tak, Star News and what's now known as India Today TV. For his contribution to media and society, Mr. Shankar has been awarded numerous business and industry honours. He was conferred the honorary doctorate degree by Bennett University (The Times of India Group). He was recognised by Forbes India as the 'Best CEO' (MNC), named 'Entrepreneur of the Year' (Entrepreneurial CEO) by EY and has featured in Indian Express '100 Most Powerful Indians' and in India Today's '50 Most Powerful People in India'.

Age	61
Date of appointment	16 th March, 2019
Shareholding in the Bank as on 31 st March, 2023	491 Equity Shares
Board Membership in other listed entities	1. The Great Eastern Shipping Company Limited [#] (Independent Director)
Board Membership in other unlisted entities	1. Business Standard Private Limited (Director) 2. Asia Initiatives Pte. Ltd (Director) 3. Bodhi Tree Systems VCC (Director) 4. Marigold Park Capital Advisers Private Limited (Director) 5. Asia Initiatives 2 Pte. Ltd (Director) 6. Vidhi Centre for Legal Policy (Director) 7. Apollo Health and Lifestyle Limited (Independent Director) 8. Allen Career Institute Private Limited (Nominee Director) 9. Viacom 18 Media Private Limited (Director*)
Committee Positions in other entities	-
Special Knowledge/Skills/Competencies/Expertise	1. Business Management 2. Human Resources 3. Economics 4. Digital/Media 5. Information Technology

* Appointed as a Director with effect from 13th April, 2023

⁴ GRI 2-11



Dr. Ashok Gulati, Independent Director (DIN: 07062601)

Dr. Ashok Gulati is a M.A. and Ph.D. from the Delhi School of Economics. Currently, he is a Distinguished Professor at the Indian Council for Research on International Economic Relations (ICRIER). Prior to this, he was the Chairperson of the Commission for Agricultural Costs and Prices (CACP), Government of India (2011-2014). He has been an Independent Director on the Central Board of Directors of the RBI, National Bank for Agriculture and Rural Development (NABARD) and National Commodity and Derivatives Exchange Limited (NCDEX). He is currently a member of the Tenth Audit Advisory Board of the Comptroller and Auditor General of India.

Dr. Gulati was a Director at the International Food Policy Research Institute (IFPRI) for more than 10 years (2001-2011). He was also a member of the Economic Advisory Council of Prime Minister, Late Shri Atal Bihari Vajpayee. Dr. Gulati has been deeply involved in policy analysis and advice for India. He was also a member of the Committee appointed by the Hon'ble Supreme Court on the Farm Laws.

For his contributions to the field, the President of India honoured him with '*the Padma Shri*' award in 2015. Dr. Gulati has 18 books to his credit on Indian and Asian Agriculture, besides numerous research papers in national and international Journals. He has been a prolific writer in leading newspapers in India, with his current column "From Plate to Plough" in the Indian Express and Financial Express.

Age	69
Date of appointment	6 th March, 2021
Shareholding in the Bank as on 31 st March, 2023	Nil
Board Membership in other listed entities	1. Godrej Agrovet Limited [#] (Independent Director)
Board Membership in other unlisted entities	-
Committee Positions in other entities	1. Godrej Agrovet Limited Corporate Social Responsibility Committee (Chairperson)
Special Knowledge/Skills/Competencies/Expertise	1. Agriculture and Rural Economy2. Economics3. Co-operation4. Banking5. Small Scale Industry6. Insurance

Ms. Ashu Suyash, Independent Director (DIN: 00494515)

Ms. Ashu Suyash is a Chartered Accountant from the Institute of Chartered Accountants of India and completed her Bachelor's Degree in Commerce from the University of Mumbai. She has over 33 years of experience in the financial services and global information services sector, including as CEO where she led several Indian and Global businesses for over 17 years. She was, until recently, the Managing Director & CEO at CRISIL Limited ("CRISIL") and a member of the Operating Committee of S&P Global. She serves on the Advisory Boards and Committees of several institutions such as the Insolvency and Bankruptcy Board of India (IBBI) and National Institute of Securities and Markets (NISM).

Ms. Suyash played a pivotal role in enabling CRISIL regain its ratings leadership position and transform it to become a global analytics company and solutions provider through wide-scale adoption of technology. She led CRISIL's growth through product innovation and acquisitions in a very challenging environment. Prior to her role as Managing Director & CEO of CRISIL, Ms. Suyash was the CEO of L&T Mutual Fund and the Managing Director and Country Head of Fidelity Mutual Fund. She also had a long and successful career with Citibank.

Ms. Suyash has recently founded Colossa Ventures LLP, an innovative platform aimed at providing capital, capability and confidence building for women entrepreneurs and women-focussed businesses.

Age	56
Date of appointment	24 th January, 2022
Shareholding in the Bank as on 31 st March, 2023	Nil
Board Membership in other listed entities	1. Hindustan Unilever Limited [#] (Independent Director)
Board Membership in other unlisted entities	-
Committee Positions in other entities	1. Hindustan Unilever Limited - Audit Committee (Member) - Nomination and Remuneration Committee (Member) - Risk Management Committee (Member) - ESG Committee (Chairperson)
Special Knowledge/Skills/Competencies/Expertise	1. Business Management2. Finance3. Accountancy4. Banking5. Risk Management

Mr. C S Rajan, Independent Director (DIN: 00126063)

Mr. C S Rajan, an IAS officer of 1978 batch, is a retired Chief Secretary of the Government of Rajasthan. After serving in leadership roles for 12 years in key Infrastructure sectors such as Energy, Highways, Water Resources and Industry including SSI/MSME, Mr. Rajan worked for 14 years in Agriculture and Rural Development and in Human Resources, Finance and General Administration. Mr. Rajan has served on a number of inter-disciplinary teams for review of World Bank projects in various States and also as a Consultant to the World Bank on a Study on Farmer Participation in Agricultural Research and Extension System. The report was published in the form of a book co-authored by him. After his retirement from active service, he served as Advisor to the Chief Minister of Rajasthan for a period of two and half years.

Mr. Rajan was appointed by the Government of India ("GoI") on the Board of Infrastructure Leasing and Financial Services Limited ("IL & FS") as a Director in October 2018 and subsequently, as its Managing Director for a period from April, 2019 to October, 2022. Currently, he is the Chairperson of IL & FS.

Age	67
Date of appointment	22 nd October, 2022
Shareholding in the Bank as on 31 st March, 2023	Nil
Board Membership in other listed entities	1. IL & FS Transportation Networks Limited [#] (Nominee Director)2. Infrastructure Leasing and Financial Services Limited ^A (Chairperson)3. Kotak Mahindra Prime Limited ^A (Independent Director)
Board Membership in other unlisted entities	1. Roadstar Investment Managers Limited (Chairperson)2. IL & FS Financial Services Limited (Nominee Director)3. IL & FS Energy Development Company Limited (Nominee Director)
Committee Positions in other entities	1. IL & FS Transportation Networks Limited - Stakeholders Relationship Committee (Member) - Nomination and Remuneration Committee (Member) - Corporate Social Responsibility Committee (Member) 2. Infrastructure Leasing and Financial Services Limited - Nomination and Remuneration Committee (Member) - Group Risk Management Committee (Member) 3. Kotak Mahindra Prime Limited - Corporate Social Responsibility Committee (Member) 4. Roadstar Investment Managers Limited - Audit Committee (Member) - Nomination and Remuneration Committee (Member) - Corporate Social Responsibility Committee (Member) 5. IL & FS Financial Services Limited - Audit Committee (Member) - Stakeholders Relationship Committee (Member) - Nomination and Remuneration Committee (Member) - Corporate Social Responsibility Committee (Member) - Group Risk Management Committee (Member) 6. IL & FS Energy Development Company Limited - Audit Committee (Member) - Nomination and Remuneration Committee (Chairperson) - Corporate Social Responsibility Committee (Member)
Special Knowledge/Skills/Competencies/Expertise	1. Agriculture and Rural Economy2. Business Management3. Finance4. Risk Management5. Small Scale Industry6. Human Resources

Mr. C. Jayaram, Non-Executive Director (DIN: 00012214)

Mr. C. Jayaram, B. A. (Economics), PGDM-Indian Institute of Management, Kolkata, has varied experience of over 39 years in many areas of finance and business and was earlier the Managing Director of Kotak Securities Limited. Mr. Jayaram headed the Private Banking business, Alternative Investments business, including Private Equity funds and Real Estate funds and international operations for Kotak Group till his retirement, as Joint Managing Director of the Bank, in April 2016. He was with the Kotak Group for 26 years and was instrumental in building a number of new businesses for the Kotak Group. Prior to joining the Kotak Group, he was with Overseas Sanmar Financial Limited.

Age	67
Date of appointment	1 st May, 2016
Shareholding in the Bank as on 31 st March, 2023	843,040 Equity Shares
Board Membership in other listed entities	1. Kotak Mahindra Asset Management Company Limited [®] (Director)
Board Membership in other unlisted entities	-
Committee Positions in other entities	1. Kotak Mahindra Asset Management Company Limited - Audit Committee (Member) - Nomination and Remuneration Committee (Member) - Corporate Social Responsibility Committee (Member)
Special Knowledge/Skills/Competencies/Expertise	1. Business Management2. Human Resources3. Economics4. Finance5. Banking

Mr. Amit Desai, Non-Executive Director (DIN: 00310510)

Mr. Amit Desai, B. Com., LL.B., is a lawyer, with several years of experience.

Age	64
Date of appointment	18 th March, 2022
Shareholding in the Bank as on 31 st March, 2023	1,375,397 Equity Shares
Board Membership in other listed entities	-
Board Membership in other unlisted entities	1. Kotak Mahindra Trustee Company Limited (Director)
Number of Committee Positions in other entities	-
Special Knowledge/Skills/Competencies/Expertise	1. Law

Mr. Uday Kotak, Managing Director & CEO (DIN: 00007467)

Mr. Uday Kotak, the founder and promoter of the Bank, holds a Bachelor’s degree in Commerce and an MMS degree from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has played an important role in defining and developing India's banking and financial sector over the past 35 years. Mr. Kotak leads several key bodies and is currently Co-Chairperson of the Indo-UK Financial Partnership (IUKFP) and Chairperson of the Advisory Committee on Corporate Insolvency and Liquidation (Insolvency and Bankruptcy Board of India). He was the President of the Confederation of Indian Industry (CII) until May 2021. Mr. Kotak is on the International Advisory Panel of the Monetary Authority of Singapore, the International Advisory Board of the Government of Singapore Investment Corporation, the Investment Advisory Committee of India's Army Group Insurance Fund. In 2017, Mr. Kotak-led Committee on Corporate Governance constituted by the SEBI, recommended sweeping changes towards more robust and transparent corporate governance. From 1st October, 2018 to 2nd April, 2022, Mr. Kotak served as Non-Executive Chairperson of a special IL & FS Board constituted by the GoI to steer the NBFC out of a deep crisis, which he served as his national duty.

Mr. Kotak is the recipient of the 'EY World Entrepreneur of the Year Award' in 2014, 'Economic Times Business Leader of the Year Award' in 2015, 'Businessman of the Year 2016' by Business India, 'Lifetime Achievement Award' at the Financial Express Best Banks Awards 2016, 'USIBC Global Leadership Award' at 2018 India Ideas Summit organised by the U.S.-India Business Council, 'Life Time Achievement Award' at the Magna Awards 2019 by Business World, 'Best CEO in Banking Sector' by the Business Today Best CEO Awards 2019 and 'India Business Leader of the Year' by CNBC-TV18 at the India Business Leader Awards 2021.

Age	64
Date of appointment	21 st November, 1985
Shareholding in the Bank as on 31 st March, 2023	511,027,100 Equity Shares
Board Membership in other listed entities	1. Kotak Mahindra Investments Limited^ (Chairperson) 2. Kotak Mahindra Prime Limited^ (Chairperson) 3. Kotak Mahindra Asset Management Company Limited@ (Chairperson)
Board Membership in other unlisted entities	1. Kotak Mahindra Capital Company Limited (Chairperson) 2. Kotak Mahindra Life Insurance Company Limited (Chairperson) 3. The Mahindra United World College of India (Governing Member) 4. The Anglo Scottish Education Society (Member-Board of Governors)
Committee Positions in other entities	1. Kotak Mahindra Capital Company Limited • Audit Committee (Chairperson) 2. Kotak Mahindra Life Insurance Company Limited • Nomination and Remuneration Committee (Member)
Special Knowledge/Skills/Competencies/Expertise	1. Business Management 2. Economics 3. Finance 4. Banking 5. Insurance 6. Risk Management

Mr. Dipak Gupta, Joint Managing Director (DIN: 00004771)

Mr. Dipak Gupta, B.E. (Electronics), PGDM-Indian Institute of Management, Ahmedabad, helms functions of Internal Audit and Information Technology including Cyber Security and Digital Initiatives, at the Bank. He has played a key role in building various businesses for the Kotak Group. He was instrumental in forging the partnership between Kotak Mahindra Finance Limited("KMFL") (which got the banking license in April 2003 to become Kotak Mahindra Bank Limited) and Ford Credit International and was the first CEO of Kotak Mahindra Primus Limited, the KMFL–Ford Credit joint venture.

Mr. Gupta was appointed as Executive Director of KMFL in 1999. Mr. Gupta was also responsible for setting up the retail business following the conversion of KMFL into a bank.



Prior to joining Kotak Group in 1992, Mr. Gupta worked with the consultancy division of A.F. Ferguson.

Age	62
Date of appointment	1 st October, 1999
Shareholding in the Bank as on 31 st March, 2023	547,309 Equity Shares
Board Membership in other listed entities	1. Kotak Infrastructure Debt Fund Limited^ (Director)
Board Membership in other unlisted entities	1. Kotak Mahindra Life Insurance Company Limited (Director) 2. Kotak Mahindra Capital Company Limited (Director) 3. Kotak Investment Advisors Limited (Chairperson) 4. Kotak Mahindra (UK) Limited (Director)
Committee Positions in other entities	1. Kotak Mahindra Life Insurance Company Limited • Corporate Social Responsibility Committee (Chairperson) • Investment Committee (Chairperson) • Banking Committee (Member) 2. Kotak Mahindra Capital Company Limited • Audit Committee (Member) 3. Kotak Infrastructure Debt Fund Limited • Nomination and Remuneration Committee (Member) • Risk Management Committee (Chairperson) • Corporate Social Responsibility Committee (Member) • Whistle Blower Committee (Member) 4. Kotak Investment Advisors Limited • Audit Committee (Chairperson) • Nomination Committee (Chairperson) • Corporate Social Responsibility Committee (Chairperson) • Investment Committee (Chairperson)
Special Knowledge/Skills/Competencies/Expertise	1. Business Management 2. Finance 3. Information Technology 4. Banking 5. Small Scale Industry 6. Human Resources 7. Payment and Settlement systems

Mr. KVS Manian, Whole-time Director (DIN: 00031794)

Mr. KVS Manian, an electrical engineer from Indian Institutes of Technology (BHU) - Varanasi, Post Graduate in Financial Management from Jamnalal Bajaj Institute of Management Studies Mumbai and a Cost and Works Accountant, has been instrumental in setting up and metamorphosing many business divisions into success stories in his more than two and a half decade association with the Bank. He has played a pivotal role in Kotak's journey from an NBFC to a Bank. Currently, Mr. Manian spearheads Corporate, Institutional and Investment Banking, Private Banking and Asset Reconstruction business and is responsible for building a high-quality integrated and profitable franchise across these businesses. Under his leadership, the Corporate Bank has grown significantly both in terms of size and profits while maintaining best in class asset quality. The Investment Banking, Institutional Equities, Private Banking and Asset Reconstruction businesses also continue to maintain and improve their leadership positions in the industry. He has also been instrumental in upgradation of technology in these businesses and in building strong transaction banking capabilities.

Prior to his current role, Mr. Manian scripted the Retail-Banking narrative of Kotak. He was the President of Consumer banking - steering the Bank from a single branch to over 600 branches and more than 1,000 ATMs across the Country in a span of 10 years. He set up the Retail Liability business from scratch and later managed the entire Consumer Banking business, including Consumer Asset products such as Home Loans, Cards, Personal Loans, Business Loans, Loans Against Property, MSME and others, some of which were launched and grown to scale in his tenure. He synergised and evolved a coordinated business strategy across asset and liability products of the Consumer bank. In this process, he set up one of the best Consumer Banking franchises in the Indian banking industry.

Age	61
Date of appointment	1 st November, 2019
Shareholding in the Bank as on 31 st March, 2023	109,988 Equity Shares
Board Membership in other listed entities	-
Board Membership in other unlisted entities	1. Kotak Mahindra Capital Company Limited (Director) 2. Kotak Securities Limited (Director)
Committee Positions in other entities	1. Kotak Mahindra Capital Company Limited • Corporate Social Responsibility Committee (Chairperson) 2. Kotak Securities Limited • Routine and Administrative Functions Committee (Member)
Special Knowledge/Skills/Competencies/Expertise	1. Business Management 2. Finance 3. Accountancy 4. Information Technology 5. Banking 6. Small Scale Industry 7. Payment and Settlement systems



Ms. Shanti Ekambaram, Whole-time Director (DIN: 00004889)

Ms. Shanti Ekambaram is a Commerce Graduate, a Chartered Accountant and a Cost and Works Accountant. She has been associated with the Kotak Group for over 30 years and has been responsible for successfully setting up and running several business units. Prior to her current role, she led the Consumer banking business at the Bank from April 2014 to May 2022. Under her leadership, Kotak’s savings accounts base grew at an exemplary pace, probably the fastest in the Indian banking industry. Simultaneously, the focus of the business was on judiciously growing the retail loan book, both secured and unsecured. In addition, the Consumer Banking business drove its digital agenda across customer acquisition, customer adoption of banking, payments and e-commerce transactions, enhancing customer experience and deepening engagement.

Prior to this, Ms. Ekambaram was President - Corporate and Investment Banking for 11 years until April 2014, where she was responsible for ensuring delivery of comprehensive advisory and financial solutions to leading Indian Corporates, Public Sector Undertakings, Financial Institutions, Multinationals and the Government. She was also Executive Director and CEO of Kotak Investment Banking earlier and, along with her team, steered the firm to a position of market leadership. She established a franchise recognised for executing innovative deals, including pioneering the first book-built IPO in India, which ushered global standards in the Indian capital markets. Ms. Ekambaram has rich and varied experience across Retail and Wholesale Banking.

Before joining the Kotak Group, Ms. Ekambaram had a short stint with Bank of Nova Scotia - the Canadian International Bank, with their corporate banking and Treasury division.

Ms. Ekambaram is on the board of Indian Institute of Management, Bangalore (IIM-B). She was a member of the FICCI National Committee on Banking for 2021-22.

Business Today, one of India’s leading business magazines, has recognised Ms. Ekambaram as one of the 'Most Powerful Women in Indian Business' from 2013-2017, in 2019 and 2020. Fortune India has featured Ms. Ekambaram as one of the '50 Most Powerful Women in Business in India' from 2016-2020. Ms. Ekambaram received the 'CA Business Leader award' from the Institute of Chartered Accountants of India in the Large Corporate – BFSI category in 2020 and was also named CA Woman Business Leader in 2013. Further, the Ladies' Wing of the IMC Chamber of Commerce and Industry recognised Ms. Ekambaram as 'Woman of the Year 2013-14 in Banking and Financial Services'. She was listed by ET x Femina among the 'Promising Women Leaders of India 2022'.

Age	60
Date of appointment	1 st November, 2022
Shareholding in the Bank as on 31 st March, 2023	1,354,339 Equity Shares
Board Membership in other listed entities	-
Board Membership in other unlisted entities	1. Kotak Investment Advisors Limited (Director*) 2. Kotak Mahindra Financial Services Limited (Director)
Committee Positions in other entities	-
Special Knowledge/Skills/Competencies/Expertise	1. Business Management 2. Finance 3. Accountancy 4. Digital/Media 5. Banking 6. Payment and Settlement systems

* Resigned as a Director of Kotak Investment Advisors Limited, with effect from close of business hours on 19th May, 2023

Notes for brief profile of Directors:

- None of the Directors on the Board hold directorships in more than ten public companies and serve as Directors or as Independent Directors in more than seven listed entities. Further, the Executive Directors of the Bank do not serve as Independent Directors in any company.
- None of the Directors on the Board of the Bank are members of more than ten committees and Chairpersons of more than five committees across all public companies in which he/she is a Director. For the purpose of the determining the limit, membership and chairpersonship of the Audit Committee and the Stakeholders Relationship Committee only have been taken into consideration. All the Directors have made disclosures regarding their membership on various committees in other companies.

Board Diversity⁵

Keeping in view the significance of having a diverse Board and to harness the unique and individual skills and experiences of its members in such a way that it collectively benefits the Bank in achieving its mission and objectives, the Board of the Bank has adopted the Policy on Board Diversity. Emphasis is given to maintain diversity of thoughts, experience, knowledge, education, skills, perspective, culture, age and gender, while scrutinising candidature for appointment of Directors on the Bank’s Board.

The Board Diversity, *inter alia*, helps in ensuring (i) a balanced Board, with a wide range of attributes of its members; (ii) appropriate blend of functional and domain expertise on the Board; (iii) adequate representation of women on the Board; (iv) appropriate qualifications, expertise, experience and skills-mix on the Board and (v) adherence to the legal requirements, including the Fit and Proper criteria of the RBI, while appointing Directors on the Board. The Policy on Board Diversity is available on the website of the Bank viz., URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>

The Board has identified and believes that, the skills/competencies/expertise, as mentioned in the 'Profile of Directors' above, are required for the business of the Bank and the Directors of the Bank possess these skills/competencies/expertise to function effectively.

The names and categories of the Directors on the Board of the Bank, the number of directorships and Committee positions held by the Directors in other entities as on 31st March, 2023, as also the areas of specialisation and expertise of the Directors, are mentioned in the section on 'Profile of Directors' of this report.

Succession Planning

With a view to ensuring a continuous pipeline of internal and external talent for the Board (Executive Directors) and the Senior Leadership positions, such as the Managing Director & CEO, the Whole-time Directors, the Key Managerial Personnel and other Senior Management Personnel (including Material Risk Takers, such as Chief Risk Officer, Chief Compliance Officer, Chief Technology Officer, etc.), the Board of the Bank has put in place a 'Succession Plan Policy for Board and Senior Leadership Roles'. The succession process at the Bank includes periodical screening and evaluation of the suitable candidates on parameters such as knowledge, experience, expertise, skillsets, conduct, age, qualification under the relevant laws, adherence to fit and proper criteria and overall readiness to take up the role. If necessary, services of external consultants/experts are also availed for scouting talent internally and/or externally.

Certificate on non-debarment or non-disqualification of the Directors

In terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, the Bank has obtained a certificate from Ms. Rupal D. Jhaveri, Practising Company Secretary, dated 9th May, 2023, confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the companies either by Securities and Exchange Board of India ("SEBI") or Ministry of Corporate Affairs ("MCA") or any other statutory/regulatory authority. The same is annexed with this Report on Corporate Governance.

BOARD MEETINGS

Scheduling and selection of agenda items for Board meetings

The Board meetings are convened by giving appropriate notice after obtaining the approval of the Chairperson and the Managing Director & CEO. The Board meets once a quarter to review the financial results and meets once a year for approval of annual budgets, strategy and when necessary, for such other matters as required under the applicable laws and for business exigencies. The Board also reviews business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion and human resources, i.e., the 'Seven Critical Themes' as prescribed by the RBI vide its Circular No. DBR No.BC.93/29.67.001/2014-15 dated 14th May, 2015. As required and when necessary, additional meetings are held. Dates of the Board meetings are decided in advance.

The agenda of the Board meeting is prepared by the Company Secretary. The agenda notes are prepared in consultation with the concerned officials of the respective divisions/departments and are approved by the Managing Director & CEO and/or Joint Managing Director.

Every Director is free to suggest matters for including in the meetings of the Board. All divisions/departments in the Bank are encouraged to plan projects/ activities of their functions well in advance, particularly with regard to matters requiring discussion/approval/decision at the Board/Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the agenda for the Board meetings.

The agenda and agenda notes are circulated to the Board by the Company Secretary, in advance.

Additional items on the agenda are permitted with the permission of the Chairperson and with the consent of all the Directors present at the meeting.

The Board is presented with important information on the operations of the Bank as well as that which requires deliberation at the highest level. Such Information includes minimum information required to be placed before the Board as per applicable law and on various other critical items such as annual operating plans and budgets, capital budgets, quarterly results, minutes of meetings of the Committees, changes in the economy and regulatory policies, as also media releases by the Bank.

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Bank (except banking transactions in the ordinary course of business and on arm’s length basis) during FY 2022-23.

To address specific urgent needs, meetings are also convened at a shorter notice. In case of business exigencies or urgency of matters, resolutions are also passed by the Board through circulation. Audio/video conference calls are arranged to enable the Directors to discuss, in detail, the items to be approved by circulation and seek clarification as may be required and/or discussed with individual directors, when requested. The agenda papers for meetings of the Board are uploaded on a secured web-based portal and can be easily accessed on a tablet device or laptop or computer.

The Bank also provides an option to its Directors to attend the Board/Committee meetings electronically through Audio/Video conferencing in accordance with the provisions of applicable laws.

Meetings and Attendance

During FY 2022-23, 12 meetings of the Board of Directors were held, on 4th May, 2022, 25th June, 2022, 23rd July, 2022, 27th August, 2022, 27th September, 2022, 22nd October, 2022, 17th November, 2022, 10th December, 2022, 28th December, 2022, 21st January, 2023, 3rd February, 2023 and 17th/18th March, 2023. The details of attendance of the Directors at these meetings and at the last Annual General Meeting ("AGM") are, as under:

Name of Director(s)	Number of Board meetings the Director was entitled to attend during FY 2022–23	Number of Board meetings attended during FY 2022–23	% of Attendance of the Director	Attendance at the last AGM held on 27 th August, 2022
Mr. Prakash Apte	12	12	100	✓
Mr. Uday Khanna	12	12	100	✓
Mr. Uday Shankar	12	11	91.67	✓
Dr. Ashok Gulati	12	12	100	✓
Ms. Ashu Suyash	12	11	91.67	✓
Mr. C S Rajan (w.e.f. 22 nd October, 2022)	7	7	100	NA
Mr. C. Jayaram	12	12	100	✓
Mr. Amit Desai	12	12	100	✗
Mr. Uday Kotak	12	12	100	✓
Mr. Dipak Gupta	12	12	100	✓

⁵ GRI 405-1

Name of Director(s)	Number of Board meetings the Director was entitled to attend during FY 2022–23	Number of Board meetings attended during FY 2022–23	% of Attendance of the Director	Attendance at the last AGM held on 27 th August, 2022
Mr. KVS Manian	12	11	91.67	✓
Ms. Shanti Ekambaram (w.e.f. 1 st November, 2022)	6	6	100	NA
Ms. Farida Khambata (up to 6 th September, 2022)	4	4	100	✓
Mr. Gaurang Shah (up to 31 st October, 2022)	6	4	66.67	✓

Note:

Pursuant to relevant circulars issued by MCA, the AGM of the Bank was held through Video Conferencing/Other Audio Visual Means.

Separate meeting of the Independent Directors

During the year under review, two meetings of the Independent Directors of the Bank were held on 24th June, 2022 and 18th March, 2023. The said meetings were held without the presence of Non-Independent Directors and members of the Management. All the Independent Directors of the Bank attended both the meetings.

At the meeting of the Independent Directors held on 26th May, 2023, the Independent Directors evaluated the performance for FY 2022-23, of the Non-Independent Directors, the Board as a Whole, Chairperson of the Board, after taking into account the views of the Executive Directors and Non-Executive Directors. The Independent Directors also reviewed the outcome of the Board Evaluation Process.

Directors' Remuneration⁶

The Directors' Remuneration is determined in accordance with the provisions of the BR Act, the Act, various guidelines and circulars issued by the RBI from time to time and the provisions of the Compensation Policy for the Employees (including Executive Directors) and Non-Executive Directors of the Bank. The respective Compensation Policies are available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>

The remuneration paid to the Executive Directors is recommended by the Nomination and Remuneration Committee, to the Board for its approval, based on the evaluation of individual director's performance and the overall Bank's performance. The Board, based on the recommendation of the Nomination and Remuneration Committee, considers and decides the annual remuneration of Executive Directors, within the overall limit approved by the members of the Bank. The payment of remuneration to Executive Directors is also subject to the approval of the RBI annually.

A) The details of remuneration paid to the Executive Directors of the Bank during FY 2022-23 were, as under:

(₹ in lakh)

	Mr. Uday Kotak	Mr. Dipak Gupta	Mr. KVS Manian	Mr. Gaurang Shah [@]	Ms. Shanti Ekambaram [§]
Basic	0.00	274.27	239.63	139.46	91.45
Allowances	-	45.00	40.00	19.72	16.17
Provident Fund	-	32.91	28.76	16.74	10.97
Superannuation	-	-	0.16	0.58	0.42
SARs Pay-out	-	29.43	73.28	156.15	67.39
Annual Incentive	-	118.00	109.00	107.00	-
Long Term Deferred Cash	-	43.00	38.67	39.21	14.88
Others	-	1.00	1.00	24.81	1.00
Total	0.00	543.61	530.50	503.67	202.28
Number of Stock options granted, as Executive Director(s), during the year	Nil	Nil	21,844	Nil	Nil

[@] Ceased to be a Director upon retirement w.e.f. 31st October, 2022.

[§] Appointed as a Director w.e.f. 1st November, 2022.

Notes:

- The amount shown above excludes Gratuity, value of car perquisites under the Income Tax Act, 1961 and perquisites value on ESOPs.
- Mr. Uday Kotak had opted to forego his fixed salary and accepted a token salary of ₹ 1 for FY 2022-23.
- Mr. Gaurang Shah retired and thus ceased to be a Whole-time Director and Director. His remuneration also includes retirement benefits paid to him.
- The Annual Incentives represent an amount of Cash Bonus for previous financial year(s), paid during the FY 2022-23, as per the approval of the RBI.
- Long Term Deferred Cash represents Long Term Deferred Cash for previous financial year(s), paid during the FY 2022-23, as per the approval of the RBI.
- Variable Pay: As per the prevailing RBI Guidelines on Compensation for Whole Time Directors/Chief Executive Officers/Risk Takers and Control Function Staff, etc. issued by the RBI on 4th November, 2019 (RBI Guidelines on Compensation), the total variable pay of an Executive Director needs to be capped within the overall limit of 300% of the fixed pay. Such variable pay is inclusive of Cash as well as Non-Cash components. The amount of SARs payout, cash bonus, Long Term Deferred Cash and the Employee Stock Options in the above table are part of the variable pay and are linked to the performance of the respective Directors, the performance of the Bank as a whole and such other performance based criteria as may be determined by the Nomination and Remuneration Committee, from time to time.
- Malus and Clawback provisions apply to the variable pay of Executive Directors, as given in the Compensation Policy of the Bank.
- The terms of employment of Executive Directors provide for termination by mutual consent or by giving three months notice in writing. In the event of termination of employment, the liability of the Bank shall be limited to providing only the salary, retiral benefits and perquisites as prescribed by the terms of employment for a period of three months from the date of notice.

⁶ GRI 2-19, GRI 2-20

B) During the year under review, Mr. KVS Manian was granted Employee Stock Options ("ESOPs") as a Whole-time Director, as under:

Date of Grant	No. of options granted	Exercise Price per share (in ₹)	Vesting %	Vesting Date	Exercise Period
Series 37/2015 of Kotak Mahindra Equity Option Scheme, 2015					
10 th May, 2022	5,461	1,900	25	7 th November, 2023	7 th November, 2023 to 7 th May, 2024
	5,461	1,900	25	31 st May, 2024	31 st May, 2024 to 30 th November, 2024
	5,461	1,900	25	31 st May, 2025	31 st May, 2025 to 30 th November, 2025
	5,461	1,900	25	31 st May, 2026	31 st May, 2026 to 30 th November, 2026
Total	21,844*	-	-	-	-

* As per the approval of the RBI for the payment of remuneration for FY 2021-22.

C) Mr. Prakash Apte, Non-Executive Independent Part-time Chairperson of the Bank, was paid remuneration of ₹ 30 lakh for the financial year ended 31st March, 2023 (₹ 30 lakh for the financial year ended 31st March, 2022), in accordance with the approval received from the RBI.

D) Pursuant to 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, Non-Executive Directors, including the Independent Directors (other than the Part-time Chairperson), are entitled to receive compensation by way of fixed remuneration for FY 2022-23 as per the limits prescribed in the aforesaid RBI circular and the Act and as approved by the members of the Bank.

E) The details of sitting fees and fixed remuneration of Non-Executive Directors, for FY 2022-23, are, as under:

(₹ in lakh)

Name of Director(s)	Sitting Fees	Fixed Remuneration
Mr. Prakash Apte	25.50	30.00
Mr. Uday Khanna	23.30	20.00
Mr. Uday Shankar	20.20	20.00
Dr. Ashok Gulati	23.30	20.00
Ms. Ashu Suyash	29.35	20.00
Mr. C. Jayaram	31.10	20.00
Mr. Amit Desai	12.00	20.00
Mr. C S Rajan (w.e.f. 22 nd Octoer, 2022)	10.00	10.00
Ms. Farida Khambata (up to 6 th September, 2022)	7.00	10.00
Total	181.75	170.00

Notes:

- As per the Compensation Policy, Fixed Remuneration is computed on a pro-rata basis if a Non-Executive Director holds directorship for a part of the financial year, based on the number of quarters for which such Director was on the Board (with a part of quarter considered as a full quarter).
- The relevant disclosure with regard to criteria for making payments to Non-Executive Directors is given in the Directors' Report.

COMMITTEES OF THE BOARD OF DIRECTORS⁷

Composition, Role and Meeting details of Board Committees

The Board has constituted several Board and Non-Board Committees to deal with specific matters and has delegated powers for different functional areas, as required under the Act, BR Act, the SEBI Listing Regulations and the various applicable regulations, guidelines, notifications, directions, circulars, etc. issued from time to time by the RBI. These Committees monitor the activities falling within their specific terms of reference and support the Board in discharging its functions.

The details of Board Committees are, as under:

Audit Committee

Composition:

- Mr. Uday Khanna (Chairperson)
- Dr. Ashok Gulati
- Ms. Ashu Suyash
- Mr. C. Jayaram

The quorum requirement for the meetings of the Audit Committee is the presence of three members, including at least two-thirds of the members attending the meeting being Independent Directors. The composition of this Committee, is in line with the provisions of the Act, SEBI Listing Regulations and RBI guidelines/circulars, issued from time to time.

All the members of the Audit Committee are Non-Executive Directors and more than two-thirds of the members are Independent Directors of the Bank. All the members of the Audit Committee are financially literate in terms of Regulation 18 of the SEBI Listing Regulations and have the ability to read and understand financial statements. Mr. Uday Khanna and Ms. Ashu Suyash also possess the requisite accounting and financial management expertise.

The constitution and composition of the Audit Committee is in accordance with the provisions of Section 177 of the Act read with relevant rules made thereunder, Regulation 18 of the SEBI Listing Regulations and the criteria specified by RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc. The Company Secretary acts as the Secretary to the Audit Committee. Mr. Uday Khanna, Chairperson of the Audit Committee, was present at the last AGM to answer the queries of the members.

⁷ GRI 2-16

The Bank has adopted a charter of the Audit Committee of the Board of Directors which includes the purpose, composition, roles, responsibilities and duties and powers of the Audit Committee. The said Charter also includes the purpose and composition of the First Tier Audit Committee (“FTAC”).

Meetings and Attendance:

During the year, 10 meetings of the Audit Committee were held on 4th May, 2022, 15th June, 2022, 23rd July, 2022, 2nd August, 2022, 28th September, 2022, 22nd October, 2022, 6th December, 2022, 21st January, 2023, 14th February, 2023 and 29th March, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Uday Khanna	10/10	100
Dr. Ashok Gulati	10/10	100
Ms. Ashu Suyash	9/10	90
Mr. C. Jayaram	8/10	80

The terms of reference of the Audit Committee, as amended and forming part of its comprehensive Charter document are, as follows:

Roles, Responsibilities and Functions:

- To review and update the Charter, considering regulatory requirements, business environment, etc. and place it before the Board of Directors of the Bank for its approval. The frequency of review shall be at least once every three years.
- To provide directions and oversee the operation of the audit function in the Bank and issue, whenever necessary, suitable directions and timely completion of audit.
- To oversee Kotak Bank’s financial reporting process and the disclosure of its financial information to ensure the fair presentation of financial statements in accordance with accounting principles generally accepted in India, applicable regulatory requirements and provisions of Companies Act, 2013 and to ensure that the financial statements are true, fair, sufficient and credible.
- Review with the management, the annual financial statements and auditor’s report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Compliance with accounting standards, selection of accounting policies, significant judgements, estimates and assumptions that affect reported amounts in financial statements.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with regulatory guidelines, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Modified opinion(s) in the draft audit report.
 - Going Concern assumption.
 - Management’s Discussion and Analysis of financial condition and results of operations.
 - Bank’s earnings, press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.
- To review with the management, the quarterly financial statements/results before submission to the Board for approval.
- To review with management, the statement of uses/application of funds, wherever necessary, raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public of right issue and making appropriate recommendations to the Board to take up steps in this matter wherever necessary.
- To approve or ratify, as may be permitted by law, transactions of the Bank with related parties (as defined under the applicable laws), and review significant transactions and matters related thereto. Grant of omnibus approval for related party transactions proposed to be entered into by the Bank subject to such conditions as prescribed and as amended from time to time. Members of the Audit Committee who are Independent Directors shall approve the related party transactions. Related Parties to have the same meaning as provided in the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).
- To recommend policy on “materiality of related party transactions and on dealing with related party transactions” including clear threshold limits, in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).
- To set forth the Policies relating to and overseeing the implementation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“Regulations”), as amended from time to time and the Trading Code of Conduct for Prevention of Insider Trading (“Code”) and to take on record such reports as may be required from the compliance officer under the Code and to decide penal and disciplinary action in respect of violation of the Regulations/Code and to review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.



- To review valuation of undertakings or assets of the Bank, wherever it is necessary.
- To evaluate the adequacy and operational effectiveness of internal financial control of the Bank and also to evaluate risk management systems of the Bank.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividend declared) and creditors.
- To approve of appointment of Chief Financial Officer, after assessing the qualifications, experience and background, etc. of the candidate.
- To review reasons for revenue leakage and approve corrective action plan and monitor them at regular interval. Monitor areas of repeat occurrences, if any and ensure immediate actions are taken to prevent such repeat occurrences of revenue leakage.
- To review the financial statements of unlisted subsidiary company/ies and more particularly the investments made by them.
- To review the key audit observations pertaining to the subsidiaries presented to the respective Audit Committee/Board, as the case may be.
- To review utilisation of loans and/or advances from/investment by the Bank in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.
- To consider and comment on rationale, cost-benefits and impact of schemes involving Merger, Demerger, Amalgamation, etc., on the Bank and its shareholders.
- To review details presented to the Audit Committee, at prescribed frequency, vide RBI circular dated 10th November, 2010 and as updated from time to time.
- To discuss significant issues raised in the Long Form Audit Report and follow up there on with statutory auditors.
- To scrutinise inter-corporate loans and investments to the extent applicable.
- To review the complaints made under the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
- To perform any other function, duty as stipulated by the Board of Directors and as mentioned under the Companies Act, 2013, the Reserve Bank of India, the Securities and Exchange Board of India, the Stock Exchanges and any other regulatory or statutory authority or under any applicable law, as prescribed from time to time and also to review the findings by regulatory agencies.
- The Chairperson of the Committee to provide an annual confirmation to the Board of Directors regarding discharge by the Committee of its roles, responsibilities and functions outlined in the Audit Committee Charter.

Reporting Responsibilities:

- To recommend to the Board, the quarterly, half yearly and annual financial statements after reviewing the same.
- Recommendations of the Audit Committee on any matter relating to financial management, management’s discussion and analysis of financial condition and result of operations after its review, including the auditors’ report, shall be binding on the Board.
- If the Board does not accept the recommendations of the Audit Committee, it shall disclose the same in the Board’s Report, together with the reasons thereof.

Compliance:

- To review the effectiveness of the system for monitoring compliance with laws and regulations and the results of the management’s investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- To review the findings of any examinations by regulatory agencies and any auditors’ observations.
- To review the process for communicating the Code of Conduct to the Bank’s personnel and for monitoring compliance therewith.
- To obtain regular updates from the management and the Bank’s legal and compliance team regarding compliance matters.

Independent Statutory Auditors:

- To recommend to the Board of Directors the appointment, re-appointment, replacement and removal of the statutory auditors for both domestic and overseas operations, considering independence and effectiveness, terms of appointment, the fees and other compensation to be paid to the independent statutory auditors.
- To approve all payments for services rendered by the statutory auditors other than as statutory auditors.
- To review and monitor auditors’ independence performance and effectiveness of audit process, both for domestic and overseas operations.
- To periodically consult with the statutory auditors in the absence of management about internal controls and fair presentation of financial statements in accordance with accounting principles generally accepted in India, applicable regulatory requirements and provisions of Companies Act, 2013.
- To discuss with statutory auditors the nature and scope of the audit.
- To discuss and ascertain from the statutory auditors post the completion of the audit, areas of concern, if any.
- To review management letters/letters of internal control weaknesses issued by the statutory auditors.
- To provide a right to be heard to the independent statutory auditors and the key management personnel in the meetings of the Audit Committee when it considers the auditor’s report but not the right to vote.

Internal Audit Department:

- To approve appointment, re-appointment, replacement and removal of the concurrent auditors and outsourced internal auditors and the fees and other compensation to be paid to them.
- To review with management performance of internal auditor and adequacy of the internal control systems.
- To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit including information systems audit.
- To discuss with internal auditors any significant findings and follow up there on.
- To review the internal audit reports relating to internal control weaknesses.
- To review the findings of any internal investigations by the internal auditors/vigilance department into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board of Directors.
- To approve, review and monitor the risk based internal audit plan each year.
- To review appointment, removal and performance of Head – Internal Audit.

Whistleblowing/Vigil mechanism:

- To review the Bank's mechanism for its Directors and Employees to raise genuine concerns; whether it provides adequate safeguards against victimisation of persons who use such mechanism and provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

Review Statement of Deviations, if any:

- To review Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32 (1) of SEBI Listing Regulations.
- Annual Statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI Listing Regulations.

Inspections conducted by regulators:

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

Risk Management:

- To review the implementation and effectiveness of the financial and risk management policies and process and highlight any gaps observed to the Board of Directors.

Process Improvement:

- To establish a process of reporting by the management or independent statutory auditor or internal auditors, as the case may be, to the Audit Committee with regard to any significant judgment made in preparation of the financial statements along with their views on appropriateness of such Judgments.
- To follow completion of the annual audit and internal audit plan, review separately with each of management, the statutory auditors and the internal auditing department any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- To review any significant disagreement among management and the independent statutory auditors including auditors in connection with the preparation of the financial statements.
- To review any significant disagreement among management and the internal audit department in connection with the observations made in the internal audit report.
- To review with management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.
- To perform any other activities consistent with this Charter and governing law, as the Audit Committee or the Board deems necessary or appropriate.

Powers:

- To investigate any activity within its terms of reference.
- To seek information from any Employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary at its Meetings.
- The Audit Committee shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013, the SEBI Listing Regulations and regulations/circulars issued by the Reserve Bank of India, as amended from time to time.

Besides the members of the Audit Committee, meetings of the Audit Committee are generally attended by invitees who are representatives of the Management. The Joint Statutory Auditors are invited to attend the meetings of the Audit Committee.

The members of the Audit Committee meet the Statutory Auditors independently at least once a year.

The Bank has a FTAC as per the guidelines issued by RBI. The FTAC presently comprises five members viz., Mr. Dipak Gupta (Chairperson), Mr. Jaimin Bhatt – President and Group Chief Financial Officer, Mr. T.V. Sudhakar, Group President and Head Compliance, Mr. Devang Gheewalla, Chief Financial Officer-Banking and Mr. Ashish Athalye, Chief of Internal Vigilance. Where the internal audit report pertaining to specific business is placed, the specific business head also attends that meeting. The FTAC screens the matters entrusted to the Audit Committee and also the routine matters such as, overseeing the programme of inspections and compliance of inspection reports so as not to burden the Audit Committee with matters of detail. During the year, 21 meetings of the FTAC were held.

Nomination and Remuneration Committee

Composition:

1. Mr. Uday Shankar (Chairperson)
2. Mr. Prakash Apte
3. Mr. C. Jayaram

The quorum requirement for the meetings of the Nomination and Remuneration Committee (“NRC”) of the Bank is the presence of three members, including half of the members attending the meeting being Independent Directors and one member of the Risk Management Committee, i.e., Mr. Prakash Apte. The Company Secretary acts as the Secretary to NRC.

Ms. Farida Khambata ceased to be the Chairperson and the Member of NRC from 7th September, 2022, consequent upon the end of her term on the Board of the Bank. Thereafter, Mr. Uday Shankar was appointed as a Chairperson of NRC.

The constitution and composition of NRC is in accordance with the provisions of Section 178 of the Act read with relevant rules made thereunder, Regulation 19 of the SEBI Listing Regulations and the criteria specified by RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc.

Ms. Farida Khambata, earlier Chairperson of NRC, was present at the last AGM to answer the queries of the members.

Meetings and Attendance:

During the year, eight meetings of NRC were held on 29th April, 2022, 10th May, 2022, 21st July, 2022, 27th August, 2022, 17th October, 2022, 10th December, 2022, 17th March, 2023 and 18th March, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Uday Shankar	8/8	100
Mr. Prakash Apte	8/8	100
Mr. C. Jayaram	8/8	100
Ms. Farida Khambata (up to 6 th September, 2022)	4/4	100

The terms of reference of the NRC, as amended and forming part of its comprehensive Charter document are, as follows⁸:

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and specify the manner for effective Evaluation of Performance of Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee and review its implementation and compliance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.
- For every appointment of an Independent Director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - o use the services of an external agency, if required;
 - o consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - o consider the time commitments of the candidates.
- To formulate the criteria for Evaluation of Performance of Independent Directors and the Board of Directors.
- To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of Performance Evaluation of Independent Directors.
- While formulating the Policy ensure that:
 - o the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Bank successfully;
 - o relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - o remuneration to Directors, Key Managerial Personnel and Material Risk Takers involves a balance between Fixed and Incentive Pay reflecting short and long-term performance objectives appropriate to the working of the Bank and its Goals.
- To recommend to the Board, Remuneration (in whatever form payable) to senior management.
- To review the current board composition and determine future requirements and making recommendations to the Board for approval.
- To devise a Policy on Board Diversity.
- To satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors and senior management.

⁸ GRI 2-10

- To recommend to the Board, the appointment and changes in the following positions:
 - Chief Financial Officer;
 - Company Secretary;
 - Compliance Officer;
 - Chief Risk Officer; and
 - Such other official, whose appointment shall have to be recommended by the Nomination and Remuneration Committee under applicable laws.
- To review adequacy and appropriateness of Human Resource Strategy of the Bank.
- To review:
 - the composition of the existing committees of the Board and to examine annually whether there is any need to have a special committee of Directors to meet the business requirements of the Bank and accordingly, recommend to the Board for formation of a special committee.
 - the Terms of Reference of the Board Level Committees and recommend the changes therein, if any, to the Board.
- To validate 'Fit and Proper' status of all Directors on the Board of the Bank in terms of the guidelines issued by the Reserve Bank of India ("RBI") or other regulatory authorities.

The details of the performance evaluation criteria for Independent Directors of the Bank have been mentioned in the Directors' Report. Further, the Bank has Board approved Compensation Policies in place, one for Employees including Executive Directors and Managing Director & CEO and one for the Non-Executive Directors (other than Part-time Chairperson), the details of which have been mentioned in the Directors' Report.

Stakeholders Relationship Committee

Composition:

- Ms. Ashu Suyash (Chairperson)
- Mr. C. Jayaram
- Mr. Uday Kotak
- Mr. Dipak Gupta

The quorum requirement for the meetings of the Stakeholders Relationship Committee ("SRC") is the presence of three members, including at least one Independent Director. The Company Secretary functions as the Compliance Officer under the SEBI Listing Regulations and acts as the Secretary of SRC.

Ms. Farida Khambata ceased to be the Chairperson and Member of SRC from 7th September, 2022, consequent upon the end of her term on the Board of the Bank and, thereafter, Ms. Ashu Suyash was appointed as a Chairperson of SRC.

The constitution and composition of SRC is in accordance with the provisions of Section 178 of the Act read with relevant rules made thereunder, Regulation 20 of the SEBI Listing Regulations and the criteria specified by RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc.

Ms. Farida Khambata, earlier Chairperson of SRC was present at the last AGM to answer the queries of the members.

Meetings and Attendance:

During the year, two meetings of SRC were held on 30th August, 2022 and 14th February, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Ms. Ashu Suyash (w.e.f. 7 th September, 2022)	1/1	100
Mr. C. Jayaram	2/2	100
Mr. Uday Kotak	1/2	50
Mr. Dipak Gupta	2/2	100
Ms. Farida Khambata (up to 6 th September, 2022)	1/1	100

The terms of reference of SRC, as amended and forming part of its comprehensive Charter document are, as follows:

- To resolve the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- To oversee and review the performance of registrar and share transfer agents and recommend measures for improvements in the quality of investors services.
- To review measures for effective exercise of voting rights by shareholders.
- To review adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar and Transfer Agent.
- To review measures and initiatives taken for reducing quantum of unclaimed dividend and ensuring timely receipt of dividend/annual report/statutory notices by the shareholders of the Bank.
- Carry out such other functions as may delegated by the Board from time to time.

During the year under review, 35 investor complaints were received and no complaint was pending as on 31st March, 2023. No penalties or strictures were imposed on the Bank by any of the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority on any matter related to capital markets, during the last three years.

Risk Management Committee

Composition:

- Dr. Ashok Gulati (Chairperson)
- Mr. Prakash Apte
- Ms. Ashu Suyash
- Mr. C S Rajan
- Mr. Uday Kotak

The quorum requirement for the meetings of the Risk Management Committee ("RMC") is the presence of three members, including at least half members attending the meeting being Independent Directors, of which, one member having professional expertise/qualification in Risk Management. The Company Secretary acts as the Secretary to RMC.

Mr. C S Rajan, was appointed as member of RMC, with effect from 22nd October, 2022.

The constitution and composition of RMC is in accordance with the provisions of Regulation 21 of the SEBI Listing Regulations and the criteria specified by RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc.

Meetings and Attendance:

During the year, five meetings of RMC were held on 12th May, 2022, 22nd June, 2022, 29th August, 2022, 6th December, 2022 and 9th March, 2023.

Name of Director	Attendance	% of Attendance of the Director
Dr. Ashok Gulati	5/5	100
Mr. Prakash Apte	5/5	100
Ms. Ashu Suyash	5/5	100
Mr. C S Rajan (w.e.f. 22 nd October, 2022)	2/2	100
Mr. Uday Kotak	5/5	100

The terms of reference of the RMC, as amended and forming part of its comprehensive Charter document are, as follows:

- To identify, monitor and measure the risk profile of the Bank;
- To develop policies and procedures pertaining to credit, market, liquidity, operational and reputation risks;
- To monitor and review the Risk Management Plan;
- To seek, if required, information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- To review the cyber security framework of the Bank;
- To oversee formulation of a detailed Risk Management Policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the Bank, in particular including financial, operational, sectoral, sustainability (particularly ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business Continuity Plan.
 - Overseeing the methodology, processes and systems that are in place to monitor and evaluate risks associated with the business of the Bank.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- To review and approve risk appetite statements for the Bank.
- To review performance against approved risk appetite.
- To oversee establishment of the overall risk management framework for credit, market, liquidity, operational and information risks (including technology and cyber risks).
- To review assessment of various risks on a periodic basis and overall Bank risk profile; identify emerging risks and ensure that exposures are in line with the risk appetites and approved limits.
- To review the Bank's credit concentration.
- To review exposure to industries and outlook.
- To review and comment on stress testing scenarios, methodologies and results if any, placed before the Committee.

- To monitor compliance of various risk parameters by operating departments.
- To review the adequacy of capital, under the Internal Capital Adequacy Assessment Process (“ICAAP”) and approve the outcomes for placing to the Board.
- To have oversight over the Asset Liability Committee (ALCO), Credit Risk Management Committee (CRMC) and Operational Risk Executive Committee (OREC)
- To coordinate its activities with other Committees, in instances where there is any overlap with activities of such Committees, as per the framework laid down by the Board of Directors.

Group Risk Management Committee

Composition:

1. Mr. Prakash Apte (Chairperson)
2. Mr. Uday Khanna
3. Mr. Uday Kotak
4. Mr. Dipak Gupta
5. Ms. Shanti Ekambaram

The quorum requirement for the meetings of the Group Risk Management Committee (“GRMC”) is the presence of three members, including one Independent Director. The Company Secretary acts as a Secretary to GRMC.

Mr. Gaurang Shah ceased to be the member of GRMC, with effect from 31st October, 2022, consequent upon his retirement as a Whole-time Director and Ms. Shanti Ekambaram was appointed as a member of the GRMC with effect from 1st November, 2022.

Meetings and Attendance:

During the year, two meetings of GRMC were held on 27th September, 2022 and 28th March, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Prakash Apte	2/2	100
Mr. Uday Khanna	2/2	100
Mr. Uday Kotak	2/2	100
Mr. Dipak Gupta	2/2	100
Ms. Shanti Ekambaram (w.e.f. 1 st November, 2022)	1/1	100
Mr. Gaurang Shah (up to 31 st October, 2022)	1/1	100

The terms of reference of the GRMC, as amended and forming part of its comprehensive Charter document are, as follows:

- Issues relating to the group from risk perspective;
- To oversee/monitor Group Risk Appetite;
- To analyse the material risks to which the group, its businesses and subsidiaries would be exposed. It would discuss all risk strategies, both at an aggregated level and by type of risk and make recommendations to the Board in accordance with the Group’s overall risk appetite;
- To identify potential intra-group conflicts of interest;
- To assess whether there were effective systems in place to facilitate exchange of information for effective risk oversight of the group;
- To carry out periodic independent formal review of the group structure and internal controls;
- To articulate the leverage of the group and monitor the same.

Corporate Social Responsibility and Environmental, Social and Governance Committee⁹

Composition:

1. Mr. Prakash Apte (Chairperson)
2. Mr. C S Rajan
3. Mr. C. Jayaram
4. Mr. Dipak Gupta

The quorum requirement for the meetings of Corporate Social Responsibility and Environmental, Social and Governance (“CSR and ESG”) Committee is, the presence of three members, including one Independent Director. The Company Secretary acts as the Secretary of CSR and ESG Committee.

Mr. C S Rajan, was appointed as a member of CSR and ESG Committee, with effect from 22nd October, 2022.

The constitution and composition of the CSR and ESG Committee is in accordance with the provisions of Section 135 of the Act read with relevant rules made thereunder.

⁹ GRI 2-12, GRI 2-13, GRI 2-14

Meetings and Attendance:

During the year, five meetings of CSR and ESG Committee were held on 16th June, 2022, 18th July, 2022, 19th October, 2022, 12th January, 2023 and 3rd March, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Prakash Apte	5/5	100
Mr. C S Rajan (w.e.f. 22 nd October, 2022)	2/2	100
Mr. C. Jayaram	5/5	100
Mr. Dipak Gupta	5/5	100

The terms of reference of the CSR and ESG Committee, as amended and forming part of its comprehensive Charter document are, as follows:

Roles, Responsibilities, Functions and Powers for CSR:

- To review and recommend the following to the Board for its approval:
 - o The Bank’s CSR Policy defines the activities to be undertaken by the Bank and that the policy conforms to the CSR mandate as specified under Sections 134 and 135 of the Act read with Schedule VII to the Act and 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 (“applicable CSR laws and rules”);
 - o The Bank’s prescribed CSR expenditure requirement for the financial year is as per applicable CSR laws and rules;
 - o The Bank’s CSR Projects, Budget and Expenditure for the financial year are as per applicable CSR laws and rules;
 - o The Bank’s CSR annual action plan for implementing the Board approved CSR Projects, Budget and Expenditure, payments are as per applicable CSR laws and rules. The components of the Bank’s CSR annual action plan are, as follows:
 - the list of CSR projects or CSR programmes or CSR activities (“CSR Projects”) that are approved to be undertaken in areas or subjects are as per applicable CSR laws and rules;
 - the CSR Project Scope and Design;
 - the CSR Project implementation plan;
 - the CSR Project expenditure payment schedule and/or plan, as applicable;
 - monitoring and reporting mechanism of each CSR Project; and
 - Impact assessment of the Bank’s CSR projects, if and where required, as per applicable under CSR laws and rules
 - o Amendment of the Bank’s CSR annual action plan, budget, design and scope of CSR Projects including the budget and expenditure, if necessitated at any point of time and with reasonable justification to that effect.
- To review and note and update on the following to the Board, for its noting:
 - o Periodical review/progress of CSR projects including ensuring adherence to the CSR Projects (both – the ones implemented directly by the Bank or implemented with partner organisations) as per the design and scope approved by the Board;
 - o Certification by the Chief Financial Officer (CFO) or the person responsible for financial management regarding the utilisation of the CSR Expenditure/payments;
 - o The CSR Administrative Overheads Expenditure is as per applicable CSR laws and rules;
 - o Disclosures of the Bank’s CSR Projects, Expenditure and all such information as per applicable CSR laws and rules are available on the Bank’s website, annual report and such other documents and communication platforms stipulated in applicable CSR laws and rules;
 - o Periodical update on the fund utilisation and progress of the Bank’s CSR Projects;
 - o CSR Process Manual.
- To carry out such other functions as may be prescribed under applicable CSR laws and rules amended from time to time including the functions delegated by the Board from time to time.

Roles, Responsibilities, Functions and Powers for ESG:

- To assist the Board in development of the Group’s ESG goals and objectives;
- To oversee the development and implementation of a framework for achievement of the Group’s ESG goals and objectives;
- To oversee compliance with ESG regulations applicable to the Bank;
- To monitor progress on the Group’s ESG framework implementation from time to time;
- To oversee reporting and disclosure of the Group’s ESG performance in accordance with appropriate regulations and standards.

Roles, Responsibilities, Functions and Powers for Donation

- To periodically review/approve Donations by the Bank, to not for profit organisations, as per authorisation matrix approved by the Board from time to time.

Special Committee of the Board for Monitoring and Follow-up of Frauds

Composition:

- 1. Mr. Uday Kotak (Chairperson)
- 2. Mr. Prakash Apte
- 3. Mr. Uday Khanna
- 4. Mr. C. Jayaram
- 5. Mr. Dipak Gupta

The Special Committee of the Board for Monitoring and Follow-up of Frauds ("Special Committee on Frauds") has been constituted for effective detection of frauds and immediate reporting of the frauds and actions taken against the perpetrators of frauds to the concerned regulatory and enforcement agencies, recovery position, ensure that staff accountability is examined at all levels and timely disciplinary actions are taken and review the efficacy of the remedial actions taken to prevent recurrence of frauds. Pursuant to the directives of RBI, Special Committee on Frauds exclusively monitors and reviews all the frauds involving amounts of ₹ 1 crore and above.

The quorum requirement for the meetings of the Special Committee on Frauds is the presence of three members, including one Independent Director and Managing Director & CEO, being the Chairperson. The Company Secretary acts as a Secretary to the Special Committee on Frauds.

The constitution and composition of the Special Committee on Frauds of the Board for Monitoring and Follow-up of Frauds is in accordance with the criteria specified by RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc.

Meetings and Attendance:

During the year, three meetings of Special Committee on Frauds were held on 8th July, 2022, 6th October, 2022 and 28th March, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Uday Kotak	3/3	100
Mr. Prakash Apte	3/3	100
Mr. Uday Khanna	3/3	100
Mr. C. Jayaram	2/3	66.67
Mr. Dipak Gupta	2/3	66.67

The terms of reference of the Special Committee on Frauds of the Board for Monitoring and Follow-up of Frauds, as amended and forming part of its comprehensive Charter document are, as follows:

- To monitor and review all frauds, involving an amount of ₹ 10 million (i.e., ₹ 1 crore) and above;
- To identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;
- To identify the reasons for delay in detection, if any, reporting to top management of the Bank and RBI/Serious Fraud Investigation Officer ("SFIO"), etc;
- To monitor recovery position;
- To ensure that staff accountability is examined at all levels and disciplinary actions, if required, are taken timely;
- To review the efficacy of the remedial action taken to prevent recurrence of frauds such as strengthening of internal control environment;
- To monitor and review red flag accounts as and when they are classified as per the guidelines prescribed by the RBI which shall include the synopsis of the remedial action taken together with their current status;
- To review electronic banking frauds and monitor the progress of mitigating steps taken by the Bank in case of electronic frauds and the efficacy of the same in containing fraud numbers and values.

Customer Service Committee

Composition:

- 1. Mr. Uday Shankar (Chairperson)
- 2. Mr. Uday Kotak
- 3. Mr. Dipak Gupta
- 4. Mr. KVS Manian

The quorum requirement for the meetings of the Customer Service Committee ("CSC") is the presence of three members, including one Independent Director. The Company Secretary acts as a Secretary to CSC.

The constitution and composition of CSC is in accordance with the criteria specified by RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc.

CSC has been constituted to bring about ongoing improvements in the quality of customer services provided by the Bank. CSC also oversees the functioning of the Customer Service Standing Committee, compliance with the recommendations of the Customer Service Standing Committee on Procedures and Performance Audit and Public Services and also derives innovative measures for enhancing the quality of customer service and improving the level of customer satisfaction for all categories of cliental, at all times.

Meetings and Attendance:

During the year, three meetings of CSC were held on 11th July, 2022, 17th October, 2022 and 29th March, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Uday Shankar	3/3	100
Mr. Uday Kotak	3/3	100
Mr. Dipak Gupta	2/3	66.66
Mr. KVS Manian	3/3	100

The terms of reference of the CSC of the Board, as amended and forming part of its comprehensive Charter document are, as follows:

- To bring about ongoing improvements in the quality of customer services provided by the Bank;
- To oversee the functioning of the customer service standing committee, compliance with the recommendations of the committee on procedures and performance audit and public services and also mount innovative measures for enhancing the quality of customer service and improving the level of customer satisfaction for all categories of cliental, at all times;
- To review matters pertaining to customer service, grievance redressal mechanism, fair practices, recovery mechanism, outsourcing and other customer service related matters;
- To review customer service/customer care aspects in the Bank and submit a detailed memorandum in this regard to the Board of Directors, once every six months;
- To initiate prompt corrective action wherever service quality/skill gaps have been noticed;
- To review and monitor Comprehensive Deposit Policy, setting out the rights of the depositors in general and small depositors in particular and other aspects as laid down in the guidelines of Reserve Bank of India ("RBI");
- To review the status of settlement of claims in regard to deceased depositors;
- To review and monitor the product approval processes;
- To review and monitor Banking Ombudsman Awards passed by Banking Ombudsman relating to the Bank;
- To review and monitor the steps and remedial actions taken by the Bank to reduce the customer complaints;
- To review and monitor the service delivery channels;
- To review and monitor the customer rights policy as mandated by RBI;
- To formulate, review and monitor comprehensive policies for customer satisfaction and conduct annual survey of customer satisfaction;
- To review the feedback obtained from the periodically audit of customer services;
- To review of branding, marketing, digital and customer engagement activities of the Bank;
- To control measure for ATMs and reconciliation of transactions at ATMs failure – time limit;
- To understanding the broad trends and concentration in the growth of customer grievances and their resolution including mis-Selling, particularly third-party products and appropriateness of products to different customer segments;
- To examine any other issues having a bearing on the quality of customer services rendered.

Review Committee for Classification and Declaration of Borrowers as Willful Defaulters

Composition:

- 1. Mr. Uday Kotak (Chairperson)
- 2. Mr. Prakash Apte
- 3. Mr. Uday Khanna
- 4. Mr. C. Jayaram

The quorum requirement for the meetings of Review Committee for classification and Declaration of Borrowers as Willful Defaulters ("Review Committee") is the presence of three members, including one Independent Director and the Managing Director & CEO, being the Chairperson. The Review Committee was constituted to hear the grievance of the borrowers who represent that they have been wrongly classified as willful defaulters. The Company Secretary acts as a Secretary to the Review Committee.

The constitution and composition of the Review Committee is in accordance with the criteria specified by RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc.

Meetings and Attendance:

During the year, no meeting of the Review Committee was required to be held.

The terms of reference of the Review Committee of the Board, as amended and forming part of its comprehensive Charter document are, as follows:

- To consider the Recommendation order passed by the Identification Committee and also consider the Written Representation, if any, submitted by the Borrower before the Review Committee and pass necessary order, in accordance with law;
- To put in place a system for proper and timely classification of borrowers as willful defaulters or/as non-cooperative borrowers and review the efficacy of the said system at least on an annual basis;

- To review the status of non-cooperative borrowers at least on half yearly or at such other intervals as may be required by Reserve Bank of India ("RBI");
- To decide on removal of the names from the list of non-cooperative borrowers as reported to Central Repository of Information of Large Credits ("CRILC");
- To review, note and decide on any matter pertaining to willful defaulters or non-cooperative borrowers;
- To review order passed by the Committee which decides classification of the borrower as non-cooperative borrower;
- To review the information relating to the non-cooperative borrowers to be submitted to CRILC;
- To hear the grievance of the borrowers who represent that they have been wrongly classified as willful defaulters;
- To carry out such other functions as may delegated by the Board from time to time.

Share Transfer and Other Matters Committee

Composition:

1. Mr. Uday Kotak (Chairperson)
2. Mr. Dipak Gupta
3. Mr. KVS Manian
4. Ms. Shanti Ekambaram

The quorum requirement for the meetings of Share Transfer and Other Matters ("STOM Committee") is the presence of any three members. The Company Secretary acts as a Secretary to STOM Committee.

Mr. Gaurang Shah ceased to be a member of STOM Committee, with effect from 31st October, 2022, consequent upon his retirement as a Whole-time Director and Ms. Shanti Ekambaram was appointed as a member of STOM Committee with effect from 1st November, 2022.

Meetings and Attendance:

During the year, eight meetings of the STOM Committee, were held on 20th June, 2022, 22nd November, 2022, 30th November, 2022, 1st December, 2022, 23rd February, 2023, 3rd March, 2023, 16th March, 2023 and 20th March, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Uday Kotak	7/8	87.5
Mr. Dipak Gupta	8/8	100
Mr. KVS Manian	5/8	62.5
Ms. Shanti Ekambaram (w.e.f. 1 st November, 2022)	7/7	100
Mr. Gaurang Shah (up to 31 st October, 2022)	1/1	100

The terms of reference of the STOM Committee, as amended and forming part of its comprehensive Charter document are, as follows:

- To approve transfer, transmission, transposition, name deletion, dematerialisation, rematerialisation, consolidation and splitting/sub-division of share, debenture or any other securities certificates of the Bank to the extent permitted in line with the provisions of applicable laws;
- To issue new/duplicate share/debenture certificates;
- To apply for registration of the Bank with various authorities of any state or centre including GST tax authorities, income tax authorities, shops & establishment authorities and to do or perform all matters relating to such matters;
- To apply, in the name of and for the Bank for telephone, telex, fax and other telecommunication and electrical/electronic connections and to do all matters relating to such applications;
- To open, operate and close bank accounts of the Bank and change the operating instructions of existing bank accounts of the Bank;
- To authorise persons to sign on behalf of the Bank's share certificates, share allotment letters and fixed deposit receipts;
- To authorise persons to represent the Bank at General Meetings of any company or cooperative society of which the Bank is a shareholder/member;
- To fix the dates for closure of the Bank's register of members and debenture holders and transfer books of shares or debentures and/or fixing record dates, in consultation with the stock exchanges;
- To authorise the opening of securities general ledger account or any other account with any scheduled banks or with any department of the Reserve Bank of India;
- To authorise persons to execute loan agreements, demand promissory notes and any other documents as may be necessary for lending out of any line of credit sanctioned to the Bank;
- To authorise officials of the Bank to sign documents for registration of motor vehicles and to do all acts and things for the transfer of any such motor vehicles;
- To authorise employee(s) or others to execute, for and on behalf of the Bank, agreements, applications, deeds, documents and any other writings in connection with the business of the Bank and, if required, to issue power of attorney in favour of such persons for the purpose;
- To authorise employee(s) or others to represent the Bank before any court, tribunal, consumer redressal forum or any statutory or other authority on any matter relating to the operations of the Bank or with which the Bank is in any way connected or to represent the Bank generally or for any specific purpose or purposes and, if required, issue power of attorney in favour of such persons for the purpose;

- To appoint or change nominees to hold shares for and on behalf of the Bank in any subsidiary/associate companies;
- To grant permission and authorise incorporation of companies, with a prefix "Kotak Mahindra" before the name;
- To authorise the use of the common seal of the Bank and to appoint persons to sign/countersign documents, etc. on which the common seal is to be affixed;
- To approve appointment of any employee /Director of the Bank or any other person as a nominee on the Board of other companies under certain circumstances to protect the interest of the Bank's exposures/investments in such companies;
- To approve appointment of any employee of the Bank as a part-time employee of any other company under certain circumstances to protect the interest of the Bank's exposures/investments in such companies;
- To approve appointment of any employee /director of the Bank or any other person as an appointee on the Board of other companies (including Section 8 companies) LLPs, firms, if so invited;
- To carry out the following activities in respect of equity shares of erstwhile ING Vysya Bank Limited being rights shares held in abeyance for various reasons:
 - o To allot shares in respect of rights shares held in abeyance and bonus entitlement thereon, after the resolution of the court case, transmission, dispute etc. as the case may be and upon receipt of application money and other necessary documents;
 - o To authorise officials of the Bank to take necessary action for credit of shares to the demat account of the concerned shareholder(s) or issue of physical share certificates as the case may be;
 - o To authorise officials of the Bank to make the necessary applications to the Stock Exchanges for listing and trading of the shares so allotted, file the various regulatory returns and refund the excess share application money received, if any.
- To authorise employee(s) to delegate authority to any other employee(s) or others in respect of any of the matters stated herein subject to it being permissible under applicable law;
- To authorise employee(s) to execute, for and on behalf of the Bank, agreements, applications, or documents in connection with the minority investments made by the Bank, which have been approved in accordance with the Bank's policies or by the Board and its various Committees, from time to time;
- To authorise employee(s) to execute, for and on behalf of the Bank, non-binding term sheets, expression of interest, and any other writings in connection with evaluation of inorganic growth opportunities (such as acquisitions, mergers, joint ventures, asset purchases etc.) or minority financial investments;
- To evaluate tie ups with multiple insurers after assessing the overall impact of the open architecture regime in insurance distribution and studying the market conduct under the applicable regulations, and recommend to the Board for further tie up with other insurance companies as permitted by regulations;
- To, *inter alia*, finalise the structure and terms and conditions of the Non-Convertible Debentures.

Management Committee

Composition:

1. Mr. Uday Kotak (Chairperson)
2. Mr. Dipak Gupta
3. Mr. KVS Manian
4. Ms. Shanti Ekambaram

The quorum requirement for the meetings of the Management Committee is the presence of any three members. The Company Secretary acts as a Secretary to the Management Committee.

Mr. Gaurang Shah ceased to be a member of Management Committee, with effect from 31st October, 2022, consequent upon his retirement as a Whole-time Director and Ms. Shanti Ekambaram was appointed as a member of the Management Committee, with effect from 1st November, 2022.

The Management Committee has been constituted to bring operational flexibility in processing of credit proposals and also to discharge other responsibilities prescribed in different RBI directives, including periodical calendar of reviews.

Meeting and Attendance:

During the year, one meeting of the Management Committee was held on 23rd February, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Uday Kotak	1/1	100
Mr. Dipak Gupta	1/1	100
Mr. KVS Manian	1/1	100
Ms. Shanti Ekambaram (w.e.f. 1 st November, 2022)	1/1	100
Mr. Gaurang Shah (up to 31 st October, 2022)	N.A.	N.A

The terms of reference of the Management Committee, as amended and forming part of its comprehensive Charter document are, as follows:

- To bring operational flexibility in processing of credit proposals;
- To discharge other responsibilities prescribed in different directives of Reserve Bank of India including periodical calendar of reviews;
- To carry out such other functions as may delegated by the Board from time to time.

Committee on Derivative Products

Composition:

- Mr. Dipak Gupta (Chairperson)
- Mr. KVS Manian
- Ms. Shanti Ekambaram

The quorum requirement for the meetings of the Committee on Derivative Products is presence of any three members. The Company Secretary acts as a Secretary to the Committee on Derivative Products.

Mr. Gaurang Shah ceased to be a member of the Committee on Derivative Products, with effect from 31st October, 2022, upon his retirement as a Whole-time Director and Ms. Shanti Ekambaram was appointed as a member of the Committee on Derivative Products, with effect from 1st November, 2022.

Meetings and Attendance:

During the year, two meetings of the Committee on Derivative Products were held on 25th October, 2022 and 23rd December, 2022.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Dipak Gupta	2/2	100
Mr. KVS Manian	2/2	100
Ms. Shanti Ekambaram (w.e.f. 1 st November, 2022)	1/1	100
Mr. Gaurang Shah (up to 31 st October, 2022)	1/1	100

The terms of reference of the Committee on Derivative Products, as amended and forming part of its comprehensive Charter document are, as follows:

- To examine and accord approval, after approval from the Senior Management Committee of the Bank, for the new products after their comprehensive evaluation (including of various parameters), before being offered to the customers of the Bank;
- To decide on the implementation of regulatory guidelines and framework regarding foreign exchange and rupee derivative products including Suitability and Appropriateness (S&A) framework for derivative products.

ESOP Allotment Committee

Composition:

- Mr. Uday Kotak (Chairperson)
- Mr. C. Jayaram
- Mr. Dipak Gupta
- Ms. Shanti Ekambaram

The quorum requirement for the meetings of the ESOP Allotment Committee is the presence of any three members.

Mr. Gaurang Shah ceased to be a member of ESOP Allotment Committee, with effect from 31st October, 2022, consequent upon his retirement as a Whole-time Director and Ms. Shanti Ekambaram was appointed as a member of the ESOP Allotment Committee, with effect from 1st November, 2022.

The Company Secretary acts as a Secretary to the ESOP Allotment Committee.

Meetings and Attendance:

During the year, nine meetings of the ESOP Allotment Committee were held on 12th May, 2022, 30th June, 2022, 3rd August, 2022, 23rd September, 2022, 11th November, 2022, 19th December, 2022, 31st January, 2023, 27th February, 2023 and 29th March, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Uday Kotak	9/9	100
Mr. C. Jayaram	7/9	77.77
Mr. Dipak Gupta	8/9	88.88
Mr. Gaurang Shah (up to 31 st October, 2022)	2/4	50.00
Ms. Shanti Ekambaram (w.e.f. 1 st November, 2022)	5/5	100

The terms of reference of the ESOP Allotment Committee, as amended and forming part of its comprehensive Charter document are, as follows:

- To allot shares arising out of the options exercised in accordance with the terms and conditions of the various ESOP Schemes of the Bank;
- To carry out such other functions as may delegated by the Board from time to time.

Credit and Investment Committee

Composition:

- Mr. Uday Kotak (Chairperson)
- Ms. Ashu Suyash
- Mr. Dipak Gupta

The Board of the Bank, constituted the Credit and Investment Committee (“CIC”) with effect from 25th June, 2022, comprising three members mentioned above. The quorum requirement for the meetings of CIC is the presence of two members. The Company Secretary acts as a Secretary to CIC.

Meetings and Attendance:

During the year, 13 meetings of CIC were held on 11th July, 2022, 5th August, 2022, 20th August, 2022, 16th September, 2022, 7th October, 2022, 14th October, 2022, 11th November, 2022, 1st December, 2022, 27th December, 2022, 16th January, 2023, 14th February, 2023, 9th March, 2023 and 27th March, 2023.

Name of Director(s)	Attendance	% of Attendance of the Director
Mr. Uday Kotak	13/13	100
Mr. Dipak Gupta	10/13	76.92
Ms. Ashu Suyash	13/13	100

The terms of reference of CIC, as amended and forming part of its comprehensive Charter document cover, the following:

- To approve and/or recommend to the Board credit exposures (Single and/or and Group exposures) as per the thresholds determined by the Board of Directors from time to time.
- To approve and/or recommend to the Board investments in Initial Public Offerings as per the thresholds determined by the Board of Directors from time to time.

Code of Conduct

The Bank has adopted the Codes of Conduct which are applicable to the Board and Employees including Senior Management Personnel, respectively.

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

All the Directors of the Board and Senior Management Personnel of the Bank have affirmed compliance with their respective codes. A declaration signed by the Managing Director & CEO to this effect is given at the end of this Report.

Familiarisation programme for Non-Executive Directors

The Bank believes in familiarising the Independent Directors and Non-Executive Directors with the nature of the industry in which the Bank operates, business model and other important matters relating to the Bank’s business through induction programmes at the time of their appointment.

Presentations on critical parameters, such as, business strategy, financial outlook, financial reports, risk, compliance, customer protection, ESG, CSR, financial inclusion, Human Resources, Consumer Banking Business, Wholesale Banking Business and Cyber Security Awareness., etc. were made to the Directors periodically.

The complete details of the familiarisation programmes conducted for the Directors of the Bank are available on the Bank’s website viz., URL: <https://www.kotak.com/en/investor-relations/governance/familiarisation-programme.html>

Induction programme for new Directors

Presentations were made to familiarise the new Directors with the nature of the industry in which the Bank operates. Two sessions were conducted covering areas, such as, Consumer Bank and Customer Experience. In addition to these two areas, these two sessions also covered presentations on the Bank’s Structure/Overview, Business Strategy Financials, the Act and SEBI Listing Regulations (important provisions), Wholesale Bank, Human Resources, Commercial Bank, Kotak Securities, Wealth Management, Information Technology/Digital, Investment Banking, Treasury, Asset Management, Insurance, Risk, Compliance Internal Audit, Customer Protection, ESG and CSR.



FEES PAID TO THE STATUTORY AUDITORS

The Profit and Loss Account of the Bank and its subsidiaries include the following fees paid/payable to their respective statutory auditors:

(₹ in crore)				
Entity Name	Auditor's Name	Statutory/ Audit Fees	Other Matters	Total
Kotak Mahindra Bank Limited*	Walker Chandiok & Co LLP [#]	0.12	0.06	0.18
	Price Waterhouse LLP	3.20	0.36	3.56
	KKC & Associates LLP			
Kotak Mahindra Bank Limited (Overseas Branch and Representative Office)	KPI Ahli	0.12	0.02	0.14
Kotak Mahindra Capital Company Limited	Deloitte Haskins & Sells LLP	0.21	0.00	0.21
Kotak Investment Advisors Limited	Price Waterhouse LLP	0.42	0.01	0.43
Kotak Mahindra, Inc.	KNAV PA	0.22	-	0.22
Kotak Mahindra (International) Limited	Ernst & Young Mauritius	0.37	0.00	0.37
Kotak Securities Limited	Deloitte Haskins & Sells LLP	1.25	0.04	1.29
Kotak Mahindra Prime Limited	M M Nissim & Co LLP	1.40	0.06	1.46
	Mukund M. Chitale & Co.			
Kotak Mahindra Asset Management Company Limited	Price Waterhouse Chartered Accountants LLP	0.41	0.02	0.43
Kotak Mahindra Trustee Company Limited	V. C. Shah & Co.	0.03	0.00	0.03
Kotak Mahindra Investments Limited	Kalyaniwalla & Mistry LLP	0.30	0.03	0.33
Kotak Mahindra Pension Fund Limited	Manohar Chowdhry & Associates	0.02	-	0.02
Kotak Infrastructure Debt Fund Limited	Gokhale & Sathe	0.08	0.01	0.09
Kotak Mahindra Trusteeship Services Limited	Deloitte Haskins & Sells LLP	0.05	-	0.05
Kotak Mahindra Life Insurance Company Limited	Price Waterhouse LLP	0.88	0.14	1.02
	M M Nissim & Co LLP			
Kotak Mahindra (UK) Limited	Ernst & Young LLP	1.31	0.01	1.32
Kotak Mahindra Financial Services Limited	Ernst & Young Middle East	0.15	0.07	0.22
Kotak Mahindra General Insurance Company Limited	V. C. Shah & Co. MSKA & Associates	0.38	0.04	0.42
IVY Product Intermediaries Limited	V. C. Shah & Co.	0.01	0.00	0.01
Kotak Mahindra Asset Management (Singapore) Pte. Limited	Ernst & Young LLP	0.41	0.01	0.42
BSS Microfinance Limited	Deloitte Haskins & Sells LLP	0.16	0.01	0.17
Total		11.50	0.89	12.39

* Excludes fees paid for audit of Overseas Branch which is done by non-network firm.

Walker Chandiok & Co LLP fees paid for the period till 30th June, 2022.

The Consolidated Statement of Profit and Loss Account includes fees to Statutory Auditors of the Bank and their network firms for services provided post their appointment, as under:

(₹ in crore)		
Entity	Name of the Firm	Total Fees
Kotak Mahindra Bank Limited	Walker Chandiok & Co LLP	0.18
	Price Waterhouse LLP	1.78
	KKC & Associates	1.78
	Price Waterhouse Chartered Accountants LLP	0.14
Kotak Investment Advisors Limited	Price Waterhouse LLP	0.43
Kotak Mahindra Asset Management Company Limited	Price Waterhouse Chartered Accountants LLP	0.43
Kotak Mahindra Life Insurance Company Limited	Price Waterhouse LLP	0.50
Total		5.24

SHAREHOLDER RELATED INFORMATION

General Meetings

During the last three years, the General Meetings of the Shareholders of the Bank held were as detailed below:

General Meetings	Day, Date, Time and Location	Special Business
Thirty-Seventh Annual General Meeting	Saturday, 27 th August, 2022, 10:00 a.m. IST through Video Conferencing/Other Audio Visual Means, deemed to be held at Registered Office of the Bank at 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	Ordinary Resolutions: i. Re-appointment of Mr. KVS Manian as a Whole-time Director of the Bank for a period of three years, with effect from 1 st November, 2022 or the date of approval by RBI, whichever is later and payment of remuneration to him ii. Appointment of Ms. Shanti Ekambaram as a Whole-time Director of the Bank for a period of three years, with effect from 1 st November, 2022 or the date of approval by RBI, whichever is later and payment of remuneration to her iii. Material Related Party Transaction with Infina Finance Private Limited from Thirty-Seventh Annual General Meeting to Thirty-Eighth Annual General Meeting iv. Material Related Party Transaction with Mr. Uday Kotak from Thirty-Seventh Annual General Meeting to Thirty-Eighth Annual General Meeting
Thirty-Sixth Annual General Meeting	Wednesday, 25 th August, 2021, 11:00 a.m. IST through Video Conferencing/Other Audio Visual Means, deemed to be held at Registered Office of the Bank at 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	Ordinary Resolutions: i. Appointment of Dr. Ashok Gulati as a Director and an Independent Director of the Bank for a period of five years, with effect from 6 th March, 2021 to 5 th March, 2026 ii. Material Related Party Transaction with Infina Finance Private Limited for FY 2021-22 iii. Material Related Party Transaction with Mr. Uday Kotak for FY 2021-22 iv. Related Party Transaction for payment of remuneration to Mr. Jay Kotak, son of Mr. Uday Kotak, Managing Director & CEO and a Key Managerial Person, who is holding an Office or Place of Profit in the Bank Special Resolutions: i. Re-appointment of Mr. Uday Khanna as an Independent Director of the Bank for a second term, with effect from 16 th September, 2021 up to 15 th September, 2024. ii. Issuance of Redeemable Unsecured Non-Convertible Debentures/Bonds/other Debt Securities on a private placement basis for an amount not exceeding ₹ 5,000 crore iii. Payment of Compensation by way of Fixed Remuneration to Non-Executive Directors (excluding the Non-Executive Part-time Chairperson), up to the overall ceiling of ₹ 20 lakh per annum or such higher amount as may be prescribed by RBI, for a period of five years, with effect from the FY 2021-22
Thirty-Fifth Annual General Meeting	Tuesday, 18 th August, 2020, 3:00 p.m. IST through Video Conferencing/Other Audio visual Means, deemed to be held at Registered Office of the Bank at 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	Ordinary Resolutions: i. Re-appointment of Mr. Uday Kotak as Managing Director & CEO ii. Re-appointment of Mr. Dipak Gupta as Whole-time Director Special Resolutions: i. Re-appointment of Mr. Prakash Apte as Part-time Chairperson of the Bank for a period of three years from 1 st January, 2021 to 31 st December, 2023 and fixing his remuneration ii. Issuance of Unsecured, Redeemable Non-Convertible Debentures/Bonds for an amount up to ₹ 5,000 crore

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

Postal Ballot

In accordance with the General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 read with other relevant circulars, including General Circular No. 02/2022 dated 5th May, 2022, issued by MCA circulars, the approval of the members of the Bank for the below mentioned resolutions was obtained through three separate postal ballot events.

In compliance with Regulation 44 of the SEBI Listing Regulations and pursuant to the provisions of Sections 108 and 110 of the Act read with the Rules and the MCA circulars, in respect of both the postal ballot events, the Bank had extended only the remote e-voting facility for its members, to enable them to cast their votes electronically instead of submitting the postal ballot forms.

Ms. Rupal D. Jhaveri (Membership No. 5441 and Certificate of Practice No. 4225), Practising Company Secretary and Partner in RJSY & Associates acted as the Scrutiniser in these postal ballot events and conducted these postal ballot events in a fair and transparent manner.

The Bank had engaged the services of National Securities Depository Limited (“NSDL”) for providing remote e-voting facility to the members, enabling them to cast their vote in a secure manner.

All the resolutions were passed with requisite majority.

Postal Ballot conducted during April 2022 – May 2022:

The Board of Directors of the Bank, vide resolution passed on the 11th April, 2022, had approved and recommended appointment of Mr. Amit Desai as a Director of the Bank, for the approval of the members of the Bank.

The Notice of Postal Ballot dated 18th April, 2022 along with Explanatory Statement and remote e-voting instructions were sent to all the members in electronic form only, on Wednesday, 20th April, 2022 for recording their assent or dissent through electronic means. The remote e-voting commenced on 21st April, 2022 (9:00 a.m. IST) and ended on 20th May, 2022 (5:00 p.m. IST). Voting rights of members were reckoned in proportion to their share in the paid-up Equity Share Capital of the Bank as on 15th April, 2022.

The Scrutiniser had submitted her report dated 23rd May, 2022 on postal ballot (through remote e-voting process). The resolution was deemed to have been duly passed on the last date specified for remote e-voting i.e. 20th May, 2022. The details of the voting pattern are, given below:

Resolution No. 1	Appointment of Mr. Amit Desai as a Director of the Bank
Ordinary/Special	Ordinary
% of Votes in favour on votes polled	96.4736
% of Votes against on votes polled	3.5264
Result	Passed with requisite majority

Postal Ballot conducted during November– December 2022:

The Board of Directors of the Bank, at its meeting held on 22nd October, 2022, had approved and recommended appointment of Mr. C S Rajan as a Director and an Independent Director for approval of the members of the Bank.

The Notice of Postal Ballot dated 5th November, 2022 along with Explanatory Statement and remote e-voting instructions were sent to all the members in electronic form only, on Monday, 7th November, 2022, for recording their assent or dissent through electronic means. The remote e-voting commenced on Tuesday, 8th November, 2022 (9:00 a.m. IST) and ended on Wednesday, 7th December, 2022 (5:00 p.m. IST). Voting rights of members were reckoned in proportion to their share in the paid-up equity share capital of the Bank as on 4th November, 2022.

The Scrutiniser had submitted her report dated 8th December, 2022 on postal ballot (through remote e-voting process). The resolution was deemed to have been duly passed on the last date specified for remote e-voting, i.e., 7th December, 2022. The details of the voting pattern are, given below:

Resolution No. 1	Appointment of Mr. C S Rajan as a Director and an Independent Director
Ordinary/Special	Special
% of Votes in favour on votes polled	99.9546
% of Votes against on votes polled	0.0454
Result	Passed with requisite majority

Postal Ballot conducted during March-April 2023:

The Board of the Bank, at its meeting held on 17th/18th March, 2023, had approved and recommended the following items for approval of the members of the Bank:

- i. Issuance of Unsecured, Redeemable, Non-Convertible Debentures/Bonds/other Debt Securities on a private placement basis
- ii. Appointment of Mr. Uday Kotak as a Non-Executive Non-Independent Director of the Bank upon his ceasing to be the Managing Director & CEO
- iii. Material Related Party Transaction with Mr. Uday Kotak, a related party of the Bank, for FY 2023-24
- iv. Material Related Party Transaction with Infina Finance Private Limited, a related party of the Bank, for FY 2023-24

The Notice of Postal Ballot dated 18th March, 2023 along with Explanatory Statement and remote e-voting instructions were sent to all the members in electronic form only, on Monday, 20th March, 2023, for recording their assent or dissent through electronic means. The remote e-voting commenced on Wednesday, 22nd March, 2023 (9:00 a.m. IST) and ended on Thursday, 20th April, 2023 (5:00 p.m. IST). Voting rights of the members were reckoned in proportion to their share in the paid-up equity share capital of the Bank as on 17th March, 2023.

The Scrutiniser had submitted her report dated 21st April, 2023 on postal ballot (through remote e-voting process). The resolutions were deemed to have been duly passed on the last date specified for remote e-voting, i.e., 20th April, 2023. The details of the voting pattern are, given below:

Resolution No. 1	Issuance of Unsecured, Redeemable, Non-Convertible Debentures/Bonds/other Debt Securities on a private placement basis
Ordinary/Special	Special
% of Votes in favour on votes polled	99.5660
% of Votes against on votes polled	0.4340
Result	Passed with requisite majority

Resolution No. 2	Appointment of Mr. Uday Suresh Kotak as a Non-Executive Non-Independent Director of the Bank upon his ceasing to be the Managing Director & CEO
Ordinary/Special	Ordinary
% of Votes in favour on votes polled	99.0882
% of Votes against on votes polled	0.9118
Result	Passed with requisite majority

Resolution No. 3	Material Related Party Transaction with Mr. Uday Kotak, a related party of the Bank, for FY 2023-24
Ordinary/Special	Ordinary
% of Votes in favour on votes polled	99.9977
% of Votes against on votes polled	0.0023
Result	Passed with requisite majority

Resolution No. 4	Material Related Party Transaction with Infina Finance Private Limited, a related party of the Bank, for FY 2023-24
Ordinary/Special	Ordinary
% of Votes in favour on votes polled	99.9963
% of Votes against on votes polled	0.0037
Result	Passed with requisite majority

Financials Compliance Calendar

For each calendar quarter, the quarterly and annual standalone and consolidated financial results of the Bank are reviewed and taken on record/approved by the Board, within the statutory prescribed time period and then disclosed to the Stock Exchanges as required under Regulation 30 read with sub-para 4 of Para A of Part A of Schedule III of the SEBI Listing Regulations. The said financial results along with the earnings update and investor presentation, are posted on the website of the Bank and are available for the current as well as last five financial years. Every quarter, the Managing Director & CEO and the Joint Managing Director, along with the Senior Management officials, participate on a call with the analysts/investors, the transcripts of which are posted on the website of the Bank. The Bank also has dedicated personnel to respond to queries from investors.

Board Meeting Calendar for FY 2023-24

Standalone and Consolidated Financial Results for:	Tentative Date
Quarter ended 30 th June, 2023 (unaudited)	End of the subsequent month from the end of the quarter.
Quarter and half year ended 30 th September, 2023 (unaudited)	
Quarter and nine month ended 31 st December, 2023 (unaudited)	
Financial year/quarter ended 31 st March, 2024 (audited)	

The Annual General Meeting to consider such annual accounts is held in the second quarter of the financial year.

Equity Shares

The Equity Shares of the Bank bear face value of ₹ 5/- each and are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The International Security Identification Number ("ISIN") in respect of the Equity Shares and the Market Scrip Code/Symbol are, as under:

Name and Address of Stock Exchange(s)	Market Scrip Code/Symbol	International Security Identification Number ("ISIN")
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001	500247	INE237A01028
National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051	KOTAKBANK	

The annual listing fees for FY 2023-24 has been paid to BSE and NSE on time. Annual Custody/Issuer fees for FY 2023-24 has also been paid in time to the Depositories, based on invoices received.

As required under Regulation 40(9) of the SEBI Listing Regulations, Mr. S. Anand SS Rao, Company Secretary in Practice, has examined the records relating to share transfer, etc., on an annual basis and has issued a certificate confirming compliance with the said provisions. The Bank has, accordingly, submitted the same to BSE and NSE, where its Equity Shares are listed.

Trading of shares to be in compulsorily dematerialised form

The Equity Shares of the Bank can be traded only in dematerialised form. The dematerialisation facility is available with NSDL and Central Depository Services (India) Limited ("CDSL"). The ISIN of the Equity Shares of the Bank is mentioned above. Pursuant to the amendment to Regulation 40 of the SEBI Listing Regulations, transfer of shares held in physical form cannot be processed and hence, the Equity Shares are to be compulsorily traded in electronic form by the all the investors. Investors holding shares in physical form are advised to dematerialise their existing holdings.

Pursuant to the SEBI Listing Regulations, the Bank shall (i) effect issuance of certificates in dematerialised form only, for any requests received for sub-division, split, consolidation, renewal, exchanges, endorsements or issuance of duplicate certificates; and (ii) execute requests for transmission and transposition of securities, held in physical or dematerialised form, in dematerialised form only.

Simplified Norms for processing investor's service request by Registrar and Transfer Agent and norms for furnishing PAN, KYC details and Nomination

Pursuant to the circular issued by SEBI dated 3rd November, 2021 read with circular dated 16th March, 2023, SEBI has, *inter alia*, mandated:

- a) furnishing of details of PAN, postal address, e-mail address, mobile number, bank account details and nomination by holders of physical securities;
- b) processing of any service request in respect of physical securities only upon registration of the details of PAN, bank account and nomination; and
- c) linking of PAN with Aadhaar number to avoid freezing of folio.

In terms of the said SEBI circulars:

- a)Folios, wherein any of the above mentioned document/details are not available on or after 1st October, 2023, shall be frozen by the Registrars and Transfer Agent ("RTA") of the Bank and concerned shareholders will not be eligible to lodge any grievance or avail service request from the RTA or receive any dividend from the Bank in physical mode
- b)The folios which continue to remain frozen (as mentioned above) as on 31st December, 2025, shall be referred by RTA/the Bank to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002

The Bank has written individually, to the concerned shareholders to take appropriate action in this regard. Shareholders holding Equity Shares of the Bank in physical mode are advised to contact the Registrar and Transfer Agent of the Bank, viz., KFin Technologies Limited ("KFin") for further details or for updating their PAN, KYC and Nomination details.

Break-up of shares held in physical and electronic mode as on 31st March, 2023

Equity Shares:

Physical mode		Electronic mode		
No. of Shares	% to Equity	Depositories	No. of Shares	% of Equity
3,697,766	0.19	NSDL	1,944,270,708	97.87
		CDSL	38,588,108	1.94
		Total	1,982,858,816	99.81

Preference Shares:

Physical mode		Electronic mode	
No. of Shares	% to Preference	No. of Shares	% to Preference
-	-	1,000,000,000	100.00

The Bank has issued Non-Convertible Perpetual Non–Cumulative Preference Shares (“PNCPS”) of face value of ₹ 5/- each, in 2018 in dematerialised form. The PNCPS are listed with BSE and NSE, with effect from 6th August, 2018 and the ISIN is INE237A04014.

Debentures and Bonds

The Bank has issued Senior, Unsecured, Rated, Listed, Redeemable, Long Term Bonds in the nature of Non-Convertible Debentures ("Bonds") on private placement basis and the same are listed on BSE and NSE. Details of the outstanding Bonds as on 31st March, 2023 are, as follows:

ISIN	Description	Quantity	Face Value (₹ in lakh)	Amount (₹ in lakh)	BSE Scrip Code	NSE Symbol
INE237A08940	Senior, Unsecured, Rated , Listed	1,500	10	15,000	958687	KMB26
INE237A08957	Redeemable, Long Term Bonds	15,000	10	150,000	974396	KMB29
INE237A08965	in the nature of Non-Convertible Debentures	30,000	1	30,000	974682	KMB30

Transfer of unclaimed dividend and shares/fractional entitlements to the Investor Education and Protection Fund

Pursuant to Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"), any dividend/sale proceeds of fractional shares arising out of merger and amalgamation which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid account, shall be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Further, all shares in respect of which the dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to IEPF Authority.

During the financial year 2022-23, the Bank has transferred unclaimed/unpaid dividend aggregating ₹ 29.50 lakh pertaining to the financial year 2014-15 to IEPF.

Pursuant to the Scheme of Amalgamation of ING Vysya Bank Limited ("ING") with the Bank ("the Scheme"), approved by RBI, fully paid-up Equity Shares of ₹ 5/- (Rupees Five only) each, in the swap ratio of 725 (Seven Hundred and Twenty Five) Equity Shares of the face value of ₹ 5/- (Rupees Five only) each of the Bank for every 1,000 (One Thousand) Equity Shares of the face value of ₹ 10/- (Rupees Ten only) of ING were issued to the equity shareholders of ING whose names appeared in the Register of members of ING as of the Record Date, i.e., 17th April, 2015. As per the Scheme, post issue of shares of the Bank in the swap ratio, the fractional entitlements of the shareholders of ING were consolidated and such consolidated shares were sold in the open market and proceeds thereof were remitted in cash to the concerned shareholders in the proportion of their respective fractional entitlements. Accordingly, during the year, the Bank has transferred a total sum of ₹ 17.86 lakh pertaining to the unclaimed/unencashed fractional entitlements of then ING shareholders to IEPF.

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

Financial Year	Dividend Type	Date of Declaration	Due Date of Transfer
2015-16	Final	22 nd July, 2016	27 th August, 2023
2016-17	Final	20 th July, 2017	19 th August, 2024
2017-18	Final	19 th July, 2018	18 th August, 2025
2018-19	Final	22 nd July, 2019	21 st August, 2026
2019-20	As per the notification of RBI dated 17 th April, 2020, banks were advised not to declare dividend	on Equity Shares for FY 2019-20.	
2020-21	Final	25 th August, 2021	24 th September, 2028
2021-22	Final	27 th August, 2022	26 th September, 2029



No dividend on PNCPS and interest on NCDs has remained unclaimed/unpaid for any financial year.

Pursuant to the requirements of the Rules and the subsequent various circulars/notifications issued by MCA in this regard, the Bank has transferred a total of 2,59,178 Equity Shares to IEPF Authority during FY 2022-23 (Cumulative till date: 40,23,575 Equity Shares). The voting rights in the Equity Shares transferred to the IEPF Authority shall remain frozen till the rightful owner claims the shares. The details of such Equity Shares transferred to IEPF Authority are available on the Bank’s website viz., URL: <https://www.kotak.com/en/investor-relations/investor-information/investor-info.html>

The Bank has initiated necessary steps for the transfer of relevant unclaimed/unpaid amounts and Equity Shares to IEPF Authority during the financial year 2023-24. The Bank has also uploaded on its website, the details of unpaid and unclaimed amounts lying with the Bank as on 31st March, 2023 and the same can be accessed at <https://www.kotak.com/en/investor-relations/investor-information/investor-info.html>

The details of Equity Shares liable to be transferred during the FY 2023-24 as also those already transferred to the IEPF Authority are available on the website of the Bank viz., URL: <https://www.kotak.com/en/investor-relations/investor-information/investor-info.html>

The procedure to claim unpaid/unencashed amounts/unclaimed shares transferred to IEPF Authority is available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/investor-information/iepf.html>

Share Price Details

Market price data - Monthly High, Low, Closing price of Equity Shares of the Bank, on BSE vis-à-vis S&P BSE 100 and S&P BSE Bankex:

Month	High	Low	Close	S&P BSE 100	S&P BSE Bankex
April 2022	1,839.85	1,683.55	1,788.95	17,574.51	41,533.91
May 2022	1,951.00	1,705.10	1,854.20	16,887.92	40,907.30
June 2022	1,887.00	1,630.00	1,660.80	16,014.13	38,475.94
July 2022	1,857.05	1,637.00	1,810.80	17,530.28	43,130.69
August 2022	1,942.60	1,810.80	1,915.25	18,222.39	45,295.67
September 2022	1,986.50	1,757.35	1,821.25	17,574.98	44,179.79
October 2022	1,925.00	1,774.00	1,901.80	18,405.94	47,398.64
November 2022	1,997.00	1,872.00	1,945.60	19,081.70	49,348.18
December 2022	1,961.00	1,794.40	1,826.45	18,425.17	48,906.28
January 2023	1,836.50	1,684.95	1,730.25	17,935.75	46,079.85
February 2023	1,803.95	1,688.05	1,729.00	17,538.20	45,608.78
March 2023	1,764.45	1,644.20	1,733.50	17,601.67	46,031.95

Market price data - Monthly High, Low, Closing price of Equity Shares of the Bank, on NSE vis-à-vis NIFTY 50 and NIFTY Bank:

Month	High	Low	Close	NIFTY 50	NIFTY Bank
April 2022	1,840.00	1,683.40	1,790.75	17,102.55	36,088.15
May 2022	1,951.75	1,743.00	1,846.85	16,584.55	35,487.40
June 2022	1,880.10	1,631.00	1,661.10	15,780.25	33,425.10
July 2022	1,856.90	1,636.00	1,810.35	17,158.25	37,491.40
August 2022	1,942.45	1,811.30	1,915.45	17,759.30	39,536.75
September 2022	1,987.20	1,757.70	1,819.20	17,094.35	38,631.95
October 2022	1,925.00	1,773.30	1,901.95	18,012.20	41,307.90
November 2022	1,997.55	1,871.65	1,947.05	18,758.35	43,231.00
December 2022	1,961.75	1,794.20	1,827.25	18,105.30	42,986.45
January 2023	1,836.50	1,683.85	1,731.00	17,662.15	40,655.05
February 2023	1,803.90	1,687.75	1,729.25	17,303.95	40,269.05
March 2023	1,765.00	1,643.50	1,732.85	17,359.75	40,608.65

Shareholding - Equity Shares

Category	As on 31 st March, 2023		As on 31 st March, 2022	
	No. of Equity Shares held	% of Equity Shares	No. of Equity Shares held	% of Equity Shares
A. Promoter & Promoter Group Holding				
Promoter & Promoter Group	515,504,681	25.95	515,562,396	25.98
Sub-Total	515,504,681	25.95	515,562,396	25.98
B. Non-Promoters Holding				
Institutional Investors				
a. Mutual Funds	218,361,346	10.99	183,791,869	9.26
b. Banks/Financial Institutions, Qualified Institutional Buyers, Insurance Companies (State/Central Government Institutions)	175,502,776	8.83	140,980,777	7.10
c. National Pension System Trust	25,820,200	1.30	23,542,532	1.19
d. Foreign Portfolio Investor	750,497,911	37.78	810,989,456	40.86
Sub-Total	1,170,182,233	58.90	1,159,304,634	58.41



Category	As on 31 st March, 2023		As on 31 st March, 2022	
	No. of Equity Shares held	% of Equity Shares	No. of Equity Shares held	% of Equity Shares
C. Others				
a. Private Corporate Bodies	39,749,459	2.00	32,510,259	1.64
b. Indian Public including Directors and Relatives	184,550,650	9.29	192,121,548	9.68
c. NRI/OCBs/Foreign Bodies DR	9,653,008	0.49	15,374,250	0.77
d. Foreign Bank	32,813,072	1.65	32,813,072	1.65
e. Foreign Bodies	25,966,992	1.31	25,966,992	1.31
f. Foreign Nationals	-	-	1,450	0.00
g. NBFCs	656,944	0.03	652,343	0.03
h. Alternate Investment Fund	3,766,068	0.19	4,675,084	0.24
i. Clearing Members	216,339	0.01	2,324,717	0.12
j. IEPF Authority	3,497,136	0.18	3,355,015	0.17
Sub-Total	300,869,668	15.15	309,794,730	16.81
Grand Total	1,986,556,582	100.00	1,984,661,760	100.00

Note:
The Increase in capital during the FY 2022-23 is due to allotment of 1,894,822 Equity Shares of ₹ 5 each under Employee Stock Option Plan Scheme of the Bank.

Shareholding-PNCPS

Category	As on 31 st March, 2023		As on 31 st March, 2022	
	No. of PNCPS held	% of total PNCPS	No. of PNCPS held	% of total PNCPS
A. Promoter & Promoter Group Holding Promoter & Promoter Group	-	-	-	-
Sub-Total	-	-	-	-
B. Non-Promoter Holding				
a. Institutional Investors	-	-	-	-
b. Mutual Funds & UTI	-	-	-	-
c. Banks/Financial Institutions, Insurance Companies (State/Central Government Institutions)	132,000,000	13.2	-	-
d. Foreign Institutional	-	-	-	-
Sub-Total	132,000,000	13.2	-	-
C. Others				
a. Private Corporate Bodies	764,980,000	76.50	899,630,000	89.96
b. Indian Public including Directors and Relatives	63,020,000	6.30	50,265,000	5.03
c. NRI/OCBs/Foreign Bodies DR	40,000,000	4.00	40,000,000	4.00
d. Foreign Bank	-	-	-	-
e. Foreign Bodies	-	-	-	-
f. Foreign Nationals	-	-	-	-
g. Qualified Institutional Buyer	-	-	-	-
h. NBFCs	-	-	-	-
i. Alternate Investment Fund	-	-	-	-
j. Clearing Members	-	-	10,105,000	1.01
k. IEPF Authority	-	-	-	-
Sub-Total	868,000,000	86.80	1,000,000,000	100.00
Grand Total	1,000,000,000	100.00	1,000,000,000	100.00

Top 10 Equity Shareholders of the Bank

Sr. No.	Name of the Shareholder(s)	No. of Shares	% of total Equity Shares
1	Mr. Uday Kotak	511,027,100	25.72
2	Life Insurance Corporation of India	123,409,780	6.21
3	Canada Pension Plan Investment Board	86,310,661	4.34
4	SBI Mutual Fund Limited	76,233,356	3.83
5	Europacific Growth Fund	66,045,575	3.32
6	Invesco Developing Markets Fund	58,625,877	2.95
7	New World Fund Inc.	36,886,178	1.86
8	Sumitomo Mitsui Banking Corporation	32,800,000	1.65
9	Capital World Growth and Income Fund	31,970,372	1.61
10	Axis Mutual Fund	31,885,561	1.61
Total		1,055,194,460	53.1

Top 10 holders of PNCPS of the Bank

Sr. No.	Name of the Shareholder(s)	No. of PNCPS	% of total PNCPS
1.	Signet Capital Private Limited	100,000,000	10.00
2.	Aditya Birla Finance Limited	70,000,000	7.00
3.	Vicco Products Bombay Private Limited	68,000,000	6.80
4.	ICICI Lombard General Insurance Company Limited	66,000,000	6.60
5.	Bajaj Allianz General Insurance Company Limited	66,000,000	6.60
6.	Serum Institute of India Private Limited	66,000,000	6.60
7.	Ms. Dimple Sanghi	40,000,000	4.00
8.	Famy Care Private Limited	30,000,000	3.00
9.	Pidilite Industries Limited	30,000,000	3.00
10.	KLP Tradelink LLP	30,000,000	3.00
Total		566,000,000	56.60

Shareholding of Key Managerial Personnel (other than Directors) as on 31st March, 2023

Sr. No.	Name of the Key Managerial Personnel	No. of Shares	% of total Equity Shares
1.	Mr. Jaimin Bhatt, Chief Financial Officer	1,280,876	0.06
2.	Ms. Avan Doomasia, Company Secretary	Nil	NA

Distribution Schedule as on 31st March, 2023

Sr. No.	Category (Shares)	Equity				PNCPS			
		No. of Holders	% To Equity Share Holders	No. of Shares	% To total Equity Shares	No. of Holders	% To PNCPS Holders	No. of PNCPS	% To total PNCPS
1.	1 - 100	500,393	81.69	10820,472	0.54	1	1.79	100	0.00
2.	101 - 200	47,398	7.74	7013,610	0.35	-	-	-	-
3.	201 - 300	16,984	2.77	4290,828	0.22	-	-	-	-
4.	301 - 400	9,073	1.48	3284,999	0.17	-	-	-	-
5.	401 - 500	6,395	1.04	2978,321	0.15	-	-	-	-
6.	501 - 1000	12,368	2.02	9147,138	0.46	-	-	-	-
7.	1001 - 2000	7,921	1.29	12,014,649	0.60	-	-	-	-
8.	2001 - 3000	2,968	0.48	7,483,692	0.38	-	-	-	-
9.	3001 - 4000	2,632	0.43	9,790,564	0.49	-	-	-	-
10.	4001 - 5000	1,244	0.20	5,803,997	0.29	-	-	-	-
11.	5001 - 10000	2,239	0.37	15,985,804	0.80	-	-	-	-
12.	10001 and above	2,937	0.48	1,897,942,508	95.54	55	98.21	999,999,900	100.00
TOTAL:		612,552	100.00	1,986,556,582	100.00	56	100.00	1,000,000,000	100.00

CREDIT RATINGS

Details of Credit Ratings obtained by the Bank for securities outstanding as on 31st March, 2023:

Type of instrument(s)	Amount (₹ in crore)	Credit Rating/Outlook
Infrastructure Bonds	3,650*	CRISIL AAA/Stable
PNCPS	500	CRISIL AA+/Stable
Fixed Deposits	-	CRISIL AAA/Stable
Certificate of Deposit	22,000**	CRISIL A1+

Notes:

- (1) * The rating with regards to the Infrastructure Bonds aggregating ₹ 2,000 crore has been newly assigned during the year.
(2) ** The amount of Certificate of Deposit for which the rating has been re-affirmed stands enhanced vis-à-vis ₹ 17,000 crore in the previous year.
(3) Except the newly assigned rating as stated at note no. (1), all the ratings have been reaffirmed by CRISIL vide letter dated 24th February, 2023.

The S&P rating of the Bank for long-term instrument is BBB- /Stable and for short term instrument is A-3/Stable.

There has been no change in the Credit Ratings during the year.

In addition, the below rating agencies have also rated the Bank's debt instruments:

Rating Agency	Type of Instrument	Amount (₹ in crore)	Credit Rating/Outlook
ICRA	Infrastructure Bonds	4,038	ICRA AAA/Stable
India Ratings	Infrastructure Bonds	150	IND AAA/Stable

MATERIAL SUBSIDIARY

Kotak Mahindra Life Insurance Company Limited ("KLI"), incorporated on 31st August, 2000, in Mumbai, is the material subsidiary of the Bank. Mr. Prakash Apte, Independent Director on the Board of the Bank, holds directorship, as an Independent Director, in KLI, since 28th May, 2011.

M. M. Nissim and Co. LLP, Chartered Accountants and Price Waterhouse LLP, Chartered Accounts have been appointed as the Statutory Auditors of KLI, for a term of five years and to hold office from the conclusion of the Annual General Meeting of KLI held on 12th May, 2022 till the conclusion of the Annual General Meeting of KLI to be held in the year 2027. Details of the fees paid to them (audit fees and fees paid for other matters) are available in the section 'Fees paid to the Statutory Auditors', of this Report.

DISCLOSURES¹⁰

- During FY 2022-23, the Bank has not entered into any materially significant transactions with its related parties or related parties of its subsidiaries, which could lead to a potential conflict of interest between the Bank and these parties. The Bank has also not entered into any material financial or commercial transactions with its subsidiaries and other related parties as per AS-18 and the SEBI Listing Regulations that may have potential conflict with the interest of the Bank at large. 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 members' approval was obtained by means of postal ballot on 19th January, 2022. During FY 2022-23, there were no related party transactions by the Bank which were not in the ordinary course of business or not at an arm's length basis.
The Audit Committee reviews the Related Party Transactions of the Bank on a quarterly basis. The Bank's Policies on dealing with Related Party Transactions, determining 'material' subsidiaries and determination of materiality of events or information are available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>
- There were no instances of non-acceptance of any recommendations of the Board level Committees by the Board.
- During the last three years, there were no penalties or strictures imposed on the Bank, by the Stock Exchange(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market.
- None of the Directors are related to any other Director.
- The Bank has adopted a Whistle Blower Policy. It covers not just employees and directors, but also suppliers, vendors, service providers and other concerned stakeholders of the Bank to enable them to raise their concerns relating to the fraud, malpractice or any other untoward activity or event which is against the interest of the Bank or society as a whole. The Bank has a digital platform through which concerns may be raised and the same is managed and hosted by an independent third party service provider who has proven expertise in this area, thereby ensuring absolute confidentiality. The Bank hereby affirms that, no personnel has been denied access to the Audit Committee.
- The Bank has complied with the mandatory requirements regarding Corporate Governance under the SEBI Listing Regulations, including those covered under Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and paras C, D and E of Schedule V thereto.
- All the amounts raised by the Bank through private placement of Non-Convertible Debentures during FY 2022-23 have been fully utilised towards the purposes for which these amounts were raised and there has been 'no deviation' in utilisation of the proceeds raised.
- The relevant disclosures in relation to the number of complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been mentioned in the Directors' Report of the Bank.
- The Bank's Policy for determining material subsidiaries, in line with the SEBI Listing Regulations, is available on its website viz., URL: <https://www.kotak.com/content/kotakcl/en/investor-relations/governance/policies.html>
- In terms of the SEBI Listing Regulations relating to Corporate Governance, the Bank's Policy on dealing with Related Party Transactions is available on the Bank's website viz., URL: <https://www.kotak.com/en/investor-relations/governance/policies.html>
- The Managing Director & CEO and the Group Chief Financial Officer of the Bank have duly provided the compliance certificate to the Board, as specified in Part B of Schedule II of the SEBI Listing Regulations.
- The Bank presently does not have any demat suspense account/unclaimed suspense account.

PLANT/BRANCH LOCATION

The Bank has 1,780 branches (excluding branches at DIFC, Dubai and GIFT City, Gujarat) and 2,963 ATMs as on 31st March, 2023. The locations of the branches are displayed on the Bank's website viz., URL: <https://www.kotak.com/en/reach-us.html>

DISCLOSURE REGARDING COMMODITY RISKS

During FY 2022-23, the Bank had no exposure/positions of its own account in commodities.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank has complied with all the mandatory requirements of Corporate Governance stipulated under the SEBI Listing Regulations.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The Bank has complied with most of the non-mandatory requirements of Corporate Governance stipulated under the SEBI Listing Regulations, as under:

- The Board:**
The office of Non-Executive Chairperson of the Bank is maintained by the Bank at its expense and all the expenses incurred in performance of his duties are reimbursed by the Bank.
- Shareholder Rights:**
The quarterly results of the Bank are published in one English and one Marathi newspaper. Further, the quarterly results are also posted on the website of the Bank viz., URL: <https://www.kotak.com/en/investor-relations/financial-results.html> and on the websites of BSE & NSE on which the securities of the Bank are listed. Along with the quarterly results, detailed earnings update and investor presentation are also given on the website of the Bank. Further, a quarterly investors'/analysts' conference call is made to discuss the financial results and performance of the Bank and the Group, the transcripts and links to the audio/video recordings of which are posted on the website of the Bank. The quarterly results and important announcements made under Regulation 30 of the SEBI Listing Regulations are sent by e-mail to those members whose e-mail IDs are registered with the Bank/Depository Participant(s) for communication purposes.
- Audit Qualifications:**
During the period under review, there were no audit qualifications in respect of the Bank's standalone and consolidated financial statements. The Bank continues to adopt best accounting practices and has complied with the Accounting Standards and there is no difference in the treatment.
- Separate Posts of Chairperson and Managing Director & CEO:**
Mr. Prakash Apte, a Non-Executive Independent Director, is the Part-time Chairperson and Mr. Uday Kotak is the Managing Director & CEO of the Bank.
- Reporting of Internal Auditor:**
The Head - Internal Audit, reports to the Audit Committee of the Board.

OTHER DISCLOSURES

A. The Management's Discussion & Analysis Report

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

B. Means of Communication

The financial results, along with earnings update approved by the Board, are uploaded on the website of BSE (<https://www.bseindia.com/>) and NSE (<https://www.nseindia.com/>) and the Bank's website (<https://www.kotak.com/en/investor-relations/financial-results.html?source=website>) within regulatory prescribed timelines. These results are also published in one English and one Marathi Regional Language newspaper, within 48 hours of the conclusion of the relevant Board Meeting. The Bank's website also displays all official press/media releases issued by the Bank from time to time. The Investor Relations section of the website also displays the earnings, updates and presentations made to investors and analysts since 2011. The Annual Reports of the Bank, along with its subsidiaries Annual Reports, since 2011, are also made available on the website (<https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html?source=website>). The Investor Relations section also has several other details such as Basel III and LCR & NSFR disclosures, Governance related disclosures, composition of the Board and Committees thereof, Subsidiaries, Key Company Policies, SEBI Listing disclosures, Investor Information, Shareholding Pattern, Contact and Registration Details, details of RTA, Dividend Payment History, etc.

The financial results and updates on other important events are sent by e-mail to those shareholders whose e-mail IDs are registered with the Bank or the Depository Participants. The Bank also publishes its Balance Sheet and Profit and Loss Account together with the Auditors' Report in a newspaper as required in terms of Section 31 of the BR Act, 1949 and Rule 15 of the Banking Regulation Companies Rules, 1949. The financial results are also sent by e-mail to equity research analysts working with various brokerage houses. The financial results and other information filed with the stock exchanges by the Bank from time to time, are also available on the website of the BSE and NSE. The management of the Bank also meets various investors, including its Institutional shareholders.

Pursuant to the provisions of the Companies (Accounts) Rules, 2014 and keeping in view the relaxations granted by the MCA circulars and circulars of SEBI, the Bank proposes to despatch the audited financial statements for the financial year ended 31st March, 2023 and all other documents required to be attached thereto, only by electronic mode, to the members whose e-mail address is registered with the Bank/Depository Participant(s). Those members, whose e-mail address is not registered with the Bank or with their respective Depository Participant(s), and who wish to receive the said financial statements for the financial year ended 31st March, 2023, can get their e-mail IDs registered by following the steps as detailed in the Notice convening the Thirty-Eighth Annual General Meeting.

Investor Helpdesk

Investors are requested to write to the Registered Office address of the Bank or to KFin, our RTA, for addressing their correspondence or complaints or may address their correspondence or complaints to designated e-mail IDs viz., investor.grievances@kotak.com or einward.ris@kfintech.com, in terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations.

For queries, etc. related to dividend payments, IEPF claims and all other investor related activities as well as for the lodgement of any documents or for any grievances/complaints, investors may contact or write to the Bank or KFin. Shareholder's Referencer for the same is available on the website of Bank viz., <https://www.kotak.com/en/investor-relations/investor-information/investor-info.html> The Company Secretarial Department regularly monitors and reviews the status of the investor correspondence and complaints received at the Registered Office and also by KFin, to ensure timely redressal of complaints.

As advised by the SEBI, the Bank has a designated e-mail ID of its Compliance Officer, i.e., investor.grievances@kotak.com for the purpose of registering complaints by the investors. The same has also been displayed on the website of the Bank.

¹⁰ GRI 2-15



INVESTOR INFORMATION

Date of Incorporation	21 st November, 1985
Registration No.	11-38137
Corporate Identification No.	L65110MH1985PLC038137
Registered Office	Kotak Mahindra Bank Limited 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051 Tel. No. +91-22-61661615 Website: www.kotak.com E-mail : investor.grievances@kotak.com
Contact (Nodal officer – IEPF)	Ms. Avan Doomasia, Company Secretary Tel. No. +91-22-61661615 E-mail : KotakBank.Secretarial@kotak.com
Registrar & Transfer Agent (For Equity and PNCPS)	KFin Technologies Limited Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally Mandal, Hyderabad- 500 032, Telangana Toll free number : 1- 800-309-4001 Website: www.ris.kfintech.com E-mail: einward.ris@kfintech.com
Registrar & Share Transfer Agent (For Debt Securities)	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai –400 083 Tel No.: +91-22-49186000 Website: www.linkintime.co.in E-mail: mumbai@linkintime.co.in
Debenture Trustees (For Kotak Mahindra 8.25% 2026)	i. IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R Kamani Marg, Ballard Estate, Mumbai – 400 001 Tel No.: +91 -22-40807001 Website: www.idbitrustee.com/ E-mail: itsl@idbitrustee.com
(For Kotak Mahindra 7.63% 2029 and Kotak Mahindra 7.85% 2030)	ii. Catalyst Trusteeship Limited GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune 411 038 Tel.: +91 -20-66807200 Website: www.catalysttrustee.com E-mail: dt@ctltrustee.com
Thirty-Eighth Annual General Meeting Date and Time	Saturday, 19 th August, 2023 at 10:00 a.m. (Indian Standard Time)
Venue	Through Video Conferencing/Other Audio Visual Means. The deemed venue of the Annual General Meeting shall be the Registered Office of the Bank
Financial Year	1 st April, 2022 to 31 st March, 2023
Dividend Payment Date	Between Monday, 21 st August, 2023 and Friday, 25 th August, 2023 (subject to declaration at the Annual General Meeting)

For Kotak Mahindra Bank Limited
Prakash Apte
Chairperson

Uday Kotak
Managing Director & CEO

Place : Mumbai
Date : 24th June, 2023

Place : Mumbai
Date : 24th June, 2023

DECLARATION

In accordance with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and the Senior Management Personnel of the Bank have affirmed compliance to the Code of Conduct for the financial year ended 31st March, 2023.

For Kotak Mahindra Bank Limited

Uday Kotak
Managing Director & CEO

Place : Mumbai
Date : 24th June, 2023

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in Company*
1.	Mr. Prakash Apte	00196106	18 th March, 2011
2.	Mr. Uday Khanna	00079129	16 th September, 2016
3.	Mr. Uday Shankar	01755963	16 th March, 2019
4.	Dr. Ashok Gulati	07062601	6 th March, 2021
5.	Ms. Ashu Suyash	00494515	24 th January, 2022
6.	Mr. C S Rajan	00126063	22 nd October, 2022
7.	Mr. C. Jayaram	00012214	1 st October, 1999
8.	Mr. Amit Desai	00310510	18 th March, 2022
9.	Mr. Uday Kotak	00007467	21 st November, 1985
10.	Mr. Dipak Gupta	00004771	1 st October, 1999
11.	Mr. KVS Manian	00031794	1 st November, 2019
12.	Ms. Shanti Ekambaram	00004889	1 st November, 2022

* Date of appointment is taken from MCA

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

Place: Mumbai
Date: May 09, 2023

Rupal Dhiren Jhaveri
FCS No: 5441
Certificate of Practice No.: 4225
ICSI UDIN: F005441E000270563
Peer Review Certificate No.: 1139/2021

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
KOTAK MAHINDRA BANK LIMITED

We have examined the compliance of the conditions of Corporate Governance by Kotak Mahindra Bank Limited ("the Company") for the year ended on March 31, 2023, as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and 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 certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Practising Company Secretaries

Jigyasa N. Ved
Partner
FCS: 6488 CP: 6018
UDIN: F006488E000492072
PR No.: 1129/2021

Mumbai, 24.06.2023

Management's Discussion and Analysis¹

MACRO-ECONOMIC ENVIRONMENT

As the world economy was beginning to settle for a year of normalization amidst the waning of the COVID pandemic, the global economic outlook turned awry yet again from the Russia-Ukraine war (just before onset of FY 2022-23). The immediate fallout of the conflict was felt globally with resurgence of supply disruptions and, consequently, a surge in commodity prices. Crude oil prices increased to near-USD 140/bbl amid sanctions placed on Russian oil exports and supply disruptions. Europe bore the brunt with an energy crisis intensifying the inflationary pressures and worsening growth prospects. In April 2022, the International Monetary Fund (IMF) pegged global Gross Domestic Product (GDP) growth for CY2022 at 3.6% - revising further lower to 3.4% in January 2023. To combat the multi-decadal high inflation trends, the global central banks embarked on a synchronized aggressive monetary tightening cycle, turning a nascent recovery from COVID19 disruptions into a growth erosion; increasing probability of global economies entering into recession.

India started FY 2022-23 on a weaker footing with Q1FY23 real GDP growth surprising on the downside at 13.08% YoY despite favourable base effects (compared to expectation of 15.3%). The sequential momentum also contracted sharply by 8.95% QoQ led by declining government consumption and investments. Real Gross Value Added (GVA) growth contracted sequentially by 6.34% (compared to +5.16% in Q4FY22). The pick-up in real GVA growth was largely aided by service sector growth while manufacturing sector remained relatively weak. In Q2FY23, real GDP growth further moderated to 6.20% amid a waning of favourable base effects. However, the sequential momentum improved significantly by 3.57% QoQ. Real GVA growth moderated to 5.41% (while growing sequentially by 1.84%) with most categories posting positive growths, led by contact-based services, except for mining and manufacturing activity which contracted. In Q3FY23, real GDP and real GVA growth moderated further to 4.46% and 4.73%, respectively. All components registered positive growths barring the manufacturing sector which remained in contraction (although shallower vis-à-vis Q2FY23). However, real GDP growth at 6.06% surprised on the upside in Q4FY23 (compared to an expectation of 5%), buoyed by investments (Gross Fixed Capital Formation [GFCF]) growth at 8.92% and a sharp improvement in net exports. GVA growth in Q4FY23 was aided by services (largely contact-based services) and industrial activity (largely due to construction sector growth).

FY 2022-23 real GDP surprised on the upside at 7.24% (expectations of 7%) against 9.05% in FY 2021-22. On a value-added basis, real GVA grew by 7.01% compared to 8.80% in FY 2021-22. The industrial sector grew by 4.38% compared to 11.62% in FY 2021-22. Service sector growth improved to 9.46% from 8.81% in FY 2021-22. On the expenditure side, investments (GFCF) grew by 11.39%, followed by private consumption growth at 7.53%, and government consumption growth at 0.13%.

Union Budget (FY 2023-24) maintained focus on growth while also bringing fiscal consolidation into the picture. Apart from the increased focus on capital expenditure to support growth prospects, the central government also increased the attractiveness of the new personal income tax regime and made it the default regime. On capital expenditure and infrastructure, the government facilitated investment through higher allocation to railways and roadways, tariff protection through high judicious use of customs duties for select sectors, encouraging private sector investment in emerging areas (clean energy), and capital support to Oil Marketing Companies (OMCs). The government further rationalized high food and fertilizer subsidies and the elevated rural spending seen during the pandemic.

Domestic Price Dynamics

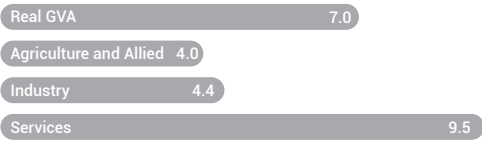
Over the course of FY 2022-23, headline consumer price index (CPI) inflation remained above the RBI Monetary Policy Committee's (MPC's) upper threshold of 6% for nine months – largely on account of supply disruptions (stemming from the Russia-Ukraine war and consequent high commodity prices) and adverse weather conditions causing high food inflation. Inflation surged to an eight-year high of 7.79% in April 2022 led mainly by food inflation and moderated to 6.71% in July 2022 before rising yet again to 7.41% in September. H1FY23 headline inflation averaged 7.16% - well above the MPC's upper threshold of 6%. During the same period, core inflation stayed sticky and elevated, reaching an eight-year high of 7.09% in April 2022, reflecting broad-based inflationary pressures. However, from mid-2022, the downturn in global commodity prices, along with lower food prices, pulled down inflation to sub-6% levels in November-December 2022. Brent crude oil prices declined by 26% in FY 2022-23 with prices falling across other commodities as well – base metals, agriculture, and raw materials. Barring the brief uptick in February 2023, inflation remained comfortable with the March 2023 print surprising on the downside at 5.66% led by a favourable base effect, and easing food and core inflation.

Monetary Policy and Interest Rates

The monetary policy front involved two key surprises in FY 2022-23. First was the introduction of the Standing Deposit Facility (SDF) rate at 3.75% in April 2022 which replaced the reverse repo rate as the floor of the policy corridor and restored the policy corridor to its pre-pandemic width of 50 bps. The second was the off-cycle Monetary Policy Committee (MPC) meeting in

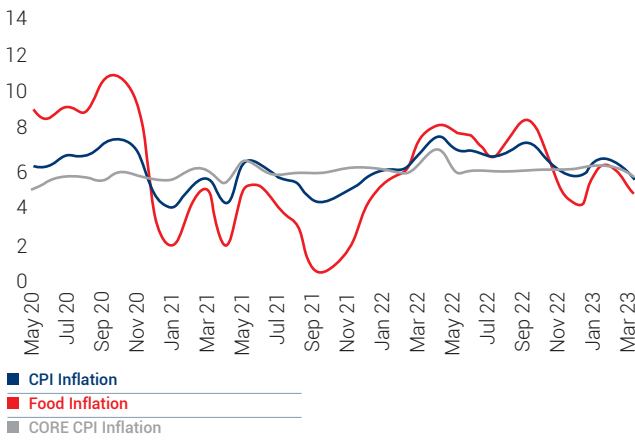
FY 2022-23 Real GVA growth at 7%

Real GVA growth in FY 2023 (%)



Source: CEIC, Kotak Economics Research

CPI inflation has averaged 6.66% in FY 2022-23 against 5.51% in FY 2021-22



Source: CEIC, Kotak Economic Research

¹ GRI 3-3

May 2022 which kicked-off the rate hike cycle with a 40 bps repo rate hike to 4.4% and a 50 bps CRR hike to 4.5% (to drain excess liquidity). The May MPC meeting occurred in the aftermath of headline inflation reaching an eight-year high of 7.79% in April and was aimed at tempering inflationary pressures and preventing un-anchoring of inflation expectations. This coincided with the period where global inflation was trending higher following the Russia-Ukraine war. The start of the rate hike cycle in tandem with the US Federal Reserve's rate hikes also acted as a defence for INR. Following this, in the June policy, the repo rate was hiked by another 50 bps to 4.90% with the focus solely on 'withdrawal of accommodation' from the previous stance of 'remain accommodative while focusing on withdrawal of accommodation'. Following this, the RBI hiked the repo rate by another 160 bps to 6.50% by February 2023 even as dissent among the MPC members gradually increased (with two members voting for a pause in the February 2023 meeting).

As the RBI embarked on withdrawing the measures introduced during the pandemic, rate hikes were accompanied by tightening liquidity conditions. The banking system liquidity surplus reduced to ₹ 1,041 billion as on 31st March, 2023 compared to ₹ 5,540 billion as on 31st March, 2022, led by currency in circulation (CIC) drainage, cash reserve ratio (CRR) build-up, and the RBI's aggressive intervention through FX sales. Adding to the liquidity tightness was the occasional Open Market Operations (OMO) sales by the RBI in the secondary market to the tune of ₹ 350 billion. The widening credit-deposit gap further weighed on the banking system liquidity as credit growth increased sharply to 15% (from 8.6% as on end-March 2022) while deposit growth increased marginally to 9.6% (from 8.9% as on end-March 2022). Further weighing on the liquidity conditions and rates was the pandemic period stimulus of Long-term Repo Operations (LTROs) which started to mature in February 2023. However, to manage the tightening liquidity conditions, the RBI periodically conducted variable rate repo (VRR) auctions. All these developments have led to the operating weighted average overnight rate increasing by 209 bps in FY 2022-23 to 5.41% compared to 3.32% in FY 2021-22.

On the bond market front, market sentiments were mainly influenced by the trend in the US Treasury yields and elevated commodity prices, especially crude oil prices. In Q1FY23, bond markets came under immense pressure tracking rising US treasury yields amid Fed's aggressive rate hike cycle, elevated crude oil prices, and the heavy bond supply pressure (FY 2022-23 Union Budget's gross borrowing of ₹ 14.2 tn). The Indian 10-year benchmark yield rose to a yearly high of 7.62% in June 2022. However, following this, moderation in global commodity prices combined with adequate bond demand from long-term investors helped allay market concerns aiding the 10-year benchmark yields lower towards 7.08% in September 2022. In H2FY23, realignment of rate hike expectations by the US Fed saw US treasury yields climb higher which caused a reversal in the Indian 10-year benchmark yield towards 7.51%. Since then, the 10-year benchmark has traded in a range aided by sharply lower crude oil prices, and the announcement of the FY 2023-24 Union Budget's gross market borrowing of ₹ 15.4 trillion which came in line with market expectations. Further, the US banking crisis concerns in mid-March 2023 brought down the Fed's rate hike expectations sharply easing the US yield curve sharply slower. Overall, the yield on the Indian 10-year benchmark increased by 48 bps to end the year at 7.31%.

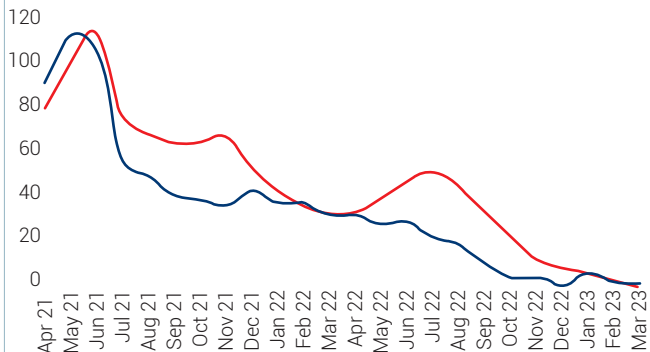
External Sector Dynamics and the USD/INR

The external sector witnessed significant volatility in H1FY23 with pressures emanating from the Russia-Ukraine war and the synchronized global monetary tightening cycle. Widening of India's trade deficit amid elevated commodity prices, especially crude oil prices, kept the current account under pressure even as net services exports remained robust. Q1FY23 current account deficit widened to 2.12% of GDP (USD 18 billion) from the previous quarter at 1.55%. In Q2FY23, the current account deficit worsened, widening to 3.75% of GDP (USD 30.9 billion) led by moderating exports and increasing imports. Though foreign investment inflows improved, a sharp increase in banking capital outflows brought the capital account under stress (falling to USD 1.4 billion from USD 22 billion in Q1FY23). However, external pressures eased towards the end of Q2FY23 with global central banks nearing their peak policy rates amid increasing risks of recession. While exports in Q3FY23 witnessed moderation the fall in imports was sharper amidst easing global commodity prices and fading pent up demand. Further, net services exports along with private transfers rose to record quarterly highs which aided the narrowing of the current account deficit to USD 18.2 billion (2.16% of GDP). Further, a sharp inflow of banking capital aided the capital account's recovery to USD 30.2 billion. Consequently, after recording a deficit in Q2FY23, Balance of Payments (BOP) improved to a surplus of USD 11.1 bn in Q3FY23. Cumulatively, 9MFY23 current account deficit stood at 2.7% of GDP, with BOP deficit of USD 14.7 billion. Since January 2023, however, the trade deficit has started narrowing (barring a brief seasonal uptick in March). This has mainly been due to a larger decline in non-oil imports relative to non-oil exports, reflecting some weakening in domestic demand.



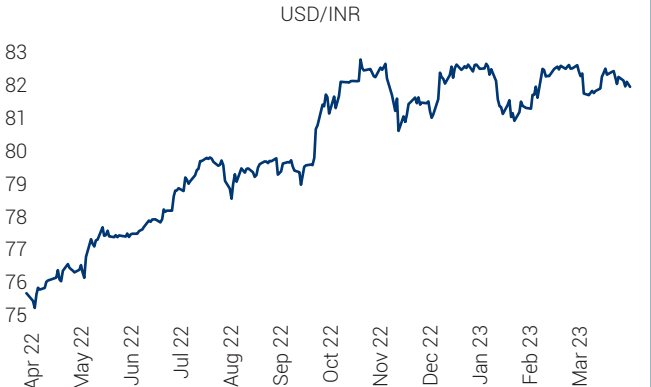
On the FX front, the INR had a volatile year, having depreciated by 7.77% in FY 2022-23. In H1FY23, global central banks' rate hikes (especially the US Federal Reserve's), elevated crude oil prices, and FPI outflows kept the INR under immense pressure. FPI's were net sellers to the tune of USD 15 billion in Q1FY23. The US Fed's rate hikes aided Dollar strength causing the DXY index to rise to a decadal high of 115-levels in Q2FY23. The INR, accordingly, depreciated to record low levels of ₹ 83.29. However, in H2FY23, risk sentiments improved with the nearing of the peak in the global monetary tightening cycle as global inflation started showing signs of moderation. With global commodity prices on a downtrend, especially with the sharp fall in crude oil prices, the INR improved to a near-two month high of ₹ 80.51 in early-November before closing the year at ₹ 82.18. Specifically, in Q4FY23, the INR gained 0.68% (after falling by 8.4% in 9MFY23) as the US banking crisis in March drastically lowered rate hike expectations and brought forward expectations of rate cuts by the US Fed in 2023.

The gap between the import and export growth narrowed in H2FY23



Source: CEIC, Kotak Economic Research

INR remained on a weaker footing amidst global uncertainties



Source: Bloomberg, Kotak Economic Research

CONSOLIDATED FINANCIAL PERFORMANCE

The Bank, along with its subsidiaries (the Group), offers a comprehensive range of financial products and services to its customers. The key businesses are commercial banking, investment banking, stock broking, vehicle finance, advisory services, asset management, life insurance and general insurance.

The financial results of the subsidiaries and associates used for the preparation of the consolidated financial results are in accordance with Generally Accepted Accounting Principles in India ("GAAP") specified under Section 133 and relevant provisions of the Companies Act, 2013.

COVID, a global pandemic, affected the world economy in the last few years. The revival of economic activity improved in FY 2021-22 supported by relaxation of restrictions due to the administration of the COVID vaccines to the large population in the country.

During the year, domestic rating of fixed deposits and long term instruments issued by the Bank and the major entities in the Group continued to be rated "AAA".

Entity-Wise Capital and Reserves of the Group

	(₹ in crore)	
Particulars	31 st March, 2023	31 st March, 2022
Kotak Mahindra Bank	83,459.95	72,456.47
Kotak Mahindra Prime	8,305.90	7,494.41
Kotak Mahindra Investments	2,814.81	2,488.54
Kotak Infrastructure Debt Fund	476.20	449.17
Kotak Securities	7,107.97	6,290.75
Kotak Mahindra Capital Company	1,000.38	885.47
Kotak Mahindra Life Insurance	5,327.70	4,389.20
Kotak Mahindra General Insurance	341.07	233.35
Kotak Mahindra AMC & Trustee Co	2,107.51	1,627.26
International Subsidiaries	1,746.49	1,539.30
Kotak Investment Advisors	805.72	763.45
BSS Microfinance	626.63	329.42
Other Entities	88.10	88.78
Total	114,208.44	99,035.57
Add: Share in Associates	1,350.96	1,186.42
Less: Consolidated Adjustments	(3,305.31)	(3,087.96)
Consolidated Capital and Reserves*	112,254.09	97,134.03

*Includes Preference Share Capital

Consolidated Performance

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Total Income	68,142.02	58,681.68
Consolidated PAT	14,925.01	12,089.39
Consolidated Capital and Reserves (As at year-end)	112,254.09	97,134.03
Key Ratios		
Return on Average Assets (RoAA) %	2.62%	2.36%
Return on Average Networkth %	14.36%	13.42%
Earnings per equity share (diluted) (₹)	74.94	60.73
Book-value per equity share (₹)	562.55	486.90
Net Interest Margin (NIM) %	5.36%	4.69%
Gross NPA %	1.76%	2.37%
Net NPA %	0.41%	0.71%
Consolidated Capital Adequacy Ratio (CAR) %*	23.25%	23.68%
CET I*	22.27%	22.70%

*As per Basel III norms issued by the RBI

The Group had capital and reserves of ₹ 112,254.09 crore as on 31st March, 2023 (₹ 97,134.03 crore as on 31st March, 2022). The Group's return on average net worth was 14.36% for FY 2022-23 compared to 13.42% for FY 2021-22. The Bank maintained a high capital adequacy ratio in uncertain times, which resulted in a lower return on equity.

The financial results of subsidiaries are explained later in this discussion. A snapshot of the entity-wise Profit before Tax (PBT) and Profit after Tax (PAT) is as follows:

Financial Results of Subsidiaries

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
	PBT	PAT
Kotak Mahindra Bank	14,390.99	10,939.30
Kotak Mahindra Prime	1,110.06	828.96
Kotak Mahindra Investments	439.32	326.26
Kotak Infrastructure Debt Fund	27.83	27.83
BSS Microfinance	396.29	297.21
Kotak Securities	1,150.19	865.22
Kotak Mahindra Capital Company	192.48	149.28
Kotak Mahindra Life Insurance	1,462.72	1,053.31
Kotak Mahindra General Insurance	(117.28)	(117.28)
Kotak Mahindra AMC & Trustee Co	713.33	554.76
International Subsidiaries	90.32	76.31
Others	52.22	41.57
Total	19,908.47	15,042.73
Add: Share from Associate		144.57
Less: Inter-company and Other Adjustments		(262.29)
Consolidated PAT		14,925.01

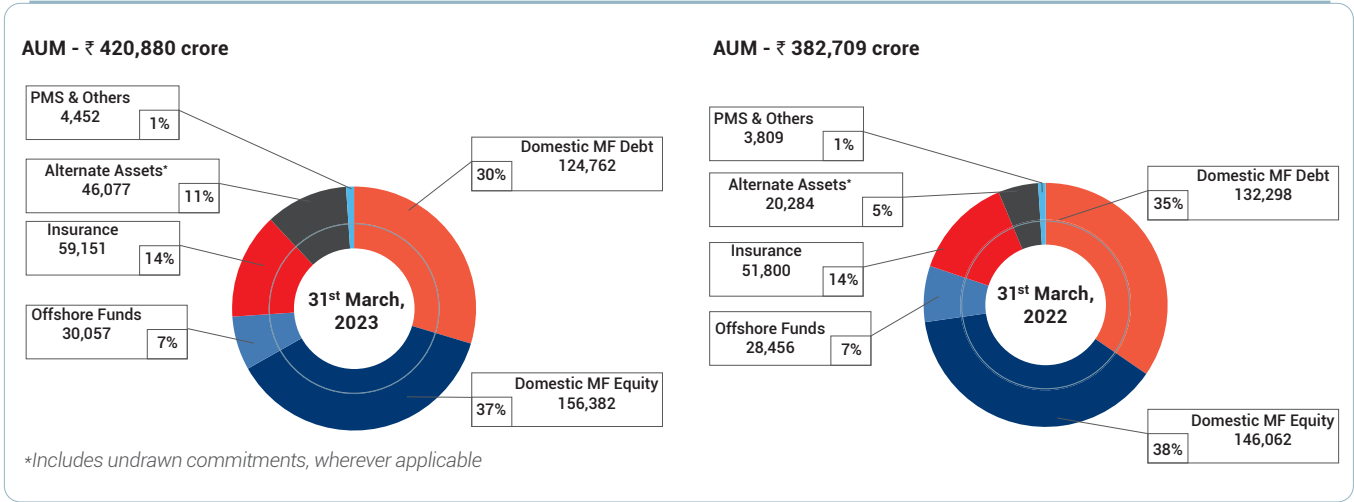
Contribution of the Affiliates to the Net Profit of the Group

Name of the Company	(₹ in crore)		
	Investment by Kotak Group	% shareholding of the Group	Group's share for FY 2022-23
Infina Finance Pvt Ltd	1.1	49.99%	60.50
Phoenix ARC Pvt Ltd	100.0	49.90%	84.07



Assets under Management (AUM), including undrawn commitments, as on 31st March, 2023 were ₹ 420,880 crore (₹ 382,709 crore as on 31st March, 2022), comprising assets managed and advised by the Group.

Split of the Assets Under Management (AUM) Across the Group



The Group has a wide distribution network of branches and franchisees across India, an International Business Unit at Gujarat International Finance Tec-City (GIFT), overseas branch at the Dubai International Financial Centre (DIFC), and international offices in London, New York, Dubai, Abu Dhabi, Mauritius and Singapore.

Bank and Its Subsidiaries: Financial and Operating Performance

Bank Highlights

Kotak Mahindra Bank (the Bank) is the flagship company of the Kotak Group. The principal business activities of the Bank are organised into consumer banking, commercial banking, corporate banking, treasury, private banking and recovery of acquired stressed assets. 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, further it undertakes asset liability management as well as proprietary trading for the Bank.

Profit Before Tax (PBT) of the Bank for FY 2022-23 was ₹ 14,390.99 crore as against ₹ 11,361.31 crore for FY 2021-22. 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. RoAA for FY 2022-23 was 2.47% compared to 2.13% for FY 2021-22.

FINANCIAL PERFORMANCE

A synopsis of the Profit and Loss Account

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Net Interest Income	21,551.92	16,817.91
Other Income	7,083.05	5,985.92
Net Total Income	28,634.97	22,803.83
Employee Cost	5,519.83	4,582.35
Other Operating Expenses	8,267.16	6,170.61
Operating Expenditure	13,786.99	10,752.96
Operating Profit	14,847.98	12,050.87
Provision & Contingencies (Net)	456.99	689.56
- Provision on Advances (Net)	637.02	1,494.78
- General Provision COVID related	(159.55)	(732.00)
- Provision on Other Receivables	0.57	18.15
- Provision on Investments	(21.05)	(91.37)
PBT	14,390.99	11,361.31
Provision for Tax	3,451.69	2,788.62
PAT	10,939.30	8,572.69

Net Interest Income

Net Interest Income (NII) of the Bank for FY 2022-23 was ₹ 21,551.92 crore compared to ₹ 16,817.91 crore for FY 2021-22. The Bank had a Net Interest Margin (NIM), excluding dividend income and interest on income-tax refund, of 5.33% for FY 2022-23 compared to 4.62% for FY 2021-22. During the year:

- The yield on interest earning assets increased from 7.43% for FY 2021-22 to 8.49% for FY 2022-23 mainly due to an increase in the yields of advances and investments and a change in asset mix. 57% of the loan book as on 31st March 2023 is linked to the Repo rate up from 48% as on 31st March 2022. Repo rates have increased from 4.00% in March 2022 to 6.50% in March 2023.
- Cost of funds increased from 3.23% in FY 2021-22 to 3.71% in FY 2022-23 primarily due to a change in the liability mix and an increase in the interest rates of term deposits, certificate of deposits and borrowings.
- Average interest earning assets increased by 10.75% from ₹ 362,925.31 crore for FY 2021-22 to ₹ 401,932.08 crore for FY 2022-23.

Non-Interest Income

(₹ in crore)		
Particulars	FY 2022-23	FY 2021-22
Commission, Exchange and Brokerage	5,440.01	4,200.69
Profit on Sale/Revaluation of Investments	(976.80)	(934.87)
Profit on Exchange Transactions (Net) (Including Derivatives)	1,636.66	1,859.46
Profit on Recoveries of Non-Performing Assets Acquired	310.98	163.68
Income From Subsidiaries/Associates Towards Shared Services	122.33	117.78
Dividend From Subsidiaries	242.27	201.76
Others	307.60	377.42
Total Other Income	7,083.05	5,985.92

Non-interest income increased from ₹ 5,985.92 crore in FY 2021-22 to ₹ 7,083.05 crore in FY 2022-23 due to:

- Increase in commission, exchange and brokerage income mainly due to an increase in services charges on loans, direct banking fees and charges, credit card fees, third party distribution income and referral fees.
- Increase in Recoveries of Non-Performing Assets Acquired compared to the previous year

This was offset, in part, by:

- Lower profit on sale of Exchange Transactions (Net) (Including Derivatives)

Employee Cost

Employee cost of the Bank has increased to ₹ 5,519.84 crore for FY 2022-23 from to ₹ 4,582.35 crore for FY 2021-22, primarily due to increase in employee count, employee incentives, offset, in part, by a decrease in retirement obligations. The employee base increased from 66,473 as on 31st March, 2022 to 73,481 as on 31st March, 2023.

Other Operating Expenses

(₹ in crore)		
Particulars	FY 2022-23	FY 2021-22
Rent, Taxes And Lighting	825.47	718.06
Printing and Stationery	168.68	101.07
Advertisement, Publicity and Promotion	632.64	356.17
Depreciation on Bank's Property	461.73	380.99
Directors' Fees, Allowances and Expenses	3.57	2.82
Auditors' Fees and Expenses	3.88	3.55
Law Charges	43.57	26.79
Postage, Telephone Etc.	366.54	258.50
Repairs And Maintenance	929.35	625.43
Insurance	390.72	356.02
Professional Charges	1,647.68	1,162.19
Brokerage	707.83	485.87
Goods and Service Tax (GST) Expenses	509.47	331.33
Other Expenditure	1,592.10	1,381.08
Reimbursement From Group Companies	(16.07)	(19.26)
Total	8,267.16	6,170.61

Other operating expenses were ₹ 8,267.16 crore for FY 2022-23 compared to ₹ 6,170.61 crore for FY 2021-22, with the increase primarily in:

- Brokerage expenses consistent with increased business volumes
- Repairs and maintenance expenses due to an increase in number of branches/offices and refurbishments
- 811 acquisition cost and higher amount of fee payments to business correspondents, which is consistent with business volumes

- Promotional spends
- Technology spends
- Postage, telephone and printing and stationery expenses
- ATM acquiring fees and subvention expenses
- GST write-off expenses
- Recovery expenses and legal charges
- Expenditure on Corporate Social Responsibility (CSR) activities

The Bank's Cost to Income ratio was 48.15% for FY 2022-23 compared with 47.15% for FY 2021-22.

Provisions and Contingencies (excluding tax)

Provisions and contingencies (excluding tax) were ₹ 456.99 crore for FY 2022-23 compared to ₹ 689.56 crore for FY 2021-22 primarily due to lower specific provision on loans (excluding COVID related provisions) by ₹ 857.77 crore. This, was offset, in part by a lower reversal of COVID related provision of ₹ 159.55 crore compared to ₹ 732.00 crore in FY 2021-22 and a lower reversal of provision on investments by ₹ 70.32 crore in FY 2022-23.

The Bank held an aggregate COVID related provision of ₹ 547.00 crore as of 1st April, 2022. Based on the improved outlook, the Bank has reversed provisions amounting to ₹ 159.55 crore during FY 2022-23. On a prudent basis, the Bank continues to hold provision of ₹ 387.45 crore as at 31st March, 2023.

Credit cost on Advances (excluding COVID and restructuring provisions) was 22 bps for FY 2022-23 compared to 48 bps for FY 2021-22.

Provision for tax

Provision for tax increased from ₹ 2,788.62 crore for FY 2021-22 to ₹ 3,451.69 crore for FY 2022-23, primarily due to higher profits in FY 2022-23.

BALANCE SHEET

The assets and liabilities composition of the Bank is as follows:

(₹ in crore)		
Liabilities	31 st March, 2023	31 st March, 2022
Capital and Reserves	83,459.95	72,456.47
Deposits	363,096.05	311,684.11
- Current Account Deposits (CA)	70,030.24	64,661.98
- Fixed Rate Savings Account Deposits (SA)	111,400.09	117,908.39
- Floating Rate Savings Account Deposits (SA)	10,384.93	6,563.78
- Term Deposits (TD) Sweeps	23,338.89	21,905.59
- Other TDs	147,941.90	100,644.38
Borrowings	23,416.27	25,967.12
Other Liabilities and Provisions*	19,890.21	19,320.70
Total	489,862.48	429,428.40

(₹ in crore)		
Assets	31 st March, 2023	31 st March, 2022
Cash and Bank Balances	32,542.31	42,923.94
Investments	121,403.73	100,580.22
- Government Securities	89,852.54	75,135.09
- Credit Substitutes	27,108.81	21,227.48
- Other Securities	4,442.38	4,217.65
Advances	319,861.21	271,253.60
Fixed Assets and Other Assets	16,055.23	14,670.64
Total	489,862.48	429,428.40

*Includes Employees' Stock Options (Grants) Outstanding of ₹ 60.31 crore as on 31st March, 2023 (₹ 31.31 crore as on 31st March, 2022).

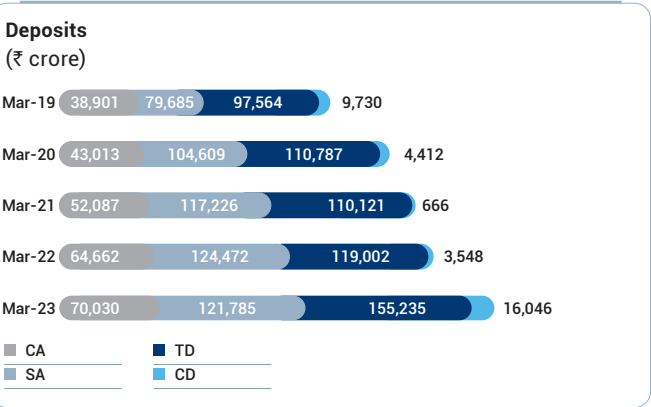
The Bank's capital adequacy continues to be healthy, with overall CRAR at 21.80% (CET1 ratio 20.64%) as compared to 22.69% (CET1 ratio 21.51%) as on 31st March, 2022.

Deposits

The Bank's strategy is based on its fundamental philosophy to build a low-cost and stable liability franchise. The Bank's deposits grew to ₹ 363,096.05 crore as on 31st March, 2023 compared to ₹ 311,684.11 crore as on 31st March, 2022. CASA deposits increased to ₹ 191,815.26 crore as on 31st March, 2023 compared to ₹ 189,134.14 crore as on 31st March, 2022. CASA ratio stood at 52.83% as on 31st March, 2023 compared to 60.68% as on 31st March, 2022.

Fixed Rate Savings account (SA) deposits stood at ₹ 111,400.09 crore and Current account (CA) deposits stood at ₹ 70,030.24 crore. Total Term deposits (TD), including certificate of deposits, grew by 39.76% to ₹ 171,280.79 crore.

CASA plus term deposits below ₹ 5 crore account for 82% of the total deposits.



Advances

The classification of advances of the Bank is as follows:

	(₹ in crore)	
	31 st March, 2023	31 st March, 2022
Corporate Banking	64,701.76	66,674.09
Small and Medium Enterprises (SME)	24,174.61	20,443.91
Commercial Vehicles & Construction Equipment (CV/CE)	27,785.68	22,489.91
Agriculture Division	27,546.63	25,200.01
Tractor Finance	13,908.74	10,765.83
Microfinance	6,225.00	3,059.56
Home Loans (HL) and Loan Against Property (LAP)	92,731.16	76,076.63
Consumer Bank Working Capital (Secured)	30,342.70	26,381.98
Personal Loans, Business Loans & Consumer Durables	15,773.02	10,133.23
Credit Cards (CC)	10,090.36	5,572.05
Other Loans	6,581.55	4,456.40
Total Advances	319,861.21	271,253.60
Credit Substitutes	27,108.81	21,227.48
Total Customer Assets	346,970.02	292,481.08

Advances grew at 17.92% to ₹ 319,861.21 crore as on 31st March, 2023 compared to ₹ 271,253.60 crore as on 31st March, 2022. Customer Assets grew at 18.63% to ₹ 346,970.02 crore as on 31st March, 2023 compared to ₹ 292,481.08 crore as on 31st March, 2022. Growth in Advances was seen mainly in the retail banking segment through home loans and loans against property (LAP), consumer bank working capital (Secured), personal loans, business loans, consumer durables and credit cards.

The Bank’s credit deposit ratio stood at 88.09% as of 31st March, 2023 over 87.03% as of 31st March, 2022.

Asset Quality

The position of Gross and Net NPA is as under:

	(₹ in crore)	
Particulars	31 st March, 2023	31 st March, 2022
Gross NPA	5,768.32	6,469.74
Gross NPA %	1.78%	2.34%
Net NPA	1,193.30	1,736.71
Net NPA %	0.37%	0.64%

Slippages for FY 2022-23 were ₹ 3,990 crore (FY 2021-22: ₹ 4,316 crore) whereas recoveries and upgrades were ₹ 3,901 crore (FY 2021-22: ₹ 4,042 crore). The provision coverage ratio, including technical write off, was 83.77% as of 31st March, 2023 as compared to 79.05% as of 31st March, 2022. Total provisioning towards advances (including specific, standard, COVID related, etc.) held as on 31st March, 2023 was ₹ 6,508 crore.

Restructuring

In accordance with the Resolution Framework for COVID announced by the RBI on 6th August, 2020, the Bank had implemented one-time restructuring for certain eligible borrowers and such borrowers are classified as Standard in accordance with the above framework.

Standard Restructured FB o/s under the COVID resolution frameworks was ₹ 257.64 crore as at 31st March, 2023 (0.08% of Advances) and under MSME resolution frameworks was ₹ 460.25 crore as at 31st March, 2023 (0.14% of Advances). The Bank has maintained restructuring provision of ₹ 180.73 crore as on 31st March, 2023.

Directed Lending

Priority Sector Lending and Investments

The RBI guidelines on priority sector lending require banks to lend 40.0% of their adjusted net bank credit (ANBC), to fund certain types of activities carried out by specified borrowers. Out of the overall target of 40.0%, banks are required to lend a minimum of 18.0% of their ANBC to the agriculture sector. Sub-targets of 9.5% for lending to small and marginal farmers (out of agriculture) and 7.5% lending target to micro-enterprises were introduced from fiscal 2016. Average lending to non-corporate farmers is notified by the RBI on basis of the banking system's average level at the beginning of each year. The RBI notified a target level of 13.78% of ANBC for this purpose for fiscal 2022 (FY 2021-22: 12.73%). The banks are also required to lend 11.5% of their ANBC to certain borrowers under the 'weaker section' category. Priority sector lending achievement is evaluated on a quarterly average basis.

The shortfall in the amount required to be lent to the priority sectors and weaker sections may be required to be deposited in funds with government sponsored Indian development banks such as the National Bank for Agriculture and Rural Development, the Small Industries Development Bank of India, the National Housing Bank, MUDRA Limited and other financial institutions as decided by the RBI from time to time. These deposits have a maturity of up to seven years and carry interest rates lower than market rates. As at 31st March, 2023, the Bank's total investment in such bonds was ₹ 4,544.50 crore (31st March, 2022: ₹ 5,572.40 crore), which was fully eligible for consideration in overall priority sector lending achievement.

In FY 2016, the RBI introduced Priority Sector Lending Certificates (PSLCs) scheme to enable banks to achieve the priority sector lending target and sub-targets by purchase of PSLC instruments in the event of shortfall and at the same time incentivize the surplus banks; thereby enhancing lending to the categories under the priority sector. In FY 2022-23, the Bank has sold Priority Sector Lending Certificates (PSLCs) amounting to ₹ 58,383.75 crore (FY 2021-22: ₹ 54,567.00 crore) and purchased PSLCs amounting to ₹ 9,360.00 crore (FY 2021-22: ₹ 12,090.00 crore).

As prescribed in the RBI guideline, the Bank's priority sector lending achievement is computed on a quarterly average basis. Total average priority sector lending for FY 2022-23 was ₹ 114,217.85 crore (FY 2021-22: ₹ 98,905.01 crore) constituting 48.80% (FY 2021-22: 44.19%) of ANBC, against the requirement of 40.0% of ANBC.

A brief analysis of the performance of various divisions of the Bank is as follows:

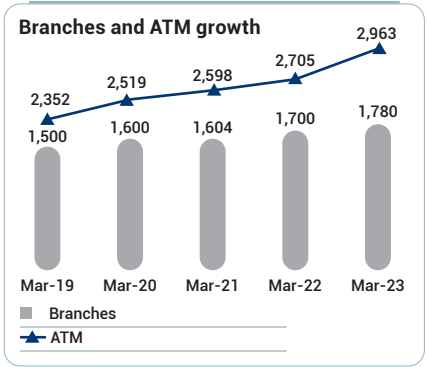
Consumer Banking

Branch Banking

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

Network

As on 31st March, 2023, the Bank had 1,780 branches and 2,963 Automated Teller Machines (“ATMs”) and Recyclers and 15,572 Micro ATM installations. The Bank also has a branch at Dubai International Financial Centre (“DIFC”) and Gujarat International Finance Tec-City (“GIF T City”). In FY 2022-23, the Bank increased its physical presence across different formats.



Key initiatives taken during the year are:

Products and Services

The Bank always looks for innovative ways to add value in the investment experience of customers. In FY 2022-23, the Bank introduced Insta SIP, a quick and convenient way to book multiple SIPs. In Insta SIP, the customer can book SIPs in more than one mutual fund in just 2-3 steps. The Bank has also launched a digital assisted journey to take transaction requests from the customer, digitally. The Relationship Manager enters the transaction details in this digital transaction request form and sends it to the customer for authenticating the transaction. The Bank has also empowered the Do-It-Yourself or DIY customers to make informed investment decisions by providing them house views and fund factsheets on Internet Banking and Mobile Banking. FY 2022-23 has witnessed multiple regulatory announcements. From two-factor authentication of mutual fund transactions to nominee/opt-out of nomination declaration to validate Aadhaar based KYC process. The 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 the Bank caters to 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 that have a Salary Relationship with the Bank. The employees of the corporate customer 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, the Bank's banking offer for women, was re-launched and re-positioned with specially curated new features to partner the woman customer 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. The bank is also building dedicated platform for financial education among women and unveiled the "Meri Udaan Meri Pehchaan" sculpture in Gujarat-GiftCity ahead of International Women's Day commemorating the indomitable spirit of Self-reliant Indian women.

The Bank introduced Everyday Savings Account for the Upper Mass segment offering benefits such as flexibility of balances. #kharchhepebachat promotes Savings whilst spending. The proposition packs in exclusive discounts in alliances with top service providers on a range of popular categories such as Groceries, Pharma, Apparel, Dining, Movies, Vacations and more to give customers higher value for their money.

This year, the Bank has improved the on-boarding experience for its Savings Accounts customers by transitioning to a new platform for assisted Biometrics-based account opening. The platform offers seamless on-boarding experience to the 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, Spendz and Forex card and Hospi Cash at the point of account opening thus being able to efficiently meet a range of customer needs.

The Bank has also launched a DIY Savings account journey which opened up a new avenue of Online bank account opening for the Bank's customers, offering them an easier and quicker way to open their Savings accounts with zero paperwork and documentation, right from opening the savings account to carrying out transactions, end-to-end journey can be completed by the customers themselves.

The Bank was one of the few banks to be authorized for opening Salary Accounts for Indian Army, 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 Guard and civilian Naval personnel. Further, MOUs were signed with the Association of Scientific and Technical Officers of ONGC (ASTO) for opening salary accounts of their employees.

The Bank has launched three new Corporate Salary propositions namely 'Nation Builders Salary Account', an account exclusively curated to suit the unique banking and lifestyle needs of PSU and Government professionals; 'Kotak Creme', an enhanced banking proposition for employees of top corporates that 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, the Bank has also introduced new variants of Debit Card to deliver superior features and experience to customers, namely, Nation Builders Debit Card on the Rupay platform, Everyday Debit Card, also on the Rupay platform.

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

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

The 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, the Bank has launched the ActivMoney Current Account, an account with a default auto-sweep facility where customers can earn interest through Sweep TD on the idle funds in their Current Account. Now Business Banking customers of the 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 SMEs. It comes across various categories such as Business Management and Marketing, Taxation and Legal, Human Resource, Supply Chain and Logistics and many more.

The Bank has been pushing the envelope in the field of Digital Payments with a host of new POS and QR products and solutions targeted at Merchants. The Bank has launched the Merchant One Current Account for the retail segment. This is an all-in-one Current Account that caters to the banking and other business-related needs of MSMEs, including small retailers. It helps MSMEs and store owners bill, create a customer database, run campaigns/offers, track payments and inventories, place orders and more – all 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. The Bank has also entered into a strategic tie-up with American Express, thus enabling our POS Merchants to collect high value payments from Amex cardholders. The 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. The Bank has continued to enhance the Kotak.biz Merchant app by launching link-based payments, multi-user capability and Voice-based notifications. The Bank is one of the first banks to enable acceptance for Digital Rupee.

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

The Bank has implemented behavioural biometrics on Net Banking and Payment Gateway as advanced security feature. The Proof of Concept (POC) is initiated on the Mobile Banking app. This also makes Kotak Mahindra Bank to be first domestic bank to comply with the RBI guidelines on Digital Payment Security Controls dated 18th February 2021.

The Bank has implemented One-Time Password for Fallback transactions for Kotak Debit card holders using Kotak Bank ATMs to prevent skimming frauds. This has helped in complete prevention of skimming frauds for these transactions. It has also helped in complying with the RBI guidelines on Digital Payment Security Controls dated 18th February 2021 offering multi facto authentication for ATM fallback transactions for this category of transactions.

The Bank was felicitated with an award from the PFRDA (regulator) on its Q3 FY 2022-23 NPS Performance (National Pension System). With the Digital Initiative taken up by the Bank in last financial year to open NPS accounts via Mobile Banking (MB) App, the Bank was able to successfully source 80% of Individual NPS accounts via Kotak MB App. Kotak is among the top-3 Private Banks in the industry on its NPS Performance and contributing towards making India a pension-enabled society.

In an effort to enhance the General Insurance (GI) product offering on the Insurance platform, the Bank was first in the industry to make available Floater options proposition for small ticket group plans. The Bank has also made GI products available during the biometric account on-boarding process.

The Bank has also made live the Do-It-Yourself (DIY) journeys for Pradhan Mantri Bima schemes, PMJJBY and PMSBY on the Mobile banking and Net banking platforms.

The Bank has implemented CBDC- RBI initiative (Central Bank Digital Currencies) for merchants to collect money through CBDC and customer can pay through CBDC app.

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

The Bank has introduced Vernacular language option in Net Banking (Dashboard, Account and Deposits). It helps to connect with target audience in a more effective manner resulting in exceptional user experience.

From 2021, Kotak811 operates as a “Semi-Autonomous” Digital Bank within Kotak Bank, with additional focus on service, user experience, engagement and cross-selling. As of FY 2022-23, 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% in FY 2022-23 (YoY). These metrics quantify the focus on cross-selling and engagement. Kotak811 has also started contributing meaningfully to the Bank across various parameters - In FY2022-23, 72% of new Savings A/c were acquired by Kotak811 and over 50% of Credit Cards, Unsecured Loans, Trading Accounts and Recurring Deposits were cross sold to Kotak811 customers.

Kotax

To bring forward the convenience of easy and seamless tax payments, the Bank got empanelled as an Agency Bank and started collecting both Direct (Income Tax) and Indirect (GST and Customs) taxes on behalf of the RBI. Now all bank customers can pay their taxes directly from their Kotak Bank accounts online. More so, the Bank widened its horizons to customers of all Banks 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 customers of all Banks 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, Bank is making strides into opening a plethora of options to further ease tax-paying journey for individual tax payers.

Mobile Banking

Kotak Mobile Banking has 265+ features live and continues to be amongst the top rated banking app in both iOS and Android. Features launched this year include Marathi Language Support, Kotak Smart Life, RM connect, Private portfolio for wealth customers, Revamped deposits journey, UPI Collect request on Home page, PMJJBY & PMSBY, Insta Life cover and Revamped OneView. Security features such as Malicious app detection and Behavioural biometrics for fraud monitoring were added.

Conversational Banking

Raise a dispute being one among the top calls on contact centre has been enabled on both Keya & WhatsApp thereby reducing the calls in terms of transaction disputes. WhatsApp is also used as a companion application by contact centre agents to complement their voice calls, this resulted in reduction of repeated calls and increased Net Promotor Score. WhatsApp is now secured with additional factor authentication that opens the opportunity to enable payment related services on WhatsApp.

Net Banking

Various features were added to Net banking. They include Interest Certificate; GST summary and tax invoice; PMJJBY and PMSBY in insurance; NRI service requests; RM eKconnect; Offer Zone that allows customers to see credit card, debit card and net banking offers, new and improved service request section, multi-language support (Hindi); grievance redressal option on Dashboard; fixed deposit and outward remittance for GIFT customers’ “Kotax”: Information repository on tax payment with option to initiate payments and track application which enables easy application status tracking for recent applicants of Personal Loan. In addition, the appearance and interface of the Offers Section of the Kotak website has been improved significantly during this period.

Digital Payments

The Bank through various drives and campaigns has encouraged customers to use Kotak Mobile Banking App, Scan QR codes and make payments via UPI, Bill Payment and Recharge. Kotak Bank did joint drive with the RBI - “Har Payment Digital” - leveraging social media platform for awareness on digital payment modes.

Other Initiatives

Three types of new service requests were introduced; ReKYC, tracking of outward cheques and Manage transaction alerts on digital channel.

The Bank introduced an insurance product with real-time processing over the counter using biometric authentication.

Consumer Assets

Consumer Assets have shown strong growth in both Secured and Unsecured segment with YoY growth of 26%. The secured portfolio has grown by 20% YoY while the unsecured Segment has grown by 65% YoY.

The Bank has invested heavily in FY 2022-23 in developing digital and analytical capabilities backed by strong technology. This has started yielding results in the form of improved customer experience and cost efficiencies.

Mortgage business continued to grow well during the year with 22% YoY growth. The Bank has also launched a Loan Origination System (LOS) for Home Loans reducing Turnaround Time from login to disbursement.

The Bank, under its digital-first strategy, launched real-time Working Capital Finance for MSMEs that are registered on Government’s e-Marketplace (GeM) Sahay – a platform that connects sellers with lenders.

The Bank launched digital loans for merchants using Kotak POS terminals with a daily and weekly EMI option for making the repayment. This ensures better cash flow management for the merchant.

The Bank integrated an end-to-end digital supply chain finance journey for distributors and retailers buying from OEMs (Original Equipment Manufacturers) on B2B platforms.

Digital lending for SMEs is one of the key focused segments. With compelling digital propositions in SME lending featuring shorter approval and disbursement TAT, we addressed the target market with reduced cost and improved customer experience. Other launches included Actyv.ai, Digi OD Renewal, Unsecured PO financing/ invoice financing through OCEN, and Insta POS Prime, business loan for POS-based merchants.

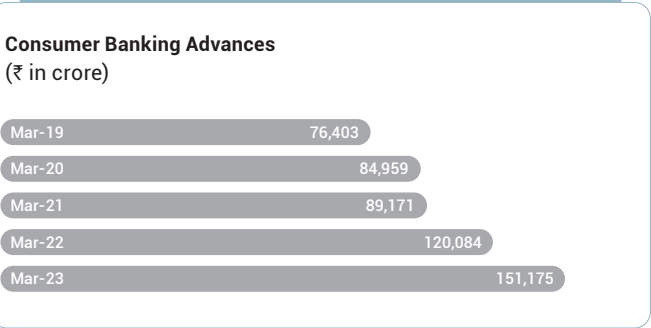
The Bank has developed scorecards and machine learning models that help identify the right segments of customers for unsecured lending thereby improving the overall no. of products sold per customer. The Bank has also achieved 90%+ Personal Loans in number terms being serviced end-to-end digitally thus providing enhanced customer experience.

Credit Card Segment has registered growth of 81% YoY. Credit Card outstanding crossed ₹ 10,000 crore as at March 2023. Bank’s market share in terms of No. of outstanding Credit Cards has grown YoY from 4.2% to 5.8% as at end of March 2023. DIY journey has been made live and a significant contribution from overall card issuance is coming from this channel.

The Bank has launched a co-branded card in partnership with 'Indian Oil' and also launched 'White Reserve Metal Card' exclusively for the premium segment of customers, thus widening the Bank’s suite of offerings for Credit card customers.

Kotak White Credit card tied up as presenting sponsor for The Backstreet Boys: DNA world Tour in India, which allowed an exclusive 48 hour access to the Pre-sale of Concert tickets and also enjoys 25% off, upto maximum of ₹ 7,500.

The Bank launched a new co-branded Credit Card, in association with METRO Cash and Carry India, – ‘METRO Kotak Credit Card’, which provides easy, interest-free credit facility, for up to 48 days to over 3 million registered METRO India customers.

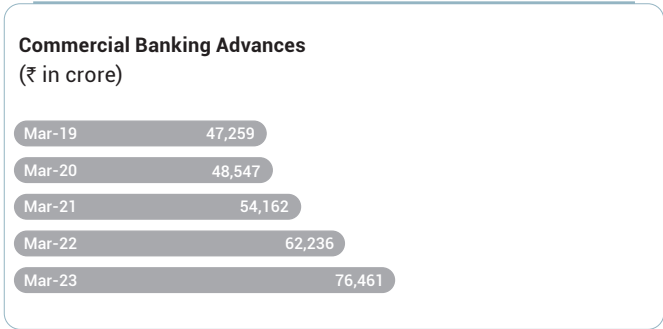


The Bank has gone live on Account Aggregator ecosystem. Bank's focus is including AA in lending and Personal Finance Management (PFM) journey. Currently Bank is live in DIY lending journey – HL, CC and assisted journey – HL, BL, LAP. In API Banking, Bank is live on more than 360 API (both public and private) on the API platform. Bank is live with 115+ partners. Bank has 2x partner growth over previous year.

Commercial Banking

The 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. The majority of the customers that this business serves in these segments is in semi-urban and rural area and form part of the priority sector. This business plays a significant role in meeting the financial inclusion goals by financing deep into 'Bharat'.

Trend of commercial advances over the last five years is as below:



Commercial Vehicle (CV)

The CV industry continued its growth momentum in FY 2022-23, registering ~34% growth 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, a few segments that depend upon 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 Tours and Travels are displaying increased demand. The Bank has grown its CV business quite strongly during this period and disbursements have grown at almost double of industry growth. This has helped the bank grow its market share in FY 2022-23. Collection efficiency continues to be stable and back to the pre-pandemic levels. As a result, the GNPA has come down.

Construction Equipment (CE)

The CE industry registered a healthy growth of ~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 such as roads, metros, railways, mining and sanitation. Apart from this, improvement in the overall macroeconomic environment led to a strong revival in construction activities and pickup in demand for CE assets. The Bank's disbursements also followed the healthy industry growth and grew at the same pace. As the cash flows in the segment improved during the year, the delinquency levels also improved and remained under control.

Tractor and Farm Equipment (Tractor)

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. The Bank has grown the Tractor business well, led by a strong pick-up in disbursements, better than the industry growth, and thus improved its market share. The Bank crossed the milestone of disbursing 1 lakh plus new Tractor loans since the inception of the tractor business. Small and marginal farmers constitute more than 75% of these loans demonstrating the Bank's continued commitment to making a difference in their lives and livelihood. The 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.

Agri Business

In the Agri 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 the war and weather. Farmers in India have also shown the capacity to hold onto their harvest output on expectation of higher price realization. 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 only pass part of the rate increase to the customers and this affected the margins for this business. Overall quality of credit in the segment showed improvement with higher past default recoveries and reduced fresh impairments. The Bank continued to focus on implementing digital initiatives to reach to small and marginal farmer by working on API based small loan for the dairy farmers.

Microfinance

Conducive regulatory and policy environment for Microfinance led to a strong growth for the industry during the year. The 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 11 states (6 of which were added during the year). The business also crossed the 1 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.

Gold Loan

The 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 ~50% during the year.

Crop Loan

The Bank's Crop Loan NPA recovery and portfolio quality improved in comparison with the last year due to better resolution and collection focus. Better monsoon and good crop yields aided the same.

Wholesale Banking

The Bank's Wholesale Business has a number of units catering to various customer and industry segments, including major Indian corporates, conglomerates, financial institutions, public sector undertakings, multinational companies, new age companies, small and medium enterprises and realty businesses offering a wide range of banking services covering their working capital, medium term finance, trade finance, foreign exchange services, other transaction banking requirements, custody services, debt capital markets, structured financing solutions and treasury services. The focus has been on customised solutions delivered through efficient technology platforms backed by high quality service. The Bank's core focus has been to acquire quality customers on a consistent basis and ensure value add through cross-selling of the varied products and services.

In FY 2022-23, the winding down of COVID linked packages by regulators across the world resulted in a rapid rise in the policy rates, which, understandably, led to volatility and sharp corrections in the debt markets. There was an associated movement in the MCLR's across tenure buckets. The wholesale business was able to pass on the increase in rates at the interest reset dates pre-defined in the underlying contracts. For new facilities, the wholesale business was served well by its historical focus on risk – return metrics such as RAROC which ensured that business segments did not lose sight of appropriate margins while trying to achieve book growth.

The Bank 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. In addition to focussing on new clients, the business segments also continued their efforts to increase wallet share with existing top tier clients with an aim to improve the overall quality of income. This has further strengthened the foundations of the Bank to offer comprehensive solutions to corporate banking customers.

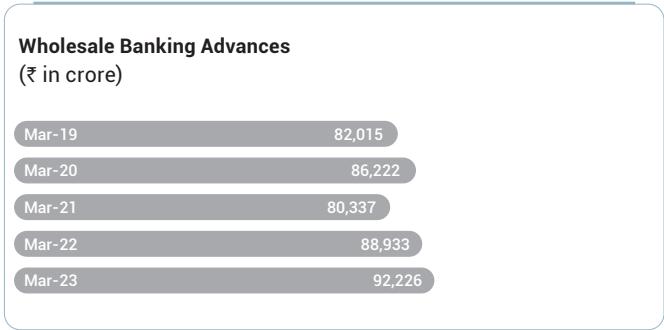
A focussed approach towards priority sector lending led to healthy growth in priority sector advances. The Bank has also focussed on building the assets through investment in NCDs and CPs, saving incremental priority sector obligations. Due to the rise in interest rates in the year, the investment book saw a mark-to-market loss in the P&L for FY 2022-23.

The ramp-up in SME continued during the year through focussed acquisition strategy and several initiatives to further improve response times.

In addition to direct lending to its clients, the Bank arranged for debt for its clients from the capital as well as loan markets. The assistance to clients in a challenging market enabled the business to protect its DCM and loan syndication revenue.

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

Trend of wholesale banking advances in the last five years is as below:



The Bank follows an integrated Corporate and Investment Banking approach to large conglomerates and corporate groups. Over the years, this strategy has helped strengthen the Bank's position with clients and increase the wallet share. The Bank witnessed good growth in its non-credit business streams with these clients with improved customer service and product innovations.

The increase in the cost of funds has got the focus back on liabilities and liquidity management. The focus on increasing the liability side of our business, mainly core current account, term deposits and other non-risk income streams continued in line with the overall intention to improve the quality of income from our clients.

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).

Over the years, the Bank has ensured that growth has been achieved in a profitable manner without compromising the health of the book. Its portfolio is well-diversified and industry, group and company specific exposure limits are reviewed periodically. The entire portfolio is rated by our internal credit rating tools, which facilitates appropriate credit selection & monitoring. Exposure, over the years, has been confined to segments with credit comfort in terms of better rated exposure, industries with a positive outlook and where pricing has been adequate for the risk being underwritten. These practices helped ensure that the overall portfolio continued to show robust characteristics throughout the year and the Wholesale Bank, this year again witnessed low credit cost, delivering continued improvement in the risk reward ratio. Pricing models such as Risk Adjusted Return on Capital (RaRoC) measurements are now embedded in the system. Due to these initiatives, the focus is high on ensuring the right risk-return balance and on maximising non-credit income streams. The Bank's focus on Risk management has helped the business to optimise its Risk Weighted assets as a percentage of assets in the past few years.

The Bank has a co-operation agreement with ING Bank globally covering a number of countries which helps the Bank in targeting a greater number of multinational corporates in India. Dedicated marketing efforts have helped the Bank to make significant inroads into identified corridors such as Germany, Switzerland, Austria, Italy, France, Nordic region, Taiwan and Korea. The Bank also has a Korea desk to cater to Korean clients in India and has been able to achieve significant success. Replicating this model, the Bank has now formed a dedicated desk to cater to newer MNCs entering India, offering end-to-end solutions by partnering with various agencies to co-create a sustainable ecosystem.

The Bank continues its strong focus in Global Transaction Services (GTS). With its long-term strategy of providing an integrated portal across all its product suites.

The Bank has been agile in introducing a digital signature facility and online platform solutions for documentation. This initiative has made it easier for clients to sign documents electronically and has streamlined the documentation process.

The Bank has continued its journey to provide a unified portal for customers by investing in new technologies and upgrading its processing engine. The Bank launched Kotak fyn, its new enterprise portal exclusively for Business Banking and Corporate clients. The offering entered its second phase with major updates and additions like additional customer friendly features such as EDPMS/IDPMS settlements, Inward modelling, end-to-end field mapping. This upgrade has improved the speed and efficiency of the system, resulting in a better user experience for clients. Kotak fyn is game changer with integrated one stop digital platform for all business banking needs. Kotak fyn's innovative, intuitive user interface with several industry first features will further provide superior banking experience. Kotak fyn is available to all its customers for collections and liquidity related transactions.

The key product initiatives other than phase II of fyn included the launch of 'Paperless Exports', White Label Supply Chain platform and TReDS process automation using BOTs. On the CMS front, the Bank has reshaped the architecture to provide best in class solutions across all CMS products. The Bank now has the ability to offer personalized solutions and cater to varied needs of each of its customers. The Bank also became the 1st bank to complete the UPMS certification with the NPCI.

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 the fiscal year. The Bank's vision is to go beyond normal and create unique experiences by offering best-in-class product suite to its clients.

In summary, a good growth in Assets and Fee Incomes, favourable risk-return metrics through the year, strong liability incomes and controlled credit costs have helped the Wholesale Bank preserve its profitability and maintain a healthy After Tax Return on Equity (ATROE) despite the challenges faced during the year.

Private Banking

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

It provides an open architecture proposition to its clients, 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 HNI and HNI (High Networth Individual) 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 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.

The private banking arm has added ~711 new families in FY 2022-23.

- Focused on technological initiatives both at the client level and at the internal team level with the aim of enhancing productivity and customer experience, coupled with improving cost efficiencies and reducing TAT
- Launched Réserve, a new Savings programme by Kotak Private Banking for an elevated banking experience
- Continued to build the new brand theme of 'Live Your Purpose' through unique client engagements throughout the year
- Strengthened existing propositions through new tie ups in the Alternate space

Kotak Private banking has been consistently featured as the Best Private Bank, India across multiple Global and Domestic platforms. Some of the recent accolades include:

- Asiamoney Private Banking Award 2023 - Best for Wealth Transfer/Succession Planning (India)
- The Asset Triple A Digital Awards 2023 - Digital Private Bank of the Year (India)
- PWM/The Banker's Global Private Banking Awards 2022 - Best Private Bank in India
- The Asset Triple A Private Capital Awards 2022 - Best Private Bank (India)

GIFT CITY

The GIFT City branch commenced operations in FY 2016-17. The GIFT Branch caters to banking needs – including requirements of managing currency and interest rate risks of the Bank's overseas customers and import funding as per extant guidelines. The branch also caters to the account and clearing requirements of the exchange and its members at GIFT IFSC.

The branch is regulated by International Financial Services Centres Authority (IFSCA), the unified regulator for GIFT IFSC, which also provides regulatory oversight and fosters ease of doing business at IFSC.

The branch operates with defined governance, administrative and functional framework. It has carefully curated a portfolio spread from short and long term trade loans, working capital and long term client loans, investments in bonds, deposits and borrowings, leading to continued growth in profitability, while also maintaining high standards of controls and governance. Additionally, the branch is actively improving its technology platforms to enhance client experience including net banking and digital journey. It is also actively working on extending its product bouquet and client reach.

DIFC BRANCH

The Bank's branch at the Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates, started operations in October 2019. The DIFC branch is authorised by the Dubai Financial Services Authority (DFSA) as a Category 1 licensed entity, enabling it to accept deposit from non-UAE residents and provide loans to individuals and corporates who qualify as professional client as per the DFSA rules. The DIFC branch complements the Bank with its ability to advise and arrange global investment products to its clients through its tie-up with various third-party service providers.

In FY 2022-23, the branch consolidated its offering by facilitating the opening of offshore bank accounts for its customers – including resident Indians. The branch is also focused on providing credit facilities by way of term loans and working capital financing to its clients during FY 2022-23.

Treasury

FY 2021-22 saw the initiation of COVID normalization process in a phased manner. As the normalisation process gathered further momentum in FY 2022-23, central banks across the world grappled with a sharp increase in inflation. Led by the US Federal Reserve, central banks in the developed and emerging economies responded to the inflation threat with sharp increases in policy rates through the year. Markets swayed between inflation and slow down concerns through the year, ending the year with greater risks and pricing of an impending economic slowdown in major economies.

The Reserve Bank of India ("RBI") also aligned with the global central banks. Acting in consonance, the Monetary Policy Committee (MPC) started with an unexpected mid-policy interest rate hike in May 2022. In response, the 10Y Benchmark yield rose to a high of 7.62% by June 2022 from 6.83% in March 2022. After the initial surprise recoil, 10Y Gilts ebbed and ranged between 7.20% and 7.40% for the year.

The currency market witnessed unprecedented strengthening of the US dollar against other global currencies. The USD index (a benchmark of USD exchange rate against a basket of currencies) rose by about 17% to a high of 114.10 by September 2022 from 98.31 in March 2022. The EUR lost about 13%, falling to 0.96 in September 2022 from 1.10 in March 2022. Indian Rupee (INR) also depreciated by about 10% to 83.02 in October 2022 from 75.79 in March 2022, settling in a broad range of 80.50–83.00. Throughout the period of market turbulence, the RBI actively intervened in the markets (both currency and liquidity) to curb excess volatility.

Market levels in FY 2022-23

	Open	High	Low	Close	Net change
10y India GILT yield	6.84	7.62	6.84	7.31	6.9%
10y US GILT yield	2.34	4.24	2.34	3.47	49.3%
USD/INR	75.79	83.02	75.33	82.34	8.6%
US Dollar Index	98.31	114.10	98.31	102.51	4.3%
EUR/USD	1.1067	1.1033	0.9802	1.0839	0.02%
Nifty	17465	18813	15361	17360	(0.6)%
Gold (USD per Troy ounce)	1937	1993	1622	1969	1.7%

Source: Bloomberg

The trading desks (FX and Derivatives desk, Equities desk and Fixed Income desks) took calibrated positions as markets jostled between global volatility and the RBI's intervention. Treasury optimised trading strategies - balancing for the elevated risk environment and increased book churn.

The Treasury Primary Dealer (PD) desk was able to achieve its regulatory targets of retail distribution, trading volumes and auction bidding for Government securities and T-Bills successfully.

In this period of excessive volatility, the treasury teams increased client coverage and service to its FX customers for conversion and hedging of their exposures. The FX sales desk continued its efforts on technology-based solutions, pricing efficiency, process optimisation and fine-tuning of desk organisation to deliver experiential service to its customers.

Foreign exchange flows from customers caught up with pre-pandemic levels and activity was good for most part of the year. However, in the latter half - flows started plateauing in response to signs of a global slowdown. Forward premia shrunk on account of shrinking interest rate differentials between the USD and the INR.

The Bullion desk continued building the annuity book of gold loans, providing stability and sustained profitability.

System liquidity depleted from large surplus to a minor deficit towards the latter half, while the banking system's credit grew. The Balance Sheet Management Unit (BMU) managed the liquidity requirements of the Bank optimally and efficiently, ensuring adequate liquidity and ALM to support the needs for credit and investment. The liquidity ratios remained above prudential internal thresholds.

The BMU maintained heightened vigil while managing Liquidity and Interest Rate Risks and regulatory investments of the Bank.

The Technology team within the treasury contributed by not only maintaining treasury applications through the year, but also by delivering enhanced technology solutions towards improving customer experience, offering new products and upgrading to more sophisticated systems.

The Bank's Asset Liability Committee (ALCO), which also functions as the Investment Committee, maintained a cautious and vigilant approach with a conservative risk appetite in its oversight of market risk, interest rate and liquidity gaps and counterparty and country exposures.

Subsidiaries Highlights

Kotak Mahindra Prime Limited (KMP)

KMP is primarily engaged in vehicle financing including financing of retail customers of passenger cars, Multi-Utility Vehicles (MUVs) and funding to car dealers. KMP finances new and used cars under retail loan, hire purchase and lease contracts. KMP is also engaged in corporate loans, developer finance, two-wheeler finance, loan against property and other lending.

Financial Highlights

(₹ in crore)		
Particulars	FY 2022-23	FY 2021-22
Net Interest Income	1,695.43	1,456.68
Other Income	352.25	330.77
Total Income	2,047.68	1,787.45
PBT	1,110.06	1,179.79
PAT	828.96	885.51

(₹ In crore)		
Particulars	31 st March, 2023	31 st March, 2022
Net Customer Assets	28,792.68	24,250.76
- Car advances	23,178.36	18,157.35
Net NPA %	0.83%	1.56%
RoAA %	2.77%	3.32%
Capital Adequacy Ratio %	28.39%	30.07%
Tier I %	27.72%	29.24%
COVID provision held	2.08	6.43

The passenger car market in India grew 26.73% in FY 2022-23 compared to 12.68% growth in FY 2021-22. Sales volume of cars and MUVs crossed 38.79 lakh units in FY 2022-23 compared to 30.60 lakh units in FY 2021-22. KMP added 99,884 contracts in FY 2022-23 compared to 76,956 contracts in FY 2021-22.

PBT for FY 2022-23 at ₹ 1,110.06 crore was lower than ₹ 1,179.79 crore for FY 2021-22 primarily due to brokerage charge on account of the change in accounting policy. Further, there was higher reversal of COVID provision in FY 2021-22 amounting to ₹ 83.93 crore. NIM for FY 2022-23 was 5.82% compared to 5.65% for FY 2021-22.

Gross NPA was ₹ 564.23 crore (2.11% of gross advances) while net NPA was ₹ 237.61 crore (0.91% of net advances) as on 31st March, 2023.

Kotak Mahindra Investments Limited (KMIL)

KMIL is primarily engaged in real estate developer finance, corporate loans other activities such as holding long-term strategic investments.

Real Estate: KMIL's Real Estate finance team offers real estate finance platforms in the country with expertise across all key asset classes. From structuring complex transactions to broadening the access to capital, its comprehensive financing solutions have made it a leading choice for real estate developers and investors for nearly a decade. KMIL is well-positioned to harness all opportunities that are available in the current economic environment.

Given the depth of its coverage, it is able to capture the growth opportunities offered by the all-round growth in the residential market across major cities. Its asset quality has remained strong through FY 2022-23 even as it ensure strong growth in this space. KMIL continues to be judicious about the borrowers that it works with and remain confident of its asset quality.

Corporate Lending: KMIL is focusing on increasing its Corporate Lending book. Besides, the Company has identified new areas of growth like Venture Debt Funding to meet business requirement of new age companies and start-ups and continue to build the lending portfolio in education space.

Financial Highlights

(₹ in crore)		
Particulars	FY 2022-23	FY 2021-22
Net Interest Income	443.92	427.27
Other Income	80.34	141.22
Total Income	524.26	568.49
PBT	439.32	498.57
PAT	326.26	371.15

(₹ In crore)		
Particulars	31 st March, 2023	31 st March, 2022
Net Customer Assets	9,689.25	7,170.33
Net NPA %	0.49%	0.48%
RoAA %	3.26%	4.13%
Capital Adequacy Ratio %	28.65%	34.59%
Tier I %	27.15%	32.19%
COVID provision held	0.09	7.17



PBT for FY 2022-23 at ₹ 439.32 crore was lower than ₹ 498.57 crore for FY 2021-22 primarily due to decrease in investment profit and discontinuation of LAS and OD business. Further, there was a higher reversal of COVID provision in FY 2021-22 amounting to ₹ 19.56 crore.

Customer assets increased to ₹ 9,689.25 crore as on 31st March, 2023 as compared to ₹ 7,170.33 crore as on 31st March, 2022. PAT declined 12.1% to ₹ 326.26 crore for FY 2022-23 from ₹ 371.15 crore in FY 2021-22. NIM for FY 2022-23 was 5.06%.

Gross NPA and Net NPA as on 31st March, 2023 was at ₹ 86.12 crore (0.94% of Advances) and ₹ 47.73 crore (0.52% of Advances) respectively.

Kotak Securities Limited (KS)

Kotak Securities Limited (KS) provides broking services in equity cash and derivatives segments, commodity derivatives, currency derivatives, depository and primary market distribution services. KS is a member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), National Commodity and Derivatives Exchange Limited, Multi Commodity Exchange Limited, and Metropolitan Stock Exchange of India Limited. KSL is also a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and is also registered as a portfolio manager with the Securities and Exchange Board of India (SEBI). Further, it is registered as a Mutual Fund Advisor with Association of Mutual Funds in India. The Company is having a composite license issued by the IRDA and also acts as Corporate Agent of Kotak Mahindra Life Insurance Company Limited and Kotak Mahindra General Insurance Company Limited.

Financial Highlights

(₹ in crore)		
Particulars	FY 2022-23	FY 2021-22
Total Income	2,473.87	2501.66
PBT	1,150.19	1,333.50
PAT	865.22	1,001.33

PAT for FY 2022-23 at ₹ 865.22 crore is lower than ₹ 1,001.33 crore for FY 2021-22 primarily due to lower brokerage income pursuant to lower market volumes in cash segment, increase in employee cost and technology cost.

FY 2022-23 witnessed volume growth in equity derivatives, currency and commodity segments but a volume decline in the cash market segment versus FY 2021-22. Market average daily volumes (excluding proprietary segment) increased to ₹ 7,223,485 crore for FY 2022-23 from ₹ 3,552,488 crore for FY 2021-22. Consequently, KS volumes also have gone up in the derivatives segment while they have reduced in cash segment.

Kotak Securities market share (excluding proprietary segment) for FY 2022-23 was:

- 5.54% compared to 2.85% in FY 2021-22 for NSE derivatives segment
- 10.55% compared to 10.58% in FY 2021-22 for cash segment

Note: Market share excludes proprietary segment volumes

KS digital only plans - Trade Free and Trade Free Youth, collectively accounted for 47.94% of overall KS acquisition, and 75.29% of derivatives market volume in FY 2022-23. Due to the continued thrust on digital, the mobile trading application of KS registered a massive adoption, resulting in 423% growth in the trading volume through the Kotak Securities Mobile apps.

Multiple initiatives were adopted to improve KS value proposition. The key initiatives are given below:

- As part of the Start-up Investments division, we acquired assets of FundExpert for scaling the IFA-led distribution business, invested in fintech start-up BankSathi for deepening financial inclusion in India and invested in fintech start-up Multipl for promoting savings mindset among millennials and first time investors. After acquiring assets of TradeGyani in FY2021-22, KS set up an Innovation Lab and within 10 months launched the first product - StockIt, a platform for basket investing
- Simplified account opening journey for Kotak Bank customers by reducing steps from 11 to 6
- Deployed Pay off analyser – a feature to analyse positions across different price, time and risk based scenarios for Equity and Currency derivatives
- Launched a Self-service platform to help customers close basic requests quickly and digitally with no human intervention required. Journey improvement across services has helped KS fulfil 78.30% of customer service requests digitally for the period Q4 FY23
- A new platform was launched for statements, where all KS customers can access the statements in a user friendly, responsive and adaptive User Interface
- Devised a social media strategy with a fresh content approach that educates, engages and promotes the brand as opposed to only highlighting product and service benefits. The growth in key platforms is given below:
 - Instagram followers grew by 13.8% from 40.5k to 46.1k
 - YouTube subscribers increased by 46.8% from 85.1k to 126k
 - LinkedIn followers grew by 23.4% from 119k to 146.6k

As on 31st March, 2023, KS had a national footprint of 1,443 branches and franchisees across 372 cities in India serving its customers. The cumulative number of registered authorised persons stood at 2,141 for the NSE and 1,671 for the BSE.

Awards and Recognitions

- 2nd Annual NBFC and Fintech excellence awards - Best Analytics Driven Project, Stock Broking category (by Quantic India)
- Winner of CFO100 2023 Roll of Honour - Hiren Vora (by CFO-India)
- Institutional Member for Outstanding Contribution Award (by NCDEX)
- Finnoviti Award – Digital Transformation with Kotak NEO (by Banking Frontiers)

The Institutional Equities division of KS continued to be in the leadership position in both the cash equities and derivatives segments. Market volumes in cash equities for the institutional segment remained flat in FY 2022-23 compared to FY 2021-22 whereas the derivatives segment saw 88% growth, mainly due to an increase in Index options category. Primary market activity in relation to IPOs and QIPs saw a large decline compared to FY 2021-22. However, KS continued to maintain its leadership position in primary market distribution. KS saw very strong growth in execution of block trades during the year. The Institutional Equities Research Team has added new sectors and companies to its list of coverage. It plans to expand its coverage further. KS has been upgrading its IT infrastructure by investing in latest technology across segments to improve operational efficiencies and maintain its leadership position in the institutional segment.

Kotak Mahindra Capital Company Limited (KMCC)

KMCC is a leading, full-service investment bank in India offering integrated solutions encompassing high-quality financial advisory services and financing solutions. The services include Equity Capital Market issuances, M&A Advisory and Private Equity Advisory.

Financial Highlights

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Total Income	323.93	439.91
PBT	192.48	315.70
PAT	149.28	244.75

Equity Capital Markets

In FY 2022-23, Indian Equity Capital Markets witnessed a slowdown in IPO activity on account of challenging macros at global and domestic levels. Deal activity was dominated by secondary sell-downs through block deals, which more than doubled in FY 2022-23 as compared to 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 an established track record. Domestic institutional investors continued to support the markets with an inflow of US\$ 31.9 billion versus an FPI outflow of US\$ 6.6 billion during FY 2022-23. A total of ₹ 82,677 crore (versus ₹ 200,630 crore in FY 2021-22, down 59% YoY) was raised in FY 2022-23 across deals other than blocks i.e. Initial Public Offerings (IPOs), Qualified Institutional Placements (QIPs), Further Public Offering (FPO), Rights Issues and Offers for Sale (OFS). Consumer and Healthcare sectors saw the maximum number of capital market deals being executed on the back of strong investor response.

KMCC was ranked no. 1 in IPOs more than ₹ 800 crore, having led 10 out of 17 such IPOs with a 83% market share. Kotak continued to be the Left Lead Banker of Choice having led marquee transactions such as LIC, Delhivery, Global Health, Rainbow Children’s Medicare and Sula Vineyards.

KMCC successfully completed 11 transactions, including 10 IPOs and 1 QIP raising a total of ₹ 40,846 crore in FY 2022-23. Kotak led several marquee transactions such as the Largest IPO in the Indian capital markets: ₹ 20,557 crore IPO of Life Insurance Corporation of India, the first ever secondary QIP: ₹ 3,547 crore in Macrotech Developers (Lodha).

Top equity deals that were concluded by KMCC during the year include:

IPO: Life Insurance Corporation of India – ₹ 20,557 crore, Delhivery – ₹ 5,235 crore, Global Health IPO + Pre-IPO – ₹ 2,688 crore, KFin Technologies IPO + Pre-IPO – ₹ 1,600 crore, Five-Star Business Finance – ₹ 1,589 crore, Rainbow Children’s Medicare – ₹ 1,581 crore, Campus Activewear – ₹ 1,400 crore, Sula Vineyards – ₹ 960 crore, Bikaji Foods International – ₹ 881 crore, Aether Industries – ₹ 808 crore

QIP: Macrotech Developers – ₹ 3,547 crore

Mergers & Acquisitions and Private Equity Advisory

The total M&A Advisory deal value in India for FY 2022-23 increased to USD 183 billion from USD 145 billion in FY 2021-22, while deal volumes decreased to 3,067 in FY 2022-23 from 3,701 in FY 2021-22. The average deal size for FY 2022-23 increased to USD 91 million from USD 60 million in FY 2021-22 (Source: Bloomberg, as on 14th April, 2023).

In FY 2022-23, among the investment banks, KMCC was ranked #3 by volume of deals and #4 by value of deals in the M&A league tables (Source: Bloomberg, as on 14th April, 2023). KMCC advised on a diverse array of 18 M&A transactions across a range of products and sectors, for a total deal value of USD 61.4 billion (not considering deals where values have not been disclosed):

- Across products, ranging from Acquisitions, Divestments, Mergers, Restructurings, Private Equity investments, Delisting Offers, Open Offers, Buyback Offers;
- Across sectors, ranging from Financial Services, Industrials, Consumer, Technology, Healthcare, Infrastructure etc.

Deal values in FY 2022-23 grew ~26% vis-à-vis the previous year despite rising interest rate environment. In FY 2022-23, financial sponsors accounted for about 29% of the transactions by value (excluding HDFC group merger) versus 39% in FY 2021-22 and continue to constitute a significant part of India’s M&A activity.

The deal activity in FY 2022-23 was largely contributed by domestic majority, inbound majority and minority investments and restructurings, in the financial services and technology sectors. Simplification of corporate structure, consolidation by market leaders, building adjacencies by acquisition of new business, and acquisitions by private equity funds were major drivers for M&A transactions in FY 2022-23 and the trend is expected to continue in FY 2023-24. Other factors such as investment by global strategic players, buyouts and exits by private equity funds, consolidation within various industries, disinvestment initiatives by the government and divestment of non-core assets are also expected to drive the M&A activity in FY 2023-24.

Some of the key advisory deals that were announced by KMCC during the financial year include:

- Sell-Side advisor for sale of Bain Capital's stake in J M Baxi Ports & Logistics to Hapag-Lloyd
- Sell-Side advisor to Vistaar Finance Private Limited for sale of controlling stake to Warburg Pincus
- Sell-Side advisor for sale of majority control of US based Helpware Inc. to EIR Partners, a US PE Fund
- Sell-Side advisor to Pickrr Technologies Private Limited in relation to its acquisition by BigFoot Retail Solutions Private Limited
- Sell-Side advisor for sale of 100% stake of Tufropes and business undertaking of India Nets to Aimia Inc and Paladin PE
- Sell-Side advisor to Hector Beverages Private Limited and Sequoia Capital for investment round led by GIC
- Sell-Side advisor for sale of Unison Enviro (Ashoka Gas), owned by Ashoka Buildcon Limited and Morgan Stanley Infra Fund to Mahanagar Gas Limited
- Buy-Side advisor to Advent International for acquisition of controlling stake in Suven Pharmaceuticals & manager to the open offer
- Buy-Side advisor to Actis LLP for acquisition of 400MW operating solar power assets of Atha group
- Manager to the Delisting-cum-Takeover Offer, first of its kind, by Blackstone for R Systems International Ltd.
- Buy-Side advisor to Saudi Agricultural & Livestock Investment Corporation for its investment in LT Foods and sale of its stake in Daawat to LT Foods
- Financial advisor to HDFC in relation to merger of HDFC Limited with HDFC Bank Limited
- Exclusive Financial advisor to Mahindra Lifespace Developers Limited for the joint venture to acquire and develop industrial and logistics assets
- Financial advisor to Amara Raja Batteries Limited (ARBL) for demerger of Plastic Component for Battery Business of Mangal Industries Limited in to ARBL
- Exclusive Financial advisor to Mahindra & Mahindra Limited for its partnership with Mutares to transform Peugeot Motorcycles (Leading ICE & Electric 2W brand)
- Financial advisor for merger of Butterfly Gandhimathi Appliances Limited with Crompton Greaves Consumer Electricals Limited
- Manager to the Buyback Offer by Infosys Limited through open market route
- Manager to the Buyback Offer to the shareholders of Birlasoft Limited through tender offer route

Kotak Mahindra Life Insurance Company Limited (KLI)

Kotak Mahindra Life Insurance Company Limited (KLI), a 100% subsidiary of Kotak Bank is in the business of Life Insurance, annuity and providing employee benefit products to its individual and group clientele. KLI has developed a multi-channel distribution network to cater to its customers and markets through agency, bancassurance and other alternate, group and online channels on a pan-India basis.

The financial performance of KLI for the current and previous financial year is given below:

Network

KLI had 289 life insurance outlets across 149 locations. KLI has 112,697 life advisors, 23 Bancassurance partners and 194 brokers and corporate agency tie-ups.

Financial Highlights

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Gross Premium Income	15,320.46	13,015.11
First Year Premium (Incl. Group and Single)	7,668.67	6,142.77
Profit Before Tax – Shareholders' Account	1,462.72	596.49
Profit after Tax – Shareholders' Account	1,053.31	425.38
Solvency Ratio (as on 31 st March)	2.83	2.73

The Indian Embedded Value (IEV) was ₹ 12,511 crore as on 31st March, 2023 (31st March, 2022: ₹ 10,679 crore). This is computed based on the principles prescribed by APS10. The methodology, assumptions and results have been reviewed by Willis Towers Watson Actuarial Advisory LLP.

The Value of New Business (VNB) for FY 2022-23 grew by 53.4% from ₹ 895 crore to ₹ 1,373 crore and the VNB margin was 38.8%.

Networth of KLI increased by 21.38% to ₹ 5,327.70 crore as on 31st March, 2023 from ₹ 4,389.20 crore as on 31st March, 2022.

An insurance company is considered to be solvent if its assets are adequate and liquid to pay off claims/liabilities as and when they arise. Solvency ratio indicates the Company’s claim/liability paying ability. KLI has solvency ratio of 2.83 against a regulatory requirement of 1.50.

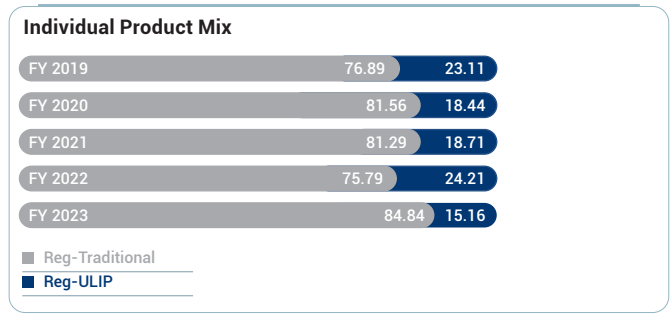
Revenue Performance

KLI recorded 17.71% growth in the gross written premium, mainly coming from Individual regular premium and Group premium. The summary of premiums is given below:

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Individual Regular	2,592.72	1,980.81
Individual Single	1,359.23	1,320.28
Group Premium	3,716.72	2,841.68
Total New Business Premium	7,668.67	6,142.77
Renewal	7,651.79	6,872.35
Gross Premium	15,320.46	13,015.12

Distribution Mix (Individual business APE (Single 1/10))

The distribution mix for Individual business APE (Single 1/10), is 49.12% for the Bancassurance channel and 58.88% for Agency & other channels.



This year product mix of KLI in individual regular premium inclines towards Traditional business being 84.84% and 15.16% of ULIP.

Protection Share

Protection share as a percentage of Individual New Business and Total Group Business stood at 38.47%.

Overall protection business for FY 2022-23 grew 42.82% from ₹ 2,153.92 crore to ₹ 3,076.17 crore YoY.

Group Business

The group business comprising of Group term, Group Credit life business and Group Fund business (Including renewals) grew 24.33% in FY 2022-23 to ₹ 4,044.94 crore from ₹ 3,253.27 crore in FY 2021-22.

Conservation and Persistency

The conservation ratio stood at 86.76% in FY 2022-23 compared to 89.36% in FY 2021-22. As of February 2023, the persistency was 84.51% (13th month), 73.02% (25th month), 67.61% (37th month), 63.61% (49th month) and 51.43% (61st month).

Industry Comparison

On individual APE Basis (Single 1/10) KLI registered 29.15% growth against private insurance industry growth of 24.15% and overall industry growth of 18.71%. On individual APE, KLI held 8th rank within the private industry. KLI's market share for Individual New Business premium (APE terms) is 3.99% for FY 2022-23 among private insurers.

On group APE Basis (Single 1/10) KLI's market share for Group New Business premium (APE terms) stood at 10.37% for FY 2022-23 among private insurers. On group APE, KLI held 4th rank within the private industry.

In FY 2023 Insurance industry as a whole registered a growth of 17.62% on Total New Business Premium – Adjusted Premium Equivalent (APE) terms (Single 1/10), KLI registered a growth of 18.18% on Total New Business Premium- APE terms. On the same basis, KLI market share stood at 5.04% of private industry.

Claims Settlement Ratio

The individual claims settlement ratio for FY 2022-23 stood at 98.25% while the group claims settlement ratio for FY 2022-23 stood at 99.60%.

Assets Under Management

KLI saw an increase in its AUM (including shareholders') by 15.70% YoY to 64,284.83 crore in FY 2022-23.

Digital Initiatives

KLI mainly focused on below areas

- DIY (Do-It-Yourself) journeys on KLI Website, Bank mobile & net banking for key savings & protection products
- 4.8 mn (78%) customer service transactions processed digitally in FY 2022-23
- 98.9% of policies* sourced through Online platforms and Genie app in FY 2022-23

*Individual policies (non-rural)

Social and Rural Obligations

KLI has written 80,975 rural policies in FY2022-23 (FY 2021-22: 77,609), representing 23.35% of total policies against regulatory requirement of 20%. Further, KLI covered 8,063,445 social lives in FY 2022-23 (FY 2021-22: 9,580,400), which is more than the regulatory requirement of 5% total lives. KLI takes the social sector target not as an obligation, but with a sense of duty to the community as a life insurance company.

Kotak Mahindra General Insurance Company Limited (KGI)

KGI was incorporated on 20th December, 2014 under Companies Act, 2013 as a 100% subsidiary of Kotak Mahindra Bank Limited. The Company received the certificate of registration from Insurance Regulatory and Development Authority (IRDAI) on 18th November, 2015 with registration no. 152 and subsequently commenced operations on 17th December, 2015.The Company is in the business of underwriting general insurance policies relating to Fire, Marine and Miscellaneous lines of business.

The general insurance industry as a whole registered 16.41% YoY growth in FY 2022-23, in which the private sector (excluding standalone health insurance companies) grew by 20.22%. KGI grew its premium (excluding re-insurance) from ₹ 742.47 crore in FY 2021-22 to ₹ 1,134.09 crore in FY 2022-23, registering 52.75% growth.

Financial and Other Highlights

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Gross Written Premium (GWP) (including re-insurance)	1,148.30	753.88
Profit/(Loss) Before and After Tax	(117.28)	(82.98)
Claims Ratio	69.50%	77.04%
Combined Ratio	121.25%	121.91%

Revenue Review

KGI's Motor business grew 32.95% from ₹ 388.03 in FY 2021-22 to ₹ 515.89 crore in FY 2022-23, Health business grew 75.43% from ₹ 275.53 crore in FY 2021-22 to ₹ 483.37 crore in FY 2022-23, Commercial business grew 66.25% from ₹ 84.19 crore in FY 2021-22 to ₹ 139.97 crore in FY 2022-23

Product Mix

In order to maintain a balanced product mix, KGI product mix for Motor, Health and Others has moved from 52:37:11 in FY 2021-22 to 45:42:12 in FY 2022-23.

Distribution Mix

The Bancassurance Channel grew 36.44% from ₹ 266.54 crore in FY 2021-22 to ₹ 363.66 crore in FY 2022-23 and including FIG growth stood at 44.50%. The Multi-distribution channel grew37.08% from ₹ 303.24 crore in FY 2021-22 to ₹ 415.68 crore in FY 2022-23 and the Digital channel grew 117.24% from ₹ 110.98 crore in FY 2021-22 to ₹ 241.08 crore in FY 2022-23.

Solvency

As on 31st March, 2023, the solvency ratio of KGI stood at 1.83 against the regulatory requirement of 1.50.

Investments

Investments of KGI as on 31st March, 2023 stood at ₹ 1,743.80 crore against the previous year amount of ₹ 1,231.13 crore, registering 41.64% growth.

Distribution Network

KGI has a network of 25 branches catering to more than 300 locations. KGI has 33 corporate agents, 3694 individual agents, 5697 point of sale agents, 498 brokers, 19 web aggregator and 22 micro insurance agents.

Rural and Social Obligations

KGI has written a premium of ₹ 130.24 crore under rural obligation representing 11.48% of the total premium. Further, KGI has covered 295,683 social lives against the regulatory requirement of 131,017.

Claim Servicing

The number of claims settled by the Company has increased from ~87,600 in FY 2021-22 to ~155,400 in FY 2022-23, up 77.39%. KGI won Best Claims and Service Experience - FICCI FINCON Insurance Awards.

Kotak Mahindra Asset Management Company Limited (KMAMC) and Kotak Mahindra Trustee Company Limited (KMTCL)

KMAMC is the asset manager of Kotak Mahindra Mutual Fund (KMMF) and KMTCL acts as the trustee to KMMF.

Financial Highlights

(₹ in crore)		
Kotak Mahindra Asset Management Company Limited	FY 2022-23	FY 2021-22
Total Income	943.66	771.13
PBT	605.85	455.51
PAT	474.77	338.94
AAUM	287,058	272,938
(₹ in crore)		
Kotak Mahindra Trustee Company Limited	FY 2022-23	FY 2021-22
Total Income	111.82	148.49
PBT	107.48	145.18
PAT	79.99	115.18

The mutual fund industry registered 8.33% YoY growth in FY 2022-23 over FY 2021-22 with the Annual Average Assets under Management (AAUM) for FY 2022-23 standing at ₹ 39.95 lakh crore.

During the same period, on the basis of AAUM, KMAMC was ranked no. 5 in the industry. The AAUM of KMMF stood at ₹ 287,058 crore for FY 2022-23, up 5.2%from ₹ 272,938 crore in FY 2021-22. AAUM Market Share was 7.2% in FY 2022-23 (7.4% FY 2021-22).

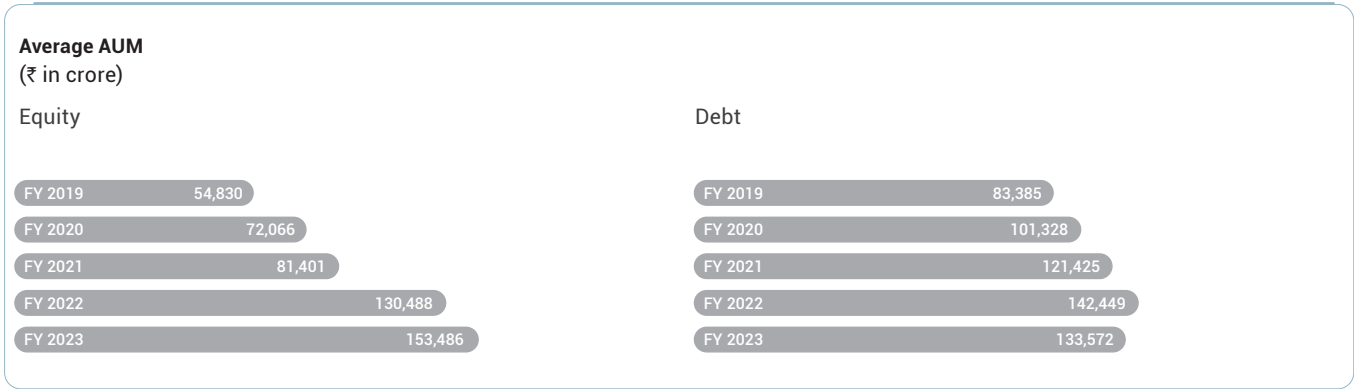
KMAMC has 45.17 lakh unique investors (on the basis of RTA data) against the industry's 376.83 lakh, a market share of 12.0% in March 2023, versus 11.7% in March 2022.

KMAMC ended the year with AUM under the portfolio management business of ₹ 1,595.98 crore as on 31st March, 2023 versus ₹ 1,579.45 as on 31st March, 2022.

In FY 2022-23, the Company launched four open ended funds and eight passive strategies.

Revenue from operations increased to ₹ 803.21 crore in FY 2022-23 from ₹ 768.41 crore in FY 2021-22, largely on account of an increase in AAUM. The overall costs increased to ₹ 337.81 crore in FY 2022-23 from ₹ 315.62 crore in FY 2021-22. FY 2022-23 had a long-term capital gain of around ₹ 130 crore. Hence, the overall PBT increased to ₹ 605.85 crore in FY 2022-23 compared to ₹ 455.51 crore in FY 2021-22.

For KMTCL, the reduction in PBT was due to a long-term capital gain of ₹ 46.59 crore booked in FY 2021-22.



Kotak Mahindra Pension Fund Limited (KMPFL)

Financial Highlights

(₹ in crore)		
Particulars	FY 2022-23	FY 2021-22
Total Income	3.13	3.39
PBT	(3.49)	(1.54)
PAT	(3.49)	(1.54)
AUM	2,856	2,230

The Company manages nine schemes under the National Pension System. It had total assets under management (AUM) of ₹ 2,855.81 crore as at 31st March, 2023, up 28% from ₹ 2,229.93 crore as on 31st March, 2022. The overall pension fund industry AUM (including the private and public sector) has grown by about 22% YoY to ₹ 898,343 crore as on 31st March, 2023.

The Company's equity fund (NPS Tier 1) was among the top-2 best performing equity funds in the NPS industry (NPS Tier 1) over 1, 3, 5, 7 & 10-year periods as on 31st March 2023. The Company's government securities fund (NPS Tier 1) was among the top-2 best performing government securities funds in the NPS industry over 10-year period as on 31st March, 2023.

Revenue from operations increased to ₹ 2.23 crore in FY 2022-23 from ₹ 1.48 crore in FY 2021-22, primarily on account of the increase in AAUM. The overall costs increased to ₹ 6.62 crore in FY 2022-23 from ₹ 4.93 crore in FY 2021-22. Hence, there is a loss of ₹ 3.49 crore in FY 2022-23 as compared to loss of ₹ 1.54 crore in FY 2021-22.

Kotak Investment Advisors Limited (KIAL)

KIAL, a leading alternate assets manager, is in the business of managing and advising funds across the following asset classes such as (a) Private Equity (b) Real Estate (c) Infrastructure (d) Special Situations and Credit and (e) Investment Advisory. It is among the select alternate asset managers in India to be present across these asset classes and managing a large number of active funds in these asset classes.

The aggregate alternate assets managed/advised by KIAL as on 31st March, 2023 were ₹ 45,869 crore. It managed 26 domestic funds, advised 1 domestic fund and 5 offshore funds during the period. KIAL has Investment Advisory business for Private Clients and had ₹ 71,314 crore Assets Under Advice as on 31st March, 2023.

Financial Highlights

(₹ in crore)		
Particulars	FY 2022-23	FY 2021-22
Total Income	322.38	243.96
PBT	51.95	79.42
PAT	42.27	58.65
AUM*	45,869	20,079

*Alternate assets managed/advised

During the year KIAL received new capital commitments for 8 new funds totalling ₹ 29,557 crores.

Brief details about the major new funds launched during the year under review:

- Kotak Strategic Situations Fund II will provide strategic solution capital across growth and value companies. The sector-agnostic fund will provide equity, debt capital and hybrid.
- Kotak Data Centre Fund is the first India-focused Data Centre fund to partner with Data Centre operators to tap the fast-growing Digital Infrastructure opportunity in the country.
- Kotak Infrastructure Fund will invest in operating infrastructure projects by providing senior, secured credit.
- Kotak Real Estate Fund X is an opportunistic fund which can invest across various real estate asset classes and capital stack i.e. both debt and equity. The fund will primarily target investments in residential real estate.
- Kotak Performing Credit Strategy Fund I would be creating a portfolio of quality office assets.
- Kotak Private Credit Fund (“KPCF”) will be focusing on the performing credit space, providing debt to growth-oriented companies with established business models in the midmarket space to secure mid to high teen returns.

Kotak Mahindra Trusteeship Services Limited (KMTSL)

KMTSL, incorporated on 31st March, 2000, acts as a trustee to domestic venture capital funds, alternate investment funds. KMTSL also offers Kotak's Estate Planning Services and with a legacy of over 16 years in this field, KMTSL has been instrumental in setting up private family trusts for many families across India, catering to a diverse mix of industries and sectors.

Kotak's Estate Planning Services plays an important role in providing a comprehensive platform covering the entire gamut of financial products and services for Ultra High Net Worth Individual (UHNl) and High Net Worth Individual (HNI) clients, comprising entrepreneurs, business families, and professionals. It also acts as a trustee to estate planning trusts, in which it assists in setting up private trusts for High-Net Worth individuals to achieve their succession and financial planning.

Financial Highlights

(₹ in crore)		
Particulars	FY 2022-23	FY 2021-22
Total Income	14.05	11.93
PBT	3.51	3.99
PAT	2.63	3.04

Kotak International Subsidiaries

Financial Highlights

Kotak International subsidiaries consist of following entities:-

1. Kotak Mahindra (UK) Limited
2. Kotak Mahindra (International) Limited
3. Kotak Mahindra, Inc.
4. Kotak Mahindra Asset Management (Singapore) Pte. Limited
5. Kotak Mahindra Financial Services Limited

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Total Income	270.27	324.05
PBT	90.32	154.94
PAT	76.31	118.13

The international subsidiaries have offices in Singapore, the UK, Mauritius, the US and the UAE.

The international subsidiaries are mainly engaged in investment management, advisory services, dealing in securities, broker-dealer activities and investments on own accounts.

The funds managed or advised by the International Subsidiaries are India centric equity and debt funds and target investors from across the globe seeking to invest into India. Though the International Subsidiaries have the right blend of products to be offered to global investors through its network of sub-distributors, it is heavily dependent on the performance of the Indian capital markets and funds, other product manufacturers and also the investment appetite of the global investors seeking to invest into India.

Business Update

The closing assets managed/ advised by the International Subsidiaries was USD 3.77 billion (₹ 30,982.11 crore) as on 31st March, 2023 compared to USD 3.89 billion (₹ 29,448.23 crore) as on 31st March, 2022. The net inflows into funds was offset by the fall in capital markets in India (mostly on account of depreciation of Indian Rupee against the US Dollar). The average AUM (AAUM) was USD 3.62 billion (₹ 29,103.93 crore) as on 31st March, 2023 compared to USD 4.02 billion (₹ 29,978.29 crore) as on 31st March, 2022.

Income from bond dealing business increased marginally in FY 2022-23 over previous year due to increase in market volatility.

Financial Update

The total income earned by International Subsidiaries decreased to ₹ 270.27 crore in FY 2022-23 from ₹ 324.05 crore during the FY 2021-22.

The lower income from investment management (largely due to lower AAUM), advisory and other services (₹ 55.78 crore) and mark-to-market loss on investments (₹ 9.46 crore) was offset by higher interest income (₹ 7.36 crore) and higher income from dealing securities (₹ 5.14 crore).

The overall expenses increased to ₹ 179.95 crore in FY 2022-23 from ₹ 169.11 crore in FY 2021-22.

PBT stood at ₹ 90.32 crore in FY 2022-23 versus ₹ 154.94 crore in FY 2021-22.

Kotak Infrastructure Debt Fund Limited (KIDFL)

KIDFL, is an Infrastructure Debt Fund, set up under the NBFC route. It is engaged in providing finance for infrastructure projects, with more than one year of satisfactory operational history.

During the year, KIDFL forged strong relationships with multiple infrastructure clients. It continues to be judicious about credit underwriting and selection of customers.

Financial Highlights

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Total Income	74.92	73.58
PBT/PAT	27.83	32.35

Customer Assets increased by 58% to ₹ 980.61 crore as on 31st March, 2023 compared to ₹ 620.35 crore as on 31st March, 2022 mainly due to higher disbursement.

IVY Product Intermediaries Limited (IVYPIL)

At present, IVYPIL earns income from investment of its surplus money in fixed deposits.

Financial Highlights

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Total Income	0.32	0.30
PBT	0.24	0.29
PAT	0.16	0.22

BSS Microfinance Limited (BSS)

BSS is a wholly owned subsidiary of KMBL and working as Business Correspondent (BC) of the Bank. BSS facilitates microfinance loans to rural and semi-urban poor women. It has 652 branch offices across 11 states in India (Karnataka, Maharashtra, Madhya Pradesh, Tamil Nadu, Bihar, Uttar Pradesh, Rajasthan, Gujarat, Chhattisgarh, Jharkhand and Odisha). Loans originated by BSS are eligible for priority sector advances of the Bank. It also provides first loss default guarantee to the Bank on the loans originated by it.

Financial Highlights

Particulars	(₹ in crore)	
	FY 2022-23	FY 2021-22
Total Income	633.10	283.18
PBT	396.29	109.51
PAT	297.21	82.81

Disbursements grew to ₹ 6,597 crore in FY 2022-23 from ₹ 2,894 crore in FY 2021-22. Further, Profit grew to ₹ 297.21 crores in FY 2022-23 from ₹ 82.81 crores in FY 2021-22. The higher PBT was mainly due to increase in AUM and a decrease in provisions.

RISK MANAGEMENT

A. Risk Management

The Group views risk management as a core competency and tries to ensure sound management of risks through timely identification, assessment and management. Risk management is a key internal process and is aimed at ensuring that the results of the activities that imply assuming a risk are consistent with the strategies and risk appetite and that adequate balance exists between the risk and benefit in order to maximize the value for the shareholders. Risk management capabilities are critical in sustaining the current growth and profitability. The Group has continued to develop and fine-tune relevant policies, tools and processes and over the years, enhanced risk management system and processes to be in compliance with the changing regulatory requirements. The Group manages Risk under an Enterprise wide Risk Management (ERM) framework that aligns risk and capital management to business strategy, protects its financial strength, reputation and ensures support to business activities for adding value to customers while creating sustainable shareholder value. The ERM policy sets the approach for Risk Management and is adopted by legal entities in the group, with suitable modifications, as appropriate for their individual businesses. The policy guides the organization of the risk management function and the identification, measurement, management and reporting of risks. The ERM policy is complemented by policies that are aligned to individual risks. These specific policies set the principles, standards and core requirements for the effective management of those risks. The ERM framework supports the MD and CEO and the CRO in embedding strong risk management and risk culture. The ERM framework lays out the following components for effective Risk Management across the Group

- An Independent Risk organisation and governance structure with a clear common framework of risk ownership and accountability
- Governance standards and controls to identify, measure, monitor and manage risks
- Policies to support and guide risk taking activities across the Group
- Risk Appetite statements
- Standardised risk metrics and risk reports to identify and communicate and risks
- Periodic stress testing to assess the impact of adverse business conditions on earnings, capital and liquidity

The Bank has adopted the three lines of defence model towards risk management. Business units and the independent risk management function, work in collaboration to ensure that business strategies and activities are consistent with the laid down policies and limits. Responsibilities for risk management at each line of defence are defined, thereby providing clarity in the roles and responsibilities towards risk management function.

At the first line of defence are the various business lines that the Bank operates, who assume risk taking positions on a day to day basis and manage it within approved framework and boundaries.

The second line of defence is made up of Risk Management, Finance and Compliance functions. This line provides independent review, challenge and oversight of the activities conducted by the first line and periodic reporting to the Board. The second line is responsible for frameworks, policies, appetite and limits, which the first line must adhere to and comply with in their operations. This line is also responsible for monitoring the risk management and reviewing the risks that the bank is exposed to and ensures that management and the Board are sufficiently informed of the risk exposure.

The third line of defence is the audit function, which provides independent assurance at the institutional level on the design and operation of the internal control, risk management and control processes through the first and second lines of defence independent assessment of the first and second lines of defence and reports to the audit committee of the Board.

The risk management framework based on the three lines of defence governance model is further strengthened by a strong risk culture that is present at all levels. All employees are responsible for understanding and managing risks within the context of their individual roles and responsibilities.

The Chief Risk Officer (CRO), who is appointed by the Board of Directors and reports directly to the MD and CEO, heads the independent risk function in the Bank. A disciplined, structured and integrated approach is adopted to managing risks. The Risk function provides an independent and integrated assessment of risks across various business lines. The risk management function has separate units responsible for the management of credit risk, market risk, operational risk, liquidity and interest rate risk, group risk and technology risk. Each of these units reports to the CRO.

The Group has a well-established risk management structure, which includes the Board of Directors, supported by an experienced senior management team and various management committees as part of the Risk Governance framework. The risk management process is the responsibility of the Board of Directors, which approves risk policies and the delegation matrix. The Bank and every legal entity in the Group, operates within overall limits set by the Board and Committees to whom powers are delegated by the Board.

Every quarter, the CRO reports to the Risk Management Committee (RMC) and the Board, on the performance against risk appetite and the risk profile. Besides this, formal updates on various portfolios are provided to the RMC and Board periodically. Such regular and transparent risk reporting and discussion at the senior management level, facilitates communication and discussion of risks and mitigating strategies, across the organisation. The RMC and Board members are appropriately qualified to discharge their responsibilities, have appropriate balance of industry knowledge, skills, experience, professional qualifications and relevant technical and financial expertise in risk disciplines or businesses.

The risk management processes of the Bank's subsidiaries are the responsibility of their respective boards. A Group Risk Management committee (GRMC) ensures that there is a holistic view of risks at overall Group level. The Board has oversight of the management's efforts to balance growth and prudent risk management, while creating value for stakeholders.

As of date, the Bank and major entities of the Group continue to be rated "AAA", reflecting the Group's strong financial risk profile, sound asset quality, robust liquidity and strong capital adequacy.

B. Capital Adequacy

The Group's approach to capital adequacy is driven by strategic and organisational requirements while taking into account the regulatory and macro-economic environment. Capital management involves an on-going review of the level of capitalisation against key objectives and to maintain a strong capital base to support long-term stability, planned business growth and risks inherent in various businesses. The strong Tier I capital position of the Group is part of the overall business strategy and a source of competitive advantage. It provides assurance to regulators and credit rating agencies, while protecting the interests of depositors, creditors and shareholders. Strong capitalisation also enables the Group to take advantage of attractive business opportunities. The Group strives to strike a balance between the need for retaining capital for strength and growth, while providing an adequate return to shareholders. The Group sets an internal capital adequacy ratio target that includes a discretionary cushion in excess of the minimum regulatory requirement.

In addition to the regulatory risk-based capital framework, the Group is also subject to minimum Leverage Ratio requirement. The leverage ratio is calculated by dividing Basel III tier 1 capital by the total of on-balance sheet assets and off-balance sheet items at their credit equivalent values. The strong tier 1 position of the group ensures a high leverage ratio for the group.

Capital planning is an important element of overall financial planning and capital requirements of businesses are assessed based on the growth plans. The Capital utilisation and requirement is monitored every quarter to ensure sufficient capital buffer above regulatory and internal requirement. Senior management considers the implications on capital, prior to making strategic decisions. During the year, the Bank and each legal entity in the Group placed emphasis on capital and liquidity to ensure that they were capitalised above internal and regulatory minimum requirements at all times, including under stress conditions.

C. Risk Appetite

The risk appetite is set by the Board and is a top-down process consisting of specific quantitative and qualitative factors and provides an enforceable risk statement on the amount of risk the Group is willing to accept in support of its financial and strategic objectives. The risk appetite statements set the "Tone from the Top" and cover all key risk factors and clearly define the boundaries of risk taking. The Risk Appetite is set in a manner to facilitate sustainable growth and to manage risks in a way that sustains the confidence of all internal and external stakeholders.

The risk appetite is a key building block of the Bank's risk management culture and framework. Risk Appetite forms a key input to the business and capital planning process by linking risk strategy to business strategy, through a set of comprehensive indicators. The Risk appetite statements are reviewed by senior management who recommend them to the Board for approval. Annual financial plans are tested against key risk appetite measures to ensure alignment. Regular monitoring of risk exposures is carried out to ensure that risk taking activity remains within the risk appetite. Performance against the approved risk appetite is measured every quarter and reviewed by the Senior Management, RMC and Board. Action is taken as needed, to maintain balance of risk and return. The framework is operational at the consolidated level as well as for key legal entities.

D. Credit Risk

Of the various types of risks which the Group assumes, credit risk contributes to the largest regulatory capital requirement. Credit risk arises as a result of failure or unwillingness on part of customer or counterparties' to fulfil their contractual obligations. These obligations could arise from wholesale, retail advances, off balance sheet items or from investment and trading portfolio by way of issuer risk in debt paper, counterparty risk on derivative transactions and downgrade risk on non SLR investments and OTC contracts. The Group assumes credit risk in areas that are well understood and where there is sufficient expertise, resources and infrastructure to effectively measure and manage the risk and balance risk with reward.

The Group has a comprehensive top down credit risk framework defined by Credit policies and Standards that sets out the principles and control requirements under which credit is extended to customers in various business divisions. The policies and standards cover all stages of the credit cycle including origination; client ratings, risk assessment; credit approval; risk mitigation; documentation, administration, monitoring and recovery. These provide guidance in the formulation of business-specific credit policies and standards. The Group aims to have a consistent approach across legal entities when measuring, monitoring and managing credit risk.

Credit and investment decisions must comply with established policies, guidelines, business rules and risk assessment tools used to help make these decisions. Managing credit risk is the responsibility of several levels of employees - from those who deal directly with clients to authorizing officers. The Group has credit approving authorities and committee structures and a set of formal limits for the extension of credit, linked to the risk levels of the borrower and transaction. Authorities are delegated to positions commensurate with their function and the level of credit knowledge and judgement that employees holding that position are required to possess. The delegation of authority is reviewed at least annually.

The Credit philosophy in the Bank mandates that lending is based on credit analysis, with full understanding of the purpose of the loan and is commensurate to customer financials and ability to repay from business operations without compromising business continuity or finances. Off balance sheet transactions are subjected to the same rigorous credit analysis as on balance sheet transactions. Appropriate levels of collateralization is obtained based upon the nature of the transaction and the credit quality, size and structure of the borrower.

The Group evaluates the credit of every loan applicant and guarantor before approving any loan. The evaluation and approval process differs depending on whether the loan is a wholesale loan or a retail loan. The wholesale and retail portfolios are also managed separately owing to difference in the risk profile of the assets.

Wholesale lending is managed on a name-by-name basis for each type of counterparty and borrower Group. Internally developed credit rating models provide a consistent and structured assessment. The credit rating model consider a variety of criteria (quantitative, qualitative, financial and non-financial) to standardize credit decisions and focus on the quality of borrowers. Financial considerations include financial variables and ratios based on customer's financial statements and non-financial considerations include, among other things, the industry to which the borrower's businesses belong, the borrower's competitive position in its industry, its operating and funding capabilities, the quality of its management, technological capabilities and labor relations. Wholesale borrowers are assessed individually, and further reviewed and evaluated by experienced credit managers who consider relevant credit factors and supplement it with their expert judgment in the final determination of the borrower's risk. Depending on exposure and credit rating, levels of authority are defined so that credit decisions are always made at a level adequate to the risk involved. Wholesale credit is monitored at an aggregate portfolio, industry, individual client and borrower Group level. Annual credit reviews of borrowers are a key credit control measure. Parameters for new underwritings are clearly specified and internal ratings are assigned when a credit is initially approved. The ratings are reviewed at least once annually, with updated information on financial position, market position, industry economic condition and account conduct. Besides client account reviews, sector outlook and performance of borrowers within sectors are monitored and reported to senior management.

Retail portfolios typically consist of a large number of accounts of relatively small value loans. They comprise of mortgage loans, vehicle loans, personal loans, credit cards, small business loans etc. These are mainly schematic lending within pre-approved parameters. The credit assessment in such portfolios is typically done using a combination of client scoring, product policy, external credit reporting information such as credit bureaus where available and is also supplemented by Credit officer's judgment. Internal historical information from previous borrowers also forms an input into credit decisions. There are specific guidelines for each product and the credit decision will take into account the parameters like loan to value, borrower demographics, transaction history with the Bank and other financial institutions, income, loan tenor, availability of guarantors and other relevant credit information.

Retail clients are monitored on pools of homogeneous borrowers and products. Business-specific credit risk policies and procedures including client acceptance criteria, approving authorities, frequency of reviews, as well as portfolio monitoring frameworks and robust collections and recovery processes are in place.

The delinquency status of borrowing accounts, a key indicator of credit quality, are closely monitored. An account is considered delinquent when payment has not been received in full, by the payment due date. Any delinquent account, including a revolving credit facility with limit excesses, is monitored and managed through a disciplined process by officers from business units and the collections function.

The Bank's credit process is divided into three stages - pre-sanction, sanction and post -sanction.

At the pre-sanction stage, the independent credit function conducts credit appraisal and assign a borrower credit rating based on internal rating model. The credit rating takes into consideration the borrowers current and anticipated financial position and other relevant risk factors like Business risk, Industry and Management quality. The Bank has various rating models depending upon the borrower size and segment. Each credit rating assigned maps into a borrower's probability of default. The borrower rating is supplemented by a separate risk rating assigned at the facility level, that takes into consideration additional factors, such as security, seniority of claim, structure, and any other form of approved credit risk mitigation. At a minimum, two independent credit officers are involved in the rating decisions and the ratings are finalised by a senior credit officer. Credit approval procedures follow the check-and-balance principle. There is a multi-level credit approval process requiring loan approval at successively higher levels depending on the size and collateral of the proposal.

In the post sanction process, the Credit Administration team processes documentation, on the completion of which, credit is disbursed. There is regular reporting on portfolio distribution by risk grades, monitoring of covenants prescribed as part of sanction and pending documentation if any.

An independent loan review team conducts reviews of credit exposures covering compliance to internal policies, sanction terms, regulatory guidelines, account conduct and suggests remedial measures to address irregularities if any. The Bank has an enterprise wide Review framework that considers various financial and non-financial parameters to identify signs of credit weakness at an early stage. Depending on the nature of the signals detected by the early warning system, a borrower may be classified into different internal attention levels. In case of loans where there is significant deterioration, the Bank employs various recovery mechanisms, including transferring the account to an internal unit specialised in managing problem accounts, to maximise collection from these accounts. The approaches may range from auction of borrower securities, court proceedings, sale of assets or corporate restructuring as needed.

E. Collateral and Credit Risk Mitigation

Credit Risk mitigation, begins with proper customer selection through the assessment of the borrower, along financial and non-financial parameters, to meet commitments. The Group uses a number of methods to mitigate risk in its credit portfolio (on and off balance sheet), depending on the suitability of the mitigant for the credit, legal enforceability, type of customer and internal experience to manage the particular risk mitigation technique. Common credit risk mitigation techniques are facility structuring, obtaining security/collateral, guarantees and lending covenants. While collateral

cannot replace a rigorous assessment of a borrower's ability to meet obligations, it is an important complement. Mitigating mechanisms such as syndication, loan assignments and reduction in the amount of credit granted are also used. While unsecured facilities may be provided, within the Board approved limits for unsecured lending, collateral is taken wherever needed, depending upon the level of borrower risk and the type of loan granted.

The Bank has an approved Collateral management policy that sets out the acceptable types of collateral, valuation framework and the hair cut applicable. The haircut applied depends on collateral type and reflects the risk due to price volatility, time taken to liquidate the asset and realization costs. Collateral values are assessed at the time of loan origination by an independent unit and the valuations are updated, as per policy, depending on the type of collateral, legal environment and creditworthiness of the borrower. In cases where the value of collateral has materially declined, additional collateral may be sought to maintain the cover as per sanction terms.

The main types of collateral/security taken include cash and cash equivalents, immovable property, movable fixed assets, inventory and receivables. Guarantees from higher rated entities are also obtained in cases where credit worthiness of the standalone borrower is not sufficient to extend credit. Guarantees that are treated as eligible credit risk mitigation are monitored along with other credit exposures to the guarantor.

The legal enforceability of collateral obtained is critical, to improve recoveries in the event of a default. The Bank has specific requirements in its internal policies with regards to security verification and appropriate legal documentation. Periodic inspections of physical collateral are performed where appropriate and where reasonable means of doing so are available. The Credit Administration and Legal function ensure that there is timely registration, adequate legal documentation, in line with internal policies, to establish recourse to any collateral, security or other credit enhancements. The collateral obtained is released on repayment of all dues or on collection of the entire outstanding credit facility, provided no other existing right or lien for any other claim exists against the borrower.

F. Credit Risk Concentration

Credit concentrations are managed at two levels: portfolio level and individual credit level. To avoid undue concentration in credit exposures and maintain diversification, the Bank operates within Board approved limits or operational controls in its loan portfolio, that include -

- Single/Group borrower and Substantial exposure limits
- Sector and Industry limits
- Exposure limits on below investment grade accounts
- Country/Bank exposure limits

The Bank has defined internal limits for managing borrower concentrations, which are tighter than regulatory norms. Exposures are monitored against approved limits to guard against unacceptable risk concentrations, and appropriate actions are taken in case of any excess. Concentration limits represent the maximum exposure levels the Bank will hold on its books. Besides controlling fresh exposure generation, loan sell-downs are used as a key tool in managing concentrations. Concentration levels in the credit portfolio are reported to senior management. Based on evaluation of risk and stress in various sectors, the Bank identifies stressed sectors and makes provisions for standard assets at rates higher than the regulatory minimum, in such sectors.

Concentration is also monitored in geographic locations in the retail portfolio, delinquency trends, types of credit facilities and collaterals. The risk appetite of the Bank mandates a diversified portfolio and has suitable metrics for avoiding excessive concentration of credit risk. Through periodic monitoring, analysis and reporting, the Bank ensures that the overall risk in the portfolio is diversified and consistent with the risk appetite mandate while achieving financial objectives.

G. Market Risk in Trading Book

Market risk is the risk of possible economic loss arising from adverse changes in market risk factors such as interest rates, foreign exchange rates, credit spreads, commodity and equity prices and implied volatilities. Market risk in the Bank is managed through the Board-approved Investment Policy – which sets out the Investment Philosophy of the Bank and its approach to Market Risk Management. The Risk Management Committee of the Bank approves and reviews performance against the Bank’s Market Risk Appetite. The Asset Liability Management Committee (ALCO) of the Bank approves the market risk and limit framework, the allocation of limits to business units and desks, the risk monitoring systems and risk control procedures. The Bank’s Board Committee for Derivative Products and the Senior Management Committee for Derivatives are responsible for the oversight of the derivatives business.

The Bank has a comprehensive market risk limit-framework including limits on sensitivity measures like PV01, Duration, Option Greeks (Delta, Gamma, Vega etc.) and other limits like Value at Risk (VaR) limits, loss-triggers, value-limits, gap-limits, deal-size limits, tenor restrictions and holding-period limits.

The Market Risk Management unit reports directly to the Chief Risk Officer and ensures that all market risks are identified, assessed, monitored and reported for management decision making. The unit is responsible for identifying and escalating any risks, including deviations and limit breaches on a timely basis. Major market risk limits like PV01, Bond Position Limits, Desk-wise FX Position limits, Greek limits etc. are monitored on an intraday basis. The market risk control framework is enhanced by systems, policies and procedures.

The Bank uses Value at Risk (VaR) to quantify the potential loss from adverse moves in the financial markets. The VaR model is based on historical simulation and has a confidence level of 99% for a one-day holding period. The effectiveness of the VaR model is periodically evaluated through a process of back-testing. The Bank periodically performs Stress testing and Scenario analysis to measure the exposure of the Bank to extreme, but low probability market movements.

H. Country and Counterparty Credit Risk

Country Risk is the risk of loss that the bank faces, that is specifically attributed to events in a specific country. Country risk may be triggered by deterioration of economic conditions, political and social turmoil, asset nationalization or expropriation, government's refusal to pay external debt, foreign exchange control or currency depreciation in a country or a region.

The Bank has a Board approved Country Risk Policy, which takes into account direct and indirect risk (both funded and non-funded exposures) for the purpose of identifying, measuring, monitoring and controlling country risk. As per the Policy, ALCO of the Bank is empowered to approve country limits.

Financial institutions are interrelated because of trading, clearing, counterparty, funding or other relationships. The Bank has exposure to many counterparties in the financial industry, directly and indirectly, including clearing houses, commercial banks, investment banks, mutual funds, and other clients with which it regularly executes transactions. The Bank is exposed to counterparty risk arising from the potential inability of counterparties, to fulfil their obligations under transactions.

The Bank manages these exposures through careful selection of market counterparts as well as by placing concentration limits on particular counterparty exposures.

As per the Investment Policy of the bank, ALCO of the bank fixes counterparty limits for inter-bank participants based on their capital adequacy, resource raising ability, asset quality, earning, management and systems evaluation, liquidity and so on. These limits are reviewed from time to time. Pre-settlement credit risk for traded products arising from a counterparty potentially defaulting on its obligations is generally quantified by evaluation of the market price plus potential future exposure. This is used to calculate the regulatory capital and is included within the overall credit limits to counterparties for internal risk management.

Settlement risk is the risk of losing the principal on a financial contract due to default by the counterparty, after irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security is confirmed. This risk is managed by close supervision of settlement transactions or by settling transactions on a delivery vs payment basis where possible, based on accepted market practices.

With a view to reduce counterparty and systemic risk, there are regulatory initiatives directing OTC trades to be cleared through Central Counterparties (CCPs). Derivative transactions are cleared through Central Counterparties, where possible, to reduce counterparty credit exposure through netting and the margining process. The Bank has a dedicated team that manages the interface with CCPs and understands the implications of the risk transfer from being distributed among individual bilateral counterparties to CCPs. The Bank operates within ALCO approved limits on individual CCP.

I. Interest Rate Risk in Banking Book (IRRBB)

IRRBB consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income. IRRBB arises from mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL) and rate sensitive off-balance sheet items in the banking book. The intensity of the impact depends largely on timing mismatches in the maturity and repricing of assets and liabilities and off-balance sheet positions. The aim of managing interest-rate risk is to ensure that exposure to fluctuations in interest rates is kept within acceptable limits. The Group assesses and manages interest rate risk in its banking book as well as including trading book.

ALCO is the guiding body for management of IRRBB in the bank and sets the overall policy and risk limits. Balance Sheet Management Unit (BMU), which is part of the treasury, is entrusted with the responsibility of managing IRRBB and uses Funds Transfer Pricing (FTP) to transfer risk from business units to centralised treasury. No interest rate risk is retained within any business other than treasury. Measuring interest rate risk in the banking book, includes conventional parallel yield curve shifts as well as scenarios in which the curvature of the yield curve changes.

As interest rate risk can impact both net interest income (NII) and value of capital, it is assessed and managed from both earning and economic perspective. Bank uses earnings at risk (EaR) as a short term risk indicator to assess the sensitivity of NII and NIM over a one-year period, to change in interest rates. From an economic perspective, which is a long term risk indicator, it uses duration approach to determine the sensitivity of economic value of equity (EVE) to changes in interest rates.

J. Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due without adversely affecting its financial condition or not being able to finance growth of its assets without incurring a substantial increase in costs. The efficient management of liquidity is essential to the Group in order to retain the confidence of the financial markets and maintain the sustainability of the business. Liquidity is managed through the Group Liquidity policy, which is designed to maintain high quality liquid assets to protect against adverse funding conditions and to support day-to-day operations while maintaining a diversified funding profile. Diversification of funding sources is a key element of the funding strategy and funding sources are well diversified by source, instrument, term and geography. The choice of funding sources and instruments is based on a number of factors, including relative cost and market capacity as well as the Group's objective to achieve an appropriate balance between the cost and the stability of funding. The organization strives to maintain a long term funding structure in line with the liquidity of its assets, with maturity profiles that are compatible with the generation of stable and recurrent cash flows, so that the balance sheet can be managed without liquidity strains in the short term. The funding of lending activity is fundamentally carried out using stable customer funds. The ongoing availability of this type of funding is dependent on a variety of factors such as general economic conditions, confidence of depositors in the economy, in the financial services industry, and in the Group, availability and extent of deposit guarantees, as well as competition between banks or with other products such as mutual funds, for deposits.

Asset Liability Management Committee (ALCO) of the Bank defines its liquidity risk management strategy and risk tolerances. Balance Sheet Management Unit (BMU) of the bank is responsible for managing liquidity under the liquidity risk management framework. The framework is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to support the liquidity risk appetite. Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits. Liquidity risk tolerance is an integral part of the Board approved risk appetite statements.

There is an internal funds transfer pricing mechanism under which each business is allocated the full funding cost required to support its assets, Businesses that raise funding are compensated at an appropriate level for the liquidity benefit provided by the funding. Limit setting and transfer pricing are tools designed to control the level of liquidity risk taken and drive the appropriate mix of funds.

Liquidity risk is assessed in the Bank from both structural and dynamic perspective and the bank uses various approaches like Stock approach, cash flow approach and stress test approach to assess this risk. Bank has also set prudential internal limits in addition to regulatory limits on liquidity gaps, call borrowing, interbank liabilities, etc. Cash flow management is critical for liquidity risk management and the Bank has developed models

for predicting cash flows for products with indeterminate maturity, products with embedded options, contingents, etc. The outcome of the models is periodically back tested to test their effectiveness.

The Bank also manages its intra-day liquidity positions so that payments and settlement obligations are met on a timely basis. The Bank dynamically manages the queue of payments, forecasts the quantum and timing of cash flows, prioritizing critical payment transactions, assessing the drawing power of intraday liquidity facilities, etc.

The Bank follows a scenario based approach for liquidity stress testing to evaluate the impact of stress on the liquidity position. The Liquidity Coverage Ratio (LCR) aims to promote short-term resilience of a bank’s liquidity risk profile and measures the extent to which a Banking Group’s High-quality liquid assets (HQLA) are sufficient to cover short-term expected cash outflows in a stressed scenario, over the next 30 calendar days. The expected cash outflows are arrived by applying specific run off rates, prescribed by the regulator, against outstanding liabilities and off-balance sheet commitments. These outflows are partially offset by inflows, which are calculated at regulatory prescribed inflow rates. The HQLA have to meet the defined eligibility criteria laid down by the regulator. The Group monitors and manages the composition of liquid assets to ensure diversification by asset class, counterparty and tenor.

The Group is well above the minimum regulatory requirement of 100% for the LCR. The Group considers the impact of its business decisions on the LCR and regularly monitors the LCR as part of the liquidity risk management framework.

Besides LCR, the Basel III liquidity framework also envisage the Net Stable Funding Ratio (NSFR), which measures the ratio between available stable funding (>1 year) and the required stable funding (> 1 year) to support long-term lending and other long term assets. The Group is well above the regulatory requirement of 100%.

To supplement the monitoring of liquidity risk under normal business conditions, a framework has been designed to prevent and manage liquidity stress events. The bank has a contingency liquidity plan (CLP) approved by ALCO and the Board, that plays an important role in its liquidity risk management framework. The CLP incorporates early warning indicators (EWIs) to forewarn emerging stress liquidity conditions and to maximize the time available to undertake appropriate mitigating strategies. The plan establishes an appropriate governance structure, lines of responsibility, contact lists to facilitate prompt communication with all key internal and external stakeholders and also defines strategies and possible actions to conserve or raise additional liquidity, under stress events of varying severity, to minimize adverse impact on the Bank.

K. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The objective of operational risk management at the Bank is to manage and control operational risk in a cost effective manner within targeted levels as defined in the risk appetite. The centralised and independent operational risk management function manages this risk as guided by the Board approved operational risk management policy.

The Board of Directors, Risk Management Committee and the Operational Risk Executive Committees (ORECs) have overall oversight function for operational risk management. The Group level IT Security Committee provides direction for mitigating the operational risk in IT security. There is a group wide IT security programme (ARISTI) to ensure complete data security and integrity. There is also a Committee on Frauds, which reviews all frauds above a threshold amount. Further, an Executive level Fraud Risk Management Committee has been constituted under the chairmanship of the Chief Risk Officer.

The Business Units and support functions, are accountable for operational risks and controls in their respective areas, which they manage under the policies, standards, processes, procedures; and operational risk management framework laid down by the independent Operational Risk Management (ORM) function. The ORM function defines standardised tools and techniques such as Risk and control self-assessment (RCSA) to identify and assess operational risks and controls. The RCSA programme is executed by Business and support functions in accordance with the standards established by the ORM function. The ORM team provides independent challenge to the RCSAs and evaluates the residual risks. Key Risk Indicators (KRIs) are defined and tracked to monitor trends of certain key operational risk parameters. Internal audit and Internal Control teams provide oversight and assurance that activities are conducted as per laid down guidelines.

The Bank has an internal framework for reporting and capturing operational risk incidents. Significant incidents reported are investigated to assess weaknesses in controls and identify areas for improvement. The Bank has a Whistle blower policy and platform, which is open to employees and vendors for raising their concerns, with full confidentiality, on any fraud, malpractice or any other untoward activity or event. Disaster recovery and Business Continuity Plans (BCP) have been established for significant businesses to ensure continuity of operations and minimal disruption to customer services. These plans are periodically tested and reviewed to ensure their effectiveness.

Risk transfer via insurance is a key strategy to mitigate operational risk exposure at the Bank. The Operational Risk team helps to review and provide inputs on key insurance coverage basis trends and triggers emerging from unusual events or changes in risk profile basis introduction of new products or developments in the external environment.

L. Technology Risks

The Bank has committed significant resources to manage technology risk. A layered technology architecture is implemented to manage risks due to system failures, cyber-attacks etc. Disaster recovery and Business Continuity Plans (BCP) have been established and various functional and technology initiatives have been taken to enhance system resiliency.

End of Life/out of support systems pose operational and security risks such as vendor support, patch, bug fixes etc. The Bank has a process for planned upgrades of out of support systems.

Effective access control mechanism is a key technology control to prevent unauthorised access. The access to business applications is provisioned by an independent team. The access is provided based on the roles and segregation of duties. Technology and Operational controls are implemented to manage privileged access to systems.

Cyber threats and the associated risks in the external environment have increased and the Bank works continuously to improve processes and controls to mitigate these risks. Cyber resilience framework is established to mitigate the threats such as data breaches, malware, denial-of-service attacks etc.

New digital product offerings are thoroughly assessed for cyber risks prior to roll out and on an ongoing basis.

During the year cyber drills were conducted to assess the effectiveness of the prevention, detection and response controls. Bank has enhanced its security monitoring and incident response capability by implementing advanced solution with extensive AI/ML functionality.

Thematic assessments were conducted for IMPS and API management systems. Several initiatives were taken to enhance the security posture such as 2 factor authentication for critical systems, secure remote access etc.

The Bank constantly monitors the technology risk environment, emerging regulatory requirements and mitigation strategies.

Ongoing audits/tests are conducted to assess the robustness of its technology controls and minimize the impact of incidents.

M. Reputation Risk

Trust is the foundation for the banking industry and is critical to building a strong customer franchise. Reputation risk is the risk of current or prospective loss arising from stakeholder’s adverse experience while dealing with the institution, which results in an adverse perception/loss of Trust in the institution. Reputation Risk most often results from the poor management of other risks and can arise from a variety of sources including direct sources like poor financial performance, poor governance and indirect sources like increased operational risk or control failures. Reputation is critical to achieving Group Objectives and targets and damage to it can have negative effects on its business. Managing reputation is a priority area for the Group and there is Zero tolerance for knowingly engaging in any activities that are not consistent with its values, Code of Conduct or policies and have the potential for unacceptable regulatory or reputational risk. The Group ERM policy lays down the framework to ensure reputation is managed effectively and consistently across the Group. This is supplemented by business procedures for identifying and escalating transactions that could pose material reputation risk, to senior management. Each employee has the responsibility to consider the impact on reputation of the Group, when engaging in any activity. The framework seeks to proactively identify and avoid areas that may result in potential damage to reputation and guidelines for managing crisis situations, if a reputation risk incident has occurred. The reputation risk management process is integrated with the Internal Capital Adequacy Assessment Process. While reputation risk can be difficult to quantify, the Bank has adopted a scorecard approach, based on expert judgment, to assess various reputation risk drivers and the overall level of reputation risk.

N. Conduct Risk

Conduct risk means any action that would cause harm to consumer protection, market integrity or competition. The Bank has identified conduct risk arising out of: Manipulation of financial benchmarks/markets, Mis-selling, Fair dealing with customers and Compliance with laws of the land. Minimising conduct risk is critical to achieving long term business goals and meeting regulatory standards. The Bank has processes for managing conduct risk and policies that guide staff in dealing with prevention of conflict of interest, employee conduct and dealing with proprietary and confidential information, so that they conduct themselves ethically and in compliance with the law. Product approval, product review processes, Suitability and appropriateness policies, are some of the measures embedded in the Bank’s framework to mitigate conduct risk. Conduct Risk is managed by maintaining a positive and dynamic culture that emphasizes acting with integrity. Respective policies ensure that business decisions are guided by standards that take into account right conduct apart from commercial considerations. Conduct risk management is incorporated into HR practices, including recruiting, training, performance assessment, promotion and compensation processes. The group places zero tolerance on instances of professional or personal misconduct. Conduct risk is assessed in the ICAAP through a scorecard that considers the various drivers of conduct risk.

O. Risk Culture

Culture and values are a priority area for the Group. Risk culture refers to desired attitudes and behaviours relative to risk taking. The Group embeds a strong risk culture, through clear communication and appropriate training for employees. The objective is to develop a disciplined risk culture where managing risk is a responsibility shared by all employees. The Group only assumes those risks that can be managed, with clear understanding of the implications. Senior Management receives regular and periodic information on various matters for the respective business lines and clearly communicate their plans, strategy and expected outcomes to team members. The Bank has a structured induction programme for new employees to help them in understanding various businesses across the Group and how risk management culture and practices support in building and sustaining the organization. All employees are required to be familiar with risk management policies relevant to their roles and responsibilities and it is their responsibility to escalate potential risk issues to senior management, on a timely basis. The risk culture in the group lays emphasis on responsible business practices, prioritization of customers’ needs and appropriate disclosures. Risk is taken into consideration when preparing business plans and when launching new products. These objectives are backed by suitable policies and processes for implementation.

The enterprise risk management framework outlines the methodology used to manage the risks inherent in its activities, while ensuring the outcomes of risk-taking are aligned with its overall strategy and mandate. The framework reinforces a risk culture across the organization that ensures a high level of risk awareness and makes risk management an integral part of organisational decision-making. The Bank’s risk management practices and culture enables it to take the risks necessary to fulfil its mandate while ensuring the organization is financially sustainable.

P. Internal Capital Adequacy Assessment Process (‘ICAAP’)

Every year, the Group undertakes the Internal Capital Adequacy Assessment Process (‘ICAAP’), which provides management with a view of overall risks, assessment and capital allocated to cover the risks. The ICAAP is linked to overall business planning and establishes a strategy for maintaining appropriate capital levels. ICAAP is an assessment of all significant risks (Pillar II), other than Pillar I risks, to which the Group is exposed and covers the consideration of whether additional capital is required, based on internal assessment. Once the risks are identified, the Group determines the method and extent of risk mitigation. Risk mitigation takes place through strengthening policies, procedures, improving risk controls and having suitable contingency plans. Finally, the Group determines the risks that will be covered by capital and the level of capital sufficient to cover those risks. The ICAAP outcomes are reviewed by senior management and formally approved by the Board. The ICAAP is periodically enhanced to include greater detail and more in-depth analysis. The Group was adequately capitalised to cover Pillar I and Pillar II risks.

Q. Stress Testing

Stress testing is a key element of the ICAAP and an integral tool in the Risk Management framework as it provides management a better understanding of how portfolios perform under adverse economic conditions. Stress testing is integral to strengthening the predictive approach to risk management and supplements other risk management tools by providing an estimate of tail risks.

The Bank has a Board approved Stress testing policy which is aligned to regulatory guidelines and covers material risks. Indicative stress scenarios are defined in the policy. Liquidity stress tests are also part of this framework and aim to ascertain whether the Bank has recourse to adequate liquidity to withstand the impact of approved stress scenarios. As actual events can sometimes be more severe than anticipated, management considers additional stresses outside these scenarios, as necessary. Reverse stress testing is used to explore extreme adverse events that would cause capital adequacy to fall below the internal capital threshold. While this identifies likely scenarios with an unacceptably high risk, there will be suitable measures to prevent or mitigate these that the Bank may implement.

The results of stress tests are interpreted in the context of the Bank’s internal risk appetite for capital adequacy and reported to management and the Board. The stress testing exercise provides an opportunity to develop suitable mitigating response prior to onset of actual conditions exhibiting the stress scenarios. The ICAAP integrates stress testing with capital planning and during the year, the Bank was above regulatory and internal target capital ratios under all approved stress scenarios.

R. Pandemic, War and Inflation

Pandemic-related disruptions of supply chains, manufacturing bottlenecks and general supply and demand conditions, as well as the war in Ukraine, have contributed to high inflation across many countries. Central banks have continued to tighten monetary policy, primarily in response to high inflation and policy rates are now at their highest levels since the financial crisis. High rates of inflation and the risk of regional or global recessions may affect economies, financial markets and market participants worldwide. Inflationary pressures may potentially increase certain operating expenses, adversely affect consumer sentiment and consequent higher market interest rates may result in lower values financial of assets and increase borrowing costs and interest paid on deposits. With a strong balance sheet and adequate liquidity position, the Group is well positioned to navigate the current economic environment and support its customers.

Compliance

The Bank has, since inception, a well-established and comprehensive compliance framework and structure to identify, monitor and manage the Compliance Risk in the Bank. The framework, policy and the structure are also adhering to all the regulatory prescriptions issued by the RBI in this regard. In addition, all key subsidiaries of the Bank have independent Compliance Function. The Compliance officials of the Bank and the Group interact on various issues periodically to ensure that all the supervisory and regulatory instructions are interpreted and implemented in letter and spirit. This also helps exchange of views on best practices and to understand compliance risk across the group. Guidance or directions are extended to the subsidiary companies Compliance Officers, keeping in the mind the overall responsibility of the Bank as the Holding Company. The Compliance Function is responsible for all aspects of regulatory compliance across the Bank. Compliance is given utmost importance with the tone from the Top and Senior Management of the Bank and subsidiaries are directly monitoring the same.

The compliance framework, approved by the Board, broadly sets out the compliance risk management processes and tools to be used by businesses, management and Compliance Officers for managing its compliance risks. Apart from the Bank’s compliance framework, the Bank and all the subsidiaries have their own operating procedures. The Compliance team supports top management and manages and supervises the compliance framework along with providing compliance assistance to various businesses/support functions. The Bank has a Board approved New Products/ Process approval policy and all new products/processes or modifications to the existing product/processes are approved by Compliance by satisfying that these products are compliant with not only various RBI regulations but that of the SEBI/IRDAI/PFRDA. As prescribed by the RBI, the Bank has a system of compliance review of its new products within six months of its launch to satisfy that all the regulatory prescriptions have been adhered to. These Review reports are issued to the concerned businesses/Product Heads.

The Compliance Department ensures that the applicable regulatory prescriptions apart from Anti-Money Laundering/Combating Financing of Terrorism/KYC aspects are dovetailed in to the new products/processes notes. Compliance Department senior executives are members of various internal and external committees, which enable them to monitor the compliance risk of the institution effectively.

The Bank uses the knowledge management tools for monitoring the changes in existing regulations as well as new regulations. The Bank has put in place Compliance tracking and Monitoring system to ensure that the regulatory instructions are implemented effectively within the organisation. The Bank also looks at regulatory websites and participates in industry working groups that discuss evolving regulatory requirements. In-house compliance newsletter keeps the employees abreast of the key regulatory updates affecting the businesses of the Bank and its subsidiaries. Compliance also disseminates the changes in the regulations by way of compliance alerts to all the employees. Training on compliance matters is imparted to employees on an ongoing basis both online and classroom. The Compliance Department keeps the management/Board informed about important compliance related matters through monthly, quarterly and annual compliance reviews.

Internal Controls

The Bank has put in place adequate internal controls, driven through various policies and procedures, which are reviewed periodically. Businesses have an Internal Risk Control Unit or Internal Controls functions to assess the efficacy of the control designs placed to mitigate identified risks and to identify new risks. Senior officers of the operating and business units, also monitor the mitigating measures taken.

The Bank has an Internal Audit (IA) function that is responsible for independently evaluating the adequacy and effectiveness of all internal control designs and implementation, risk management, governance systems and processes. IA is manned by appropriately skilled, experienced and qualified personnel. This team of IA includes qualified Information technology, data security and cyber security related risks personnel as well.

The Internal Audit department and Compliance function ensure business units adhere to internal processes and procedures as well as to the regulatory and legal requirements and provide timely feedback to Management for corrective action. The audit function also proactively recommends improvements in operational processes and service quality, wherever necessary. The Bank takes corrective actions to minimise the design risk, if any.

The IA department adopts a risk based audit approach in congruence to the RBI Guidelines on Risk Based Internal Audit (RBIA). Audits are conducted across various businesses and functions i.e. Consumer, Commercial, Wholesale, Treasury (for domestic and overseas businesses). This include audit of Operations units, Risk and Support functions, Information Security Audits, Information Technology audits, IT Governance and Infrastructure audits etc. These are conducted to independently evaluate the adequacy and effectiveness of internal controls on an ongoing basis and pro-actively recommending enhancements thereof.

An oversight on the critical areas of operations is also kept through continuous off-site monitoring (COM) using centralised data led analysis and exception monitoring within IA. Further, using a risk based approach, critical units of the bank including retail branches are subjected to Independent Concurrent Audit process in line with the RBI guidelines. These concurrent audits are conducted through reputed external CA/consultancy firms under the supervision of IA team of the bank. The senior leadership and the Audit Committee of the Board regularly review the IA reports and concurrent audit reports along with COM findings and their remediation.

The IA function ensures dynamic reviews of risk classifications of auditable areas and IT elements within the bank using its Risk Based Audit Plan and calendar. These reviews take into consideration the banks' overall strategic plans, risk trends as well as risk classifications evaluated periodically by the Strategy, Risk and Information Risk management functions of the bank.

Proactive and collaborative work practices amongst Compliance, Risk, Fraud Control and Internal Audit functions of the bank are ensured using cross-functional committee representations for these functions.

To ensure Independence, the Internal Audit function has a reporting line to the Chairman of the Audit Committee of the Board with a dotted line reporting to the Joint Managing Director of the bank. The Audit team and the Compliance team undergo regular training both in-house and external to build the required subject matter expertise across domains of business, risks, technology and regulations. The Audit Committee of the Board reviews the effectiveness of controls, compliance with regulatory guidelines as also the performance of the Audit and Compliance functions in the Bank and provides guidance and direction that may be required.

Human Resources

As on 31st March, 2023, the employee strength of Group was over 103,000 as compared to over 90,000 Kotakites a year ago. The Standalone Bank had over 73,000 employees as on 31st March, 2023.

In FY 2022-23, there was increased focus on process automation, employee wellness, engagement and development. With its undeterred efforts and exceptional employee initiatives, the bank has been certified as a ‘Great Place to Work’ again by the GPTW institute. Key areas where several employee initiatives were introduced and re-engineered are as follows:

A. Employee Health & Wellness:

The Bank has championed Health and Wellness initiatives. It has addressed a holistic welfare of Kotakites, including Physical, Social, Financial and Emotional welfare.

- Various health and wellness related initiatives were launched through online and onsite interactions and online wellness initiatives such as yoga, meditation, zumba, quiz sessions, etc. The Bank also has Doctor Consultation; Nutritionist and Emotional Assistance Programme along with discounts on Pharmacy on its Health to the Power Infinity site. Doctors and Nutritionist are also available on call and in house.
- The Bank launched the Annual Health Screening Policy for all Kotakites above 40 years of age/ above certain grades. The Bank has tied up with Metropolis, NM Medical and Apollo Hospital and Clinics for the various tests covered under the Annual Health Screening Programme.
- All Kotakites are covered under Term life + Personal accident policy and also Mediclaim policy. 100% premium for medical insurance is borne by Kotak.
- Emotional Assistance Programme was continued to support and guide Kotakites emotionally and these services can be availed by their family members.
- 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 are sent to all Kotakites.

B. Diversity and Inclusion:

- The Bank has created an opportunity for multi-generations with current average age of 31.2 years, creating an opportunity for younger talent across grades.
- The Bank has tied up with a leading day care benefit management provider to provide crèche facilities and launched Day Care Policy applicable from the next financial year to set a reliable support system to take care of their children while they are working.
- The Bank also amended 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 upto 1 year of age.
- The Bank also launched Kotak Wonder Women (KWW) Meet All to provide all women employees an opportunity to network and excel as a group.
- Continued supporting KWW during critical life phases through our unique New Mother Benefit Policy for Kotak Wonder Women. The policy aims to provide assistance to Kotak Wonder Women returning to work, to help set up a reliable support system for them to take care of their infants. In FY 2022-23, 640 KWW availed benefit under the policy.
- As an equal opportunity employer, we ensured that there is significant women participation in the workforce. We ran multiple campaigns across businesses to promote women membership and hired fresh women graduates from campuses. 2,300+ women were hired with STEM qualification. The average age of women new joiners was 26.6 years and around 59.7% of the total women hired were from Non-Banking industries.

- The Bank has been focussing on increasing the gender diversity with 26.4% women employees currently.
- Regional R&R events were organised where KWW were felicitated under different categories.
- Employee Assistance Programme was continued for all KWW.

C. Employee Engagement Initiatives:

- **Kotak Young Leaders Council** – The Bank actively engages with young talent through this flagship initiative where young Kotakites become change makers and thinkers. It is a valuable learning opportunity where the chosen few who become the council get to interact with the leadership team and work as a cohort with them. Top 40 applicants across the bank were selected through a rigorous selection process and are being mentored by KLT and go through specific IDP.
- **Eureka:** Eureka is the idea generation portal where employees can submit open ideas or for specific business problems. The Bank successfully launched various themes during this FY and have got feedback in terms of ideas from our employees.
- **Kotakathon @ Eureka:** The Bank launched a hackathon named Kotakathon @ Eureka, with the single most critical objective, of how we can create highest levels of Customer Obsession in our minds, which helps us deliver real value to our customers. This was a challenge for the Branch Banking Business of Consumer Bank in identifying problem areas, and propose solutions to issues that our customers are facing. Phase 1 saw a participation from 96% of the branches. Top 8 branches were selected as final winners by the KLT panel.
- **My Kotak My Say:** The Bank has been strengthening the platform for top down communication. At the same time, the Bank has created a listening opportunity for Kotakites to voice through, 'My Kotak My Say', a bi-annual employee engagement survey engaging with the 'Great Place to Work Institute'. My Kotak My Say Survey was conducted for the 3rd time in September 2022, with an overall 76% response rate organisation-wide. 79% of Kotakites today believe that Kotak is a Great Place to Work@! (up from 77% in the previous year). We have also been certified as 'One of India's Best Employers Among Nation-Builders' by Great Place to Work@ Institute.
- **K-Applaud Policy:** The 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.
- **Foundation Day:** On 21st November 2022, the Bank celebrated 37th Kotak Foundation Day virtually and physically. More than 10,000 Kotakites participated online along with their family members. The physical event was celebrated with the presence of entire Kotak Leadership and all the winners of Kotak Infinity Awards and Kona Kona Kalakaar were felicitated in this event. We also launched a 21 day challenge to encourage managers to initiate fun activities within their teams ahead of the 37th Kotak Foundation Day.
- Kotakites at regional levels celebrated festivals and other occasions at respective offices.

Strategy

Refer page 36 for Strategy in the Integrated Annual Report 2022-23.

Safe Harbour

This document contains certain forward-looking statements based on current expectations of Kotak Mahindra Bank's management. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and government policies that may impact the businesses of Kotak Mahindra Group as well as its ability to implement the strategy. Kotak Mahindra Bank's management does not undertake to update these statements.

This document does not constitute an offer or recommendation to buy or sell any securities of Kotak Mahindra Bank or any of its subsidiaries and associate companies. This document also does not constitute an offer or recommendation to buy or sell any financial products offered by Kotak Mahindra Group, including but not limited to units of its mutual fund, life insurance policies and general insurance policies.

All investments in mutual funds and securities are subject to market risks and the NAV of the schemes may go up or down depending upon the factors and forces affecting the securities market. The performance of the sponsor, Kotak Mahindra Bank Limited, has no bearing on the expected performance of Kotak Mahindra Mutual Fund or any schemes there under.

Figures for the previous year have been regrouped wherever necessary to conform to current year's presentation.



Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. DETAILS OF THE LISTED ENTITY

1	Corporate Identity Number (CIN) of the Company	L65110MH1985PLC038137
2	Name of the Company	Kotak Mahindra Bank Limited
3	Year of incorporation	21 st November, 1985
4	Registered office address	27BKC, C-27, G-Block, Bandra Kurla Complex, Bandra East, Mumbai 400051
5	Corporate address	27BKC, C-27, G-Block, Bandra Kurla Complex, Bandra East, Mumbai 400051
6	E-mail	esg.connect@kotak.com
7	Telephone	(022)-61661615
8	Website	https://www.kotak.com
9	Financial year for which reporting is being done	FY 2022-23
10	Name of the Stock Exchange(s) where shares are listed	Bombay Stock Exchange (BSE) and National Stock Exchange (NSE)
11	Paid-up Capital	₹ 1,493.3 crore*
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Chaitanya Kommukuri esg.connect@kotak.com
13	Reporting boundary	Bank on a standalone basis

* This is the sum of equity and preferential shares.

II. PRODUCTS/SERVICES

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	Percentage of Turnover of the entity
1	Treasury, BMU and Corporate Centre	Money market, forex market, derivatives and investments and primary dealership of Government securities and Balance Sheet Management unit (BMU) responsible for Asset Liability Management and Corporate Centre which primarily comprises of support functions.	16
2	Corporate/Wholesale Banking	Wholesale borrowings and lending's and other related services to the corporate sector which are not included under retail banking.	41
3	Retail Banking	It includes: Lending - Commercial vehicle finance, personal loans, home loans, agriculture finance, other loans/services and exposures which fulfill the four criteria for retail exposures laid down in Basel Committee on Banking Supervision document 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework.' Branch banking - Retail borrowings covering savings, current, term deposit accounts and Branch Banking network/services, including the distribution of financial products. Credit cards - Receivables/loans relating to the credit card business.	43
4	Other Banking business	Any other banking business not classified above.	-

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Monetary intermediation of commercial banks, saving banks, postal savings bank and discount houses	64191	100%



III. OPERATIONS

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	1,780 (branches)	172 Corporate offices	1,952
International	0	2*	2

* Located in DIFC, Dubai and GIFT City, Gujarat

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	27
International (No. of Countries)	2

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Kotak Mahindra Bank does not export any products/services. Thus, this question is not applicable.

c. A brief on types of customers

We cater to a wide range of customers across our business activities such as consumer banking, commercial banking, wholesale banking, custodial services, private banking and asset recovery. More details can be found in our Business Overview section. Customers who access these services could be individuals, corporates, government entities, trusts and societies, sole proprietorship and partnership concerns, etc.

IV. EMPLOYEES

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	56,115	41,505	73.96%	14,610	26.03%
2.	Other than Permanent (E)	17,366	12,588	72.48%	4,778	27.51%
3.	Total employees (D + E)	73,481	54,093	73.61%	19,388	26.39%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	12	12	100%	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D+ E)	12	12	100%	0	0

19. Participation/Inclusion/Representation of women¹

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	12	2	16.67%
Key Management Personnel*	6	2	33.33%

*The bank has 6 KMPs of which four are also covered in the Board of Directors

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent employees	Please refer to the turnover data in the ESG data tables section								

V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

21. (a) Names of holding/subsidiary/associate companies/joint ventures:

S. No.	Name of the holding /subsidiary/associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	Percentage of shares held by listed entity*	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Kotak Mahindra Capital Company Limited	Subsidiary	100%	Yes, these entities contribute to the Group's voluntary disclosures on Business Responsibility while some of them also have their own public disclosures on their websites. It is to be noted that BRSR boundary is limited to the bank on a standalone basis.
2	Kotak Investment Advisors Limited	Subsidiary	100%	
3	Kotak Mahindra, Inc.	Subsidiary	100%	
4	Kotak Mahindra (International) Limited	Subsidiary	100%	
5	Kotak Securities Limited	Subsidiary	100%	
6	Kotak Mahindra Prime Limited	Subsidiary	100%	
7	Kotak Mahindra Asset Management Company Limited	Subsidiary	100%	
8	Kotak Mahindra Trustee Company Limited	Subsidiary	100%	
9	Kotak Mahindra Investments Limited	Subsidiary	100%	
10	Kotak Mahindra Pension Fund Limited	Subsidiary	100%	
11	Kotak Infrastructure Debt Fund Limited	Subsidiary	100%	
12	Kotak Mahindra Trusteeship Services Limited	Subsidiary	100%	
13	Kotak Mahindra Life Insurance Company Limited	Subsidiary	100%	
14	Kotak Mahindra (UK) Limited	Subsidiary	100%	
15	Kotak Mahindra Financial Services Limited	Subsidiary	100%	
16	Kotak Mahindra General Insurance Company Limited	Subsidiary	100%	
17	BSS Microfinance Limited	Subsidiary	100%	
18	Kotak Mahindra Asset Management (Singapore) Pte. Limited	Subsidiary	100%	
19	IVY Products Intermediaries Limited	Subsidiary	100%	
20	Infina Finance Private Limited	Associates	100%	No
21	Phoenix ARC Private Limited	Associates	100%	

* Percentage of Shareholding includes direct and indirect holdings through subsidiaries

VI. CSR DETAILS

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
(ii) Turnover* (in) : ₹ 41,333.90 crore
(iii) Net worth (in): ₹ 82,794.81 crore

* Turnover for the bank is total income

¹ GRI 405-1



VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Local Communities	Yes E-mail at Kotak Corporate Social Responsibility (https://www.kotak.com/en/customer-service/contact-us/email-us.html)	0	0		0	0	Community grievances are received through our NGO partners.
Investors and Shareholders	Yes E-mail at Institutional Investors/Retail Investors (https://www.kotak.com/en/investor-relations.html)	35	0		49	2	Pending grievances solved on 19 th April, 2022
Employees and workers	Yes. The internal mechanisms are highlighted in Employee code of conduct. https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/code_of_conduct_employee-2972021.pdf	71	18	Including 56 POSH cases and 15 other cases.	40	8	Including POSH cases. Out of the pending cases 4 were closed in April, 2022
Customers	Yes E-mail here as per product/service (https://www.kotak.com/en/customer-service/grievance-redressal.html)	2,35,655	11,218	These exclude complaints redressed in zero and one day	1,98,146	8,195	These exclude complaints redressed in zero and one day
Value Chain Partners		0	0	Vendors route their grievances through the business team that they engage with, there have been no substantial grievances reported in this reporting period	0	0	Vendors route their grievances through the business team that they engage with, there have been no substantial grievances reported in this reporting period
Other (please specify)	NA						

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Please refer to the 'Stakeholder engagement and materiality assessment' section on page 48-49 for details of our material topics. The risks, opportunities and management of the topics have been discussed at length in the respective sections wherein the material topics have been covered.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes										
1	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	Policies Investor Relations - Kotak Mahindra Bank Banking Policies (https://www.kotak.com/en/investor-relations/governance/policies.html , https://www.kotak.com/en/customer-service/important-customer-information/banking-policies.html .)								
2	Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Do the enlisted policies extend to your value-chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Name of the national and international codes/certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 45001:2018 and ISO 27001: 2022								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	We aspire to have women represent at least a third of our workforce								
6	Performance of the entity against the specific commitments, goals, and targets alongwith reasons in case the same are not met.	Please refer to the ESG Data Tables on page 364								
Governance, leadership and oversight										
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Message from Uday Kotak								
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	CSR and ESG committee of the Board								
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes. Board level CSR and ESG Committee Mr. Prakash Apte (Non-Executive Chairman, Independent) Mr. C. Jayaram (Non-Executive Director) Mr. Dipak Gupta (Joint Managing Director) Mr. C. S. Rajan (Non-Executive Director, Independent)								

10. Details of Review of NGRBCs by the Company.

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/Any other, please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Board Committee									Annually								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Board Committee									Annually								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P1	P2	P3	P4	P5	P6	P7	P8	P9	No								

12. If answer to question (1) above is "No", i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									Not Applicable
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									



Sr. No.	Principle No. and Definition	List of Policies
1	Principle 1: Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable	Business Responsibility Policy; Code of Bank’s Commitment to Customers; Code of Conduct (Directors); Code of Conduct (Employees); Code of Fair Disclosure of UPSI; Compliance Policy; KYC and Anti-Money Laundering (AML) Policy, ESG Policy Framework; Enterprise-wide Risk Management Framework; Fraud Risk Management Policy; Policy for Determination of Materiality of Events or Information; Policy on Dealing with Related Party Transactions; Stress Testing Policy; Whistle Blower Policy; Vigilance Policy; Compensation Policy; Compensation Policy for Executive Directors
2	Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe	Privacy Policy; Information Security and Cyber Security Policy; Apex Information Technology Policy; Operational Risk Management Policy
3	Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chain	Code of Conduct (Employees); Diversity Inclusion and Equity Statement; Employee Volunteering Policy; Health, Safety and Welfare at Work-Place Policy; New Mother Benefit Policy; Pandemic Benevolent Policy; Whistle Blower Policy; Training Policy
4	Principle 4: Businesses should respect the interests of and be responsive towards all its stakeholders	Board Diversity Policy; Corporate Responsibility Policy; Diversity Inclusion and Equity Statement; Grievance Redressal Policy; Whistle Blower Policy
5	Principle 5: Businesses should respect and promote human rights	Diversity, Inclusion and Equity Statement; Equal Employment Opportunity Policy; Human Rights and Anti-discrimination Policy; Policy on Sexual Harassment of Women
6	Principle 6: Businesses should respect, protect and make efforts to restore the environment	ESG Management Systems Plan (EMSP); ESG Policy Framework; Environment Policy
7	Principle 7: Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent	ESG Policy Framework; Compliance Policy
8	Principle 8: Businesses should promote inclusive growth and equitable development	Corporate Social Responsibility Policy; ESG Policy Framework; Employee Volunteering Policy
9	Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner	Collection of Dues and Repossession of Security Policy; Code of Conduct for Conduct for Collection of Dues - Credit Cards; Fair Practice Code (Bank); Fair Practice Code for Credit Card Operations; Fair Practice Code for Lenders; Fair Practice Code: Microfinance Loans; Customer’s Compensation Policy; Information Security and Cyber Security Policy

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes **
Board of Directors	13	Sessions on Strategy, Risk Management, Compliance, Human Resource management, ESG, Corporate Social Responsibility, Financial Inclusion, Customer protection, Financial Outlook, Cyber Security Awareness, Wholesale Banking Business and Consumer Banking Business	100%
Key Managerial Personnel	12	Sessions on Strategy, Risk Management, Compliance, Human Resource management, ESG, Corporate Social Responsibility, Financial Inclusion, Customer protection, Financial Outlook, Wholesale Banking Business and Consumer Banking Business	100%
Employees other than BoD and KMPs	8,295*	Functional skills and knowledge programmes, programmes pertaining to skill upgradation, managerial or leadership capability training, culture building, digital technologies and compliance-related trainings.	92.68%

* This number includes 1,534 unique digital learning modules and 6,761 instructor-led training programmes

** This represents employees who have attended any of the training programmes on any of the NGRBC principles

2. Details of fines/penalties/punishment/ award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

There have been no such cases during the reporting period.

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Not applicable as there have been no such cases

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, our anti-corruption and anti-bribery guidelines are covered as a part of our Employee Code of Conduct. This Code is applicable to all employees (including overseas bank representative offices and overseas branches), whole-time Directors of Kotak Mahindra Bank Limited and its subsidiaries and affiliate companies, whether permanent, part-time and on fixed term contract. The coverage of these guidelines includes aspects related to cash or gifts to an individual or relatives or associates, non-monetary favours, false political or charitable donations amongst others. Please find further details at: [Employee Code of Conduct](#)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

No such cases have been reported in the current and previous reporting period.

6. Details of complaints with regard to conflict of interest:

No such cases have been reported in the current and previous reporting period against any BODs or KMPs.

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

As there have been no cases, this is not applicable. Further, we have well-defined processes to ensure compliance with corruption and conflict of interest-linked policies and regulations.

Leadership Indicators

1. Awareness programmes conducted for value-chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/Principles covered under the training	Percentage of value-chain partners covered (by value of business done with such partners) under the awareness programmes
The majority of our outsourced vendors are required to adhere to a code of conduct for service providers, which is incorporated as part of the standard service contract with the objective of creating awareness on ESG and articulating our expectations form our vendors on ESG. Select critical vendors have also undergone training.		

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No). If Yes, provide details of the same.

Yes, we have implemented processes to avoid/manage conflict of interests involving members of the Board. The details are mentioned below:

- i.

Every Director on the Board is required to make disclosure of his/her interest or concern in other entities (under Section 184 of the Companies Act, 2013 as also the parties to which such Director is related to (as under Section 2(76) of the Companies Act, 2013 and other laws applicable to us). Such disclosure is required to be made as and when a Director attends first Board Meeting after his/her appointment on the Board and thereafter at every first Board Meeting held in a financial year as well as within 30 days from any change in the disclosure previously given by such Director.
- ii.

Director, if interested or concerned in any transaction(s) or arrangement(s) to be entered into by the Bank, does not participate in the discussion and passing of the resolution thereon.
- iii.

We have also put in place necessary mechanisms and have formulated a Policy on Dealing with Related Party Transactions, keeping in view the requirements under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013. This Policy provides a framework to ensure proper identification, approval and reporting of Related Party Transactions. Such transactions would be appropriate only if they are in our and our members best interest.
- iv.

All transactions with Related Parties of the Bank are previously approved by the Audit Committee of the Bank. The Audit Committee also grants Omnibus Approval for Related Party Transactions of a recurring nature. Related Party Transactions, if not in the ordinary course or not at arm's length, are placed before the Board (based on the Audit Committee's recommendation) for its consideration and approval. If such transactions (which are placed before the Board of Directors) breach the threshold limits prescribed under Section 188 of the Companies Act, 2013 or if any transaction with a Related Party is material in nature as prescribed under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, such transactions are also put up before the shareholders for their consideration and approval.
- v.

At the Audit Committee, only the Independent Directors who are members of the Audit Committee, consider and approve the transactions with related parties. At the Board, only those Directors who are not parties to the transaction(s) or arrangement(s) in subject or those who are not interested or concerned therein, participate to consider them. The interested Directors neither remain present nor do they vote on the resolution of Related Party Transaction. While seeking Shareholders' approval, no Related Party of the Bank, whether party to a particular transaction or not, votes to approve such transaction.
- vi.

In terms of Regulation 20 of the Banking Regulation Act, 1949, we do not extend any loans or advances on the security of our own shares, or commit to grant any loan or advance to or on behalf of our Directors, any firm in which a Director is interested as partner, manager, employee or guarantor, or any company or its subsidiary or holding company where Director of the Bank is a Director, Managing agent, manager, employee or guarantor or in which he holds substantial interest (as defined in Section 20 of the Banking Regulation Act, 1949), or any individual in respect of whom a Director of the Bank is a partner or guarantor.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

1. Percentage of Research and development and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total Research and development and capex investments made by the entity, respectively.

As we are a financial services company, capital expenditure and Research and development expenses are not directed towards technologies that improve environmental and social impacts. We are in the midst of a mindset shift and have moved in part from the physical world to the 'phygital' (physical enabled by digital) one. We are now leap frogging to 'digital' (digital first supported by physical) and are evaluating AI enabled technologies. We have begun to proactively look for opportunities to direct our capital to finance assets that may have positive impact on the environment and communities.

2. a. Does the entity have procedures in place for sustainable sourcing?

Kotak Mahindra Bank's Code of Conduct covers aspects on Human Rights, Health and Safety, Operational Eco-efficiency, etc., and indicates applicability to the Bank's vendors. Besides this, a focused Code of Conduct for service providers forms part of the service agreements with outsourced vendors.

b. If yes, what percentage of inputs were sourced sustainably?

As a financial services organisation, our direct consumption of consumables and input materials is limited. We strive to improve energy efficiency, use cleaner sources of energy, and reduce paper consumption to a minimum. We expect our vendors to comply with our Code of Conduct for service providers which includes aspects on Human Rights, Health and Safety, Operational Eco-efficiency, etc. All Service contracts that were signed and renewed in FY 2022-23 include the Code of Conduct for service providers as an annexure.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) plastics (including packaging) (b) e-waste (c) hazardous waste and (d) other waste.

We have on-boarded authorised waste management vendors to recycle our e-waste. We have also installed Organic Waste Composters (OWCs) across six of our corporate offices to convert our wet waste generated to manure. This manure is then utilised for captive use as well as for donation to our employees and surrounding housing societies. We also have a buyback policy for small batteries. Please find further details of our approach to waste management on page 61 of the 'Managing our environmental footprint' section.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No. As we are a financial services company, Extended Producer Responsibility (EPR) is not applicable to our activities.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/Service	Percentage of total Turnover contributed	Boundary for which the Life cycle Perspective/Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not Applicable					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/Service	Description of the risk/ concern	Actions Taken
Not Applicable		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 2021-22
Not Applicable		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23			FY 2021-22		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)						
E-waste						
Hazardous waste						
Other waste						
Not Applicable						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as percentage of total products sold in respective category
Not Applicable	

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Percentage of employees covered by										
	Total (A)	Health insurance*		Accident		Maternity Benefits		Paternity Benefits		Day Care facilities**	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	41,505	41,505	100%	41,505	100%	0	0	41,505	100%	0	0
Female	14,610	14,610	100%	14,610	100%	14,610	100%	0	0	0	0
Total	56,115	56,115	100%	56,115	100%	14,610	26.04%	41,505	73.96%	0	0
Other than Permanent Employees											
Male	12,588	0	0	12,588	100%	0	0	12,588	100%	0	0
Female	4,778	0	0	4,778	100%	4,778	100%	0	0	0	0
Total	17,366	0	0	17,366	100%	4,778	27.51%	12,588	72.49%	0	0

*The number includes 18% employees whose coverage would commence upon confirmation in FY 2023-24. All employees joining the organisation from April '23 onwards are provided with health insurance cover from their date of joining.

**We have instituted a Day Care Policy effective 1st April, 2023 that facilitates access to crèche facilities, which can be availed by permanent female employees and single male employees for their children up to age of 6.

2. Details of retirement benefits, for Current FY and Previous Financial Year²

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a percentage of total employees	No. of workers covered as a percentage of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a percentage of total employees	No. of workers covered as a percentage of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF*	99.63%	0	Y	99.6%	0	Y
Gratuity**	76.37%	0	Y	72.1%	0	Y
ESI	0	0	N	0	0	N
Others, please specify	NA	NA	NA	NA	NA	NA

*PF is not applicable for some employees who have joined our workforce during an acquisition as per their employment contracts.

**Employees under fixed-term contract are excluded from Gratuity, if their employment is for the fixed period below the gratuity eligibility limits.

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

We have equipped three of our largest offices with disability friendly infrastructure. These offices have a combined capacity to house more than 6,000 employees. In addition, to enable our employees and customers who are Persons with Disability (PwD) to access our branches and ATMs, we have installed ramps across our premises. More than 600 branches and 870 ATMs have disability friendly entrances.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy?

Yes, we have an Equal Employment Opportunity Policy which is aligned to the Rights of Persons with Disabilities Act, 2016. Our commitment to equal opportunity is also articulated in the [Code of Conduct](#).

5. Return to work and Retention rates of permanent employees and workers that took parental leave³.

Permanent employees		
Gender	Return to work rate	Retention rate
Male	100%	63.50%
Female	100%	58.26%
Total	100%	62.12%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees	Yes, we have three key modes through which employees can raise grievances—an in-house online portal, WhatsApp-based chat services and email.
Other than Permanent Employees	Our non-permanent employees can reach us through the same modes described above

² GRI 201-3

³ GRI 401-3

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total employees/ workers in respective category(A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	56,115	1,522	2.71%	48,842	1,694	3.47%
- Male	41,505	1,120	2.70%	36,201	1,266	3.50%
- Female	14,610	402	2.75%	12,641	428	3.39%

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22*				
	Total (A)	On Health and Safety Measures		On Skills upgradation		Total (D)	On Health and Safety Measures		On Skills upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	54,093	15,647	28.93%	49,941	92.32%	48,406	9,865	20.38%	48,401	99.99%
Female	19,388	6,515	33.60%	18,160	93.67%	17,148	3,530	20.59%	17,104	99.74%
Total	73,481	22,162	30.16%	68,101	92.68%	65,554	13,395	20.43%	65,505	99.93%

*In FY 2021-22, the data also covered the training details of those employees who had exited the organisation during the year. In FY 2022-23, we have only considered training data for employees onboard as on 31st March 2023.

9. Details of performance and career development reviews of employees and worker*:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)W	% (B/A)	No. (C)	Total (D)	% (C/A)
Employees						
Male	41,505	32,091	77.32%	36,201	27,876	77.00%
Female	14,610	11,471	78.51%	12,641	9,320	73.73%
Total	56,115	43,562	77.63%	48,842	37,196	76.16%

*All employees who are eligible for performance appraisal underwent career development reviews. Employees on probation are not eligible for performance review.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, we have instituted an occupational health and safety management system. We have implemented this system across six of our large corporate offices.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Our OHSMS manual serves as a comprehensive guide that outlines the governance framework and an action plan for conducting audits by the oversight team. It also provides guidelines on the reporting frequency and overall management of the system. The manual also clearly defines the scope and responsibilities of the teams tasked with overseeing the OHSMS. A monitoring plan has been established that takes into account factors including parameters measured, locations, scope and the methods used. The senior management is responsible for overseeing the evaluation of OHS performance and determining its effectiveness. In line with ISO 45000:2018 standard, a Hazard Identification and Risk Assessment (HIRA)exercise is conducted where all the work-related hazards are identified and risks on a routine and non-routine basis are assessed, and along with these their mitigation measures are tabulated. The non-routine jobs are maintenance activities and extension of the premises etc. HIRA is reviewed annually and is revised, if required, in light of any incident. The updated documents are circulated to all our premises to ensure that the feedback gathered in the exercise serves as a preventive measure.

At the ISO 45001:2018 certified premises, we adopted an process that includes, but is not limited to, how the work is organised, social factors, leadership and organisational culture, activities and situations, past relevant incidents, potential emergency situations, actual and proposed changes irrespective of the level and nature and changes in knowledge of and information about hazards. The Occupational Health & Safety (OH&S) Management Representative (HMR) ensures that hazard identification is conducted by persons with competence in relevant hazard identification methodologies and techniques and appropriate knowledge of the work activity⁴. All jobs performed at our premises are supervised by the HMR. They ensure proper work permits are requested and granted prior to the job being undertaken, and also note and report work related hazards, if any. 'Toolbox talks' for routine and non-routine jobs are delivered to vendors undertaking work at our premises, as required which cover safety instructions and detailed processes to be followed to protect themselves from injuries or ill health and an OHSMS Hazard Identification Checklist is maintained. The methodology and criteria for the assessment of Occupational Health & Safety (OH&S) risks are

⁴ GRI 403-2

defined with respect to their scope, nature and timing to ensure they are proactive rather than reactive and are used in a systematic way. Employees are also encouraged to report any hazardous situations by either calling a designated helpline or writing to a location specific helpdesk to enable timely and appropriate action.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Yes, we have processes in place for our employees to report on work-related hazards and enable them to remove themselves from such risks.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services?

Yes, we provide our employees with access to non-occupational medical and healthcare services.

11. Details of safety related incidents⁵, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22*
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	NA
Total recordable work-related injuries	Employees	0**	15
No. of fatalities	Employees	0**	6
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	NA

* The cause of all the fatalities and injuries were road accidents while travelling to work.

**For FY 2022-23, the organisation has revised the boundary to injuries/fatalities caused due to the nature of the work or is directly related to the performance of work-related tasks.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

We have adopted a holistic approach towards safeguarding the health and well-being of our employees. We launched the Annual Health Screening Policy for all our employees above 40 years of age or above certain employee grades. We have also tied up with some of the largest healthcare providers in the country to conduct various tests covered under this Policy. In FY 2022-23, many of our employees availed benefits under this Policy. We also facilitate various health and wellness programmes such as online yoga, meditation and Zumba sessions. We have also introduced doctor consultation, nutritionist consultation and emotional assistance programmes and discounts on pharmacy at select premises. Doctors and nutritionists were also available on call and in-house.

Our Emotional Assistance Programme (EAP) continued to support and guide our employees and their family members. In FY 2022-23, we saw employees increasingly availing our EAP services. Themed sessions were conducted on topics ranging from dealing with depression, anxiety, stress to conflict management.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0		0	0	
Health and Safety	0	0		0	0	

14. Assessments for the year:

	Percentage of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Six of our corporate offices (0.3% of our total branches and offices) were assessed, housing 11,000+ employees, which form 15% of our bank's workforce
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.

We follow an OHS system in line with the ISO 45001:2018 that subjects our system to continual improvement. Consequently, HIRA is catalogued and addressed by the relevant teams, which is updated on an annual basis or with the findings due to incidents, if any.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees- Yes (B) Workers- NA

We continue to implement a Pandemic Benevolent Policy which outlines our initiatives to financially support the families of the employees deceased between 1st April 2020 until 31st March 2022, primarily due to the COVID-19 pandemic, up to two years after their demise. However, it was also applicable for deaths occurred due to any other reasons while being in employment with Kotak during the said period. We also provide term life insurance, health insurance and group personal accident insurance to all our employees. Further details of the policy can be found on page 67 of 'Empowering our employees' section.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value-chain partners.

We communicate our expectation to our business partners and vendors through our service agreements which outlines the need to be in compliance with all relevant regulations. Compliance is tracked on a monthly basis.

3. Provide the number of employees/workers having suffered high consequence work-related injury/-ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23*	FY 2021-22**	FY 2022-23*	FY 2021-22**
Employees	0	6	0	6

*For FY 2022-23, the organisation has revised the boundary to injuries/fatalities caused due to the nature of the work or is directly related to the performance of work-related tasks.

** The cause of all the fatalities and injuries were road accidents while travelling to work. We have extended required support for medical expenses to these employees.

4. Does the entity provide transition assistance programme s to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

Yes, we provide transition assistance programmes by offering future skills trainings such as digital and leadership programmes to our employees who are nearing superannuation.

5. Details on the assessment of value-chain partners:

We expect all our value-chain partners to comply with our Code of Conduct, applicable human rights standards and maintain sound health and safety practices. As per the Bank's ESG Management Systems Plan, we undertake ESG evaluations of our customers as part of the credit procedures, for some eligible transactions.

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value-chain partners.

No corrective actions were required on these parameters.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

We have instituted a stakeholder engagement strategy which outlines our process for the identification of seven stakeholder groups that are perceived to be the most important for our business. This strategy is tailored for each stakeholder group when engaging with them in accordance with their needs and expectations.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as Vulnerable and Marginalized Group (Yes/No)	Channels of communication (E-mails, SMS, Newspapers, Pamphlets, Advertisement, Community meetings, Notices Board, Website)	Frequency of engagement (Annually/ Half yearly/ Quarterly/others)- Please specify	Purpose and scope of engagement including key topics and concerns raised during such engagements
Investors and Shareholders	No	- E-mails - Letters - Earning calls - Meetings/ Conferences - Investor Grievance Cell - Media - Website	- Annual and Quarterly Investor Meets - Need-based	- Financial results - Key business developments - Shareholder returns and dividends - Issues related to share issuances and transfer - Climate change - Diversity and Inclusion
Customers and Clients	No	- One-on-one interactions - Focus group discussions - Customer meets - Customer satisfaction surveys - Customer helpline - Customer grievance cell - Social Media channels - Website	- Periodic structured feedback meetings - Ongoing - Need-based	- Needs of customers - Customer experience and service quality - Product features and benefits - Technology interface for banking experience - Cybersecurity and Fraud protection - ESG initiatives and disclosures

⁵ GRI 403-9, GRI 403-10



Stakeholder group	Whether identified as Vulnerable and Marginalized Group (Yes/No)	Channels of communication (E-mails, SMS, Newspapers, Pamphlets, Advertisement, Community meetings, Notices Board, Website)	Frequency of engagement (Annually/ Half yearly/ Quarterly/others)- Please specify	Purpose and scope of engagement including key topics and concerns raised during such engagements
Employees	No	- Induction programme - E-mails - Town halls - Skip-level meetings - Leadership meetings - Employee engagement initiatives - Rewards and recognition programmes - Employee grievance cell - Employee portal - HR helpdesk - Employee satisfaction surveys - Employee volunteering initiatives	- Ongoing - Need-based	- Policies and procedures - Diversity and Inclusion - Performance appraisal and rewards - Training and career development - Work environment - Health and wellness - Safety and security - Community development - Employee volunteering - Cybersecurity
Government and Regulatory Bodies	No	- Regulatory filings - Compliance Statements - Meetings - Letters - E-mails - Industry associations	Need-based	- License request and renewal - Compliance with filings and other regulatory requirements - Participation in government financial sector plans and programmes - Consultations sought by regulatory bodies and industry associations
Vendors and Business Associates	No	- Meetings - E-mails - Letters - Supplier and business associates' performance reviews - Awareness programmes	- Ongoing - Need-based	- Product/Service/ Technology quality and support - Contract commercial and technical terms and conditions - Supplier and business associates' statutory compliances - ESG, Code of Conduct for service providers
Communities and NGO's	Yes	- Community development initiatives including need-based local interventions identified by Kotak Mahindra Bank's employees - Funding support - Proposals and requests for new initiatives - Impact assessment surveys	Need-based	- Community development needs - Financial Inclusion - Financial infrastructure - Human and organisational support

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

There are identified teams who actively engage with designated stakeholder groups. The feedback received from each stakeholder group is relayed to the respective Board-level Committees. These Committees discuss the feedback received from the stakeholders and suitable actions are taken towards enhancing our practices.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation is used to support the identification and management of environmental and social topics. For instance, we engage with our investors and stakeholders on ESG topics they consider critical for us as a Bank and provide necessary public disclosures on our ESG performance. We have also instituted an ESG policy framework that outlines our commitment on each of the focus areas identified by us. We also encourage our employees and customers to follow environmental-friendly practices by leveraging technology. We have instituted diversity and inclusion, equal opportunities and other employee related policies and practices to promote a fair workplace. Our Code of Conduct for service providers our business associates and vendors to address ESG topics in their operations. In order to create awareness about ESG amongst the communities, we implement various programmes that not only focus on their upliftment but also enhance their practices to be more environmentally conscious. Please refer page 368-369 of this Report for further details.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

We believe that financial literacy is a vital step in educating our customers and the community on the effective usage of our banking services. During the financial year, we organised 1,986 financial literacy camps through our rural branches. On a regular basis, we also conduct various digital campaigns to educate our customers and the community. For further details on our financial inclusion efforts, please refer page 54-55 of 'Sustainability at Kotak' section in this Report.

We also conduct various need-based community programmes through our identified CSR focus areas which include education and livelihood, healthcare, environment and sustainable development and sports. For further details on our CSR programmes, please refer page 70-75 of 'Supporting our Communities' section in this Report.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23*			FY 2021-22		
	Total (A)	No. employees/ workers covered (B)	% (B/A)	Total (C)	No. employees/ workers covered (D)	% (D/C)
Employees						
Permanent	56,115	50,996	90.88%	48,866	40,424	82.72%
Other permanent	17,366	14,144	81.45%	17,584	14,135	80.39%
Total Employees	73,481	65,140	88.65%	66,450	54,559	82.11%

*Our Code of Conduct consists of elements on human rights. Hence, Code of Conduct and PoSH training coverage has been considered in the above table.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No (C)	% (C /A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	56,115	7,008	12.49%	49,107	87.51%	47,148	6,928	14.69%	40,220	85.31%
Male	41,505	4,934	11.89%	36,571	88.11%	34,935	4,869	13.94%	30,066	86.06%
Female	14,610	2,074	14.20%	12,536	85.80%	12,213	2,059	16.86%	10,154	83.14%
Other than Permanent	17,366	9,037	52.04%	8,329	47.96%	17,582	8,651	49.20%	8,931	50.80%
Male	12,588	6,229	49.48%	6,359	50.52%	12,345	5,536	44.84%	6,809	55.16%
Female	4,778	2,808	58.77%	1,970	41.23%	5,237	3,115	59.48%	2,122	40.52%

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/salary/wages of respective category*	Number	Median remuneration/salary/wages of respective category*
Board of Directors	10	₹ 0.43 crore	2	1.75 crore
Key Managerial Personnel	4	₹ 3.4 crore	2	2.31 crore
Employees other than BoD and KMP	41,501	₹ 5.02 lakhs	14,608	4.09 lakhs

*The figures represent fixed component and does not include variable components of the compensation

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, our Human Resources function is responsible for the oversight of human rights issues as articulated in the Human Rights and Anti-discrimination Policy. Further details of the policy are found in 'List of Policies' in the Annexures.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues:

Our Whistleblower mechanism which is accessible to our internal stakeholders can also be used to escalate any violation of human rights or business ethics by any employee across management grades on the digital platform. This safeguards the confidentiality of the whistle blower's identity and appropriate action against the investigation subject.



6. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	56	14	7 pending cases of FY 2021-22 resolved in FY 2022-23.	33	7	8 pending cases of FY 2020-21 resolved in FY 2021-22
Discrimination ⁶ at workplace #	-	-	-	7	1	Six cases were resolved in FY 2021-22
Child Labour #	-	-	-	-	-	-
Forced Labour/Involuntary Labour #	-	-	-	-	-	-
Wages#	-	-	-	-	-	-
Other human rights related issues#	-	-	-	-	-	-

Assurance undertaken by Price Waterhouse Chartered Accountants LLP for indicators marked with #

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

We have a robust Code of Conduct for our employees that includes clauses on Anonymity and Confidentiality to ensure employees can freely raise their concerns without hesitation. We also make provisions to enable employees to raise anonymous complaints and have zero tolerance for workplace retaliation:

- Anonymity and Confidentiality:** All complaints and related investigations are treated with extreme confidentiality and are treated sensitively as per applicable laws and regulations. Reports may be made available to the Business Head or Human Resources team and other control functions anonymously to the extent permitted by applicable laws and regulations. The final action is recorded and maintained for any future reference.
- Workplace Retaliation:** We do not engage in or tolerate retaliation of any kind against anyone for providing information in good faith about suspected unethical or illegal conduct. This also extends to activities including fraud, securities law or regulatory violations, possible violations of policies including Code of Conduct and other inappropriate workplace behavior. If an employee has been retaliated against, she or he can report the incident to the Human Resources team and also report on our Employee Portal (Kotak Worklife).

8. Do human rights requirements form part of your business agreements and contracts?

Yes, vendor contracts include human rights requirements.

9. Assessments for the year:

	Percentage of your plants and offices that were assessed (by entity or statutory authorities or third-parties)
Child labour	As we are a financial services company, we undertake proactive measures to safeguard human rights, we have however not undertaken a dedicated human rights assessment.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others, please specify	

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

Not Applicable

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

We respect human rights of all our stakeholders and ensure adherence with laws safeguarding these universal rights. We have instituted a Human Rights and Anti-Discrimination policy that outlines our commitment to the national and international laws.

2. Details of the scope and coverage of any human rights due-diligence conducted.

We have not conducted any human rights due diligence.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, three of our largest corporate offices are equipped with disability friendly equipment. In addition, to enable our employees and customers Persons with Disability (PwD) to access our branches and ATMs, we have installed ramps across our premises. Around 600 branches and 870 ATMs have disability friendly entrances.

⁶ GRI 406-1

4. Details on assessment of value-chain partners:

	Percentage of value-chain partners (by value of business done with such partners) assessed
Sexual Harassment	We have not undertaken an assessment of value-chain partners.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others, please specify	

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter (in GJ)	FY 2022-23**	FY 2021-22**
Total electricity consumption (A)	3,52,223*	2,88,932
Total fuel consumption (B)	9,309*	4,025
Energy consumption through other sources (C)	12,585*	12,994
Total energy consumption (A+B+C)	3,74,117*	3,05,952
Energy intensity per rupee of turnover (Total energy consumption/turnover in crore rupees)	9.05	9.16
Energy intensity (optional)—the relevant metric may be selected by the entity (GJ/FTE)	5.09*	4.6

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, assurance undertaken by Price Waterhouse Chartered Accountants LLP for the indicator marked by*

** This data also includes energy consumed at Bank premises shared with a few subsidiaries

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

This is not applicable to us as we do not have any sites or facilities identified as designated consumers (DCs).

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23**	FY 2021-22**
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	15,909.6	12,115.40
(iii) Third party water	85,813.5	43,605.37
(iv) Seawater/desalinated water	-	-
(v) Others	21,089.7	2,97,181
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	1,22,812.8*	3,52,902
Total volume of water consumption (in kilolitres)	1,22,812.8*	3,52,902
Water intensity per rupee of turnover (Kiloliters/turnover in crore rupees)	2.97	10.57
Water intensity (optional)—the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, assurance undertaken by Price Waterhouse Chartered Accountants LLP for the indicator marked by*

** This data also includes water consumed at Bank premises that are shared with a few subsidiaries.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

We do not have a zero liquid discharge policy, but have taken initiatives to minimise water discharge. These initiatives include the installation of low-flow plumbing fixtures to reduce water consumption at select large offices.



5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

As a financial services company, air emissions from our operations are not significant. We monitor our GHG emissions, which have been disclosed on page 352 and 354 under principle 6, of BRSR.

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx		0	0
SOx		0	0
Particulate matter (PM)		0	0
Persistent organic pollutants (POP)		0	0
Volatile organic compounds (VOC)		0	0
Hazardous air pollutants (HAP)		0	0
Others, please specify		0	0

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Not Applicable

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Unit	FY 2022-23*	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	11,890	7,308
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	69,466	63,405
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO2e /₹ crore	1.97	2.1
Total Scope 1 and Scope 2 emission intensity (optional)—the relevant metric may be selected by the entity	tCO2e/FTE	1.11	1.06

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, assurance undertaken by Price Waterhouse Chartered Accountants LLP for the indicator marked by*

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, we undertake initiatives to reduce our GHG emissions. These include use of environment friendly gas for refrigerant, i.e., R134A and achieving LEED certifications for nine buildings. In a LEED certified building, energy savings are expected to range between 20 to 30% and water savings between 30 to 50% as per the LEED framework. Such buildings are also designed to experience enhanced air quality, excellent daylighting, which helps in maintaining the health and well-being of its occupants, and enhancing safety and conservation of scarce natural resources. For further details on initiatives, please refer to 'Managing our Environment Footprint' section of this Report.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	1.4	0.53
E-waste (B)	19.4	4.81
Bio-medical waste (C)	0.0	-
Construction and demolition waste (D)	17.6	24
Battery waste (E)	2.1	1.35
Radioactive waste (F)	0	-
Other Hazardous waste. Please specify, if any. (G)	0.2	2.07
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition, i.e., by materials relevant to the sector)\	147.3	71.98
Total (A+B + C + D + E + F + G + H)	188.1*	104.75
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	169.2	68.55
(ii) Re-used	0	9.74
(iii) Other recovery operations	0	-
Total	169.2*	78.29

Parameter	FY 2022-23	FY 2021-22
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	17.3	1.45
(ii) Landfilling	1.6	25.01
(iii) Other disposal operations	0	-
Total	18.9*	26.46

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, assurance undertaken by Price Waterhouse Chartered Accountants LLP for the indicator marked by*

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Since we operate in the service industry, our waste mainly includes stationery waste and organic waste (generated through our canteen). Other categories of waste monitored include e-waste, construction waste, plastic as well as scrap metal. Hazardous waste generated from our operations is negligible and includes used oil from fuel based generators. We collect and safely dispose all the hazardous waste including bio-medical waste through authorised waste management agencies and attempt to reuse and recycle most of the waste generated. We also undertake various initiatives during the year to reduce our waste.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.) where environmental approvals/clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	We do not have any operations or offices in ecologically sensitive areas.		

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
We did not undertake any projects that required an EIA					

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law/regulation/guidelines that were not complied with	Provide details of the non- compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
We are in compliance with all applicable environmental law/ regulations/ guidelines in India				

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter (in GJ)	FY 2022-23**	FY 2021-22
From renewable sources		
Total electricity consumption (A)	12,585*	12,994
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	12,585	12,994
From non-renewable sources		
Total electricity consumption (D)	3,52,223*	2,88,932
Total fuel consumption (E)	9,309*	4,024
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	3,61,532	2,92,956

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, assurance undertaken by Price Waterhouse Chartered Accountants LLP, for indicators marked by *

**This data also includes energy consumed at Bank premises shared with a few subsidiaries

2. Provide the following details related to water discharged:

We currently do not monitor the amount of water discharged.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Not Applicable

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):
- For each facility/plant located in areas of water stress, provide the following information:
- (i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format: As we are a financial services company, this is not applicable to our activities.
- Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Not applicable

4. Please provide details of total Scope 3 emissions and its intensity, in the following format:

Parameter	Unit	FY 2022-23*	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	73,842.9**	51,570.12
Total Scope 3 emissions per rupee of turnover	tCO2e/₹ crore	1.79	1.7
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	tCO2e/FTE	1.01	0.78

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, assurance undertaken by Price Waterhouse Chartered Accountants LLP for the indicator marked by*

** The increase in scope 3 emissions has been on account of business travel, which went up post the pandemic and due to expenses towards capital goods; A major portion of emissions from capital goods are due to expenditure on purchase of IT goods, electronic equipment and the vehicles procured

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.
- Not Applicable
6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Digital visiting cards	Use of QR codes instead of visiting cards has been implemented for the leadership team at Kotak members	Outcome has not been measured in FY 2022-23
2	AI-based module for air conditioning	It monitors the energy consumption by ACs and efficiently manages the cooling process to reduce energy wastages	Reduced electricity consumption by 25% has been installed at 100 branches

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.
- We have a Business Continuity Management (BCM) Policy that provides guidance for proactively identifying and mitigating risks that may cause disruption to business, to minimise the impact of disruption, and to ensure continuity of key products and services at acceptable levels. It is reviewed annually for its continual improvement. Critical Units in the Bank have a Business Continuity Plan (BCP), which prescribes procedures to ensure continuity and recovery of processes at agreed time limits. BCP of Critical Units is tested half yearly and the results are communicated periodically. These results are also submitted to the regulator.
8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?
- We have instituted an EMSP to review, monitor and mitigate any adverse impacts to the environment arising from our borrower's business activities. This plan is based on the IFC guidance and other ESG evaluation frameworks. It sets out the criteria for due diligence and evaluation of borrowers from an ESG perspective. These borrowers are then categorised on the basis of their business activities and their social and environmental impact. Based on the categorisation, an evaluation is undertaken for capital expenditure and working capital loans above a certain size and tenure, against the ESG criteria. We have also introduced a Vendor Code of Conduct that articulates our expectations on our vendors ESG performance.
9. Percentage of value-chain partners (by value of business done with such partners) that were assessed for environmental impacts.
- Currently, we do not assess environmental impacts for our value-chain partners. However, we encourage our value-chain partners to proactively align their business operations to environmental best-practices. We have implemented a code of conduct for all our outsourced vendors, which is incorporated as part of the standard service contract with the objective of creating awareness on ESG and articulating our expectations form our vendors on ESG.



PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT.

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations. 10
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to⁷.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	The Advertising Standards Council of India	National
2	Council for Fair Business Practices	National
3	Bombay Chamber of Commerce and Industry	State
4	Confederation of Indian Industry	National
5	Data Security Council of India	National
6	Indian Institute of Banking and Finance	National
7	Foreign Exchange Dealers Association of India	National
8	Indian Banks' Association	National
9	Primary Dealers Association of India	National
10	The Institute of Internal Auditors India	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities:

Name of authority	Brief of the case	Corrective action taken
No issues related to anti-competitive conduct were identified during FY 2022-23, hence, no corrective action undertaken.		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly/ Others, please specify)	Web Link, if available
	Mobilising private capital for Climate solutions	Climate Finance Leadership Initiative (CFLI) India	Yes	Half yearly	https://www.bloomberg.com/cfli/mobilizing-investment/india/

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year⁸.

Name and brief details of the project	SIA Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
Karo Trust: Our healthcare project implemented by KARO Trust provided financial support to 144 unique patients suffering from Ewing's Sarcoma, Aplastic anaemia and diseases that require a bone marrow transplant.	CSR Project Unique ID 26		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html
Wockhardt: Our healthcare project implemented by Wockhardt Foundation supported 6 Mobile Medical Vans (MMVs) operating in the urban slums of Hyderabad. 85% of those who availed the service reported a reduction in their average monthly healthcare expenditure.	CSR Project Unique ID 66		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html

⁷ GRI 2-28

⁸ GRI 413-1



Name and brief details of the project	SIA Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
Borderless World Foundation: Our healthcare project implemented by Borderless World Foundation provided five critical care ambulances to the army in J&K, with the aim to increase accessibility and availability to healthcare facilities.	CSR Project Unique ID 33		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html
COVID-19 Relief: Our healthcare project implemented as a direct project focused on providing COVID-19 supplies to frontline workers across 17 Hospitals, two Municipal Corporation Offices, and Police Department, in Mumbai, Solapur, Pune, Nashik, Surat and Chennai.	CSR Project Unique ID 38		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html
Pratham Education Foundation: Our education and livelihood project implemented by Pratham Education Foundation undertook a vocational training project in Beauty, Healthcare and Hospitality courses, reaching 5,224 beneficiaries across four states- Maharashtra, Andhra Pradesh, Odisha and Rajasthan.	CSR Project Unique ID 03		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html
Head Held High: Our education and livelihood project implemented by Head Held High indicated that 75% of the candidates joined the Make India Capable Programme to upgrade their skills to align with well-paying employment opportunities in the industry.	CSR Project Unique ID 11		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html
IIMPACT: In our education and livelihood project implemented by IIMPACT, approximately 92% of the students are gradually doing better in their regular academic sessions. 98% of the parents reported that the project moderately bridges the gap in providing education services in the community.	CSR Project Unique ID 50		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html
Disha Foundation: Our education and livelihood project implemented by Disha constructed the third floor by leveraging learning-disability-focused design principles. 12 children were enrolled in the centre after it was opened	CSR Project Unique ID 17		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html
IIM Bangalore: Our education and livelihood project implemented by IIM Bangalore highlighted 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.	CSR Project Unique ID 22		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html

Name and brief details of the project	SIA Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
Parivaar Education Society: Our education and livelihood project implemented by Parivaar Education Society indicated that regular attendance in formal school increased from 65% to 93% as far as before and after project implementation is concerned.	CSR Project Unique ID 49		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html
Kotak Education Foundation: Our education and livelihood project implemented by Kotak Education Foundation focussed on bringing about a holistic development of KEF partners schools and also livelihood opportunities to youths from underprivileged backgrounds.	CSR Project Unique ID 01		Yes	Yes	https://www.kotak.com/en/about-us/corporate-responsibility/csr/project.html

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Essential Indicators

S. No.	Name of project for which R&R is ongoing	State	District	No. of projects affected Families (PAFs)	Percentage of PAFs covered by R&R	Amounts paid to PAFs in the FY (in ₹)
1	Kotak Mahindra Bank did not undertake any projects that require Rehabilitation and Resettlement.					

3. Describe the mechanisms to receive and redress grievances of the community.

Our NGO partners are responsible for addressing the queries/grievances/complaints raised or route it to us on a case-to-case basis. We have also established a grievance redressal mechanism, which is available on our [website](#). Also, the MoUs signed with NGO partners have mention of the channel (email) on which the grievance can be reported.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/small producers	59%	40.50%
Sourced directly from within the district and neighbouring districts	Not Applicable since our operations are present PAN India	

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective Action Taken
We have not identified any negative impacts through the SIAs conducted.	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. no.	State	Aspirational District	Amount spent* (in ₹)
1	Bihar	Purnia	36 lakh [#]
2	Jharkhand	Pakur	21 lakh [#]
3	Jharkhand	Ranchi	40 lakh
4	Karnataka	Raichur	9 lakh
5	Odisha	Kandhamal	39 lakh [#]
6	Gujarat	Dahod	77 lakh ^{**}
7	Madhya Pradesh	Khandwa	31 lakh ^{**}

Amount spent is estimated for the regions, as the CSR programmes span larger geographic regions and are spread over multiple years.

[#] Spent from FY23 CSR project as well as spent from Unspent CSR Account of FY2021-22

^{**} Spent from Kotak Mahindra Bank Limited Unspent CSR Account of previous FYs

3.

a.

Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? No. As a financial services organisation, we do not require substantial input materials for our business.

b.

From which marginalized /vulnerable groups do you procure? Not Applicable

c.

What percentage of total procurement (by value) does it constitute? Not applicable

4.

Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
				Not Applicable

5.

Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
		Not Applicable

6.

Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	Percentage of beneficiaries from vulnerable and marginalized groups
1	Khan Academy India	1,55,229	While our CSR projects largely target people from marginalised and/or underprivileged communities, beneficiary categorisation for individual projects has not been tracked.
2	Ratna Nidhi Charitable Trust	44,996	
3	Environmentalist Foundation of India	26,000	
4	DLS - Digital Learning Solution Project	12,448	
5	Umang- Communicative English Project	12,369	
6	N M Sadguru Water and Development Foundation (NM Sadguru)	10,386	
7	Health Project	8,995	
8	The Ganga Foundation	6,069	
9	Model School Project	6,063	
10	IIMPACT	5,002	
11	Doctors For You	3,762	
12	Pratham Education Foundation (Pratham)	3,587	
13	Indian Dental Association	2,675	
14	IT for Change (ITfC)	2,454	
15	All India Institute of Local Self Government - AIILSG	2,207	
16	Kotak Education Foundation (KEF) Unnati - Livelihood Project	1,939	
17	Aditya Birla Education Trust	1,599	
18	Excel- Scholarship Project	1,575	
19	Vidya Bhawan Society	1,500	
20	KC Mahindra Education Trust (KCMET)	1,481	
21	TATA Steel Foundation (TSF)	1,126	
22	Sarthak Education Trust	966	
23	LEAD-School Leadership Development Project	431	
24	Indian Institute of Science	401	
25	Parivar Education Society	400	
26	CanKids...KidsCan	396	
27	Cuddles Foundation	386	
28	Head Held High Foundation (HHH)	360	
29	Youth4Jobs Foundation	355	
30	Indian Institute of Management Bangalore	274	
31	Nana Palkar Smruti Samiti	259	
32	Deeds Public Charitable Trust	235	
33	CanSupport	220	
34	Cohesion Foundation Trust	215	
35	Inspire Institute of Sport (IIS)	177	

S. No.	CSR Project	No. of persons benefitted from CSR Projects	Percentage of beneficiaries from vulnerable and marginalized groups
36	KARO Trust	95	While our CSR projects largely target people from marginalised and/or underprivileged communities, beneficiary categorisation for individual projects has not been tracked.
37	Vivekananda Kendra Vidyalayas Arunachal Pradesh Trust (VKVAPT)	60	
38	SOPAN	52	
39	OCA Foundation	26	
40	Nirmaan Project		
41	Borderless World Foundation		Given the nature of the projects, the number of beneficiaries of these projects cannot be determined on an individual basis
42	Vidhi Centre for Legal Policy (Vidhi)		
43	The Mahindra United World College of India		
44	Buddy4study India Foundation		
45	BAIF Institute for Sustainable Livelihoods and Development (BAIF Livelihoods)		
46	Shroffs Foundation Trust		
47	United Way Bengaluru		
48	Ramakrishna Mission		
49	Institute of Neurosciences Kolkata		
50	C.B.C.I Society for Medical Education		
51	Spherule Foundation		
52	Kotak IITM Save Energy Mission		
53	Development of Humane Action (DHAN) Foundation		
54	Watershed Organisation Trust (WOTR)		
55	Centre For Collective Development (CCD)		
56	Nature Forever Society (NFS)		
57	Centre for Environmental Research and Education (CERE)		
58	KIIT TBI		
59	Veterinary Van Project		
60	Pullela Gopichand Badminton Foundation (PGBF)		

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1.

Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We have instituted a grievance redressal policy consisting of a robust multi-channel customer grievance redressal mechanism. We also have a complaint-handling protocol that guides our customer-facing employees to efficiently categorise and capture complaints. We are also committed to resolving complaints in a timely manner, and we train our Consumer Banking staff on complaint management. We also leverage our social media channels to address grievances. In addition, a ‘Do it Yourself’ (DIY) help centre has been launched to enable our customers to raise complaints on the mobile banking application. We encourage them to share their grievances through e-mails, letters, faxes, or branch visits. We have revamped our grievance redressal systems to focus on improving our resolution TAT and quality of responses, which led to a reduction in the number of complaints. For further details, please refer to page 78 of ‘Generating value for our customers’ section.

2.

Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable. We are conscious of the environmental and social impacts of our products and services and strive to maximise value for all our stakeholders by making positive contributions to the community and developing systems to maximise positive societal and environmental impacts of our financing decisions. Over 1,700 proposals were screened through EMSP.
Safe and responsible usage	100%. Financial institutions are evaluated on product stewardship and transparency, including efforts to mitigate potential reputational and regulatory risks arising from unethical lending practices or mis-selling financial products to consumers.
Recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year*	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-		-	-	
Advertising	-	-		-	-	
Cyber-security	-	-		-	-	
Delivery of essential Services#	1,768	44	The number of complaints reported excludes complaints redressed in zero and one day.	2,501	18	
Restrictive Trade Practices	-	-		-	-	
Unfair Trade Practices	-	-		-	-	
Other	-	-		-	-	

* The complaint categories are predefined internally and we currently do not have specific categories for advertising, Restrictive Trade Practices and Unfair Trade Practices. Total number of all customer complaints can be found on page 338 under section A of the BRSR disclosure.

Assurance undertaken by Price Waterhouse Chartered Accountants LLP for indicators marked with #

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		Not Applicable

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, we have a policy on cybersecurity. The details of the cybersecurity policy can be found in the annexures on page 363. In addition, the policy can be found here (<https://www.kotak.com/en/privacy-policy.html#:~:text=We%20may%20use%20the%20Customer,for%20creation%20of%20Statistical%20Information%2C>).

For further details, please refer to pages 81-83 of the 'Ethics and governance' section.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

No breaches reported during FY 2022-23.

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information about our products and services are available on our website <https://www.kotak.com/en/home.html>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

We carry out financial literacy and investor education programmes with an emphasis on expanding the knowledge of our customers and communities. Our goal is to create awareness among our existing and potential consumers with the requisite know how to make informed financial decisions and protect their data. We believe that financial literacy is a vital step in educating our customers on the effective usage of our banking services. During the financial year, we organised verified 1,986 financial literacy camps through our rural branches. We also conduct various digital campaigns to educate our customers on a regular basis.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

We proactively communicate with our customers through e-mail, SMS, WhatsApp, website, push notifications, Mobile app details regarding the potential and ongoing disruption of essential services. We have also established Relationship Management teams at our branches and a Customer Contact Centre with a team of Virtual Relationship Managers, who regularly connect with our customers telephonically and through digital modes. This practice ensures transparent information is provided to our customers about our financial products and services to enable an overall seamless customer experience.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, we recognise the importance of adequate, clear and transparent information being provided to our customers to enable informed decision making. We also train our employees to practice ethical lending practices and refrain from mis-selling of financial products to our consumers.

Yes, we track Net Promoter Score (NPS) at two levels- Relationship NPS (R-NPS) and Transaction NPS (T-NPS). This helps us understand our customers' perception of the Bank as a whole. For further details please refer to page 77 of 'Generating value for our customers' section.

5. Provide the following information relating to data breaches:

- a. The number of instances of data breaches along with the impact

Zero substantiated instances of data breaches reported.

- b. Percentage of data breaches involving personally identifiable information of customers

0%.

LIST OF POLICIES

Sr. No	Name of the Policy	Description of/Link to the Policy
1	Board Diversity Policy	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/board-diversity-policy.pdf
2	Code of Bank's Commitment to Customers	https://www.kotak.com/content/dam/Kotak/Customer-Service/Important-Customer-Information/Banking-Codes-Standards-Board-of-India/Individuals-Customers/english.pdf
3	Code of Conduct (Directors)	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/code_of_conduct_directors.pdf
4	Code of Conduct (Employees)	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/code_of_conduct_employee-2972021.pdf
5	Code of Conduct for Conduct for Collection of Dues - Credit Cards	https://www.kotak.com/content/dam/Kotak/Customer-Service/Important-Customer-Information/Code-of-Conduct/code-of-conduct-for-collection-of-dues-credit-cards.pdf
6	Code of Fair Disclosure of UPSI	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/code_of_fair_disclosure_of_UPSI.pdf
7	Collection of Dues and Repossession of Security Policy	https://www.kotak.com/content/dam/Kotak/Customer-Service/Important-Customer-Information/Banking-Policies/policy-on-collection-of-dues-and-repossession-of-Security.pdf
8	Compliance Policy	The policy describes the compliance culture, function, risk and elucidates our approach to ensuring compliance. The Chief Compliance Officer and the compliance team have the responsibility to ensure the effectiveness and integrity of the compliance process with appropriate and robust monitoring of the adherence to the Policy.
9	Compensation Policy	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/compensation-policy-kmbl.pdf
10	Compensation Policy for Non-Executive Directors	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/compensation-policy-ned-final.pdf
11	Corporate Social Responsibility Policy	https://www.kotak.com/en/about-us/corporate-responsibility.html
12	Customer's Compensation Policy	https://www.kotak.com/content/dam/Kotak/Customer-Service/Important-Customer-Information/Banking-Policies/customer-compensation-policy.pdf
13	Diversity, Inclusion and Equity Statement	This policy articulates our commitment to creating a diverse workforce and an inclusive workplace where all employees, are treated with respect and dignity. To this end, we are committed to providing equal opportunities to all in employment, without any discrimination on the grounds of age, disability, gender, marriage, civil partnership, maternity, race, ethnicity, social and indigenous origin, nationality, colour, religion or belief, sexual orientation, socio-economic status of an individual or other basis prohibited by law. The policy also details our commitment to providing a safe, healthy and conducive work environment for our employees.
14	ESG Management Systems Plan (EMSP)	Please find details on page 52 of 'Sustainability at Kotak' section of this Report
15	ESG Policy Framework	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/ESG-framework-2022.pdf
16	Employee Volunteering Policy	This policy provides a framework that enables and inspires our employees to utilise their time and skills in socially impactful volunteering activities. Our employees can enrol with social sector organisations or opportunities available on the Kotak Work Life Mobile App or Portal.
17	Enterprise-wide Risk Management (ERM)Framework	Details of our ERM framework have been elucidated on page 325 of the Management's discussion and analysis section of this Report.
18	Environment Policy	Our Environment Policy elucidates our commitment to sound environmental management in line with national and local environmental regulations. It also covers our approach to manage our environmental impact through resource efficiency measures, waste management and transitioning our operations to a low-carbon economy. The policy also focuses on creating employee and stakeholder awareness on environmental management.
19	Equal Employment Opportunity Policy	This policy is aligned with the Rights of Persons with Disabilities Act, 2016, and covers all our employees (current and prospective employees), including persons with disability, persons with benchmark disability and persons with disability having high support needs. The policy articulates our commitment to providing equal opportunities to all in employment, without any discrimination on the grounds of age, disability, gender, marriage and civil partnership, maternity, race, ethnic, social, and indigenous origin, nationality, colour, religion or belief, sexual orientation, socioeconomic status of an individual or other basis prohibited by law.
20	Fair Practice Code (Bank)	https://www.kotak.com/content/dam/Kotak/Customer-Service/Important-Customer-Information/Code-of-Conduct/fair-practice-code.pdf
21	Fair Practice Code for Credit Card Operations	https://www.kotak.com/content/dam/Kotak/Customer-Service/Important-Customer-Information/Code-of-Conduct/fair-practice-code-for-credit-card-operations.pdf
22	Fair Practice Code for Lenders	https://www.kotak.com/content/dam/Kotak/Customer-Service/Important-Customer-Information/Code-of-Conduct/fair-practice-code-for-lenders.pdf
23	Fair Practice Code: Microfinance Loans	https://www.kotak.com/content/dam/Kotak/Customer-Service/Important-Customer-Information/Code-of-Conduct/Fair-Practice-Code-Microfinance-Loans.pdf

Sr. No	Name of the Policy	Description of/Link to the Policy
24	Fraud Risk Management Policy	The aim of this policy is to help the field functionaries strengthen their precautionary measures, which would make the supervision and internal control mechanism more focused and effective. The policy defines the fraud-prone areas of the business, fraud risk control measures, and the classification and reporting of fraud cases, investigation, follow-up and closure mechanism.
25	Grievance Redressal Policy	https://www.kotak.com/content/dam/Kotak/Customer-Service/Important-Customer-Information/Banking-Policies/policy-for-grievance-redressal.pdf
26	Health, Safety and Welfare at Work-Place Policy	This policy governs health and safety practices in the workplace and documents our commitment to comply with laws concerning occupational health and safety. The scope of the policy covers all employees and partners working at our premises. We also have an Occupational, Health and Safety Management System Manual detailed on page 66-67 of the 'Empowering our employees' section of this Report.
27	Human Rights and Anti-discrimination Policy	This policy communicates our commitment towards respecting human rights and condemning any violations in this regard. The policy supports freedom of association, right to collective bargaining, equal remuneration, no discrimination, and other related human rights. This policy conforms to the requirements set forth in the UN Guiding Principles on Business and Human Rights and complements Kotak's Code of Conduct for employees. The policy expects all our value-chain partners, including business partners, suppliers, vendors, and contractors to reciprocate our commitment to human rights. This policy is applicable at every level of the organisation and to every aspect of the workplace environment and employment relationship, including recruitment, selection, promotion, transfers, training, salaries, benefits, and termination. It also covers fair wages, decent working hours, and performance evaluations.
28	Information Security and Cyber Security Policy	This policy institutes the Cyber Security Framework based on industry best practices and regulatory guidelines. As a part of the cyber resilience framework, a Cyber Crisis Management Plan (CCMP) has been established to effectively respond to a cyber-crisis. The policy details the Cyber Crisis Management Task Force structure, Cyber Crisis Management Life Cycle, protocol to activate the CCMP, incident classification, containment, investigation and recovery. The policy also stipulates Cyber Crisis Management Awareness programmes to be undertaken for employees.
29	Apex Information Technology Policy	This Information Technology Policy provides guidelines for effective management of the Bank's Information Technology systems. The policy is based on the international Standard and Framework ISO IEC 20000, ITIL V-3, COBIT 4.1 and ISO 27001 and Indian regulations. The policy ensures integrity, reliability and availability of the IT systems along with IT Change Management. It specifically articulates process to identify, record, perform impact analysis, prioritise, classify, resolve, escalate and close all incidents. The policy also specifies training of employees of IT security and requires all employees and third parties to comply with the policy.
30	KYC and Anti-Money Laundering (AML) Policy	The objective of this Board-approved policy is to have in place adequate policies, practices and procedures that promote high ethical and professionals and prevent us from being used, intentionally or unintentionally by criminal elements. The KYC standards and AML measures enable us to understand our customers or beneficial owners and their financial dealings, which in turn helps us to manage our risks prudently. The policy lists guidelines to conduct our customer due diligence process (CDD), Non-face-to-face CDD, risk assessments to identify, assess and take effective measures to avoid terrorist financing and identify, review and monitor politically exposed persons.
31	New Mother Benefit Policy	Please find details on page 67 of 'Empowering our employees' section of this Report.
32	Operational Risk Management Policy	The policy guides governance and reporting structure for operational risk management. It establishes a proactive operational risk management culture, which includes identifying, preventing, reducing, avoiding or transferring operational risk inherent to the business.
33	Pandemic Benevolent Policy	Please find details on page 346 of BRSR section of this Report.
34	Policy for Determination of Materiality of Events or Information	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/KMBL_materiality_policy1.pdf
35	Policy on Dealing with Related Party Transactions	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/dealing_with_related_party_transactions.pdf
36	Policy on Sexual Harassment of Women (POSH)	Please find details on page 69 of 'Empowering our employees' section of this Report.
37	Privacy Notice (for EU Users)	https://www.kotak.com/en/privacy-policy/privacy-notice.html
38	Privacy Policy	https://www.kotak.com/en/privacy-policy.html
39	Stress Testing Policy	Details of our stress testing policy have been elucidated on page 332 of the Management's discussion and analysis section of this Report.
40	Whistle Blower Policy	https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/whistle_blower_policy.pdf
41	Vigilance Policy	The policy covers primarily two types of vigilance: preventive and detective vigilance. The Vigilance Committee is responsible for instituting the anti-corruption measures.
42	Training Policy	This policy articulates our philosophy on learning with the objective of assimilating and upskilling our employees and creating future talent pipeline. The policy covers training and processes related to cost of training, categories of training, nomination procedure, process of approval, booking of training expense, settlement of expense and process of cancellation. The policy also describes the process enabling employees to undertake external learning and certification programmes.

ESG DATA TABLES

WORKFORCE BREAKDOWN¹

The boundary for FY 2022-23 includes employees based out of international locations, which were not part of the disclosures in FY 2021-22. There are 97 employees in the international locations including Bank and subsidiaries (64 male and 33 female).

Kotak Mahindra Bank: Workforce Breakdown for FY 2022-23

Category	Number		Percentage	
	Male	Female	Male	Female
Senior management	284	29	90.7%	9.3%
Middle management	5,437	1,222	81.6%	18.4%
Junior employees	34,658	12,956	72.8%	27.2%
Fixed-term contractual employees	12,588	4,778	72.5%	27.5%
Other employees	1,126	402	73.7%	26.3%
Total full-time employees	54,093	19,387	73.6%	26.4%
Other part-time employees	-	1	-	100.0%
Total employees	54,093	19,388	73.6%	26.4%

Kotak Mahindra Group: Workforce Breakdown for FY 2022-23*

Category	Number		Percentage	
	Male	Female	Male	Female
Senior management	472	43	91.7%	8.3%
Middle management	9,304	1,940	82.7%	17.3%
Junior employees	50,423	16,638	75.2%	24.8%
Fixed-term contractual employees	17,418	5,550	75.8%	24.2%
Other employees	1,127	402	73.7%	26.3%
Total full-time employees	78,744	24,573	76.2%	23.8%
Part-time employees of Insurance companies	13,752	9,122	60.1%	39.9%
Other part-time employees	-	2	-	100.0%
Total employees	92,496	33,697	73.3%	26.7%

*Some of the board members hold positions on the board of more than one company among the Bank and its subsidiaries. Therefore, board diversity cannot be depicted by consolidation of directors in a single list at a Group level.

Kotak Mahindra Bank: Age-Wise Composition of Employees for FY 2022-23

Category	Number			Percentage		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Senior management	-	203	110	-	64.9%	35.1%
Middle management	127	6,275	257	1.9%	94.2%	3.9%
Junior employees	25,796	21,719	99	54.2%	45.6%	0.2%
Fixed-term contractual employees	12,233	5,095	38	70.4%	29.3%	0.2%
Other employees	24	404	1,100	1.6%	26.4%	72.0%
Total full-time employees	38,180	33,696	1,604	52.0%	45.9%	2.2%
Part-time employees	-	1	-	-	100.0%	-
Total employees	38,180	33,697	1,604	52.0%	45.9%	2.2%

¹GRI 2-7, GRI 405-1

Kotak Mahindra Group: Age-Wise Composition of Employees for FY 2022-23*

Category	Number			Percentage		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Senior management	-	341	174	-	66.2%	33.8%
Middle management	618	10,122	504	5.5%	90.0%	4.5%
Junior employees	36,667	30,201	193	54.7%	45.0%	0.3%
Fixed-term contractual employees	16,061	6,847	60	69.9%	29.8%	0.3%
Other employees	24	404	1,101	1.6%	26.4%	72.0%
Total full-time employees	53,370	47,915	2,032	51.7%	46.4%	2.0%
Part-time employees of Insurance companies	2,644	10,837	9,393	11.6%	47.4%	41.1%
Other part-time employees	-	2	-	-	100.0%	-
Total employees	56,014	58,754	11,425	44.4%	46.6%	9.1%

* Some of the board members hold positions on the board of more than one company among the Bank and its subsidiaries. Therefore, board diversity cannot be depicted by consolidation of directors in a single list at a Group level.

NEW JOINEES²

The hire rates have been calculated with the formula: No. of persons who joined the organisation in the FY *100 / Total number of headcount as on 31st March, 2023. The new joinee rate for international subsidiaries is very low compared to the group as a whole and hence is not being disclosed separately.

Kotak Mahindra Bank: New Joinees by gender for FY 2022-23

Category	Number		Rate	
	Male	Female	Male	Female
Senior management	23	-	8.1%	-
Middle management	1,319	301	24.3%	24.6%
Junior employees	21,837	8,201	63.0%	63.3%
Fixed-term contractual employees	10,423	4,602	82.8%	96.3%
Other employees	5	-	0.4%	-
Part-time employees	-	-	-	-
Total employees	33,607	13,104	62.1%	67.6%

Kotak Mahindra Group: New Joinees by gender for FY 2022- 23

Category	Number		Rate	
	Male	Female	Male	Female
Senior management	37	4	7.8%	9.3%
Middle management	2,225	494	23.9%	25.5%
Junior employees	33,799	10,418	67.0%	62.6%
Fixed-term contractual employees	14,146	5,196	81.2%	93.6%
Other employees	5	-	0.4%	-
Part-time employees	-	-	-	-
Total employees	50,212	16,112	54.3%	47.8%

²GRI 401-1

Kotak Mahindra Bank: New Joinees by age for FY 2022-23

Category	Number			Rate		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Senior management	-	21	2	-	10.3%	1.8%
Middle management	73	1,538	9	57.5%	24.5%	3.5%
Junior employees	20,089	9,947	2	77.9%	45.8%	2.0%
Fixed-term contractual employees	11,916	3,105	4	97.4%	60.9%	10.5%
Other employees	2	3	-	8.3%	0.7%	-
Part-time employees	-	-	-	-	-	-
Total employees	32,080	14,614	17	84.0%	43.4%	1.1%

Kotak Mahindra Group: New Joinees by age for FY 2022-23

Category	Number			Rate		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Senior management	-	37	4	-	10.9%	2.3%
Middle management	247	2,449	23	40.0%	24.2%	4.6%
Junior employees	30,296	13,914	7	82.6%	46.1%	3.6%
Fixed-term contractual employees	15,180	4,153	9	94.5%	60.7%	15.0%
Other employees	2	3	-	8.3%	0.7%	-
Part-time employees	-	-	-	-	-	-
Total employees	45,725	20,556	43	81.6%	35.0%	0.4%

WORKFORCE TURNOVER DATA³

Turnover also includes attrition on account of death, superannuation, disciplinary action and non-regrettable exits by employees with low performance. The turnover rates have been calculated with the formula: No. of persons who have left the employment of the entity in the FY *100)/Average no. of persons employed in the category. In line with the BRSR guidance, Average number of persons employed in a category has been calculated as (Persons employed in the category at the beginning of FY + Persons employed in the category at the end of FY)/2. The turnover rate for international subsidiaries is very low compared to the group as a whole and hence is not being disclosed separately.

Kotak Mahindra Bank: Permanent Employee Turnover *

Category	FY 2020-21				FY 2021-22				FY 2022-23			
	Male (No.)	Male (Rate)	Female (No.)	Female (Rate)	Male (No.)	Male (Rate)	Female (No.)	Female (Rate)	Male (No.)	Male (Rate)	Female (No.)	Female (Rate)
Senior management	16	6.6%	3	8.1%	33	13.1%	4	11.3%	26	9.6%	6	19.0%
Middle management	334	9.6%	72	11.3%	759	18.5%	147	17.6%	998	20.0%	217	19.6%
Junior employees	8,560	32.5%	2,881	31.3%	12,075	43.1%	4,430	43.3%	16,435	50.7%	6,274	51.9%
Other employees	200	12.9%	35	7.3%	178	13.1%	40	9.0%	142	11.8%	23	5.5%

*Permanent employee turnover rate inclusive of turnover on account of death, superannuation, disciplinary action and non-regrettable exits by employees with low performance for FY 21, FY 22 and FY 23 are 28.8% (male -28.9%, female-28.8%), 39.0% (male -38.7%, female-40.0%) , 45.9% (male -45.3%, female-47.8%) respectively.

Turnover#	FY 2022-23 (Nos)			FY 2022-23 (Rate)		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Permanent Employees	14,175	9,728	218	58.2%	36.6%	13.8%

#Including other part time employees

Kotak Mahindra Group: Permanent Employee Turnover

Category	FY 2020-21				FY 2021-22				FY 2022-23			
	Male (No.)	Male (Rate)	Female (No.)	Female (Rate)	Male (No.)	Male (Rate)	Female (No.)	Female (Rate)	Male (No.)	Male (Rate)	Female (No.)	Female (Rate)
Senior management	26	6.3%	3	6.3%	51	11.9%	5	10.3%	46	10.1%	8	17.6%
Middle management	786	12.3%	131	11.6%	1,516	20.9%	290	20.7%	1,855	21.5%	380	21.4%
Junior employees	12,591	33.5%	3,728	31.2%	17,748	44.5%	5,690	43.3%	24,945	53.5%	7,876	50.9%
Other employees	200	12.9%	35	7.3%	178	13.1%	40	9.0%	142	11.8%	23	5.5%

Turnover#	FY 2022-23 (Nos)			FY 2022-23 (Rate)		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Permanent Employees	20,933	14,069	273	60.3%	37.0%	14.1%

³GRI 401-1

#Including other employees

EMPLOYEE TRAINING AND DEVELOPMENT

Kotak Mahindra Bank: Average hours of training per year per employee for FY 2022-23⁴

Category	Average Hours
Senior management	21.2
Middle management	28.2
Junior employees	77.9
Other employees	10.6
Temporary/Contractual employees	16.3

Kotak Mahindra Bank: Average hours of training per year per employee for FY 2022-23⁵

Category	Average Hours
Permanent employees	
Male employees	64.0
Female employees	86.6
Temporary/Contractual Employees	
Male employees	16.4
Female employees	16.0

Kotak Mahindra Bank: Cadre wise performance review FY 2022-23⁶

Category	Number of employees who underwent performance review		Percentage of employees who underwent performance review	
	Male	Female	Male	Female
Senior management	269	29	94.7%	100.0%
Middle management	4842	1,079	89.1%	88.3%
Junior employees	26189	10,030	75.6%	77.4%
Other employees	791	333	70.3%	82.8%

PARENTAL LEAVES⁷

Kotak Mahindra Bank: Parental leaves availed by permanent employees during FY 2022-23

Employee Gender	Number of employees that took parental leaves	Number of employees who returned to work after parental leaves ended	Number of employees who returned to work after parental leave ended that were still employed 12 months after their return
Male	1,710	1,713	790
Female	624	568	261

Kotak Mahindra Bank: Gender Pay Ratio⁸

Category	FY 2022-23	
	Ratio of CTC Female: Male (Average CTC)	Ratio of Basic Female: Male (Average Basic)
Senior Management	1.11	1.21
Middle Management	0.94	0.95
Junior employees	0.91	0.94
Other employees	0.76	0.76

⁴GRI 404-1 | ⁵GRI 404-1 | ⁶GRI 404-3 | ⁷GRI 401-3 a, b, c, d | ⁸GRI 405-2

ADDITIONAL INFORMATION

STAKEHOLDER ENGAGEMENT TABLE

Annexure: Kotak Mahindra Group's Stakeholder Engagement Process¹

Key stakeholders	Medium of engagement	Frequency of engagement	Key topics of engagement	Activities informed by stakeholder engagement
Investors and Shareholders	e-mails	Annual and quarterly investor meets	Financial results	Provision of accurate information on financial and ESG performance
	Letters	Need-based	Key business developments	Timely resolution of queries
	Earning calls		Shareholder returns and dividends	Provision of regular business updates
	Meetings/ conferences		Issues related to share issuances and transfer	Incorporation of feedback on our strategy and performance
	Investor Grievance Cell		Climate change	
Customers and Clients	Media		Diversity and Inclusion	
	Website			
	One-on-one interactions	Periodic structured feedback meetings	Needs of customers	Product and process innovation
	Focus group discussions	Ongoing	Customer experience and service quality	Digital solutions
	Customer meets	Need-based	Product features and benefits	Service quality and relationship management
Employees	Customer satisfaction surveys		Technology interface for banking experience	Timely resolution of grievances
	Customer helpline		Cybersecurity and Fraud protection	
	Customer grievance cell		ESG initiatives and disclosures	
	Social media			
	Website			
Employees	Induction programmes	Ongoing	Policies and procedures	Talent development programmes
	Town halls	Need-based	Diversity and Inclusion	Career succession planning
	e-mails		Performance appraisal and rewards	Flexible mode of working
	Skip-level meetings		Training and career development	Diversity and Inclusion initiatives
	Leadership meetings		Work environment	Health and well-being initiatives
Employees	Employee engagement initiatives		Health and wellness	Health and well-being initiatives
	Rewards and recognition programmes		Safety and security	Employee volunteering opportunities
	Employee grievance cell		Community development	
	Employee portal		Employee volunteering	
	HR helpdesk		Cybersecurity	
Employees	Employee satisfaction surveys			
	Employee volunteering initiatives			

Key stakeholders	Medium of engagement	Frequency of engagement	Key topics of engagement	Activities informed by stakeholder engagement
Government and Regulatory Bodies	Regulatory filings	Need-based	License request and renewal	On-time submission of regulatory and statutory filings
	Compliance statements		Compliance with filings and other regulatory requirements	
	Meetings		Participation in government financial sector plans and programmes	
	Letters		Consultations sought by regulatory bodies and industry associations	
	e-mails			
Vendors and Business Associates	Industry associations			
	Meetings	Ongoing	Product/Service/ Technology quality and support	Supplier friendly terms
	e-mails	Need-based	Contract commercial and technical terms and conditions	On-time vendor payments
	Letters		Supplier and business associates' performance reviews	
	Supplier and business associates' performance reviews		Supplier and business associates' statutory compliances	
Communities and NGOs	Awareness programmes		ESG, Code of Conduct for service providers	
	Community development initiatives including need-based local interventions identified by Kotak Mahindra Group's employees	Need-based	Community development needs	Need-based community development programmes
	Funding support		Financial Inclusion	Skill upgradation for the supporting staff
	Proposals and requests for new initiatives		Financial infrastructure	
	Impact assessment surveys		Human and organisational support	

¹GRI 2-29

CSR ANNEXURE

DURING FY 2022-23, WE CONDUCTED SOCIAL IMPACT ASSESSMENT (SIA) FOR CSR PROJECTS.

An Executive Summary of the Social Impact Assessment Undertaken for the CSR projects

CSR Project Unique ID 26: KARO Trust	Our healthcare project implemented by KARO Trust in FY 2020-21, provided financial support to 144 unique patients suffering from Ewing's Sarcoma, Aplastic anemia and diseases that require a bone marrow transplant. An impact assessment study conducted by Sattva Consulting in FY 2022-23 indicated that the financial support provided to the patients has enabled them to continue or complete their treatment. 100% of the surveyed patients and their families were satisfied with the support provided by KARO Trust.
CSR Project Unique ID 66: Wockhardt	Our healthcare project implemented by Wockhardt Foundation in FY 2020-21, supported six Mobile Medical Vans (MMVs) operating in the urban slums of Hyderabad. An impact assessment study conducted by Sattva Consulting in FY 2022-23 highlighted that 94% respondents confirmed that MMV was available to them once a week. 85% of those who availed the service reported a reduction in their average monthly healthcare expenditure and 89% were satisfied with the overall facilities provided by the MMV.
CSR Project Unique ID 33: Borderless World Foundation	Our healthcare project implemented by Borderless World Foundation in FY 2020-21, provided five critical care ambulances to the army in Jammu and Kashmir, with the aim to increase accessibility and availability to healthcare facilities. An impact assessment study conducted by Sattva Consulting in FY 2022-23 highlighted that the high-quality infrastructure 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.
CSR Project Unique ID 38: COVID-19 Relief	Our healthcare project implemented as a direct project in FY 2020-21, focused on providing COVID-19 supplies to frontline workers in 17 Hospitals, two Municipal Corporation Offices, and the Police Department, across cities such as Mumbai, Solapur, Pune, Nashik, Surat and Chennai. An impact assessment study conducted by Sattva Consulting in FY 2022-23 indicated that the project helped in limiting the spread of COVID-19 by making available high-quality protective gear to frontline workers, making them feel safe from COVID-19 and perform their work more effectively.
CSR Project Unique ID 03: Pratham Education Foundation	As part of our education and livelihood projects implemented by Pratham Education Foundation in FY 2020-21, we conducted beauty, healthcare and hospitality courses, reaching 5,224 beneficiaries across four states (Maharashtra, Andhra Pradesh, Odisha and Rajasthan). An impact assessment study conducted by Samhita Social Ventures in FY 2022-23 indicated that 63% of the respondents who completed the courses were given placement offers, out of which 43% accepted the placements despite the restrictions related to COVID-19 and other related anxieties. The study indicated that the project has positively impacted 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 these courses to their family and friends.
CSR Project Unique ID 17: Disha Foundation	Our education and livelihood project implemented by Disha in FY 2020-21 was aimed at providing an alternative learning space to children with learning disabilities at Jaipur. An impact assessment study conducted by Soulace in FY 2022-23 indicated that despite the disruptions caused by the pandemic, the construction of the third floor was completed by leveraging learning-disability-focused design principles. Twelve children were enrolled in the centre after it was opened. The B.Ed. students interviewed by the research team were satisfied with the infrastructure and facilities provided by Disha. They praised the systematic and scientific facilities for children with learning disabilities, which they said were the best in Jaipur.
CSR Project Unique ID 22: IIM Bangalore	Our education and livelihood project implemented by IIM Bangalore in FY2020-21 provided seed funding for women entrepreneurs enrolled in the Women Startup Programme of NSRCEL of IIM Bangalore. An impact assessment study conducted by Soulace in FY 2022-23 highlighted 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 Programme 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 able to employ more than 20 members, while 40% of respondents were able to employ between two and five members.
CSR Project Unique ID 49: Parivaar Education Society	Our 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. An impact assessment study conducted by Soulace in FY 2022-23 indicated that regular attendance in formal school increased from 65% to 93% as far as before and after project implementation is concerned. 65% of the parents reported that their children became more streamlined as they more or less listened to the instructions at home and formal school as well, and the majority of the students (95%) received sufficient food and have full-stomach meals.
CSR Project Unique ID 11: Head Held High	Our education and livelihood project implemented by Head Held High in FY 2020-21 provided a 6-month-long training to the youth, i.e., young people with not much educational background or who are school drop-outs. An impact assessment study conducted by Soulace in FY 2022-233 indicated that 75% of the candidates joined the Make India Capable Programme to upgrade their skills to align with well-paying employment opportunities in the industry. All the beneficiaries (100%) received training to prepare for their job interviews. 95% of the beneficiaries received assessment feedback from the trainers.

CSR Project Unique ID 50: IIMPACT	Our 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. An impact assessment study conducted by Soulace in FY 2022-23 indicated that after the project implementation, approximately 92% of the students gradually did better in their regular academic sessions. 98% of the parents reported that the project moderately bridged the gap in providing education services in the community.
CSR Project Unique ID 01: Kotak Education Foundation	Our education and livelihood project implemented by Kotak Education Foundation in FY 2020-21 focussed on bringing about a holistic development of KEF partner schools and also livelihood opportunities to youths from underprivileged backgrounds. An impact assessment study conducted by Soulace in FY 2022-23 covered the performance of various initiatives undertaken as below: Lead (Targeting School Leadership): Around 97% of the individuals display that the project has impacted concrete school development planning and 97.8% of the participants have seen the significance of the project in one or more areas of strategic development. Guru (For School Teachers): The Guru Project has had a positive impact on the professional development of teachers, particularly in adapting to online or virtual teaching during the COVID-19 pandemic. Parvarish (For Parents): 73.8% of the 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% of the respondents finding it very useful. About 55% strongly agreed and 39% agreed, showing that the project has helped respondents to become financially self-sufficient. Umang (Spoken English): 56% of students were assessed to be at the highest level as per the ASER assessment tool and only 10.7% of the total number of beneficiaries were assessed to be in the "Word Level," which is the lowest level of the ASER assessment tool.

GRI CONTENT INDEX

GRI Standard	Disclosure	Page Number/ Direct Response
GRI 2: General Disclosure 2021		
1. The organisation and its reporting practices		
GRI 2-1	Organisational Details	B
GRI 2-2	Entities included in the organisation sustainability reporting	B
GRI 2-3	Reporting period, frequency, and contact point	B
GRI 2-4	Restatements of information	B
GRI 2-5	External assurance	B, 377
2. Activities and Workers		
GRI 2-6	Activities, value chain and other business relationships	10
GRI 2-7	Employees	364
GRI 2-8	Workers who are not employees	Not Applicable
3. Governance		
GRI 2-9	Governance structure and composition	263
GRI 2-10	Nominations and selection of the highest governance body	263
GRI 2-11	Chair of the highest governance body	263, 264
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	280
GRI 2-13	Delegation of responsibility for managing impacts	280
GRI 2-14	Role of the highest governance body in sustainability reporting	280
GRI 2-15	Conflicts of interest	296
GRI 2-16	Communication of critical concerns	273
GRI 2-17	Collective knowledge of the highest governance body	264 - 270
GRI 2-18	Evaluation of the performance of the highest governance body	263
GRI 2-19	Remuneration policies	272
GRI 2-20	Process to determine remuneration	272
GRI 2-21	Annual total compensation ratio	255
4. Strategy, policies and practices		
GRI 2-22	Statement on sustainable development strategy	9
GRI 2-23	Policy Commitments	B, 80
GRI 2-24	Embedding policy commitments	64
GRI 2-25	Processes to remediate negative impacts	48-49
GRI 2-26	Mechanisms for seeking advice and raising concerns	80
GRI 2-27	Compliance with laws and regulations	48
GRI 2-28	Membership associations	355

GRI Standard	Disclosure	Page Number/ Direct Response
5. Stakeholder Engagement		
GRI 2-29	Approach to stakeholder engagement	368
GRI 2-30	Collective bargaining agreements	69
GRI 3: Material Topics 2021		
GRI 3-1	Process to determine material topics	46
GRI 3-2	List of Material Topic	48
GRI 3-3	Management of Material Topic	48, 55-56, 62-63, 69, 71, 76

TOPIC-SPECIFIC STANDARD DISCLOSURES

GRI 201: Economic Performance 2016

GRI 3: Material Topics 2021	3-3 Management of Material Topic	301-333
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2
	201-2 Financial implications and other risks and opportunities due to climate change	44
	201-3 Defined benefit plan obligations and other retirement plans	344

GRI 203: Indirect Economic Impacts 2016

GRI 3: Material Topics 2021	3-3 Management of Material Topic	44
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	44

GRI 205: Anti-corruption 2016

GRI 3: Material Topics 2021	3-3 Management of Material Topic	80
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	80

GRI 206: Anti-Competitive Behavior 2016

GRI 3: Material Topics 2021	3-3 Management of Material Topic	48
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	

During FY 2022-23, there were no legal actions pending or completed regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which Kotak Mahindra bank has been identified as a participant.

GRI Standard	Disclosure	Page Number/ Direct Response
GRI 302: Energy 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	56
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	59
	302-3 Energy intensity	59
	302-4 Reduction of energy consumption	60
GRI 303: Water and Effluents 2018		
GRI 303: Water and Effluents 2018 (Management Approach Disclosures)	303-1 Interactions with water as a shared resource	60
	303-2 Management of water discharge-related impacts	60
GRI 303: Water and Effluents 2018 (Topic-specific Disclosures)	303-3 Water withdrawal	60
	303-4 Water discharge	60
	303-5 Water consumption	60
GRI 305: Emissions 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	56
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	57
	305-2 Energy indirect (Scope 2) GHG emissions	57
	305-3 Other indirect (Scope 3) GHG emissions	58
	305-4 GHG emissions intensity	57
	305-5 Reduction of GHG emissions	60
GRI 306: Waste 2020		
GRI 306: Waste 2020 (Management Approach Disclosures)	306-1 Waste generation and significant waste-related impacts	61
	306-2 Management of significant waste-related impacts	61
GRI 306: Waste 2020 (Topic-specific Disclosures)	306-3 Waste generated	61
	306-4 Waste diverted from disposal	61
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GRI 401: Employment 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	62
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	365-366
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	67
	401-3 Parental leave	67, 367
GRI 403: Occupational Health and Safety 2018		
GRI 403: Occupational Health and Safety 2018 (Management Approach Disclosures)	403-1 Occupational health and safety management system	66
	403-2 Hazard identification, risk assessment, and incident investigation	66
	403-3 Occupational health services	66
	403-4 Worker participation, consultation, and communication on occupational health and safety	66
	403-5 Worker training on occupational health and safety	66
	403-6 Promotion of worker health	66
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	66

GRI Standard	Disclosure	Page Number/ Direct Response
GRI 403: Occupational Health and Safety 2018 (Topic-specific Disclosures)	403-8 Workers covered by an occupational health and safety management system	66
	403-9 Work-related injuries	66
GRI 404: Training and Education 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	62
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	367
	404-2 Programmes for upgrading employee skills and transition assistance programmes	64
	404-3 Percentage of employees receiving regular performance and career development reviews	64
GRI 405: Diversity and Equal Opportunity 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	62
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	80, 263, 336, 364
	405-2 Ratio of basic salary and remuneration of women to men	367
GRI 406: Non-discrimination 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	62
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	349
GRI 413: Local Communities 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	71
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	71, 354
	413-2 Operations with significant actual and potential negative impacts on local communities	No significant actual and potential negative impacts on the local communities
GRI 418: Customer Privacy 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	82
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	82

TCFD INDEX

TCFD Pillar	Recommended Pillar	Section	Page
Governance	Board's oversight of climate-related risks and opportunities	Managing risks and uncertainties	45
	Management's role in assessing and managing climate-related risks and opportunities	Managing risks and uncertainties	45
Strategy	Climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Managing risks and uncertainties	44
	Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Managing risks and uncertainties	44
	Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2-degree or lower scenario	Managing risks and uncertainties	44
Risk Management	Organisation's processes for identifying and assessing climate-related risks.	Managing risks and uncertainties	44
	Organisation's processes for managing climate-related risks	Managing risks and uncertainties	44
	Processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Managing risks and uncertainties	44
Metrics and Targets	Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Managing risks and uncertainties	44
	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Managing our Environmental Footprint	57-58
	Targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Managing our Environmental Footprint	58

ABBREVIATIONS AND ACRONYMS

AC	Alternating Current	GIIP	Good International Industry Practices
AI-ML	Artificial Intelligence and Machine Learning	GJ	Giga Joules
AML	Anti-Money Laundering	GMC	Group Management Council
API	Application Programming Interface	GRI	Global Reporting Initiative
ATM	Automated Teller Machine	G-SIB	Global Systemically Important Banks
BC	Business Correspondents	HFO	Hydrofluro-Olefins
BCP	Business Continuity Plan	HHH	Head Held High Foundation
BKC	Bandra Kurla Complex	HL	Home Loans
BMI	Body Mass Index	HR	Human Resource
BRSR	Business Responsibility and Sustainability Reporting	HRMS	Human Resource Management System
BSS	BSS Microfinance Limited	HVAC	Heating Ventilation and Air Conditioning
CA	Current Account	ICAAP	Internal Capital Adequacy Assessment Process
CASA	Current Account Savings Account	IEA	International Energy Agency
CBDC	Central Bank Digital Currency	IFC	International Finance Corporation
CCs	Credit Cards	IIMB	Institute of Management Bangalore
CEA	Central Electricity Authority	IIMPACT	CSR Section
CFC	Chlorofluorocarbon	IISc	Indian Institute of Science
CFLI	Climate Finance Leadership Initiative	iOS	i-Phone Operating System
CFT	Cohesion Foundation Trust	IPCC	Intergovernmental Panel on Climate Change
CISO	Chief Information Security Officer	IR	Integrated Reporting
CoC	Code of Conduct	ISAE	International Standards on Assurance Engagement
Cr	Crore	ISO	International Organisation for Standardization
CRAR		IT	Information Technology
CRM	Relationship Management	KEF	Kotak Education Foundation
CRO	Chief Risk Officer	KGI	Kotak Mahindra General Insurance Company Limited
CSR	Corporate Social Responsibility	KL	Kilo Litres
CX	Customer Experoemce	KLI	Kotak Mahindra Life Insurance Company Limited
DG	Diesel Generator	KMAMC	Kotak Mahindra Asset Management Company Limited
DIE	Diversity, Inclusion and Equity	KMBL	Kotak Mahindra Bank Limited
DIY	Do It Yourself	KMPL	Kotak Mahindra Prime Limited
DLL		KRA	Key Result Area
DPO	Data Protection Officer	KSL	Kotak Securities Limited
DR	Data Recovery	KWW	Kotak Wonder Woman
EAP	Emotional Assistance Programmes	KYC	Know Your Customer
EIHCRF	Eastern India Heart Care and Research Foundation	KYLC	Kotak Young Leaders Council
e-KYC	Electronic-Know Your Customer	LAP	Loan Against Property
EPBAX	Electronic Private Automatic Branch Exchange	LED	Light Emitting Diode
ERM	Enterprise Risk Management	LEED	Leadership in Energy and Environmental Design
e-RUPI	Electronic Rupee	LMS	Learning Management System
ESG	Environment Social and Governance	MD	Managing Director
ESMP	ESG Management System Plan	ML	Machine Learning
EWS	Early Warning Signal	MoM	Minutes of the Meeting
FD	Fixed Deposit	MT	Metric Tonnes
FI	Financial Inclusion	MWh	Megawatt Hour
FTE	Full Time Employees	NB	New Business
FY	Financial Year	NBFC	Non-Banking Financial Company
GDPR	General Data Protection Regulations	NEFT	National Electronic Fund Transfer
GHG	Greenhouse Gases	NGRBC	National Guidelines on Responsible Business Conduct

NISM	National Institute of Securities Market	ROA	Return on Assets
NIST	National Institute of Standards and Technology	ROE	Return on Equity
NOC	No Objection Certificate	RTGS	Real Time Gross Settlement
NPS	Net Promoter Score	SBTi	Science Based Targets Initiative
NZE	Net Zero Emissions	SDGs	Sustainable Development Goals
OHS	Occupation Health and Safety	SDS	Sustainable Development Scenario
OHSMS	Occupational Health and Safety Management System	SEBI	Securities and Exchange Board of India
PAC	Precision Air Conditioner	SME	Small Medium Enterprises
PACTA	Paris Agreement Capital Transition Assessment	SMS	Short Messaging Service
PBX	Private Branch Exchange	SOC	Security Operations Centre
PET-CT	Positron Emission Tomography-Computed Topography	SPOT	
PG		STEM	Science, Technology, Engineering and Mathematics
PL	Property Loans	SWIFT	Society for Worldwide Interbank Financial Telecommunications
PM	Prime Minister	TAT	Turnaround Time
PMBSY	Pradhan Mantri Suraksha Bima Yojana	TCFD	Task Force on Climate-Related Financial Disclosures
PMJJBY	Pradhan Mantri Jeevan Jyoti Yojana	tCO2	Tonnes Carbon Dioxide
PMMY	Pradhan Mantri Mudra Yojana	TD	Term Deposit
PMSVANidhi	PM Street Vendor's Atma Nirbhar Nidhi	T-NPS	Transaction NPS
PoSH	Prevention of Sexual Harassment	UIDAI	Unique Identification Authority of India
PRI	Principles for Responsible Investment	UPI	Unified Payments Interface
PSL	Priority Sector Lending	Var	Value-At-Risk
RBI	Reserve Bank of India	VOC	Volatile Organic Compounds
RCP	Representative Concentration Pathway	WACI	Weighted Average Carbon Intensity
RCSA	Risk Control Self-Assessment	WBG	Wholesale Banking Group
RCU	Risk Control Unit	WSP	Women Startup Programme
RMC	Risk Management Committee	Y4J	Youth4Jobs Foundation
R-NPS	Relationship NPS		

Price Waterhouse Chartered Accountants LLP

Independent practitioner's limited assurance report on Identified Sustainability Indicators in Kotak Mahindra Bank Limited's Annual Integrated Report and Business Responsibility and Sustainability Report

To the Board of Directors of Kotak Mahindra Bank Limited

We have undertaken to perform a limited assurance engagement for Kotak Mahindra Bank Limited (the 'Company') vide our Engagement Letter dated May 31, 2023 in respect of the agreed parameters listed below (the "Identified Sustainability Indicators"). These parameters are as included in the "GRI Content index" in the Annual Integrated Report (the Integrated Report) and the Business Responsibility and Sustainability Report (BRSR) of the Company for the year ended March 31, 2023. The reporting boundary for BRSR is as disclosed in Question 13 of Section A of the BRSR, with exceptions if any, been disclosed as a note under the respective questions under BRSR.

Identified Sustainability Indicators

The Identified Sustainability Indicators for the year ended March 31, 2023 are summarised in Appendix 1 to this report.

Our limited assurance engagement was with respect to the year ended March 31, 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Annual Integrated Report and BRSR and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by Kotak Mahindra Bank Limited are:

Criteria 1: Global Reporting Initiatives Standards ("GRI Standards") 2021 as set out under Appendix 1 to this report, to prepare Identified Sustainability Indicators for inclusion in the Annual Integrated Report.

Criteria 2: Guidance note for BRSR format, as set out under Appendix 1 to this report, to prepare Identified Sustainability Indicators for inclusion in the BRSR.

Criteria 3: AA1000 Accountability Principles, 2018 for determination of inclusivity, materiality, responsiveness and impact.

Management's Responsibility

The Company's Management is responsible for identification of key aspects of Annual Integrated Report and BRSR, engagement with stakeholders, content and presentation of the Annual Integrated Report and BRSR in accordance with the Criteria mentioned above and International Integrated Reporting Council (IIRC) Framework. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Annual Integrated Report, BRSR and measurement of Identified Sustainability Indicators, which are free from material misstatement, whether due to fraud or error.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5 with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registra number before conversion was 012754N)

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial indicators allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, Greenhouse gas ("GHG") quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Indicators and a moderate assurance conclusion on adherence to AA1000 Accountability Principles, 2018, based on the procedures we have performed and evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' & International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board; and Type 1 "Moderate Level" assurance requirements of AA1000 Assurance Standards (AA1000AS V3) issued by Accountability and the Guidance on applying the AA1000 AS V3 for Assurance Providers (2020). These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Indicators are free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Indicators, assessing the risks of material misstatement of the Identified Sustainability Indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Indicators.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.



Given the circumstances of the engagement, in performing the procedures listed below, we:

- Obtained an understanding of the identified sustainability indicators and related disclosures.
- Obtained an understanding of the assessment criteria and their suitability for the evaluation and /or measurements of the identified sustainability indicators.
- Made enquiries of Company's Management, including those responsible for Sustainability, Environment Social Governance (ESG), Corporate Social Responsibility (CSR), Corporate Real Estate Management (CREM) team, etc. and those with responsibility for managing the Company's Annual Integrated Report and BRSR.
- Obtained an understanding and performed an evaluation of the design of the key systems, processes and controls for managing, recording and reporting on the Identified Sustainability Indicators including at the offices/ branches covered.
- Based on above understanding and the risks that the identified sustainability indicators may be materially misstated, determined the nature, timing and extent of further procedures.
- Checked the consolidation for branches, corporate offices and subsidiaries under the reporting boundary as mentioned in the Annual Integrated Report and BRSR for ensuring the completeness of data being reported.
- Performed limited substantive testing on a sample basis of the Identified Sustainability Indicators at sample branches, corporate offices and subsidiaries covered to verify that data had been appropriately measured with underlying documents recorded, collated and reported. This included assessing the records and performing the testing including recalculation of sample data.
- For turnover based intensity indicators, we have relied on the total income number in the audited financial statements.
- Assessed the process followed by the company for adherence to the AA1000 Accountability Principles, 2018. Further, assessed the level of adherence to GRI Standards by the company in preparing the Identified Sustainability Indicators in the Annual Integrated Report and to the 'Guidance note for BRSR format' (issued by the Securities and Exchange Board of India) by the Company in preparing the Identified Sustainability Indicators in the BRSR.
- Assessed the Annual Integrated Report and BRSR for detecting, on a test basis, any major anomalies between the information reported in the Annual Integrated Report and BRSR on performance with respect to Identified Sustainability Indicators and relevant source data/information.
- Obtained representations from Company's Management.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Identified Sustainability Indicators have been prepared, in all material respects, in accordance with the Criteria.

Exclusions

Our limited assurance scope excludes the following and therefore we do not express a conclusion on the same:

- Testing the operating effectiveness of management systems and controls;
- Performing any procedures over other information/operations of the company/aspects of the report and data (qualitative or quantitative) included in the Annual Integrated Report and BRSR not agreed under our engagement letter/ Scope of Assurance.
- The statements that describe expression of opinion, belief, aspiration, expectation, aim or future intentions provided by the Company and testing or assessing any forward-looking assertions and/or data.
- Testing of any financial numbers



Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

- (a) Kotak Mahindra Bank Limited’s Identified Sustainability Indicators included in the Annual Integrated Report for the year ended March 31, 2023 are not prepared, in all material respects, in accordance with the GRI Standards 2021.
- (b) Kotak Mahindra Bank Limited’s Identified Sustainability Indicators included in the Business Responsibility and Sustainability Report (BRSR) for the year ended March 31, 2023 are not prepared, in all material respects, in accordance with the ‘Guidance note for BRSR format’.
- (c) Kotak Mahindra Bank Limited does not have systems and processes in place to comply with the AA 1000 Accountability Principles, 2018 of inclusivity, materiality, responsiveness and impact.

Restriction on Use

Our limited assurance report including the conclusion has been prepared and addressed to the Board of Directors of the Kotak Mahindra Bank Limited at the request of the company solely to assist the Company in reporting on the Company’s Sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The Firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our Deliverables are shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/500016
Chartered Accountants



Heman Sabharwal
Partner
Membership Number: 093263
UDIN: 23093263BGWPNJ5593

Place: Gurugram
Date: July 12, 2023

Appendix 1

Identified Sustainability Indicators

A. GRI Indicators

S. No.	Indicator Reference	Description of Indicator
1.	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
2.	302-1	Energy consumption within the organization
3.	302-3	Energy intensity
4.	303-5	Water consumption
5.	305-1	Scope 1: Direct GHG emissions
6.	305-2	Scope 2: Electricity indirect GHG emissions
7.	305-3	Scope 3: Other indirect GHG emissions
8.	305-4	GHG emissions intensity
9.	306-1	Waste generation and significant waste-related impacts
10.	306-2	Management of significant waste-related impacts
11.	306-3	Waste generated
12.	306-4	Waste diverted from disposal
13.	306-5	Waste directed to disposal
14.	401-1	New employee hires and employee turnover
15.	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
16.	401-3	Parental leave
17.	403-1	Occupational health and safety management system
18.	403-2	Hazard identification, risk assessment, and incident investigation
19.	403-3	Occupational health services
20.	403-4	Worker participation, consultation, and communication on occupational health and safety
21.	403-5	Worker training on occupational health and safety
22.	403-6	Promotion of worker health
23.	403-8	Workers covered by an occupational health and safety management system
24.	403-9	Work-related injuries
25.	404-1	Average hours of training per year per employee
26.	404-2	Programs for upgrading employee skills and transition assistance programs
27.	404-3	Percentage of employees receiving regular performance and career development reviews
28.	405-1	Diversity of governance bodies and employees
29.	405-2	Ratio of basic salary and remuneration of women to men
30.	406-1	Incidents of Discrimination and Corrective Actions Taken
31.	413-1	Operations with local community engagement, impact assessments, and development programs



B. BRSR Indicators

S. No.	Indicator Reference ('E' denotes Essential Indicator & 'L' denotes Leadership Indicator)	Description of Indicator
1.	Section A – 18a	Employees and workers (including differently abled)
2.	Section A – 18b	Differently abled Employees and workers
3.	Section A- 19	Participation/Inclusion/Representation of women
4.	Section A- 20	Turnover rate for permanent employees and workers
5.	Section C – Principle 1 – E1	Percentage coverage by training and awareness programmes on any of the Principles during the financial year
6.	Section C – Principle 1 – E6	Details of complaints with regard to conflict of interest
7.	Section C – Principle 3 – E1	Details of measures for the well-being of employees and workers
8.	Section C- Principle 3- E2	Details of retirement benefits, for Current Financial Year (excluding deductions and deposits with the authority which are not part of assurance scope)
9.	Section C- Principle 3- E5	Return to work and Retention rates of permanent employees and workers that took parental leave
10.	Section C – Principle 3 – E7	Membership of employees and worker in association(s) or Unions recognised by the listed entity
11.	Section C – Principle 3 – E8	Details of training given to employees and workers
12.	Section C- Principle 3- E9	Details of performance and career development reviews of employees and worker
13.	Section C- Principle 3- E10	Health and safety management system
14.	Section C- Principle 3- E11	Details of safety related incidents
15.	Section C – Principle 3 – E13	Number of Complaints on working conditions & Health safety made by employees and workers
16.	Section C – Principle 3 – E14	Assessments for the year (Health and safety practices, Working Conditions)
17.	Section C – Principle 3 – L3	Number of employees and workers having suffered high consequence work related injury / ill-health / fatalities, who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment
18.	Section C- Principle 5- E1	Number of Employees and workers who have been provided training on human rights issues and policies of the entity
19.	Section C – Principle 5 – E2	Details of minimum wages paid to employees and workers
20.	Section C – Principle 5 – E3	Details of remuneration/salary/wages
21.	Section C – Principle 5 – E6	Number of Complaints on Discrimination at workplace, Child Labour, Forced Labour/Involuntary Labour, Wages and Other human rights related issues made by employees and workers (excluding complaints on Sexual Harassment which is not part of assurance scope)
22.	Section C- Principle 6- E1	Details of total energy consumption (in Joules or multiples) and energy intensity
23.	Section C- Principle 6- E3	Details of the disclosures related to water
24.	Section C- Principle 6- E6	Details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity
25.	Section C- Principle 6- E8	Details related to waste management by the entity
26.	Section C- Principle 6- L1	Break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources
27.	Section C- Principle 6- L4	Details of total Scope 3 emissions & its intensity



S. No.	Indicator Reference ('E' denotes Essential Indicator & 'L' denotes Leadership Indicator)	Description of Indicator
28.	Section C- Principle 9- E3	Number of consumer complaints in respect Delivery of Essential Services (number of other types of complaints are not part of assurance scope)
29.	Section C- Principle 9- L5	Number of instances of data breaches & Percentage of data breaches involving personally identifiable information of customer



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