Kotak Mahindra Bank

July 27, 2022

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| **BSE Limited**<br>Corporate Relationship,<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai 400 001<br><br>**BSE Scrip Code: 500247, 958687** | **National Stock Exchange of India Limited**<br>Exchange Plaza, Plot No. C/1, G Block,<br>Bandra-Kurla Complex,<br>Bandra (East),<br>Mumbai 400 051<br><br>**NSE Symbol: KOTAKBANK, KMB22, KMB26** |

Dear Sirs,

**Sub: Integrated Annual Report 2021-22**

We refer to our letter dated July 23, 2022, intimating that the 'Thirty-Seventh Annual General Meeting' ("AGM") of the Members of Kotak Mahindra Bank Limited ("Bank") is scheduled to be held on Saturday, August 27, 2022 at 10:00 a.m. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs ("MCA").

In terms of the provisions of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith:

(i) the Integrated Annual Report 2021-22 of the Bank, comprising the standalone and consolidated audited financial statements for the financial year ended March 31, 2022, along with Directors' Report and Auditors' Report and other documents required to be annexed thereto, and
(ii) the Notice of Thirty-Seventh Annual General Meeting.

Pursuant to the relevant circulars of MCA and the Securities and Exchange Board of India ("SEBI"), the Notice convening the AGM and the Integrated Annual Report 2021-22, are being sent only by e-mail to those Members who have registered their e-mail address with the Bank / its Registrar and Transfer Agent / Depository Participants (in case of demat holding). The above documents are also being made available and can be accessed / downloaded from the Bank's website www.kotak.com and the website of National Securities Depository Limited (NSDL), the e-voting agency appointed by the Bank, at www.evoting.nsdl.com

We request you to kindly take the above on record and disseminate to all concerned.

Thanking you,

Yours faithfully,
**For Kotak Mahindra Bank Limited**

Avan Kayomars Doomasia

**Avan Doomasia**
**Senior Executive Vice President &**
**Company Secretary**

**Kotak Mahindra Bank Ltd.**
**CIN: L65110MH1985PLC038137**

**Registered Office:**
**27 BKC, C 27, G Block,**
**Bandra Kurla Complex,**
**Bandra (E), Mumbai 400051,**
**Maharashtra, India.**

**T +91 22 61660001**

# Notice

**KOTAK MAHINDRA BANK LIMITED**

CIN: L65110MH1985PLC038137
Registered Office: 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Tel: +91 22 6166 0001, Fax: +91 22 6713 2403,
Website: www.kotak.com; E-mail: KotakBank.Secretarial@kotak.com

**NOTICE** is hereby given that the Thirty-Seventh Annual General Meeting ("AGM") of the Members of Kotak Mahindra Bank Limited ("Bank") will be held on Saturday, 27th August, 2022 at 10:00 a.m. Indian Standard Time ("IST") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder read with General Circular No. 02/2022 dated 5th May, 2022, General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020, General Circular 20/2020 dated 5th May, 2020 and other relevant circulars issued by the Ministry of Corporate Affairs, Government of India, to transact the following business:

## ORDINARY BUSINESS:

1. **To receive, consider and adopt the standalone audited financial statement of the Bank for the financial year ended 31st March, 2022 together with the Reports of the Board of Directors and the Auditors thereon**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED** that the standalone audited financial statement of the Bank for the financial year ended 31st March, 2022, together with the Reports of the Board of Directors and Auditors thereon, be and are hereby received, considered and adopted."

2. **To receive, consider and adopt the consolidated audited financial statement of the Bank for the financial year ended 31st March, 2022 together with the Report of the Auditors thereon**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED** that the consolidated audited financial statement of the Bank for the financial year ended 31st March, 2022 and the report of the Auditors thereon, be and are hereby received, considered and adopted."

3. **To confirm payment of interim dividend on 8.10% Non-Convertible Perpetual Non-Cumulative Preference Shares for the financial year 2021-22**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED** that an interim dividend at the rate of ₹ 0.405 per 8.10% Non-Convertible Perpetual Non-Cumulative Preference Share of ₹ 5/- (Five Rupees only), as declared by the Board of Directors for the financial year 2021-22 and paid to those Members whose names appeared in the list of Beneficial Owners as on the Record Date i.e. 18th March, 2022, be and is hereby confirmed."

4. **To declare dividend on equity shares for the financial year 2021-22**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED** that a dividend at the rate of ₹ 1.10 (One Rupee and Ten Paise only) per equity share of ₹ 5/- (Five Rupees only), as recommended by the Board of Directors, be and is hereby declared for the financial year 2021-22 and that the same be paid out of the profits of the Bank for the financial year ended 31st March, 2022 to all those Members whose names appeared in the Register of Members / list of Beneficial Owners, as on the Record Date fixed for this purpose i.e. 12th August, 2022."

5. **To re-appoint Mr. KVS Manian (DIN: 00031794), who retires by rotation and, being eligible, has offered himself for re-appointment**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED** that Mr. KVS Manian (DIN: 00031794), Director, who retires by rotation at this meeting and being eligible for re-election in accordance with the provisions of Section 152 of the Companies Act, 2013, be and is hereby appointed as a Director of the Bank."

6. **To re-appoint Mr. Gaurang Shah (DIN: 00016660), who retires by rotation and, being eligible, has offered himself for re-appointment, to hold office up to 31st October, 2022**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED** that Mr. Gaurang Shah (DIN: 00016660), Director, who retires by rotation at this meeting and being eligible for re-election in accordance with the provisions of Section 152 of the Companies Act, 2013, be and is hereby appointed as a Director of the Bank, to hold office up to the end of his current term as Whole-time Director of the Bank i.e. 31st October, 2022."

**7. Payment of additional fees / remuneration to the existing Joint Statutory Auditors for the financial year 2021-22**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED** that in addition to and in furtherance of the resolutions passed by the Members of the Bank at the Annual General Meeting held on 25th August, 2021 for the appointment and payment of remuneration to Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration Number: 001076N / N500013) and Price Waterhouse LLP, Chartered Accountants (Firm Registration Number: 301112E / E300264), respectively, as Joint Statutory Auditors of the Bank and pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and the provisions of the Banking Regulation Act, 1949, further approval of the Members of the Bank, be and is hereby accorded for payment of additional fees / remuneration of ₹ 2,000,000 (Rupees Twenty Lakh only), for general increase in efforts, for the financial year 2021-22, to be allocated by the Bank between Walker Chandiok & Co LLP, Chartered Accountants and Price Waterhouse LLP, Chartered Accountants, depending upon their respective roles and responsibilities and scope of work, in addition to any out of pocket expenses, outlays and taxes, as applicable."

"**RESOLVED FURTHER** that the Board of Directors ("Board"), including the Audit Committee of the Board or any other person(s) authorised by the Board or the Audit Committee in this regard, be and is hereby authorised on behalf of the Bank to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable for such purpose and with the power to settle all questions, difficulties or doubts that may arise in this regard, for the implementation of the resolution and for allocation of additional fees / remuneration, as mentioned herein above, and for finalising, amending, signing, delivering and executing any deed, document, paper, writing in this regard."

**8. Appointment of KKC & Associates LLP, Chartered Accountants (Firm Registration Number: 105146W / W100621) as one of the Joint Statutory Auditors of the Bank**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED** that pursuant to the provisions of Sections 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Companies (Audit and Auditors) Rules, 2014, Section 30 of the Banking Regulation Act, 1949 and guidelines and circulars issued by the Reserve Bank of India ("RBI") in this regard, from time to time, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force and in terms of the approval received from RBI vide its letter bearing Ref. No. DOS. Co. RPD. No. S2271/08.30.005/2022-23 dated 5th July, 2022, the approval of the Members of the Bank, be and is hereby accorded for the appointment of KKC & Associates 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 Annual General Meeting until the conclusion of the Fortieth Annual General Meeting of the Bank, for the purpose of the audit of the Bank's standalone and consolidated financial statements for the financial years 2022-23 to 2024-25, subject to the approval of RBI, every year, from financial year 2023-24 onwards."

"**RESOLVED FURTHER** that the Board of Directors ("Board"), including the Audit Committee of the Board or any other person(s) authorised by the Board or the Audit Committee in this regard, be and is hereby authorised on behalf of the Bank to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable for such purpose and with the power to settle all questions, difficulties or doubts that may arise in this regard for the implementation of the resolution, including but not limited to determination of roles and responsibilities / scope of work of the respective Joint Statutory Auditors and negotiating, finalising, amending, signing, delivering and executing the terms of appointment, including any contract or document in this regard."

**9. Fixing of remuneration of Joint Statutory Auditors for the audit of Bank's standalone and consolidated financial statements for the financial year 2022-23**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED** that pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Companies (Audit and Auditors) Rules, 2014, Section 30 of the Banking Regulation Act, 1949 and the guidelines and circulars issued by the Reserve Bank of India ("RBI") in this regard, from time to time, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force, the approval of the Members of the Bank, be and is hereby accorded for payment of an overall audit fee not exceeding ₹ 35,000,000 (Rupees Three Crore Fifty Lakh only), to Price Waterhouse LLP, Chartered Accountants (Firm Registration Number 301112E / E300264) and KKC & Associates LLP, Chartered Accountants (Firm Registration Number: 105146W / W100621), the Joint Statutory Auditors of the Bank, for the financial year 2022-23 and that the same be allocated by the Bank between the Joint Statutory Auditors, depending upon their respective scope of work, in addition to any out of pocket expenses, outlays and taxes, as applicable."

"**RESOLVED FURTHER** that the Board of Directors ("Board"), including the Audit Committee of the Board or any other person(s) authorised by the Board or Audit Committee in this regard, be and is hereby authorised to negotiate, finalise, allocate / apportion the aforesaid remuneration between the Joint Statutory Auditors, depending on their respective roles and responsibilities / scope of work, and if required, alter and vary the terms of remuneration due to any change / modification in roles and responsibilities / scope of work, any amendments in Accounting Standards or regulations and such other requirements resulting in the change / modification in roles and responsibilities / scope of work, etc., of the Joint Statutory Auditors, without being required to seek any further consent or approval of the Members of the Bank."

## SPECIAL BUSINESS:

**10. Re-appointment of Mr. KVS Manian (DIN: 00031794) as Whole-time Director of the Bank and payment of remuneration**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED** that pursuant to the provisions of Section 35-B and any other applicable provisions of the Banking Regulation Act, 1949, as amended, read with the rules, regulations, directions, guidelines and circulars issued by the Reserve Bank of India ("RBI") in this regard, the applicable provisions of the Companies Act, 2013, as amended from time to time, any other applicable laws (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Articles of Association and subject to the approvals, as may be necessary from the RBI and such other authority or regulatory body and subject to such conditions as may be prescribed by RBI and such other authority or regulatory body while granting such approvals and pursuant to the approval of the Board of Directors of Kotak Mahindra Bank Limited

("Bank"), the approval of the Members of the Bank, be and is hereby accorded for the re-appointment of Mr. KVS Manian (DIN: 00031794) and payment of remuneration to Mr. Manian, as the Whole–time Director of the Bank, for a period of three years, with effect from 1st November, 2022 or the date of approval by the RBI, whichever is later, on the following terms of remuneration:

| | |
|---|---|
| Basic Salary | Up to ₹ 20.75 lakh per month |
| Performance Bonus | As may be decided by the Board of Directors, subject to the approval of RBI |
| Allowances towards driver wages, furnishings, gas, electricity, water, servants, gardener, entertainment | Up to ₹ 27 lakh per annum |
| Perquisites | |
| a) Car | Use of the Bank's car for official and private purposes |
| b) Medical Reimbursement | As per the Bank's rules applicable to employees of the Bank, subject to maximum of ₹ 8 lakh per annum |
| Provident Fund / Gratuity / Superannuation or allowance thereof | As per the Bank's rules applicable to employees of the Bank |
| Leave Travel Allowance | Up to ₹ 6 lakh per annum |
| Other benefits towards club fees for subscription to two clubs, health insurance, leave | As per the Bank's rules applicable to employees of the Bank |
| Employee Stock Options | As may be granted by the Nomination & Remuneration Committee." |

"**RESOLVED FURTHER** that the Board of Directors (hereinafter referred to as the "Board", which term shall include any Committee which the Board of Directors of the Bank may have constituted or may hereafter constitute and delegate with the powers necessary for the purpose) of the Bank, be and are hereby authorised to fix the actual amount of remuneration and perquisites, payable or to be provided to Mr. Manian and vary or increase the same from time to time, within the limits approved by the Members, to the extent the Board may consider appropriate and as may be permitted or authorised by the RBI, on an application made by the Bank."

"**RESOLVED FURTHER** that Mr. Manian be subject to retirement by rotation during his tenure as the Whole-time Director of the Bank."

"**RESOLVED FURTHER** that in case of absence or inadequacy of profits in any financial year, the aforesaid remuneration shall be paid to Mr. Manian, as minimum remuneration."

"**RESOLVED FURTHER** that the Board, be and is hereby authorised to do all such acts, deeds and things and to execute any agreements, documents or instructions as may be required to give effect to this resolution."

**11. Appointment of Ms. Shanti Ekambaram (DIN: 00004889) as a Director and Whole-time Director of the Bank and payment of remuneration**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED** that pursuant to the provisions of Section 161 of the Companies Act, 2013 ("Act") and the applicable provisions of the Banking Regulation Act, 1949 ("BR Act"), Ms. Shanti Ekambaram (DIN: 00004889), appointed as an Additional Director acting as Whole-time Director of Kotak Mahindra Bank Limited ("Bank") for a period of three years, with effect from 1st November, 2022 or the date of approval of the Reserve Bank of India ("RBI"), whichever is later, and in respect of whom the Bank has received a notice in writing from a Member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Bank, with effect from the said date."

"**RESOLVED FURTHER** that pursuant to the provisions of Section 35-B and any other applicable provisions of the BR Act, as amended, read with the rules, regulations, directions, guidelines and circulars issued by RBI in this regard, the applicable provisions of the Act, as amended, any other applicable laws (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Articles of Association and subject to the approvals, as may be necessary from the RBI and such other authority or regulatory body and subject to such conditions as may be prescribed by RBI and such other authority or regulatory body while granting such approvals and pursuant to the approval of the Board of Directors of the Bank, the approval of the Members of the Bank be and is hereby accorded for the appointment of Ms. Shanti Ekambaram (DIN: 00004889) and payment of remuneration to Ms. Ekambaram, as the Whole–time Director of the Bank for a period of three years, with effect from 1st November, 2022 or the date of approval by the RBI, whichever is later, on the following terms of remuneration:

| | |
|---|---|
| Basic Salary | Up to ₹ 20.50 lakh per month |
| Performance Bonus | As may be decided by the Board of Directors, subject to the approval of RBI |
| Allowances towards driver wages, furnishings, gas, electricity, water, servants, gardener, entertainment | Up to ₹ 27 lakh per annum |
| Perquisites | |
| a) Car | Use of the Bank's car for official and private purposes |
| b) Medical Reimbursement | As per the Bank's rules applicable to employees of the Bank, subject to maximum of ₹ 8 lakh per annum |
| Provident Fund/ Gratuity/ Superannuation or allowance thereof | As per the Bank's rules applicable to employees of the Bank |
| Leave Travel Allowance | Up to ₹ 6 lakh per annum |
| Other benefits towards club fees for subscription to two clubs, health insurance, leave | As per the Bank's rules applicable to employees of the Bank |
| Employee Stock Options | As may be granted by the Nomination & Remuneration Committee." |

"**RESOLVED FURTHER** that the Board of Directors (hereinafter referred to as the "Board", which term shall include any Committee which the Board of Directors of the Bank may have constituted or may hereafter constitute and delegate with the powers necessary for the purpose) of the Bank, be and is hereby authorised to fix the actual amount of remuneration and perquisites, payable or to be provided to Ms. Ekambaram and vary or increase

the same from time to time, within the limits approved by the Members, to the extent the Board may consider appropriate and as may be permitted or authorised by RBI, on an application made by the Bank."

"**RESOLVED FURTHER** that Ms. Ekambaram shall be subject to retirement by rotation during her tenure as the Whole-time Director of the Bank."

"**RESOLVED FURTHER** that in case of absence or inadequacy of profits in any financial year, the aforesaid remuneration shall be paid to Ms. Ekambaram, as minimum remuneration."

"**RESOLVED FURTHER** that the Board, be and is hereby authorised to do all such acts, deeds and things and to execute any agreements, documents or instructions as may be required to give effect to this resolution."

**12. Material Related Party Transaction with Infina Finance Private Limited from Thirty-Seventh Annual General Meeting to Thirty-Eighth Annual General Meeting**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED** that in supersession of the resolution passed earlier in this regard vide postal ballot notice dated 17th December, 2021 and pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), such other applicable provisions of law and any amendment(s), modification(s), variation(s) or re-enactment(s) thereof (hereinafter called as "Applicable Laws") and the 'Policy on dealing with Related Party Transactions' of Kotak Mahindra Bank Limited ("Bank"), as may be applicable from time to time, the Members of the Bank do hereby approve and accord further approval to the Board of Directors of the Bank (hereinafter referred to as "Board", which term shall be deemed to include any duly authorised Committee constituted / empowered by the Board, from time to time, to exercise its powers conferred by this resolution), for entering into and / or carrying out and / or continuing with contracts / arrangements / transactions (whether individual transaction or transactions taken together or series of transactions or otherwise) with Infina Finance Private Limited ("Infina"), being a Related Party within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI Listing Regulations, with respect to:

a) deposits (in any form and by whatever name called), including Current Account Deposits or Fixed Deposits ("Deposits") from Infina, whether by way of fresh deposit(s) or renewal(s) or extension(s) or any modification(s) of earlier contracts / arrangements / transactions or otherwise, from time to time and interest thereon, as may be disclosed and as required by the prevailing accounting standards in the notes forming part of the relevant consolidated financial statements of the Bank, from the Thirty-Seventh Annual General Meeting up to the date of the Thirty-Eighth Annual General Meeting of the Bank, subject to the relevant omnibus approval from the Audit Committee of the Bank for the period commencing from 1st April, 2023, notwithstanding the fact that the aggregate value of all these transactions may exceed ₹ 1,000 crore or 10% of the annual consolidated turnover of the Bank as per the audited financial statements for the relevant financial years, whichever is lower, as prescribed under Applicable Laws or any other materiality threshold, as may be applicable from time to time, provided however, that the said contracts / arrangements / transactions shall be carried out at an arm's length basis and in the ordinary course of business of the Bank; and

b) other transactions and / or arrangements and / or transfer of resources / services, against the consideration agreed upon or as may be agreed from time to time and / or where the Bank / its subsidiaries would (i) purchase / sell securities, transact in forex and derivatives, receive fees, charges, revenue, commission, premium, brokerage or any other income, such as for custody / depository services, advisory services, insurance services, asset management fees, Issuing and Paying Agreement fees, shared services and / or (ii) incur expenses, etc., as may be disclosed in the notes forming part of the relevant consolidated financial statements of the Bank, from the Thirty-Seventh Annual General Meeting up to the date of the Thirty-Eighth Annual General Meeting of the Bank, subject to the relevant omnibus approval from the Audit Committee of the Bank for the period commencing from 1st April, 2023, provided however, that all such contracts / arrangements / transactions shall be carried out at an arm's length basis and in the ordinary course of business and, notwithstanding that the aggregate value of all such transactions under this para is expected to be less than even one percent of the annual consolidated turnover of the Bank, but, taken together with the aggregate value of Deposits mentioned in (a) above, may exceed ₹ 1,000 crore or 10% of the annual consolidated turnover of the Bank as per the audited financial statements of the Bank for the relevant financial years, whichever is lower, wherein Deposits and interest thereon would form a substantial portion of such transaction value."

"**RESOLVED FURTHER** that the Members of the Bank do hereby approve and accord further approval to the Board, to sign and execute all such documents, deeds and writings, including filing the said documents, etc. and do all such acts, deeds and things and take necessary steps as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"**RESOLVED FURTHER** that the Members of the Bank, do hereby also accord further approval to the Board of Directors of the Bank, to delegate all or any of its powers herein conferred to any Committee of Directors and / or Director(s) and / or official(s) of the Bank / any other person(s) so authorised by it, to do all such acts and take steps as may be considered necessary or expedient to give effect to this resolution."

"**RESOLVED FURTHER** that all actions to be taken by the Board in this regard, be and are hereby approved and confirmed in all respects."

**13. Material Related Party Transaction with Mr. Uday Kotak from Thirty-Seventh Annual General Meeting to Thirty-Eighth Annual General Meeting**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED** that in supersession of the resolution passed earlier in this regard vide Postal Ballot Notice dated 17th December, 2021 and pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), such other applicable provisions of law and any amendment(s), modification(s), variation(s) or re-enactment(s) thereof (hereinafter called as "Applicable Laws") and the 'Policy on dealing with Related Party Transactions' of Kotak Mahindra Bank Limited ("Bank"), as may be applicable from time to time, the Members of the Bank do hereby approve and accord further approval to the Board of Directors of the Bank (hereinafter referred to as "Board", which term shall be deemed to include any duly authorised Committee constituted / empowered by the Board, from time to time, to exercise its powers conferred by this resolution), for entering into and / or carrying out and / or continuing with contracts / arrangements / transactions (whether individual transaction or transactions taken together or series of transactions or

otherwise) with Mr. Uday Kotak (DIN: 00007467), Managing Director & CEO and a Key Managerial Personnel of the Bank, being a Related Party within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI Listing Regulations, with respect to:

a) deposits (in any form and by whatever name called), including Savings Account Deposits or Fixed Deposits ("Deposits") from Mr. Uday Kotak, whether by way of fresh deposit(s) or renewal(s) or extension(s) or any modification(s) of earlier contracts / arrangements / transactions or otherwise, from time to time and interest thereon, as may be disclosed and as required by the prevailing accounting standards in the notes forming part of the relevant consolidated financial statements of the Bank, from the Thirty-Seventh Annual General Meeting up to the date of the Thirty-Eighth Annual General Meeting of the Bank, subject to the relevant omnibus approval from the Audit Committee of the Bank for the period commencing from 1st April, 2023, notwithstanding the fact that the aggregate value of all these transactions, may exceed ₹ 1,000 crore or 10% of the annual consolidated turnover of the Bank as per the audited financial statements for the relevant financial years, whichever is lower, as prescribed under Applicable Laws or any other materiality threshold, as may be applicable from time to time, provided however, that the said contracts / arrangements / transactions shall be carried out at an arm's length basis and in the ordinary course of business of the Bank; and

b) apart from remuneration as approved by the Reserve Bank of India, the Board of Directors and the Members, other transactions and / or arrangements and / or transfer of resources / services, against the consideration agreed upon or as may be agreed from time to time and / or where the Bank / its subsidiaries would (i) purchase / sell securities, transact in forex and derivatives, receive fees, charges, revenue, commission, premium, brokerage or any other income, such as for custody / depository services, advisory services, insurance services and asset management fees and / or (ii) incur expenses, etc., as may be disclosed in the notes forming part of the relevant consolidated financial statements of the Bank, from the Thirty-Seventh Annual General Meeting up to the date of the Thirty-Eighth Annual General Meeting of the Bank, subject to the relevant omnibus approval from the Audit Committee of the Bank for the period commencing from 1st April, 2023, provided however, that all such contracts / arrangements / transactions shall be carried out at an arm's length basis and in the ordinary course of business and, notwithstanding that the aggregate value of all such transactions under this para is expected to be less than even one percent of the annual consolidated turnover of the Bank, but, taken together with the aggregate value of Deposits mentioned in (a) above, may exceed ₹ 1,000 crore or 10% of the annual consolidated turnover of the Bank as per the audited financial statements of the Bank for the relevant financial years, whichever is lower, wherein Deposits and interest thereon would form a substantial portion of such transaction value."

"**RESOLVED FURTHER** that the Members of the Bank do hereby approve and accord further approval to the Board, to sign and execute all such documents, deeds and writings, including filing the said documents, etc. and do all such acts, deeds and things and take necessary steps as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"**RESOLVED FURTHER** that the Members of the Bank, do hereby also accord further approval to the Board of Directors of the Bank, to delegate all or any of its powers herein conferred to any Committee of Directors and / or Director(s) and / or official(s) of the Bank / any other person(s) so authorised by it, to do all such acts and take steps as may be considered necessary or expedient to give effect to this resolution."

"**RESOLVED FURTHER** that all actions to be taken by the Board in this regard, be and are hereby approved and confirmed in all respects."

**By Order of the Board of Directors**
**For Kotak Mahindra Bank Limited**

**Avan Doomasia**
**Company Secretary**
(FCS 3430)

Mumbai
23rd July, 2022

Registered Office:
27 BKC, C 27, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
CIN: L65110MH1985PLC038137
Website: www.kotak.com

**Notes:**

1. In view of the prevailing COVID-19 pandemic and the consequent social distancing norms, the Ministry of Corporate Affairs ("MCA"), Government of India vide its General Circular No. 02 / 2022 dated 5th May, 2022 read together with General Circular No. 14 / 2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020, General Circular No. 20 / 2020 dated 5th May, 2020 and other relevant circulars issued by the MCA ("MCA Circulars"), has permitted companies to hold general meetings through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") up to 31st December, 2022, without physical presence of the members at a common venue. Accordingly, the Thirty-Seventh Annual General Meeting ("AGM") of the Members of Kotak Mahindra Bank Limited ("Bank") is being held through VC / OAVM.

2. The deemed venue of the meeting shall be the Registered Office of the Bank at 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

3. Since the AGM is being held through VC / OAVM, the Route Map is not annexed to this Notice.

4. None of the Directors or Key Managerial Personnel of the Bank or their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1 to 9 of the Notice. The Directors recommend passing of the Ordinary Resolutions at Item Nos. 1 to 9 of the Notice.

5. The relevant Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 ("Act") and other applicable provisions, if any, setting out all the material facts relating to the Special Business mentioned under Item Nos. 5 to 13 of this Notice dated 23rd July, 2022, is annexed hereto.

6. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

7. The Bank has availed services of National Securities Depository Limited ("NSDL"), to provide the VC facility for conduct of the AGM.

8. Members of the Bank, including those under the category of 'Institutional Investors', are encouraged to attend and vote on the resolutions proposed at the AGM.

9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast by remote e-voting. Every Folio / Client ID will have only one login-id irrespective of the number of joint holders.

10. All the documents referred to in the accompanying Notice will be available for inspection through electronic mode, without any fee, by the Members, from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an e-mail to KotakBank.Secretarial@kotak.com

    During the AGM (i) the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, (ii) the Register of contracts or arrangements in which Directors are interested maintained under Section 189 of the Act, (iii) the certificate from Secretarial Auditor of the Bank certifying that the Kotak Mahindra Equity Option Scheme 2015 and Kotak Mahindra Stock Appreciation Rights Scheme 2015 of the Bank have been implemented, to the extent applicable, in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolution of the Bank passed at the AGM held on 29th June, 2015 and (iv) the other documents as mentioned in the accompanying Notice, will be available for inspection upon login at NSDL e-voting system at https://www.evoting.nsdl.com

11. Details relating to Directors retiring by rotation / seeking appointment / re-appointment at this AGM are provided in the Annexure to the Notice, as per Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as well as the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India. A brief profile of all the Directors of the Bank is given in the Report on Corporate Governance.

12. All correspondence regarding shares of the Bank should be addressed to the Bank's Registrar and Transfer Agent ("RTA"), KFin Technologies Limited ("KFIN") at Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 (Unit: Kotak Mahindra Bank Limited).

13. The Securities and Exchange Board of India ("SEBI"), vide its circular dated 20th April, 2018, has mandated, *inter alia*, registration of Permanent Account Number ("PAN") and Bank Account Details for all securities holders.

    Further, SEBI, vide its circular dated 3rd November, 2021, mandated shareholders holding securities in physical form to furnish PAN, Bank Account details, KYC (including contact details) and Nomination details before they could avail any investor service. Folios wherein any one of the above mentioned details are not registered on or after 1st April, 2023, shall be frozen. In this regard, the Bank has addressed individual letters to all the concerned Members for furnishing their PAN, Bank Account details, KYC and Nomination details. The aforesaid letter and relevant forms prescribed by SEBI under the aforesaid circular are available on the website of the Bank at https://www.kotak.com/en/investor-relations/investor-information/investor-info.html The concerned Members are requested to furnish their PAN, Bank Account details, KYC and Nomination details by submitting the prescribed forms, duly filled and signed by the registered holders, by e-mail from their registered e-mail address to einward.ris@kfintech.com or by submitting a physical copy thereof to KFIN at its address give herein above.

    Members holding shares in demat form are requested to submit their PAN, Bank Account details, KYC and Nomination details to their respective Depository Participants ("DP").

14. Members who have not updated their latest e-mail address in the records of the Bank / Depository Participant, are requested to update the same.

15. As per Regulation 40 of the SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI has, vide its circular dated 25th January, 2022, also mandated that listed companies shall, while processing investor service requests pertaining to issuance of duplicate securities certificate or exchange of securities certificate, endorsement, sub-division / consolidation of certificates, etc., issue the securities only in demat mode. In view of this mandate of SEBI as also to eliminate all risks associated with physical certificates and to get inherent benefits of dematerialisation, Members holding securities in physical form are advised to avail of the facility of dematerialisation.

16. Pursuant to the MCA Circulars and the circular on Relaxation from compliance with certain provisions of the SEBI Listing Regulations, issued by SEBI on 13th May, 2022, the Notice convening the AGM of the Bank, the Integrated Annual Report 2021-22 and the e-voting instructions are being sent only by e-mail to those Members who have registered their e-mail address with their DPs / KFIN / Bank. Members may note that

the Notice of the AGM and the Integrated Annual Report 2021-22 will also be available on the Bank's website www.kotak.com, website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and on the website of NSDL, www.evoting.nsdl.com

**Process for registration of e-mail address for obtaining the Integrated Annual Report, the user id / password for e-voting and updation of bank account mandate for receipt of dividend:**

| Type of Holding | Procedure |
|---|---|
| Physical Holding | For registration of e-mail address and / or updation of Bank Account details, please send a written request in Form ISR-1 (available at https://www.kotak.com/en/investor-relations/investor-information/investor-info.html) to the RTA of the Bank i.e. KFIN at Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 (Unit: Kotak Mahindra Bank Limited), providing Folio Number, name of the Member, copy of the share certificate (front and back), PAN (self-attested copy of PAN card) and AADHAAR (self-attested copy of Aadhaar card). Additionally, please provide a self-attested copy of the cancelled cheque leaf bearing the name of the first holder / bank statement duly attested by the bank manager (along with the details of 9-digit MICR Code Number and 11-digit IFSC), for updating bank account details.<br>Any person holding shares in physical form and becomes a Member after the notice is sent through e-mail and holding shares as of the Cut-off date i.e. 20th August, 2022 may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if such person is already registered with NSDL for remote e-voting, then such person may use the existing user ID and password for casting vote / attending AGM. If any member has forgotten the user ID and/or password, the same can be reset by using "Forgot User Details / Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 224 430. |
| Demat Holding | Please contact your DP and register your e-mail address and bank account details in your demat account, as per the process advised / forms made available by your DP.<br>In case of an Individual Shareholder holding securities in demat mode who acquires shares of the Bank and becomes a Member of the Bank after sending of the Notice and holding shares as of the Cut-off date i.e. 20th August, 2022, the Member may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-voting system". |

It may be noted that the Bank / KFIN may use the e-mail address of such Members for sending all future correspondence electronically and that such Members would be deemed to have consented to the same.

17. **Instructions for attending AGM through VC / OAVM**

- **Members will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-voting system. Members may access the same by following the steps mentioned for Access to NSDL e-Voting system. After successful login, Members may click on VC / OAVM link available under 'Join Meeting' menu against the Bank's name. This link for VC / OAVM will be available in 'Shareholder / Member' login where the EVEN of the Bank will be displayed.** Please note that Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password, may retrieve the same by following the remote e-voting instructions mentioned in the Notice.
- Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis. The said facility, provided by NSDL, allows participation of at least 1,000 Members on a on a first-come-first-served basis. The large Members (i.e. Members holding 2% or more shareholding), promoters, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee Stakeholders Relationship Committee, Statutory Auditors, Secretarial Auditor, Debenture Trustee and Scrutiniser can attend the AGM without any restriction on account of first-come-first-served principle.
- Members who need assistance before or during the AGM, can write to NSDL at evoting@nsdl.co.in or contact NSDL helpline nos. 1800 1020 990 / 1800 224 430 or get in touch with Mr. Amit Vishal, Assistant Vice President – NSDL at AmitV@nsdl.co.in / Ms. Pallavi Mhatre, Senior Manager – NSDL at pallavid@nsdl.co.in or visit NSDL's office at 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013.
- Members are encouraged to join the AGM through personal computers / laptops for better user experience. Also, Members will be required to have stable internet / broadband connection to avoid any disturbance during the AGM. Please note that Members joining the AGM through mobile devices, tablets or through personal computers / laptops connected via mobile hotspot may experience audio / video loss due to fluctuation in their respective network connectivity. It is, therefore, recommended to use stable Wi-Fi or LAN connection to mitigate the aforesaid glitches.
- Members who would like to express their views or ask questions during the AGM, may register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at kotakagm.speakers@kotak.com from Wednesday, 17th August, 2022 (9:00 a.m. IST) to Friday, 19th August, 2022 (5:00 p.m. IST). Only those speaker registration requests received till 5:00 p.m. (IST) on Friday, 19th August, 2022 will be considered and allowed to express their views / ask questions during the AGM. The Bank reserves the right to restrict the number of questions and / or speakers, as appropriate, depending on the availability of time and smooth conduct of the AGM.
- Members may submit questions, in advance, concerning the resolutions to be considered at the AGM, by sending the same from their registered e-mail address and mentioning their name, DP ID and Client ID / folio number, PAN, mobile number, to kotakagm.queries@kotak.com, so as to be received on or before Friday, 19th August, 2022.
- The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Bank. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

- Institutional / Corporate Members (i.e. other than Individuals, HUFs, NRIs, etc.) are required to send the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), at e-mail id: rupaldjhaveri@rediffmail.com, with a copy marked to evoting@nsdl.co.in. Such authorisation shall contain necessary authority in favour of its authorised representative(s) to attend the AGM.

18. **Instructions for Remote Electronic Voting ("remote e-voting")**

- In accordance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("Rules"), the MCA Circulars and Regulation 44 of the SEBI Listing Regulations read with circular of SEBI on e-voting Facility provided by Listed Entities dated 9th December, 2020, Secretarial Standard on General Meetings (SS-2) and any amendments thereto, the Bank is providing remote e-voting facility to all its Members to enable them to cast their vote on the matters listed in the Notice by electronic means and business will be transacted through such voting.
- The Bank has engaged the services of NSDL for providing e-voting facility to its Eligible Members, enabling them to cast their vote electronically, in a secured manner.
- The remote e-voting facility shall be available during the following period:

  **Commencement of remote e-voting: Tuesday, 23rd August, 2022 (from 9:00 a.m. IST)**

  **End of remote e-voting: Friday, 26th August, 2022 (till 5:00 p.m. IST**)

  The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by NSDL upon expiry of the aforesaid period.
- Eligible Members, other than individuals may, in accordance with the provisions of Sections 112 and 113 of the Act, appoint representatives for the purpose of e-voting.

The manner of e-voting / logging in the AGM by (i) individual Members holding equity shares of the Bank in demat mode, (ii) Members other than individuals holding equity shares of the Bank in demat mode, (iii) Members holding equity shares of the Bank in physical mode and (iv) Members who have not registered their e-mail address, is explained in the instructions given herein below:

**(i) LOGIN METHOD FOR E-VOTING FOR INDIVIDUAL MEMBERS HOLDING SECURITIES IN DEMAT MODE**

As per circular of SEBI on e-voting Facility provided by Listed Entities dated 9th December , 2020, all individual Members holding equity shares of the Bank in demat mode can cast their vote by way of a single login credential, through their demat accounts / websites of Depositories / DPs. The procedure, as implemented by the Depositories / DPs is, given below:

"Two Step" Process for voting electronically using the NSDL e-voting system:

**Step 1: Access to NSDL e-voting System**

**A) Login method for e-voting**

| Type of Member | Login Method |
|---|---|
| Individual Members holding equity shares of the Bank in demat mode with NSDL | 1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on **Kotak Mahindra Bank Limited** or **e-voting service provider i.e. NSDL** and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.<br>2. Existing **IDeAS** users can visit the e-Services website of NSDL viz., https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page, click on the "**Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section. On the next screen, enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under value added services. Click on **"Access to e-voting"** under e-voting services and you will be able to see e-voting pages e e-m yb to |

| Type of Member | Login Method |
|---|---|
| Individual Members holding equity shares of the Bank in demat mode with Central Depository Services (India) Limited ("CDSL") | 1. The users can directly access e-voting page by providing demat account number and PAN No. from a link on the www.cdslindia.com home page. The system will authenticate the users by sending OTP on the registered mobile number and E-mail as recorded in the demat account. After successful authentication, user will be provided with a link for the respective E-voting Service Provider i.e. **NSDL.**<br>2. The existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.<br>3. After successful login of Easi / Easiest, the user will be also able to see the e-voting Menu. The Menu will have links of **e-voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote.<br>4. If the user is not registered for Easi / Easiest, the option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration |
| Individual Members (holding equity shares of the Bank in demat mode) - Login through their DPs | You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-voting facility. Upon logging in, you will be able to see e-voting option. Click on e-voting option and you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you will see e-voting feature. Click on **Kotak Mahindra Bank Limited** or **e-voting service provider i.e. NSDL** and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period. |

**Important note:** Members who are unable to retrieve their User ID / Password, are advised to use 'Forget User ID' and 'Forget Password' option available at the above mentioned websites, as may be applicable.

| Contact details in case of any technical issue on NSDL Website | Contact details in case of any technical issue on CDSL Website |
|---|---|
| Members facing any technical issue during login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call toll free no.: **1800 1020 990** / **1800 224 430.** | Members facing any technical issue during login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or call **022-23058738** or **022-23058542-43.** |

**(ii) LOGIN METHOD FOR E-VOTING FOR MEMBERS OTHER THAN INDIVIDUAL MEMBERS HOLDING SECURITIES IN DEMAT MODE AND MEMBERS HOLDING SECURITIES IN PHYSICAL MODE**

**(A) In case a Member receives an e-mail from the Bank / NSDL [for Members whose e-mail address is registered with the Bank / DPs]:**

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com either on a Personal Computer / Laptop or on a mobile / tablet.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section.
3. A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-Services i.e. IDeAS, you can log-in at https://eservices.nsdl.com with your existing IDeAS login. Once you log-in to NSDL e-Services after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | | Your User ID is: |
|---|---|---|
| a) | For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID. For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12****** |
| b) | For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID. For example, if your Beneficiary ID is 12********** then your user ID is 12********** |
| c) | For Members holding shares iaw | |

(ii) If your e-mail address is not registered, please follow steps mentioned below in process for those Members whose e-mail address are not registered.

| | |
|---|---|
| 1. | If you are unable to retrieve or have not received the Initial password or have forgotten your password:<br>a) Click on "**Forgot User Details / Password**?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com<br>b) "**Physical User Reset Password**?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com<br>c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address, etc.<br>d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL. |
| 2. | After entering your password, tick on 'Agree to Terms and Conditions' by selecting on the check box. |
| 3. | Now, you will have to click on 'Login' button. |
| 4. | After you click on the 'Login' button, Home page of e-voting will open. |

**Step 2: Cast your vote electronically on NSDL e-voting system**

1. After successful login at Step 1, you will be able to see all active "EVENs".
2. Select "EVEN" of the Bank for remote e-voting.
3. Now, you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
5. Upon confirmation, the message 'Vote cast successfully' will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for Members**

1. Institutional / corporate Members (i.e., other than Individuals, HUFs, NRIs, etc.) are required to send the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s) who are authorised to vote, to the Scrutiniser by e-mail to rupaldjhaveri@rediffmail.com, with a copy marked to evoting@nsdl.co.in Such Members can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the '**Forgot User Details/Password?**' or '**Physical User Reset Password?'** option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions ("FAQs") for Members and e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 224 430 or send a request to Mr. Amit Vishal, Assistant Vice President – NSDL at AmitV@nsdl.co.in / Ms. Pallavi Mhatre, Senior Manager – NSDL at pallavid@nsdl.co.in or at NSDL's e-voting e-mail id at evoting@nsdl.co.in

**(B) In case of a Member whose e-mail address is not registered / updated with the Bank / KFIN / Depository / DPs, please follow the following steps to generate your login credentials:**

Members may send a request to evoting@nsdl.co.in / KotakBank.Secretarial@kotak.com for procuring user ID and password for e-voting.

a) In case shares are held in physical mode, please provide Folio Number, name of the Members, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN Card) and AADHAAR (self-attested scanned copy of Aadhaar Card).

b) In case shares are held in demat mode, please provide DP ID and Client ID (16-digit DP ID and Client ID or 16-digit beneficiary ID), name of Member, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN Card) and AADHAAR (self-attested scanned copy of Aadhaar Card).

c) If you are an Individual Member holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A).

After verification of your request, NSDL will send the user ID and password credentials to you electronically.

In case of any queries, you may refer to the FAQs for Members and e-voting user manual for Members available in the download section of www.evoting.nsdl.com to get your grievances on e-voting addressed.

- The voting rights of Eligible Members shall be in proportion to their share in the paid-up equity share capital of the Bank as on the Cut-off Date i.e. 20th August, 2022, subject to applicable laws, including the Banking Regulation Act, 1949.
- The Board of Directors have appointed Ms. Rupal D. Jhaveri (Membership No. 5441 and Certificate of Practice No. 4225), Practising Company Secretary and Partner in RJSY & Associates, as the Scrutiniser and Ms. Sadhana Yadav (Membership No. 27559 and Certificate of Practice No. 16932), Practising Company Secretary and Partner in RJSY & Associates, as an Alternate Scrutiniser to Ms. Rupal D. Jhaveri, to scrutinise the e-voting process in a fair and transparent manner.

- After completion of scrutiny of the votes cast, the Scrutiniser will submit her Report to the Chairman of the Bank, or in his absence, to the Joint Managing Director or the Company Secretary. The results of the e-voting will be announced by the Chairman of the Bank, or in his absence, the Joint Managing Director or the Company Secretary, on or before Tuesday, 30th August, 2022.
- The said results, along with the Scrutiniser's Report, will be placed on the website of the Bank https://www.kotak.com/en/investor-relations/governance/sebi-listing-disclosures.html and NSDL https://www.evoting.nsdl.com and also displayed at the Registered Office of the Bank. The same will also be simultaneously forwarded to the Stock Exchanges where the equity shares of the Bank are listed, for placing the same on their websites i.e. BSE Limited www.bseindia.com and National Stock Exchange of India Limited www.nseindia.com

**19. Dividend Related Information:**

- The Record Date for determining the Members eligible to receive the dividend on the equity shares, if declared at the AGM, is Friday, 12th August, 2022.
- If the dividend on equity shares, as recommended by the Board of Directors, is approved at the AGM, payment thereof will be made on or before Friday, 2nd September, 2022, to those Members whose names appeared on the Register of Members / Statement of beneficial position received from the Depositories as at the close of business hours on Friday, 12th August, 2022.
- Members holding shares in dematerialised form are requested to intimate any change in their address or bank account details to their respective DPs with whom they are maintaining demat accounts before Friday, 12th August, 2022.
- Members are requested to claim their unclaimed dividend, if any, in respect of the shares held by them, failing which it will be transferred to the Investor Education and Protection Fund Authority, in accordance with the relevant provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, within the statutorily prescribed time period. Members are requested to write to KFIN, for claiming unclaimed dividend.
- Members may please note that the unclaimed dividend in respect of the financial year 2014-15 must be claimed by the concerned Members, failing which it will be transferred to the Investor Education and Protection Fund Authority, in accordance with the relevant provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Members are requested to write to KFIN, for claiming unclaimed dividend.
- Members may note that as per the Income Tax Act, 1961 ("IT Act"), dividends paid or distributed by the Bank shall be taxable in the hands of the Members and the Bank shall be required to deduct tax at source ("TDS") at the prescribed rates from the dividend to be paid to Members, subject to approval of dividend by the Members at the ensuing AGM. The TDS rate would vary depending on the residential status of the Member and the documents submitted by them and accepted by the Bank. In order to enable the Bank to determine the appropriate TDS rate as applicable, Members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.
- For resident Members, TDS is required to be deducted at the rate of 10% under Section 194 of the IT Act on the amount of dividend declared and paid by the Bank in the financial year 2022-23 provided valid PAN is registered by the Members. If the valid PAN is not registered, the TDS is required to be deducted at the rate of 20% under Section 206AA of the IT Act.
- However, no tax shall be deducted on the dividend paid to resident individuals if the aggregate dividend distributed or likely to be distributed during the financial year 2022-23 does not exceed ₹ 5,000. Further, in the cases where the Members provide valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.
- NIL / lower tax shall be deducted on the dividend payable to following resident Members on submission of self-declaration as listed below:
  - i. Insurance companies: Declaration by Member qualifying as Insurer as per Section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;
  - ii. Mutual Funds: Declaration by Mutual Fund Member eligible for exemption under Section 10(23D) of the IT Act along with self-attested copies of registration documents and PAN card;
  - iii. Alternative Investment Fund ("AIF") established in India: Declaration that the Member is eligible for exemption under Section 10(23FBA) of the IT Act and they are established as Category I or Category II AIF under the relevant SEBI Regulations. Copy of self-attested registration documents and PAN card should be provided.
  - iv. New Pension System Trust: Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
  - v. Other Members - Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
  - vi. Members who have provided a valid certificate issued under Section 197 of the IT Act for lower / nil rate of deduction or an exemption certificate issued by the Income Tax authorities along with the Declaration.
- In case the dividend income is assessable to tax in the hands of a person other than the registered Member, as per Rule 37BA, the TDS credit may be done in the name of such other person if the registered Member provides a declaration as prescribed in this regard.
- For non-resident Members (including Foreign Portfolio Investors / Foreign Institutional Investors), tax is required to be withheld in accordance with the provisions of Section 195 and Section 196D of the IT Act at applicable rates in force. As per the relevant provisions of the IT Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the IT Act, a non-resident Member has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the Member, if they are more beneficial to the Member. For this purpose, i.e. to avail the tax treaty benefits, the non-resident Member will have to provide the following:
  - i. Self-attested copy of PAN card, if any, allotted by the Indian Income Tax authorities;
  - ii. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the Member is resident;

iii. Self-declaration in Form 10F;

iv. Self-declaration by the non-resident Member, of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (non-resident having Permanent Establishment in India would need to comply with provisions of Section 206AB of the IT Act);

v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.

- Please note that the Bank is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Bank, of the documents submitted by non-resident Member.
- Accordingly, in order to enable the Bank to determine the appropriate TDS / withholding tax rate applicable, we request the Members to provide these details and documents as mentioned above before Friday, 12th August, 2022.
- The Bank shall arrange to e-mail the soft copy of TDS certificate at the registered e-mail address of Members post payment and filing of TDS return with respect to dividend.
- **Section 206AB of the IT Act:**

  Rate of TDS @ 10% under Section 194 of the IT Act is subject to provisions of Section 206AB of IT Act (effective from 1st July, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in Section 206AB of the IT Act, tax is required to be deducted at higher of following rates in case of payments to specified persons at:

  – twice the rate specified in the relevant provision of the IT Act; or
  – twice the rate or rates in force; or
  – the rate of 5%.

  Where Sections 206AA and 206AB of IT Act are applicable i.e. the specified person has not submitted the PAN as well as not filed the return, the tax shall be deducted at the higher of the two rates prescribed in these two sections.

  The term 'specified person' is defined in Sub-section (3) of Section 206AB of IT Act who satisfies the following conditions:

  – A person who has not filed the income tax return for the assessment year relevant to the previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under Section 139(1) of the IT Act has expired; and
  – The aggregate of TDS and TCS is ₹ 50,000 or more in such previous year.

  The non-resident who does not have the Permanent Establishment is excluded from the scope of a specified person.

  For the purpose of identification of specified person under Section 206AB of IT Act and TDS deduction, the Bank will be relying on the information from the Government enabled online facility to verify the status (i.e. Specified Person or not) and deduct TDS accordingly.

  Non-resident Members who do not have a Permanent Establishment in India are requested to inform the Bank well in advance and before the Cut-off Date for purpose of deducting TDS under Sections 195 / 196D read with Section 206AB of the IT Act. The Bank reserves its right to recover any demand raised subsequently on the Bank for not informing the Bank or providing wrong information about applicability of Section 206AB of IT Act, in your case.

- **Updation of PAN, e-mail address, Bank account and other details:**

  Members holding shares in dematerialised mode, are requested to update their records such as tax residential status, PAN, bank account details, registered e-mail address, mobile number and other details with their relevant Depositories through their DPs.

  Members holding shares in physical mode are requested to furnish these details to KFIN, in the prescribed Form ISR-1, which is available at https://www.kotak.com/en/investor-relations/investor-information/investor-info.html Members are also requested to submit relevant supporting documents, such as, a cancelled cheque leaf with the Member's name and bank account details or a copy of the Bank pass-book statement, duly attested by the Members and a copy of their PAN card, duly self-attested by the Members.

  The Bank is obligated to deduct TDS based on the records available with RTA and no request will be entertained for revision of TDS return.

  Kindly note that the aforementioned documents are required to be submitted on or before Friday, 12th August, 2022 and may also be uploaded at https://ris.kfintech.com/form15

  The Resident Non-Individual Members i.e. Insurance Companies, Mutual Funds and Alternative Investment Funds (AIFs) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms / declarations / documents through their respective custodian who is registered on NSDL platform, on or before the aforesaid date.

  You can also visit the site at www.kotak.com under tab 'Investor Relations' to download the documents as applicable in order to enable the Bank to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination / deduction shall be entertained after Friday, 12th August, 2022. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from the Members, there would still be an option available with the Members to file the return of income and claim an appropriate refund, if eligible.

  No claim shall lie against the Bank for such taxes deducted. For further information, Members are requested to refer to the e-mail communication sent to them in this regard.

## EXPLANATORY STATEMENT CONTAINING MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS:

The following Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and the Rules framed thereunder, sets out all the material facts relating to the businesses mentioned under Item Nos. 5 to 13 of the accompanying Notice dated 23rd July, 2022.

### ITEM NO. 6

At the Annual General Meeting of the Bank held on 22nd July, 2019, in pursuance of the applicable provisions of the Banking Regulation Act, 1949 and the Companies Act, 2013 ("Act") and / or such other applicable regulations and subject to the approval of the Reserve Bank of India ("RBI"), Mr. Gaurang Shah (DIN: 00016660) was appointed as a Director and Whole-time Director of the Bank, for a period of three years, with effect from such date as would be approved by the RBI. The RBI vide its letter bearing Ref. No. DBR. Appt. No. 3299/29.40.001/2019-20 dated 24th October, 2019, approved the said appointment for a period of three years, with effect from the date of approval or date of taking charge, whichever was later. Accordingly, Mr. Shah's term as Whole-time Director came into effect from 1st November, 2019 i.e. the date on which he took charge of his office. Mr. Shah's term will end on 31st October, 2022.

Mr. Shah has conveyed that, having crossed the age of 60 years, he would like to focus on a few things in his personal space and that it may result in him not being able to devote his full time and attention to his position as a Whole-time Director of the Bank. He has, accordingly, requested the Board to not consider him for the re-appointment. The Board, at its meeting held on 4th May, 2022, noted that Mr. Shah would, accordingly, cease to be a Director and Whole-time Director, with effect from the close of business hours on 31st October, 2022. He will, however, continue to serve on the Boards of Kotak Mahindra Asset Management Company Limited, Kotak Mahindra Life Insurance Company Limited, Kotak Mahindra General Insurance Company Limited, Kotak Investment Advisors Limited and Kotak Mahindra (International) Limited, even after ceasing to be on the Bank's Board.

Pursuant to Section 152 of the Act and as per the terms of his appointment, Mr. Shah comes up for retirement by rotation at the Thirty-Seventh Annual General Meeting. Being eligible, Mr. Shah has offered himself for re-appointment to hold office till the end of his current term as Whole-time Director i.e. at the end of business hours on 31st October, 2022.

Your Directors recommend the passing of the resolution at Item No. 6 of the accompanying Notice.

Mr. Gaurang Shah and his relatives may be deemed to be concerned or interested in the resolution relating to his re-appointment. None of the other Directors, Key Managerial Personnel of the Bank or their relatives are, in any way, concerned or interested, financially or otherwise, in the passing of the Ordinary Resolution at Item No. 6 of the accompanying Notice.

### ITEM NO. 7

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

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

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

Your Directors recommend the passing of the resolution at Item No. 7 of the accompanying Notice.

None of the Directors, Key Managerial Personnel of the Bank or their relatives are, in any way, concerned or interested, financially or otherwise, in the passing of the Ordinary Resolution at Item No. 7 of the accompanying Notice.

### ITEM NOS. 8 AND 9

Pursuant to the Bank's Policy on appointment of Statutory Auditors ("Policy") and the Circular of the Reserve Bank of India ("RBI") bearing No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021 ("RBI Circular" / "Guidelines") prescribing the guidelines for appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding Regional Rural Banks), Urban Co-operative Banks and Non-Banking Financial Companies (including Housing Finance Companies) and upon recommendation of the Audit Committee and the Board and the further approval of the RBI, the Members of the Bank had, at the Annual General Meeting held on 25th August, 2021, re-appointed Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration Number: 001076N / N500013) as one of the Joint Statutory Auditors of the Bank, for financial year 2021-22, to hold office from the conclusion of the Thirty-Sixth Annual General Meeting until the conclusion of the Thirty-Seventh Annual General Meeting of the Bank and appointed Price Waterhouse LLP, Chartered Accountants (Firm Registration Number: 301112E / E300264), as the other Joint Statutory Auditors of the Bank, for the purpose of the audit of the Bank's standalone and consolidated financial statements for a period of three years, with effect from financial year 2021-22, and to hold office from the conclusion of the Thirty-Sixth Annual General Meeting until the conclusion of the Thirty-Ninth Annual General Meeting of the Bank.

The term of Walker Chandiok & Co LLP as one of the Bank's Joint Statutory Auditors expires at the conclusion of the Thirty-Seventh Annual General Meeting of the Bank.

Pursuant to the RBI Circular and the Policy, the Bank is required to appoint Joint Statutory Auditors in place of Walker Chandiok & Co LLP, for the purpose of the audit of the Bank's standalone and consolidated financial statements for a period of three years, with effect from financial year 2022-23 i.e. till financial year 2024-25 and to hold office from the conclusion of the Thirty-Seventh Annual General Meeting until the conclusion of the Fortieth Annual General Meeting of the Bank.

In this regard, based on a review of the profile including the size, experience and area of specialisation and the recommendation of the Audit Committee and subject to the approval of RBI, the Board had on 31st March, 2022, *inter alia*, approved and recommended for the approval of the Members, the appointment of KKC & Associates LLP, Chartered Accountants (Firm Registration Number: 105146W / W100621), as the second Joint Statutory Auditor of the Bank, for a period of three years with effect from financial year 2022-23, to hold office from the conclusion of the Thirty-Seventh Annual General Meeting until the conclusion of the Fortieth Annual General Meeting of the Bank for the purpose of the audit of the Bank's standalone and consolidated financial statements, from financial year 2022-23, with power to the Board (including the Audit Committee of the Board or any other person(s) authorised by the Board or Audit Committee in this regard), to do all such acts, matters, deeds and things as may be necessary or desirable in connection with or incidental for giving effect to the said appointment of the second Joint Statutory Auditors, including but not limited to determination of roles and responsibilities / scope of work of the respective Joint Statutory Auditors, negotiating, finalizing, amending, signing, delivering, executing the terms of appointment, including any contracts or documents in this regard, alter and vary the terms and conditions of remuneration arising out of increase in scope of work, amendment in Accounting Standards or regulations and such other requirements resulting in the change in scope of work, without being required to seek any further consent or approval of the Members of the Bank.

KKC & Associates LLP has consented to act as the Joint Statutory Auditor of the Bank and have intimated that such appointment would be in accordance with the conditions prescribed in Section 139 of the Companies Act, 2013 ("Act") and have also confirmed their eligibility to be appointed as Statutory Auditors, in terms of Section 141 of the Act and applicable rules and RBI Guidelines.

The RBI has, vide its letter bearing Ref. No. Dos. Co. RPD. No. S2271/08.30.005/2022-23 dated 5th July, 2022, granted its approval for the aforementioned appointment of the second Joint Statutory Auditors.

The details in relation to and credentials of KKC & Associates LLP are, as follows:

KKC & Associates LLP is a firm established in 1936, with presence in Mumbai, Ahmedabad, Bengaluru and Pune with around 10 and team size of more than 200 professional and others. Two partners of the firm are the Past Presidents of the Institute of Chartered Accountants of India and the partners have been or are associated with various banking institutions and global organisations like the International Monetary Fund, United Nations Development Programme, United Nations, International Federation of Accountants, etc. and are members of various committees constituted by the Ministry of Corporate Affairs, Securities and Exchange Board of India, Insurance Regulatory and Development Authority, etc. The firm has a number of clients in the financial services industry including Banks, NBFCs, Insurance companies besides a number of listed companies. The firm is / has been the statutory auditors for a number of banks, both public and private as well as operations of foreign banks in India.

The Audit Committee and the Board, at their respective meetings held on 23rd July, 2022, approved an overall annual remuneration / fee of an amount not exceeding ₹ 35,000,000 (Rupees Three Crore Fifty Lakh only) in addition to any out of pocket expenses, outlays and taxes, as applicable, for financial year 2022-23, to Price Waterhouse LLP and KKC & Associates LLP, as the Joint Statutory Auditors, to be mutually agreed between the Bank and both the Joint Statutory Auditors, depending on the scope of work undertaken by each of them, for the purpose of audit of the Bank's standalone and consolidated financial statements and subject to the approval of the Members.

The approval of the Members of the Bank is being sought pursuant to the provisions of Sections 139, 141,142 and other applicable provisions, if any, of the Act and the relevant Rules thereunder and pursuant to Section 30 of the Banking Regulation Act, 1949 and RBI Circular, for:

(i) the aforementioned appointment of KKC & Associates LLP as one of the Joint Statutory Auditors;

(ii) fixing the remuneration of the Joint Statutory Auditors for the financial year 2022-23; and

(iii) granting authority to the Board, including the Audit Committee or any other person authorised by it, to determine roles and responsibilities / scope of work of the respective Joint Statutory Auditors, negotiate, finalise, amend, sign, deliver and execute the terms of their appointment and also to negotiate, finalise, allocate / apportion the aforesaid remuneration between the Joint Statutory Auditors, depending on their respective roles and responsibilities / scope of work, and if required, alter and vary the terms of remuneration due to any change / increase in roles and responsibilities / scope of work, any amendments in Accounting Standards or regulations and such other requirements resulting in the change / increase in roles and responsibilities / scope of work, etc., of the Joint Statutory Auditors, without being required to seek any further consent or approval of the Members of the Bank.

As per the applicable provisions of law, including the RBI Circular and the Banking Regulation Act, 1949, the appointment of Joint Statutory Auditors would be subject to the approval of the RBI every year, from financial year 2023-24 onwards.

Your Directors recommend the passing of resolutions at Item Nos. 8 and 9 of the accompanying Notice.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the passing of the Ordinary Resolutions at Item Nos. 8 and 9 of the accompanying Notice.

**ITEM NOS. 5 AND 10**

Based on the recommendation of the Nomination and Remuneration Committee ("NRC") and the approval of the Board of Directors of the Bank, the Members, at the Thirty-Fourth Annual General Meeting of the Bank held on 22nd July, 2019, approved the appointment of Mr. KVS Manian (DIN: 00031794) as a Director and Whole-time Director of the Bank for a period of three years, subject to approval of the Reserve Bank of India ("RBI").

The RBI vide its letter bearing Ref. No. DBR. Appt. No. 3299/29.40.001/2019-20 dated 24th October, 2019, approved the said appointment for a period of three years, with effect from the date of approval or date of taking charge, whichever is later. Accordingly, Mr. Manian's appointment came into effect from 1st November, 2019, the date on which he took charge of his office and is valid till 31st October, 2022.

During his tenure as the Whole-time Director of the Bank, Mr. Manian has contributed significantly to the growth of the Corporate and Institutional Banking business of the Bank.

Upon evaluation of Mr. KVS Manian's eligibility in terms of the 'Fit and Proper' criteria as laid down by the RBI and the compliance with the provisions of the Companies Act, 2013 ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the Banking Regulation Act, 1949 ("BR Act") and the various circulars issued by the RBI from time to time, the NRC recommended Mr. Manian's re-appointment to the Board of Directors of the Bank. The Board of Directors, at their meeting held on 4th May, 2022, have

re-appointed Mr. KVS Manian as a Whole-time Director of the Bank, subject to the approval of RBI and the Members of the Bank, for a period of three years with effect from 1st November, 2022 or the date of effective approval of the RBI, whichever is later.

The terms of re-appointment and remuneration payable to Mr. Manian are, as follows:

| | |
|---|---|
| Basic Salary | Up to ₹ 20.75 lakh per month |
| Performance Bonus | As may be decided by the Board of Directors, subject to approval of RBI |
| Allowances towards driver wages, furnishings, gas, electricity, water, servants, gardener, entertainment | Up to ₹ 27 lakh per annum |
| Perquisites | |
| a) Car | Use of the Bank's car for official and private purposes |
| b) Medical Reimbursement | As per the Bank's rules applicable to employees of the Bank, subject to maximum of ₹ 8 lakh per annum |
| Provident Fund / Gratuity / Superannuation or allowance thereof | As per the Bank's rules applicable to employees of the Bank |
| Leave Travel Allowance | Up to ₹ 6 lakh per annum |
| Other benefits towards club fees for subscription to two clubs, health insurance, leave | As per the Bank's rules applicable to employees of the Bank |
| Employee Stock options | As may be granted by the Nomination & Remuneration Committee |

Note: In case of absence or inadequacy of profits in any financial year, the aforesaid remuneration be paid to Mr. Manian as minimum remuneration.

Performance Bonus to be paid to Mr. Manian is in accordance with the regulations / guidelines issued by the RBI from time to time.

Mr. Manian has furnished to the Bank, his consent to act as a Whole-time Director and that he is not disqualified from being appointed as a Director of the Bank, in Form DIR-8.

The details of Mr. Manian are set out in the Annexure to the Notice. Mr. Manian has relevant knowledge and practical experience and expertise in the areas of Business Management, Finance, Accountancy, Information Technology, Banking, Small scale industry and Payment and Settlement systems, as required under Section 10A 2(a) of the BR Act and the relevant circulars issued by RBI, from time to time.

Given his skills, experience and expertise and his contribution as a Board member during his current stint and on the basis of evaluation of performance of Mr. Manian as a Whole-time Director, it is considered desirable and in the interest and of immense benefit to the Bank to re-appoint Mr. Manian as a Whole-time Director of the Bank.

Mr. Manian and his relatives may be deemed to be concerned or interested in the resolution relating to his re-appointment and remuneration. None of the other Directors, Key Managerial Personnel of the Bank or their relatives are, in any way, concerned or interested, financially or otherwise, in the passing of the Ordinary Resolutions at Item Nos. 5 and 10 of the accompanying Notice.

Your Directors recommend the Ordinary Resolutions at Item Nos. 5 and 10 for the approval of the Members.

**ITEM NO. 11**

The size and complexity of operations of the Bank and its subsidiaries has increased substantially over the past few years and hence, there is a continued need for a larger representation of the operating management on the Board of the Bank.

In view of the desire expressed by Mr. Gaurang Shah to not continue as a Whole-time Director of the Bank after his existing term comes to an end on 31st October, 2022, it was deemed essential to consider the appointment of another Whole-time Director, to maintain adequate representation of the operating Management on the Bank's Board.

In this regard, upon evaluation of Ms. Shanti Ekambaram's (DIN: 00004889) eligibility in terms of the 'Fit and Proper' criteria as laid down by the Reserve Bank of India ("RBI") and the compliance with the provisions of the Companies Act, 2013 ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the Banking Regulation Act, 1949 ("BR Act") and the various circulars issued by the RBI from time to time, the Nomination and Remuneration Committee ("NRC") recommended the appointment of Ms. Ekambaram to the Board of Directors of the Bank. The Board of Directors, at their meeting held on 4th May, 2022, have appointed Ms. Shanti Ekambaram as a Whole-time Director of the Bank, subject to the approval of RBI and the Members of the Bank, for a period of three years with effect from 1st November, 2022 or the date of effective approval of the RBI, whichever is later.

The terms of appointment of Ms. Ekambaram are, as follows:

| | |
|---|---|
| Basic Salary | Up to ₹ 20.50 lakh per month |
| Performance Bonus | As may be decided by the Board of Directors, subject to approval of RBI |
| Allowances towards driver wages, furnishings, gas, electricity, water, servants, gardener, entertainment | Up to ₹ 27 lakh per annum |
| Perquisites | |
| a) Car | Use of the Bank's car for official and private purposes |
| b) Medical Reimbursement | As per the Bank's rules applicable to employees of the Bank, subject to maximum of ₹ 8 lakh per annum |
| Provident Fund / Gratuity / Superannuation or allowance thereof | As per the Bank's rules applicable to employees of the Bank |
| Leave Travel Allowance | Up to ₹ 6 lakh per annum |
| Other benefits towards club fees for subscription to two clubs, health insurance, leave | As per the Bank's rules applicable to employees of the Bank |
| Employee Stock options | As may be granted by the Nomination & Remuneration Committee |

Note: In case of absence or inadequacy of profits in any financial year, the aforesaid remuneration be paid to Ms. Ekambaram as minimum remuneration.

Performance Bonus to be paid to Ms. Ekambaram is in accordance with the regulations/guidelines issued by the RBI from time to time.

Ms. Ekambaram has furnished to the Bank, her consent to act as a Director and Whole-time Director and that she is not disqualified from being appointed as a Director of the Bank in Form DIR-8.

Ms. Ekambaram is Group President and headed the Consumer Banking Business of the Bank up to 30th June, 2022. The details of Ms. Ekambaram are set out in the Annexure to the Notice.

Ms. Ekambaram has relevant knowledge and practical experience and expertise in the areas of Banking, Business Management, Finance, Accountancy, Payment and Settlement systems and Digital, as required under Section 10A 2(a) of the BR Act and the relevant circulars issued by RBI from time to time.

Given her vast experience in successfully leading various verticals within the Bank, her business acumen, skills and the understanding of the complexities involved in the banking and financial services business, it is considered desirable and in the interest and of immense benefit to the Bank to appoint Ms. Shanti Ekambaram as a Director and Whole-time Director of the Bank.

The Bank has received a notice in writing under the provisions of Section 160 of the Act, from a Member proposing the candidature of Ms. Ekambaram for the office of Director.

Except for Ms. Ekambaram and her relatives, none of the Directors, Key Managerial Personnel of the Bank or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution at Item No. 11 of the accompanying Notice.

Your Directors recommend the Ordinary Resolution at Item No. 11 for the approval of the Members.

**ITEM NOS. 12 AND 13**

As per the provisions of Section 188 of the Companies Act, 2013 ("Act"), transactions with related parties which are on an arm's length basis and in the ordinary course of business, are exempted from the obligation of obtaining prior approval of shareholders. However, such transactions, if material, require the approval of shareholders through a resolution, notwithstanding the fact that the same are at an arm's length basis and in the ordinary course of business, as per the requirements of the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). As per Clause (zc) of Regulation 2(1) read with the proviso to Regulation 23(1) of the SEBI Listing Regulations, transactions involving transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand will be considered as 'related party transactions' and as 'material related party transactions', if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Kotak Mahindra Bank Limited ("Bank"), in the ordinary course of its banking business, opens accounts and receives deposits including Current Account Deposits, Savings Account Deposits, Fixed Deposits, etc. ("Deposits") from its customers and for which the Bank pays interest to such customers as per the prevailing applicable interest rates. As per the applicable regulatory directions, circulars and guidelines stipulated by the Reserve Bank of India, banks are required to accept deposits at uniform interest rates and cannot distinguish a customer vis-à-vis interest rates and other terms and conditions. All customers seeking a specific type of deposit within the slabs of amount and tenure shall earn the same rate of interest. Additionally, once a Demand Deposit Account is opened, a bank cannot legally stop amounts coming into the customer's account and it is entirely up to the discretion of the customer how much amount it seeks to place into the deposit.

The Members of the Bank had, vide postal ballot notice dated 17th December, 2021, approved related party transactions by the Bank, as potential 'material related party transactions' under the provisions of Regulation 23 of the SEBI Listing Regulations, with Infina Finance Private Limited ("Infina") / Mr. Uday Kotak, for financial year 2022-23, at an arm's length basis and in the ordinary course of business of the Bank. These transactions are recurring in nature and have previously been approved by the Audit Committee of the Bank under its omnibus approval for related party transactions for the financial year 2022-23.

With reference to a clarification issued by the Securities and Exchange Board of India ("SEBI") vide Circular no. SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated 8th April, 2022, shareholders' approval of omnibus Related Party Transactions approved at an Annual General Meeting ("AGM") shall be valid up to the date of the next AGM or for a period not exceeding fifteen months, whichever is earlier.

Keeping in view the above clarification and to align the procedure and frequency of seeking Members' approval for the Material Related Party Transactions in subject, from AGM to AGM, it is proposed to extend the validity of the existing Members' approval for the contracts and / or transactions and / or arrangements, as stated in the resolutions at Item Nos. 12 and 13, to be entered into by the Bank and / or its subsidiaries, from the Thirty-Seventh AGM up to the date of the Thirty-Eighth AGM of the Bank ("relevant period"), at an arm's length basis and in the ordinary course of business, with:

(i) Infina, and

(ii) Mr. Uday Kotak

(both, related parties of the Bank).

These transactions, during the relevant period, between the Bank and / or its subsidiaries on one side and Infina / Mr. Uday Kotak, separately on the other side, may exceed the threshold of 'material related party transactions' under the SEBI Listing Regulations i.e. ₹ 1,000 crore or 10% of the annual consolidated turnover of the Bank as per the audited financial statements of the Bank for the relevant financial years, whichever is lower. All these transactions will be executed at an arm's length basis and in the ordinary course of business of the Bank and / or its subsidiaries.

All transactions as mentioned under para (b) of resolutions under Item Nos. 12 and 13 mentioned above, are expected to be less than even one percent of the annual consolidated turnover of the Bank for the relevant financial years. However, these transactions, taken together with transactions as mentioned under para (a) of resolutions under Item Nos. 12 and 13, respectively, in the aggregate, may exceed ₹ 1,000 crore or 10% of the annual consolidated turnover of the Bank as per the audited financial statements for the relevant financial years, whichever is lower, wherein Deposits and interest thereon would form a substantial portion of such transaction value. It may be noted that these transactions do not relate to any loan, inter-corporate deposit, advances or investment by the Bank and / or its subsidiaries.

For transactions taking place during financial year 2022-23, the relevant financial year would be financial year 2021-22 and for transactions taking place on or after 1st April, 2023, the relevant financial year would be financial year 2022-23.

Based on the information on the proposed transactions summarised in this AGM Notice, the approval of the Members is sought for the resolutions contained at Item Nos. 12 and 13 of the accompanying AGM Notice for the period commencing from the conclusion of the Thirty-Seventh AGM until the date of the Thirty-Eighth AGM of the Bank. The Audit Committee and the Board of the Bank have already approved entering into the aforesaid Related Party Transactions for the financial year 2022-23 (i.e. up to 31st March, 2023). A separate approval from the Audit Committee and the Board of the Bank shall be sought at a later stage for the aforesaid proposed transactions for the period commencing from 1st April, 2023 till the date of the Thirty-Eighth AGM of the Bank.

Mr. Suresh Kotak, father of Mr. Uday Kotak, Managing Director & CEO and a Key Managerial Personnel of the Bank and Mr. Jaimin Bhatt, Group President & Group Chief Financial Officer and a Key Managerial Personnel of the Bank, are Directors on the Board of Infina. Accordingly, Mr. Uday Kotak and Mr. Jaimin Bhatt and their respective relatives may be deemed to be concerned or interested in the resolution contained at Item No. 12 above. Mr. Uday Kotak is the Managing Director & CEO and a Key Managerial Personnel of the Bank. Accordingly, he and his relatives may be deemed to be concerned or interested in the resolution contained at Item No. 13 above.

None of the other Directors, Key Managerial Personnel or their relatives, are in any way, concerned or interested, financially or otherwise, in the passing of the Ordinary Resolutions at Item Nos. 12 and 13 of the accompanying AGM Notice.

Your Directors recommend the passing of the Ordinary Resolutions at Item Nos. 12 and 13 of the accompanying AGM Notice, for the approval of the Members.

The Members may please note that in terms of provisions of the SEBI Listing Regulations, no related party / ies shall vote to approve the Ordinary Resolutions at Item Nos. 12 and 13 of the accompanying AGM Notice.

**By Order of the Board of Directors**
**For Kotak Mahindra Bank Limited**

**Avan Doomasia**
**Company Secretary**
(FCS 3430)

Mumbai
23rd July, 2022

Registered Office:
27 BKC, C 27, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
CIN: L65110MH1985PLC038137
Website: www.kotak.com

## ANNEXURE TO ITEM NOS. 5, 6, 10 AND 11

**Details of the Directors proposed for appointment / re-appointment at the Annual General Meeting**

**(Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings)**

| Name of the Director | Mr. KVS Manian | Mr. Gaurang Shah | Ms. Shanti Ekambaram |
|---|---|---|---|
| DIN | 00031794 | 00016660 | 00004889 |
| Age | 60 years | 60 years | 59 years |
| Qualification | Electrical Engineer, Post Graduate in Financial Management and Cost and Works Accountant | M.Com., Chartered Accountant and Company Secretary | B.Com., Chartered Accountant and Cost and Works Accountant |
| Brief details and nature of expertise in specific functional area | Mr. KVS Manian has been a Whole-time Director of the Bank from 1st November, 2019. Mr. Manian has been instrumental in setting up and metamorphosing many business divisions into success stories in his over two and a half decade association with the Kotak Group. He has played a pivotal role in Kotak's journey from an Non-Banking Financial Company to a Bank.<br>Currently, Mr. Manian spearheads the Corporate Banking as also the Private Banking business of the Bank and has oversight responsibilities for Investment Banking and Institutional Equities Businesses. He 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 and Private Banking 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 has also focused on building strong transaction banking capabilities of the Bank.<br>Prior to his current role, Mr. Manian scripted the Retail-banking narrative of Kotak. He was 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 Bank's Retail Liability business from scratch and later managed the entire Consumer Banking business including Consumer Asset products like Home Loans, Cards, Personal Loans, Business Loans, Loans Against Property, MSME and others, some of which were launched and grown to scale during 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. | Mr. Gaurang Shah has been a Whole-time Director of the Bank from 1st November, 2019. He has over 36 years of rich experience primarily in financial services, of which, over 24 years have been with the Kotak Group. Mr. Shah is in charge of the Credit function of the Bank and is the Chairman of the Credit Committee of the Bank. Mr. Shah oversees the Insurance, Asset Management including Alternate Assets and Asset Reconstruction businesses. Prior to this, Mr. Shah headed the Group Risk Management function. Mr. Shah played a key role in building the Group's Consumer Banking and Life Insurance businesses and has held several positions of responsibility, including Head of Retail Assets at the Bank. Mr. Shah was the Executive Director of Kotak Mahindra Prime Limited, one of India's leading automobile finance companies from 1st October, 1999 to 31st December, 2002 and the Managing Director of Kotak Mahindra Life Insurance Company Limited ("KLI") from 1st November, 2004 to 30th April, 2010. | Ms. Shanti Ekambaram is Group President and oversees Treasury, 811 and other corporate functions like Human Resources, Group Marketing & Corporate Communications, Public Affairs, Vigilance, Financial Inclusion amongst others. Ms. Ekambaram has been associated with the Kotak Mahindra Group for over 30 years and has been responsible for successfully setting up and running several business units. Prior to her current role, she was Head of Consumer Banking business since April 2014 and focused on growing customer acquisition, cross-selling and digital adoption across physical and digital channels and as an integrated Consumer Banking franchise across asset and liability products. Under her leadership, the Consumer Banking business continued to record amongst the fastest pace of customer acquisition and savings account growth at an exemplary pace in the Indian banking industry. Prior to this, Ms. Ekambaram was President - Corporate & Investment Banking for 11 years till April 2014. She was also Executive Director and CEO of Kotak Mahindra Capital Company Limited.<br>Before joining Kotak Mahindra Group, Ms. Ekambaram had a short stint with Bank of Nova Scotia - the Canadian International Bank, with their corporate banking and treasury division.<br>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 financial year 2021-22.<br>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, 2019 and 2020. Fortune India has featured her as one of the top 50 Most Powerful Women in Business in India from 2016-2020. She received the 'CA Business Leader' award by 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. |
| Number of Board Meetings attended during the financial year 2021-22 | 13 out of 13 | 11 out of 13 | Not Applicable (appointment yet to come into effect) |

| Name of the Director | Mr. KVS Manian | Mr. Gaurang Shah | Ms. Shanti Ekambaram |
|---|---|---|---|
| Terms and Conditions of appointment / re-appointment including remuneration | Mr. KVS Manian was appointed as a Director and Whole-time Director of the Bank, for a period of three years, from 1st November, 2019 to 31st October, 2022 and is liable to retire by rotation, on the terms of appointment as set out in the resolutions at Item Nos. 8 and 9 of the Notice dated 31st May, 2019, convening Thirty-Fourth Annual General Meeting.<br>Mr. Manian is proposed to be re-appointed as a Whole-time Director of the Bank for a period of three years. His re-appointment is subject to the approval of the Members and the RBI and the same would be effective from 1st November, 2022 or the date of approval of the RBI, whichever is later. The terms of re-appointment of Mr. Manian have been as set out in resolution at Item No. 10.<br>During his tenure, Mr. Manian would be liable to retire by rotation. | Mr. Gaurang Shah was appointed as a Director and Whole-time Director of the Bank, for a period of three years, from 1st November, 2019 to 31st October, 2022 and is liable to retire by rotation, on the terms of appointment as set out in the resolutions at Item Nos. 10 and 11 of the Notice dated 31st May, 2019, convening Thirty-Fourth Annual General Meeting. | Ms. Shanti Ekambaram is proposed to be appointed as a Director and Whole-time Director of the Bank for a period of three years. Her appointment is subject to the approval of Members and the RBI and the same would be effective from 1st November, 2022 or the date of approval of the RBI, whichever is later. The terms of appointment of Ms. Ekambaram have been as set out in resolution at Item No. 11.<br>During her tenure, Ms. Ekambaram would be liable to retire by rotation. |
| Remuneration last drawn | ₹ 690.02 lakh | ₹ 670.08 lakh | Ms. Ekambaram's appointment as a Whole-time Director of the Bank is yet to come into effect. |
| Date of appointment | 1st November, 2019<br>Re-appointment would be effective from 1st November, 2022 or the date of approval of the RBI, whichever is later. | 1st November, 2019 | Appointment would be effective from 1st November, 2022 or the date of approval of the RBI, whichever is later. |
| Directorships in other companies / Positions in other entities | • Kotak Mahindra Capital Company Limited<br>• Kotak Securities Limited | • Kotak Mahindra Asset Management Company Limited<br>• Kotak Mahindra Life Insurance Company Limited<br>• Kotak Mahindra General Insurance Company Limited<br>• Kotak Investment Advisors Limited<br>• Kotak Mahindra UK Limited<br>• Kotak Mahindra INC.<br>• Kotak Mahindra Asset Management (Singapore) Pte. Ltd. | • Kotak Investment Advisors Limited<br>• Kotak Mahindra Financial Services Limited |
| Listed entities from which the Director resigned in the past three years | Kotak Infrastructure Debt Fund Limited*<br>Kotak Mahindra Investments Limited* | None | Kotak Mahindra Prime Limited* |
| Details of Memberships / Chairmanships of Committees (includes only Audit Committee and Stakeholders Relationship Committee) | Nil | Kotak Mahindra Asset Management Company Limited<br>• Audit Committee, Member<br>Kotak Mahindra Life Insurance Company Limited<br>• Audit Committee, Member | Kotak Investment Advisors Limited<br>• Audit Committee, Member |
| Relationship between Directors inter-se and Key Managerial Personnel of the Bank | None | None | None |
| Shareholding in the Bank (including as beneficial owner) as at 23rd July, 2022 | 97,721 | 865,370 | 1,562,020 |

* Debt listed entities

**By Order of the Board of Directors**
**For Kotak Mahindra Bank Limited**

**Avan Doomasia**
**Company Secretary**
(FCS 3430)

Mumbai
23rd July, 2022

Registered Office:
27 BKC, C 27, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
CIN: L65110MH1985PLC038137
Website: www.kotak.com

Integrated Annual Report 2021-22

# About this Report

Kotak Mahindra Bank Limited[1] ('We' or 'the Bank' or 'Kotak Mahindra Bank') and our subsidiaries (hereby collectively referred to as 'Kotak Mahindra Group' or 'Kotak' or 'We') present our second Integrated Annual Report ('Report') for the financial year ('FY') 2021-22. The first Report was prepared for FY 2020-21 and is available on the Bank's website-www.kotak.com.

We have been publishing information on sustainability practices through our annual Business Responsibility Report (BRR). This year onwards, our Group's sustainability performance will be integrated into this Report. This Integrated Annual Report endeavours to provide a holistic depiction of Kotak's financial and non-financial performance across our businesses and subsidiaries. It also outlines information on our strategy, governance, risks and prospects to offer better insights into our activities and progress. This has been showcased through the quantitative and qualitative information presented for the material topics identified during FY 2021-22 (i.e. from 1st April, 2021 up to 31st March, 2022[2]).

**Reporting Principles[3]**

This Report is prepared in accordance with the applicable regulatory requirements and voluntary reporting standards and frameworks. Our financial performance has been disclosed in line with the requirements of:

- The Companies Act, 2013 (including the rules made thereunder)
- The Indian Accounting Standards
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Banking Regulation Act, 1949 and other relevant RBI regulations

This Report has also 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 SEBI. Further, this Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: *Core* option[4] and in line with the International Integrated Reporting Council's (IIRC's) <IR> Framework. The Report also discloses actions initiated by the Bank to align its climate risk management framework to the recommendations proposed by the Task Force on Climate-Related Financial Disclosures (TCFD). Additionally, the Report is aligned to United Nations' Sustainable Development Goals (SDGs).

**Feedback**

For any suggestions, views and opinions related to this Report, please reach out to investor.relations@kotak.com[5]

*[1]GRI 102-1, GRI 102-5*
*[2]GRI 102-50*
*[3]GRI 102-12*
*[4]GRI 102-54*
*[5]GRI 102-53*

# What's Inside


## Who we are

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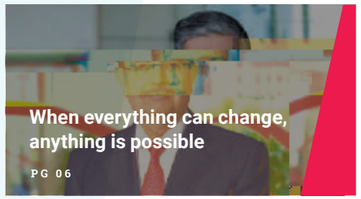


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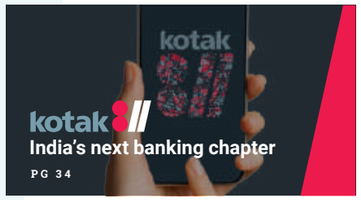


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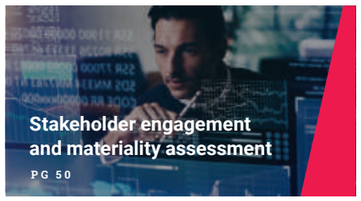


Read the report or download at **www.kotak.com**

You can reach by writing into us **investor.relations@kotak.com**

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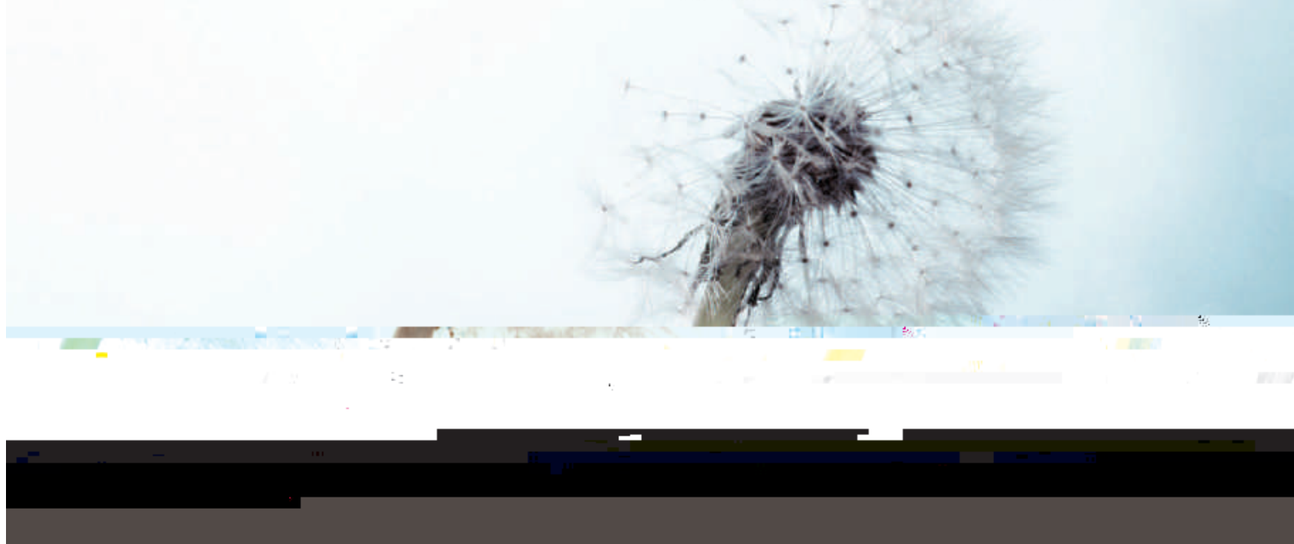
# CHANGE

Change is inevitable. Change is exciting. It not only empowers humanity to ride the ebb and flow of life, but also enables people to thrive in the new. Pushing the limits of human ingenuity and triggering breakthrough innovation, the often-unprecedented nature of change, only exemplifies its need to keep the wheels of progress rolling, akin to the unfolding of events during the past two years.

The banking industry too, witnessed a wave of changes as everything from business models to operations reoriented to a digital-first world. From traditionally being inward looking, banks are adopting an outside-in approach. New operating models around customers are taking shape, processes are evolving to keep governance in focus, and technological advancements are becoming a constant companion.

At Kotak Mahindra Group (Kotak), we understand the inevitability of change. We are thus focusing on ways and means to transition to the next with customers, technology and talent as our anchors While strengthening our balance sheet and risk management, we are investing in new technologies, digitalisation and process efficiencies. We are also building a future-ready workforce and resilient communities, thereby creating sustainable value for our stakeholders in the decades to come.



Kotak has always been at the forefront of transformation in the Indian financial services landscape. Kotak continues to evolve and invest in making a bouquet of products and solutions affordable, accessible and customizable using trust, technology and teams for the ever-changing needs and aspirations of its customers.

Kotak is one of India's leading diversified and integrated financial services conglomerates, providing a wide span of solutions covering banking (consumer, commercial, corporate), credit and financing, asset management, life and general insurance, stock broking, investment banking, private banking, microfinance and asset reconstruction, across customer and geographic segments within India. As a group, we also operate in overseas markets through international subsidiaries or branches in key geographies. With greater focus on customers, technology and talent, we are emerging through a transition to achieve a business transformation.

Our consolidated asset base was at ₹5.5 trillion while our market capitalisation stood at ₹3.5 trillion (as on 31st March, 2022).

## KOTAK UNIVERSE^,[1]

**₹5,46,498 cr**
Total assets

**~₹6,41,000 cr**
Private banking, priority and investment advisory relationship value

**₹3,10,087 cr**
Total deposits

**₹3,04,474 cr**
Total advances

**₹1,15,907 cr***
Total investments

**90,000+**
Full time employees

**5,75,000+**
Shareholder base

**32.7 mn**
Number of customers of the Bank

*^All numbers are on a consolidated basis except where stated [1]GRI 102-7, GRI 201-1 *Excludes Policyholders' investments*

## PHYSICAL FOOTPRINT[2]

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

**1,700^**
Bank branches

**2,705**
Bank ATMs

**812**
Bank Pan-India operating locations

**4,052#**
Group branch network in India

**Group branch network in India**

kotak Kotak Mahindra Prime
**117**

kotak Life Insurance
**253**

kotak Securities
**1,476#**

kotak Mutual Fund
**87**

kotak General Insurance
**19**

BSS Microfinance Limited
**400**

**Bank branch distribution (No.|%)**

**We have designed our digital universe to complement our physical infrastructure and create a seamless experience between the two ecosystems.**

## DIGITAL ECOSYSTEM

Our digital ecosystem complements our physical infrastructure and enables our customers access, round the clock, to financial services from anywhere. Our services are available on a wide range of digital channels such as WhatsApp, missed call, chatbot, voicebot, mobile app and kiosk. 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 faster.

- Our digital strategy and initiatives are centered around our customers across acquisition, engagement and service and across our value proposition of saving, lending, payment, investment protection, powered by artificial intelligence and machine learning.
- We continue to focus on each of the aspects of technology, infrastructure, applications and DIY customer journeys towards scalability, agility, and resilience.

**Digital universe**

**23.5 mn**
Debit cards in force

**131%↑**
Growth in transaction volume on mobile app

**97%+**
Savings account transactions through digital or non-branch modes

**Our Phygital strategy finds relevance in today's day and age of accelerated digital transformation. It has helped redefine bank-customer relationships, placing greater focus on increased customer engagement, on customer centricity, and on cost efficiencies.**

*^Does not include branches in GIFT City and DIFC (Dubai) #Kotak Securities network includes branches, franchises and referral co-ordinators [2]GRI 102-4, GRI 102-6, GRI 102-7 ↑YoY*

BOARD OF DIRECTORS

# Leading THE CHANGE

**Standing left to right**

**Uday Khanna**
*Independent Director*

**Ashok Gulati**
*Independent Director*

**Uday Shankar**
*Independent Director*

**Gaurang Shah**
*Whole-time Director*

**Dipak Gupta**
*Joint Managing Director*

**KVS Manian**
*Whole-time Director*

**C Jayaram**
*Non-Executive Director*

**Amit Desai**
*Non-Executive Director*

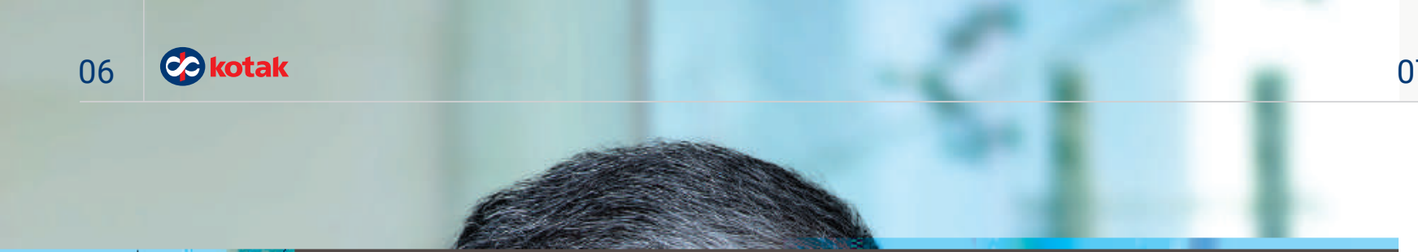
**Sitting left to right**

**Ashu Suyash**
*Independent Director*

**Uday Kotak**
*Managing Director & CEO*

**Prakash Apte**
*Non-Executive Chairman (Independent)*

**Farida Khambata**
*Independent Director*



MESSAGE FROM UDAY KOTAK

# When everything can change, ANYTHING IS POSSIBLE

The word that has resonated the most with me, especially post-COVID, is humility. Whether it is political leaders, central bankers, business leaders or the householder, change is on us and at us - like we have never seen before, and none of us can pretend we know its contours and how things will play out.

With the COVID era hopefully behind us, the world feels like a different place. Whether it's war, inflation, supply shortages, deteriorating service standards everywhere or crazy airline travel prices, something seems to have snapped. We are on a road never travelled. The geopolitical order is also at the altar of change. But, I am also convinced that this is where new vistas of opportunity are, as we reshape our planet.

## THE GLOBAL MARKETS BECOME THE FIRST INDICATORS OF CHANGE

In the past few years, much private capital, supported by liberal printing of money by central banks, has chased a host of new-age companies, with an intent to create value through access, affordability, efficiency and usually an asset-light model hinged on technology. The valuations have been off the charts, with investors chasing unicorns, gazelles and anything that can resemble a disruptor of traditional business models. Like every rise in history, this one also came to a fall, a meltdown, to be more precise, with trillions of dollars of investor wealth eroding globally at speed. We moved from a world where money had zero price to money does come at a price! From here, where do we go?

## THE INDIAN ECONOMY PERFORMED RESILIENTLY AMIDST THE CHAOS

The delta wave enveloped Q1, perhaps also driving an unprecedented scale of vaccination across the nation. By Q2 though, the economy had begun to revive at speed. The scale of festive spending, travel and tourism, job creation and GDP growth touched pre-pandemic levels signaling the robustness of a large domestic economy, fueled by a captive population riding on deferred spending and aspirations. By Q4, digital payments crossed the USD1 trillion mark, and the stock markets rose to an all-time high, riding on a new breed of part-time retail investors. Real estate, one of the most preferred asset classes for Indians, saw a revival on the back of demand for premium housing and bigger units. Lower interest rates coupled with large unsold inventory were like manna from heaven for homebuyers.

The Government's pledge to promote ease of business and faster implementation of large projects kept India a decent performer amidst tough global conditions. The efforts made in the past few years started connecting to build an ecosystem led by technology, access and affordability in the rural and urban markets.

Amidst this resurgence, the global economic impact began weighing in, fuel prices boosting inflation and curtailing access to easy money, affecting spending and investments in some segments of corporate India. The ripple effect of lockdowns in China created supply chain challenges, deferred supplies and chip shortages, the full impact of which will take time to register. However, this disruption has indeed brought the need to explore India as a key alternate procurement destination for many sectors worldwide. This opportunity clearly ties in with the ambitious 'Make in India' vision of the Hon'ble Prime Minister Shri Narendra Modi.

## IT IS TIME TO TAKE WING, BUT WITH PARACHUTES ON

India continues to have a fundamentally sound growth story. The core of any strategy lies in its execution, and while taking an unpaved road, one needs to balance enthusiasm with a sense of alertness. Given the fluidity of the global economy, geopolitical landscape and inflation, the immediate few months ahead may pose multiple challenges.

India will need to balance its aspiration for growth with maintaining macro-economic stability. India cannot choose its neighbourhood, which adds to the challenges at hand. Prudence on the fiscal deficit, current account and monetary policy are key requirements.

[3]*GRI 102-14*

MESSAGE FROM UDAY KOTAK

"The word that has resonated the most with me, especially post-COVID, is humility. Whether it is political leaders, central bankers, business leaders or the householder, change is on us and at us - like we have never seen before, and none of us can pretend we know its contours and how things will play out."

## AT KOTAK, OUR STRATEGY IS ALIGNED TO THE POSSIBILITIES UNFOLDING

We, at Kotak, envisage the future around excellence, relevance and sustainability.

Excellence is all about delivering cutting edge products and customer experience. Our investments in people and technology have enabled us to accelerate in a dynamic market space.

Relevance is all about creating a significant and meaningful presence in our chosen customer, product and geographical segments. We have continued to foray and scale up our presence in key growth segments.

While many companies have meteoric growth, few sustain in the long run. This brings me to the final pillar, sustainability. It is all about insulating the business as well as creating value, while investing in risk management, processes, and brand and ESG consciousness.

"We, at Kotak, envisage the future around excellence, relevance and sustainability."

## CHANGE IS A CONSTANT, AS WELL AS AN OPPORTUNITY

In the past few years, we have reimagined banking, outlining customised platforms to empowering diverse customer profiles through technology, comprehensive need analysis and on-demand delivery from branches to fingertips. We have built a robust business model eyeing the challenges. Being a conservative institution by nature helped us build moats around credit products, technology reliance and pan-India presence. And we have continued to overhaul them, never taking anything for granted.

Being optimistic through actions helped us set new directions to the Kotak growth story. We try to predict and adapt to change. In FY 2021-22, we rebranded Kotak811 to offer the essentials of banking through a tech-first user experience to millions of Indians. Kotak811 is changing the way India banks every day, offering a gateway to a rich ecosystem of Kotak financial products to aspirants and achievers alike.

As a Group with innovation at its core, we launched our ambitious investment app, Kotak Cherry. It is our endeavour to offer DIY investing across all asset classes and make it accessible to all investor types. The major change at Kotak is the new courage to experiment and learn. We are fervently working on innovative changes across the group, including in securities, asset management and alternate assets.

"In FY 2021-22, we rebranded Kotak811 to offer the essentials of banking through a tech-first user experience to millions of Indians. Kotak811 is changing the way India banks every day, offering a gateway to a rich ecosystem of Kotak financial products to aspirants and achievers alike."

## OUR PERFORMANCE HAS BACKED OUR EFFORTS

In FY 2021-22, our net profit at the consolidated level witnessed a 21% YoY growth to ₹ 12,089 crore. Our consolidated net interest margin was 4.7% (up 20 bps against FY 2020-21). The Return on Assets (ROA) at the consolidated level was 2.36% for FY 2021-22 (2.16% for FY 2020-21). Our Bank's Standalone CASA stood at 60.7%, capital adequacy ratio (CAR) at 22.7%, with CET1 at 21.5%.

As of 31st March, 2022, the total assets under management (AuM) for Kotak Group was more than ₹ 3,82,500 crore. 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 CONTINUE TO PUSH BOUNDARIES

When it comes to making an impact, actions matter. At Kotak we have ensured that our businesses are compliant and socially responsible. We have built a culture of identifying areas of improvement and are leading the change. During FY 2021-22, we focused on women representation and ESG efforts. During the year, the growth in our group's workforce improved women's representation to 28%. We doubled down on our pandemic relief efforts, assisting both employees and communities. We instituted an ESG policy framework, undertook a materiality assessment and initiated a climate risk and opportunity assessment. We have also begun to bring our Indian subsidiaries into the fold of monitoring emissions generated, paving the way for us to streamline our ESG strategy. In this Report, we are addressing the enhanced disclosure requirements regarding ESG parameters through the 'Business Responsibility and Sustainability Report'. Our efforts shall continue to see more promising results going forward.

"As a responsible, homegrown ecosystem, we cater to the diversified financial needs of our customers in addition to banking and financing"

"In this Report, we are addressing the enhanced disclosure requirements regarding ESG parameters through the 'Business Responsibility and Sustainability Report'. Our efforts shall continue to see more promising results going forward."

## THE JOURNEY HAS JUST BEGUN

To paraphrase Steve Jobs, the future unfolds every passing moment, and one can only make sense of it in hindsight, meanwhile trusting that the dots will eventually connect. Much like navigating an uncharted terrain – with no precedents or map or guide. That's where possibilities lie in abundance.

Change is the new comfortable feeling. Let's make **anything** possible with humility at the core!

**Uday Kotak**
July 14, 2022

# Inspiring performance
# ACROSS THE BOARD

## Consumer Banking
**Kotak Mahindra Bank Limited**

**39%↑**
Growth in Home Loan and Loans Against Property loan book

**35%↑**
Growth in Consumer Assets

**89%**
CASA and TDs below ₹5 cr as a percentage of total deposits

**Over 12 lakh**
New credit cards issued in FY 2021-22

**2 mn+**
Kotak FASTag milestone crossed in March 2022

**Focus**
Provides a bouquet of products and services like 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.

**Offerings**
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, Private Banking, Rural Housing, Business Loans, and FASTag.

**Key highlights**

- Pursued an aggressive home loan acquisition strategy by offering customers competitive interest rates, a better product proposition and the convenience of a digital in-principle sanction on Kotak Digi Home Loans
- Launched Pay your Contact, enabling customers to send money to a mobile number registered against any app
- Maintained focus on building a stable, retail deposit base through Current Account and Savings Account (CASA) and Term Deposits

## Commercial Banking
**Kotak Mahindra Bank Limited**

**15%**
Growth in commercial banking loan book*

**10%**
Market share^ and 3.7 lakh customers spread over 500 districts in tractor and farm equipment

**Focus**
Plays a significant role in meeting financial inclusion goals and financing deep into 'Bharat'.

**Offerings**
Finances food and agro-processing segments, tractors, commercial vehicles, construction equipment, small and medium enterprises and microfinance.

**Key highlights**

- Successfully launched payment gateway on the National Agriculture Market electronic trading platform
- Agri Business Group funded farmers for solar-powered pump sets contributing to green energy initiatives

## Wholesale Banking
**Kotak Mahindra Bank Limited**

Despite another challenging year, witnessed low credit costs and recorded an enhanced ROE

Reported well-distributed growth across all customer segments in assets and non-credit income streams, such as current account deposits, debt syndication and foreign exchange

**Focus**
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 realty businesses.

**Offerings**
Offers portfolio of products and services, including working capital finance, medium-term finance, foreign exchange services, trade finance, other transaction banking services, custody services, debt capital markets and treasury services.

**Key highlights**

- Continuing focus on risk-return metrics like Risk-Adjusted Return on Capital (RaRoC) and Economic Value Add (EVA), leading to favorable outcomes like higher business profitability, lowered credit costs and improved ROE of business
- Improved focus and growth in advances offered to customers from the SME and priority sectors
- Deeper relationships with top-tier corporates and a higher share of wallet from these clients, on account of an integrated corporate and investment banking approach
- Launched the new portal 'Kotak FYN' for its corporate customers to provide, in a phased manner, all-in-one experience across product platforms, such as trade and service, account services, payments and collections
- There is a framework to evaluate ESG compliance in the Bank's lending business

## Custodial Services
**Kotak Mahindra Bank Limited**

The first Designated Depository Participant (DDP) Custodian to issue a FPI License to an AIF III at GIFT City

**Focus**
One of India's largest local custodians and a leading provider of custody, clearing and fund accounting services.

**Offerings**
Caters to domestic as well as overseas asset managers from jurisdictions like the Middle East, North America, Europe, United Kingdom, Mauritius, and the Far East region.

**Key highlights**

- Launched a customised digital onboarding solution for online Demat Account Opening for PMS investors and continue to expand our offering in this emerging space
- Saw good growth across all custody businesses with the domestic franchise showing a substantial increase in inflows. Marquee names being onboarded across the FPI, FDI and PE space, despite various COVID-19 waves
- Continued interest from family offices for Custody Services and expect this to be a strong driver of the domestic business
- Handled large ticket FX flows as well as complicated control transactions and continue to grow our market share in this fast growing space

## Private Banking

**Kotak Mahindra Bank Limited**

**51%**
Of India's top 100 families managed by Kotak Private Banking

*(Source: Forbes India Rich List 2021)*

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

**Offerings**
- Strives to be the trusted partner for its client families for all their diverse wealth creation and preservation needs.
- A wide proposition of products and services are offered to private banking clients through product partners and providers.

**Key highlights**
- Unveiled Kotak Private – a comprehensive platform for UHNIs and HNIs with the new brand theme - 'Live Your Purpose', focusing on enabling clients to pursue their deeper calling in life, beyond managing their wealth
- Strengthened the technology infrastructure to provide digital solutions to meet both investment and banking needs of clients

## Asset Recovery

**Kotak Mahindra Bank Limited**

**11**
Buyout transactions executed*

**Focus**
Looks at potential turnaround cases and structured funding opportunities basis genuine borrower profile backed by commensurate cash flows and collaterals. Also considers opportunities in the retail stressed assets space.

**Offerings**
Amongst few banks that provides vital financing, required to revive stressed companies back to mainstream banking. Also provides an effective option to other lending institutions in retail space to exit their stressed assets by offering to buy the same.

**Key highlights**
- As the economy is exposed to global crisis due to war, rising commodity prices and inflation, we continue to monitor the impact and adopt various measures empathetically and diligently to resolve the stressed and bad accounts with compassion

## Car and Two-Wheeler Loans

**Kotak Mahindra Prime Limited**

**47%↑**
Growth in retail auto loan disbursement

**Focus**
Caters to retail customers and dealers in the passenger vehicles and two-wheelers segments.

**Offerings**
Offers 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 setup requirements in the form of inventory funding and term loans.

**Key highlights**
- Launched a digital-friendly online journey for customers to avail loans
- Dedicated tie-ups with original equipment manufacturers (OEMs) for Do-it-Yourself (DIY) loan processing
- Continued geographical expansion with car and two-wheeler finance business

## Lending NBFC

**Kotak Mahindra Investment Limited**

**0.48%**
Net NPA on customer assets

(0.57% as at 31st March, 2021)

**Focus**
Lends to real estate and other sectors, provides structured financing and holds strategic investments.

**Offerings**
The real estate division lends to developers across the entire spectrum- residential, commercial and retail. The structured finance team offers a trusted and dedicated platform with expertise in structuring complex transactions, thereby broadening access to capital.

**Key highlights**
- Leveraged our deep knowledge in real estate to refocus the portfolio towards residential sector (69% as on 31st March, 2022 vs. 53% as on 31st March, 2021), improving profitability while maintaining a high quality book
- Focused on acquiring securitised pools, acquisition finance and the education sector in the Corporate Loan portfolio

## Infrastructure Financing

**Kotak Infrastructure Debt Fund**

**₹62 cr**
Custo er assets

**Key highlights**
- Continued to be judicious about credit underwriting and selection of customers
- Nil delinquency in entire book, in quality of the book built

BUSINESS OVERVIEW

## Institutional Equities

**Kotak Securities Limited**

**50**
New institutional investors (global and local) added

**Focus**
Leading institutional broker in India, catering to both global and domestic institutional equity investors.

**Offerings**
Comprehensive offerings include top-ranked equity research, trade execution in cash equities and equity derivatives and corporate access. Also executes equity capital market transactions such as IPOs/ QIPs/ OFS/ block.

**Key highlights**

- Executed 43 equity capital market transactions
- Introduced ESG research

## Investment Banking

**Kotak Mahindra Capital Company Limited**

**#1**
Ranking in IPOs with issue size of over ₹1,000 cr with 16 out of 20 IPOs of over ₹1,500 cr executed in FY 2021-22

**53%**
Market share across ECM transactions in FY 2021-22

*(Source: Prime Database)*

**Focus**
Leading investment banking firm with leadership across capital market and advisory products.

**Offerings**
Capital markets and advisory services.

**Key highlights**

- Advised on 21 domestic and cross-border M&A transactions with a cumulative value* of USD 10.4 billion
- Successfully completed 36 Equity Capital Markets (ECM) transactions raising a total of ₹1,16,556 crore in FY 2021-22
- Continued to be the Banker of Choice having led large and marquee transactions like Zomato, Star Health, FSN E-Commerce Ventures Ltd, PB Fintech, Sona BLW Precision Forgings during FY 2021-22

## Life Insurance

**Kotak Mahindra Life Insurance Company Limited**

**31.1%**
Value of New Business (VNB) Margin

**30%↑**
Growth in VNB at ₹895 cr

**67%↑**
Growth in non-par business

**89.4%**
Individual Conservation ratio [FY 2020-21- 85.0%]

**98.82%**
Individual Claim Settlement Ratio

**99.58%**
Group Claim Settlement Ratio

**Focus**
With a customer-first approach, offers superior value proposition across all customer touchpoints - from policy purchase to servicing to claim or maturity settlement.

**Offerings**
Offers wide range of life insurance solutions under individual and group platforms through its multi-channel distribution network.

**Key highlights**

- Covered ~2.15 crore new lives in FY 2021-22, up 34%↑
- Gross Written Premium registered a healthy growth of 17.3%↑
- Indian Embedded Value (IEV) ₹10,679 crore
- Assets Under Management (AUM) (Policyholders') of ₹51,800 crore, up 20%↑
- About 74% of customer servicing transactions through digital mode, up from 46% in FY 2019-20 and 67% in FY 2020-21
- Launched new products in Participating and Annuity space - 'Kotak Fortune Maximizer' and 'Kotak Assured Pension'
- 83% U-matter engagement score, a voice of employee survey

**Cumulative deal value does not include the transactions where value is not disclosed ↑ YoY*

## General Insurance

**Kotak Mahindra General Insurance Company Limited**

**38%↑**
Growth in Gross Written Premium (GWP)

**33%↑**
Premium growth reported in health and personal accident insurance

**36%↑**
Premium growth in motor insurance

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

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

**Key highlights**

- Maintained a well-diversified product mix with 51% Motor, 38% Health and 11% others in FY 2021-22
- Number of policies issued has grown by more than 50%↑
- Expanding digital reach and footprint; ramped up our digital distribution to more than 50 partners
- Scaled up employee strength by over 50% while adding 42% more female employees in FY 2021-22

## Mutual Fund

**Kotak Mahindra Asset Management Company Limited**

**5th**
Largest fund house in the country in terms of QAAUM* as on 31st March, 2022

**7.42%**
Market share in QAAUM*

**Focus**
Offers schemes that cater to investors with varying risk-return profiles.

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

**Key highlights**

- Highest ever NFO collection, amongst all Kotak MF schemes, of ~₹3,500 crore in Kotak Multicap Fund
- 44%↑ increase in cumulative SIP count
- 52%↑ growth in number of unique investors in FY 2021-22
- Focus on training – more than 260 distributor training events conducted in FY 2021-22 covering 17,000+ participants

*↑ YoY *Quarterly Average Assets under Management*

BUSINESS OVERVIEW

## Pension Fund

**Kotak Mahindra Pension Fund Limited**

**42%↑**
Growth of Assets Under Management (AUM)

**Focus**
Authorised pension fund management company under National Pension System (NPS), licensed by the Pension Fund Regulatory and Development Authority (PFRDA) in April 2009. Manages nine schemes across asset classes.

**Offerings**
Pension fund management.

**Key highlights**

- Best performing equity fund (NPS Tier 1) over 10-year period as on 31st March, 2022
- Among top 2 performing funds in 1-year, 3-year and 7-year periods
- Best performing government debt fund (NPS Tier 1) in FY 2021-22

*Source: NPS trust website*

## Alternative Assets

**Kotak Investment Advisors Limited**

**USD 5.1 bn**
Funds raised / managed / advised as on 31st March, 2022

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

**Offerings**
Manages/advises funds across six verticals - Private Equity, Real Estate, Infrastructure, Special Situations, Listed Equity Strategies and Investment Advisory, all led by independent investment teams. Kotak Cherry, an investment superapp, offers one-stop solution for all investments across mutual funds, stocks, REITs, gold, NPS and bonds.

**Key highlights**

- Raised ₹ 2,940 crore across funds and strategies in FY 2021-22
- Raised ~₹2,000 crore Pre-IPO Opportunities Fund focussed on investing in late-stage companies with a strong moat of technology, the fund has invested significant capital in 8 marque companies during FY 2021-22
- Kotak Special Situations Fund (KSSF) consummated 5 investments across diverse sectors and successfully exited two debt investments
- Kotak Realty vertical deployed and divested significant capital inspite of the extended COVID-19 pandemic. Kotak Performing Real Estate Credit Strategy (KPRECS) fund committed ~50% of the fund corpus
- Kotak Realty Fund has made 11 new investments and exited across 9 investments
- Optimus, a discretionary investment advisory business increased its AUM by 58% and expanded its client base by 40% in FY 2021-22
- Private equity team continued its focus on proprietary investments in early-stage healthcare and life sciences companies and made investments in 5 companies including two follow-ons in FY 2021-22

## 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**

**USD 3.9 bn**
Assets Under Management (AUM)

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

**Offerings**
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**

- Established a dedicated fund to invest in opportunities arising from IPOs in India investing a total of USD 1.1 billion in Indian IPOs. In addition, through Kotak Pre-IPO Opportunities Fund, an AIF in India, established a fund with the goal of investing in late-stage new age businesses
- Secured a new mandate from a marquee US pension fund during the year
- Since 2018, Kotak Mahindra Asset Management (Singapore) Pte. Ltd. (KMAMS) has been a signatory to the United Nations Principles for Responsible Investment (PRI). KMAMS' flagship funds in Luxembourg are now reclassified as Article 8 products of the EU Sustainable Finance Disclosure Regulation (SFDR). In addition, the fund based in the United States updated its investment strategy, with ESG being integrated more deeply into the fund's strategy

## Microfinance

**Kotak Mahindra Bank Limited and BSS Microfinance Limited**

**50%↑**
Growth in microfinance loan book

**400**
Branches of BSS microfinance cater to rural and semi-urban markets

**Focus**
Active in the microfinance sector for over a decade, Kotak Mahindra Bank's approach to mainstreaming financial inclusion is four-pronged – 1) Directly reaching borrowers through its wholly-owned subsidiary, BSS Microfinance 2) Reaching out to borrowers through business correspondents 3) Lending to MFIs and retail focused NBFCs for on-lending and 4) Investing in securitised papers for loans originated by MFIs.

**Offerings**
Caters primarily to women customers. Provides credit facilities to MFIs and NBFCs for onward lending to microfinance customers engaged in allied agri, micro enterprises and various income generating activities.

**Key highlights**

- Funded over 8 lakh women customers through small ticket non- collateralised micro loans below ₹30,000 for allied agricultural activities
- Provided credit facilities to 30 MFIs and retail focused NBFCs, enabling them to on-lend
- Undertook CSR initiatives, such as integrated livestock development programme and improved classroom infrastructure of 72 government schools across four states, benefiting poor households in rural communities

↑YoY ↑YoY

KEY PERFORMANCE INDICATORS

# Sustainable VALUE CREATION

**All numbers are on a consolidated basis except where stated**

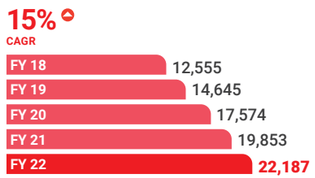
## PROFIT & LOSS

Our Net Interest Margin (NIM)* is driven by our risk adjusted pricing and stood at 4.7% for FY 2021-22.

### Net Interest Income

(₹ in crore)

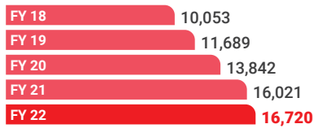
15% CAGR




### Operating Profit

(₹ in crore)

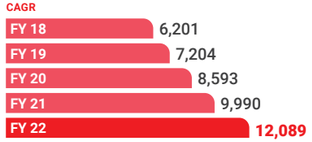
14% CAGR




### Net Profit

(₹ in crore)

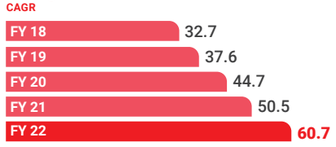
18% CAGR




### Earnings Per Share (EPS)

(₹ in crore)

17% CAGR

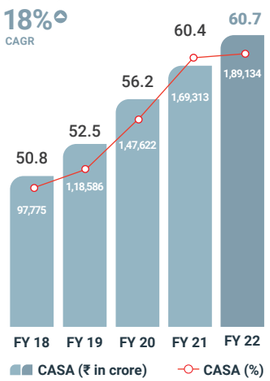



## OPERATIONAL

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)

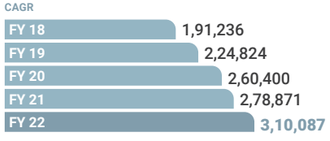
18% CAGR




### Deposits

(₹ in crore)

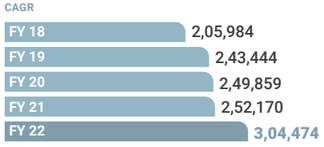
13% CAGR




### Advances

(₹ in crore)

10% CAGR

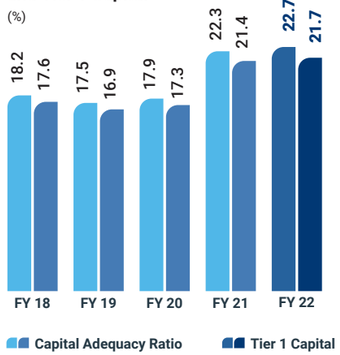



## BALANCE SHEET

Our strong capital adequacy position not only protects us against risks during adversity, but also positions us well for growth.

### Bank Capital Adequacy Ratio and Tier 1 Capital

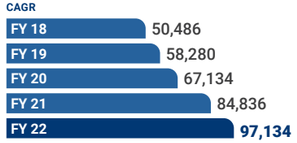
(%)




### Capital and Reserves and Surplus

(₹ in crore)

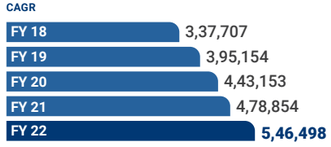
18% CAGR




### Total Assets

(₹ in crore)

13% CAGR



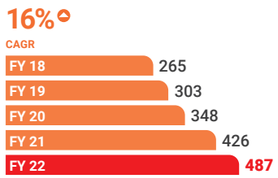

## VALUATION METRICS

Our growing book value per share amid volatility reflects the confidence of our shareholders in us.

### Book Value Per Share

(₹)

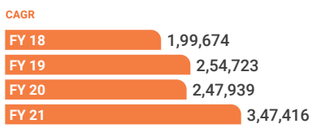
16% CAGR




### Market Capitalisation

(₹ in crore)

15% CAGR




**28.9X**
Price-to-earnings (P/E) as on 31st March, 2022

**3.6X**
Price-to-book (P/B) as on 31st March, 2022

**2.36%**
Return on Assets (ROA) for FY 2021-22

**13.4%**
Return on Equity (ROE) for FY 2021-22

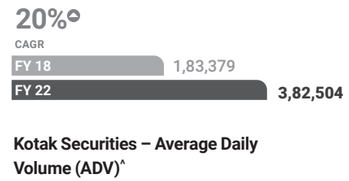
## GROUP COMPANIES

Our subsidiaries and associates contributed 29% of the consolidated Profit after Tax (PAT) for FY 2021-22, reflecting the diversity of our business model.

### Total Assets Under Management

(₹ in crore)

20% CAGR




### Kotak Securities – Average Daily Volume (ADV)^

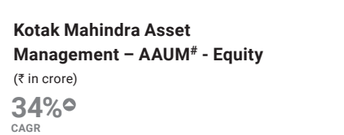
(₹ in crore)

73% CAGR

### Kotak Life Insurance - Gross Written Premium

(₹ in crore)

19% CAGR




### Kotak Mahindra Asset Management – AAUM# - Equity

(₹ in crore)

34% CAGR




## ESG

We are committed to the sustainability agenda. We focus on responsible deployment of funds for shared prosperity and long-term growth of people and communities.

### Environmental impact

**6%**
Reduction in Scope 1+ Scope 2 emissions intensity at the Bank@

**12%**
Electricity from renewable sources used in the Group's large offices

**65%**
Waste recycled of the waste generated at the Group's large offices

### Social impact

**28%***
Women employees across the Group

**~31 hours**
Average hours of training per Bank employee

**26%↑**
Growth in Bank's Customer Base

**₹ 162 cr**
Total CSR expenditure (Bank)

**₹ 226 cr**
Total CSR expenditure (Group)

### Governance

**21 years**
Average tenure of the executive leadership team at the Bank

**'Leadership' category**
as assessed by IiAS on the IFC-BSE-IiAS Indian Corporate Governance Scorecard based on G20/ OECD corporate governance principles.

*5-Year CAGR* **excluding dividend and interest on income tax refunds* ** includes both full-time and part-time employees* *^excluding BSE Derivative and Proprietary Segments* *#Average assets under management* *@Reduction in intensity despite expansion in scope of emission coverage* *↑YoY*

SPOTLIGHT STORY

# Evolving with CHANGE[4]

Our transition from what the world christened the 'new normal' to 'never normal' has taught us that there will always be unforeseen volatilities to overturn the status quo.

It has taught us that the mark of a sustainable enterprise is its ability to reinvent, recalibrate and reconfigure for the 'next normal' and the evolved expectations of customers, in line with the paradigm shift.

As an organisation, we put our customer first, and this philosophy feeds our ethos and motivates us to do better. Our collective strengths are consolidated on driving change at the core of everything we do - whether it is taking on radical technology transformations for the future across our businesses, launching new initiatives or building and nurturing our talent pool.

**Winning in the 'next normal'**

[4]GRI 102-2, GRI 102-9

## Customer centricity

Evolved and new-age customer preferences coupled with growing comfort to transact digitally, inspired us to meet customers where they are. This led us to moving from products to solutions to offer greater value to customers.

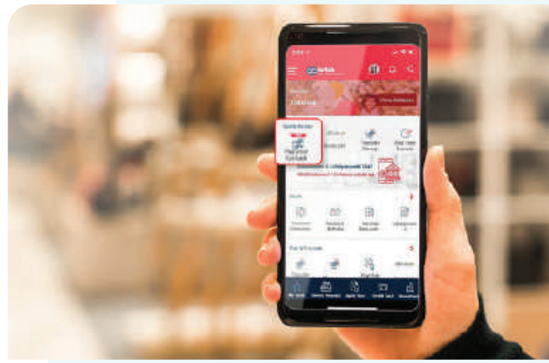
**KOTAK MAHINDRA BANK**

### PAY YOUR CONTACT

Pay your Contact, a new feature on the Kotak app now enables customers to send money to any number registered against ANY app. We are one of the three providers of this service in India.

**82,000+**
Average daily transactions per day within 10 months, amounting to 2.5 mn transactions for March 2022

**8.5X**
Increase in transactions^



*'Meri Udaan' on-ground event*

### EMPOWERING WOMEN

We continue to partner with women in their financial journey to independence with 'Silk', a banking programme tailored for them. The 'Meri Udaan' sculpture, unveiled on International Women's Day, was specially commissioned to honour the indomitable spirit of Aatmanirbhar Indian woman.

**10+ mn**
Reach on social media

### FOREIGN EXCHANGE SERVICES: EXCLUSIVE MANDATE

Our Bank is the only Indian Bank authorised by the German embassy to provide a 'German Blocked Account' that ensures a sustenance fund for education and employment visa applicants.

We tied up with a leading NBFC to provide domestic and international education loans.

### NRI: ZOOMING UP

Launch of NR Service Desk at 225 branches across India to better serve the unique banking requirement of our NRI customers.

^ From June 2021 to March 2022

### FASTag

We enabled all major recharge methods like BBPS, UPI, PG, NEFT/IMPS/RTGS and agent recharge at all major toll plazas and local CSCs. Our user base multiplied 4X with monthly FASTag spends increased by 85%↑.

**2 mn+**
Kotak FASTag milestone crossed in March 2022

### DEBIT CARDS

In partnership with IPL teams, we launched the 'MyTeam Image Card', with six original franchises that renewed their partnerships with Gujarat Titans added in the roster. In partnership with PVR, we launched a co-branded debit card i.e. 'Kotak PVR Debit Card'. This Debit card comes with various benefits on movies and food & beverages at PVR cinemas.

**₹2,000 cr**
Crossed monthly debit card spends for the first time in October 2021

**2.2 lakh**
MyTeam image cards issued in FY 2021-22

### CREDIT CARDS

We partnered with Indigo Airlines to launch Ka-ching, an exclusive credit card for travellers. Launched multiple cards customised to different customer segments: White, Zen and Mojo. We also launched the 'Veer Card' dedicated to the armed forces.

To make credit card journeys of customer seamless, we migrated to a new technology stack for assisted & Do It Yourself digital origination, loan origination system, business rule engine, STP underwriting and built virtual card capabilities for mobile Banking/online spends experience.

Digital usage experience was enhanced with features like limit management, Card usage controls, integrated rewards redemption, setting up auto payment or future payment, among others.

**Over 12 lakh**
New credit cards issued in FY 2021-22

**3.6X↑**
Increase in digitally sourced credit card applications

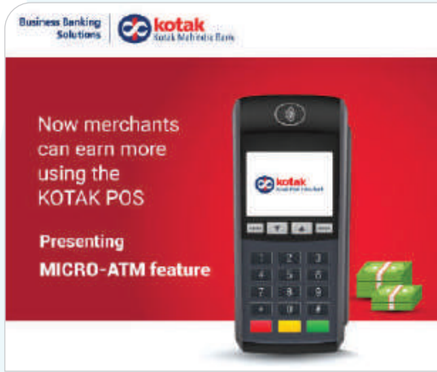
**86%**
of credit card accounts sourced digitally in FY 2021-22

### CONSUMER FINANCE

We onboarded online partners such as Shopse, Paytm, PayU, for wider presence and enabled EMI in many categories like travel, online education, general Insurance, Wellness etc. Grew 4X in value. All major dealers in consumer durable, digital and lifestyle finance are partnered with Kotak Consumer Finance.

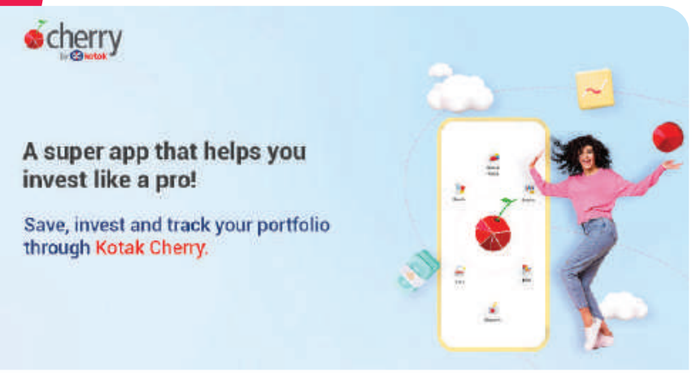
### BUSINESS BANKING

Instant, easy-to-avail, pre-approved loan/ ad-hoc/renewal journeys were launched for existing customers. We introduced Relationship Manager assisted journeys for business loan applicants and end-to-end digital cash flow-based lending. We are actively upgrading legacy systems to bring in new features and services. Instant OD/ ad-hoc limits for working capital clients were introduced on net banking.




↑ YoY

SPOTLIGHT STORY




## KOTAK CHERRY

Kotak Cherry – is an investment execution platform designed to offer a holistic investing experience to users via a robust digital app. It provides investment options ranging from stocks, bonds, mutual funds, fixed deposits and National Pension Scheme (NPS) to progressive investment opportunities like Exchange Traded Funds (ETFs).

There are Investment options that are designed to fit individual financial goals: Mutual Fund baskets, stock baskets, bonds, and more.

A one-stop shop that eliminates the need to download multiple apps to invest in different assets and help people invest like experts.

**Think Money, Think Cherry!**

## STOCK BROKING (KOTAK SECURITIES)

To meet the funding needs of investors, we introduced 'Trade Free Max' plan offering margin trading facility at the most competitive rates. We also launched 'ace portfolios,' offering curated portfolios from registered investment advisors, enabling wider reach of our research made available via videos and PDFs. Our subscription based 'Trade Free Youth' was built specifically to encourage the youth to trade in the markets, without worrying about brokerage.

To augment customer experience, we facilitated seamless digital account opening in under 6 minutes. As a result, 44% of DIY accounts opened in Q4FY22 were entirely digital i.e. did not require any human assistance. We enhanced the online digital account application process by displaying customised pricing plans. We also migrated telephony to cloud with multilingual IVR capability for faster query resolution. Multilingual chatbots in 9 languages was launched, whereby customers can get their queries solved in their preferred language. We also devised a social media strategy with a fresh tonality and content approach aimed at educating and engaging with the customers.

## LIFE INSURANCE (KOTAK LIFE INSURANCE)

Increasing awareness on the importance of long-term protection has seen customers being more responsive to holistic solutions than just traditional product benefits. We aim to change from the conventional product and pricing offerings to predict and personalise solutions to deliver positive outcomes and experience to our customers. We launched a Beta variant of our health and wellness app with focus on risk assessment, physical activity, and expert intervention for diet and nutrition along with self-help tools on daily habits like sleep tracking, water intake, among others.

Next steps include orchestrating an ecosystem for hyper-personalised engagements based on customers' health risk and demonstrated lifestyle behaviours to influence health outcomes with favourable price revisions.

## GENERAL INSURANCE (KOTAK GENERAL INSURANCE)

We launched multiple DIY services to help customers with their policy servicing requirements such as intimating claims, submitting documentation, among others. A customer engagement framework was actioned for increasing customer-stickiness and experience. We are revamping the website to provide an extremely seamless and simple customer experience.

To provide impetus to our aspiration of growing the health insurance portfolio, we have carved out a dedicated agency vertical solely focused on distributing health insurance products. The General Insurance business onboarded significant digital partners like Policy Bazaar, Paytm, OLA, Cars24, Spinny and PhonePe, taking our products to 50+ digital platforms. We created a similar focus on our digital bancassurance model- through dedicated digital campaigns, small-ticket products and micro customer journeys.

## MUTUAL FUND (KOTAK MUTUAL FUND)

To increase awareness on mutual fund investing, we launched the 'Investmentor' campaign* educating audience on financial planning, mutual funds types and their categories. The campaign ran for two seasons with ten episodes in each.

Additionally, investor awareness programmes were conducted at 113 venues, educating the participants on mutual funds and its benefits. We conducted such programmes in adopted cities such as Bhagalpur, Solapur, Kullu, Agra, Rohtak, Panipat, Gwalior, Kangra, Mandi and Gorakhpur.

**At Kotak, we have always believed in simplifying our customers' financial journey. We come up with innovative solutions to the ever-evolving challenges, enabling our customers to adapt seamlessly to the new realities.**

** In association with MoneyControl.com and Network 18 television channel*

SPOTLIGHT STORY

# Digital Prowess

Since our inception, we have always been a bank at the forefront of transformation in the industry. 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 industry first, hassle-free, user-friendly journeys for existing and new-to-bank customers. As the Bank heads into FY 2022-23, the pace of digital transformation will only accelerate.

## CONSUMER BANKING

### MOBILE APP: SUPER APP FOR ALL FINANCIAL NEEDS

Kotak Mobile Banking offers a feature rich mobile banking experience with 250+ features live. App continues to be amongst the top rated banking app in both IOS and Android. We augmented its versatility by adding vernacular language support; payment systems such as pay your contact, gifting, pay confirmation, and foreign remittances; free credit score, re-KYC and address update, search for a home, investment research, NPS, dedicated loan section among others. At the same time, the app now empowers consumers with controls across payment gateway limits, transaction limits, and quick access to report frauds and raise disputes. Other features include Insta Overdraft, NPS and pre-approved offers on all products.

**Among the top-rated banking apps**

**4.8**
on App Store

**4.4**
on Google Play

**1.6X↑**
Increase in transaction value

**2.3X↑**
Growth in transaction volumes

**40%***
Increase in monthly active users for mobile app

### NET BANKING

We continued to focus on improving our revamped net banking platform. New loan products such as Insta Business Loan, DigiOD and Loan Against Securities were added. Pre-approved offers in insurance were rolled out, along with a redesigned policy section. We also revamped one-stop service request section with 70+ options.

**44%↑**
Increase in annual logins

**19%↑**
Increase in 30 day active users

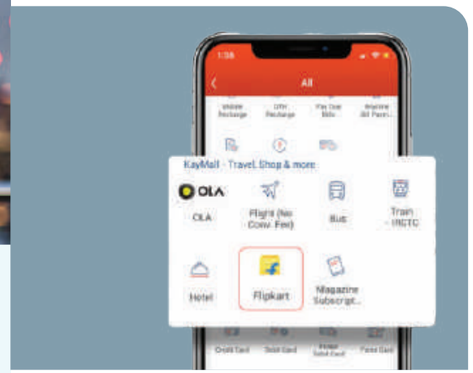
### CONVERSATIONAL BANKING

Keya and WhatsApp banking emerged as mainstream banking channels, offering improved responsiveness of the contact centre and frictionless services to our customers.

Now, Kotak811 customers can enquire about features and charges, and carry out mobile and DTH recharges. We also improved our Artificial Intelligence (AI) Natural Language Processing (NLP) capabilities, which resulted in 95% accuracy in query responses.

**19 lakh+**
Customers served by Keya

**5.7 lakh+**
Customers served on WhatsApp banking




### IN-APP SHOPPING ECOSYSTEM 'KayMall'

We offer a curated selection of shopping and travel options on the mobile banking app for customer convenience, called 'KayMall'. Merchants added during FY 2021-22 include TATA 1MG, QwikCilver (gift voucher partner), Myntra, Meatigo, Cheelizza, Mad Over Donuts and Meatigo. We are soon going to onboard 15+ merchants.

**1.9X↑**
Growth in KayMall transactions

**66%↑**
Growth in travel category

**115%↑**
Increase in e-commerce category

### DIGITAL PAYMENTS

We went live with the Bharat Bill Payment System (BBPS) integration, enabling new categories like Housing Societies, Hospitals, Education, Clubs and Associations to make payments.

**154%↑**
Growth in UPI remittance volume

**222%↑**
Growth in in-app UPI remittance volume

### DIGITAL LENDING

We are digitalising end-to-end journeys, both DIY and assisted, from product discovery to loan servicing. All platforms and downstream systems are being migrated to more robust systems to enhance these offerings and improve customer experience. Further, we implemented various digital enablers to improve efficiency and reduce TAT for processing loan applications.

**4.3X↑**
Increase in digital sourcing of Home Loans

**10.4X↑**
Increase in digital sourcing of Personal Loans

*↑YoY *March 2022 vs. March 202*

**Artificial intelligence (AI) Natural language processing (NLP) ↑YoY*

SPOTLIGHT STORY

## COMMERCIAL BANKING

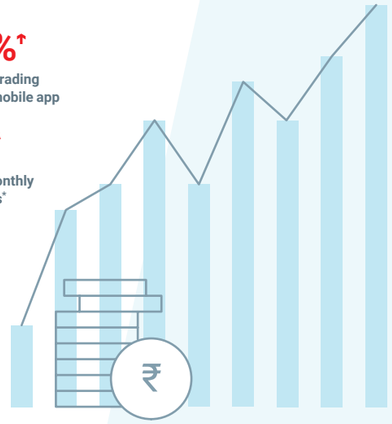
- Extended electronic commodity-based funding (eCBF) platform for commodity funding over internet, empowering collateral managers in bank with improvement in TAT
- Capitalised on WhatsApp's engagement capabilities to increase e-consent, reaching 38% WhatsApp consent penetration with 90% on incremental commercial vehicle portfolio in March 2022
- Made the WhatsApp service available in English and Hindi languages, and are due to launch seven regional languages
- Increased overall volume of customer interactions via WhatsApp banking by 55% between August 2021 and March 2022
- Sent e-welcome loan kits to customers saving paper and other allied costs

## STOCK BROKING (KOTAK SECURITIES)

- Helped pivot Kotak Securities as a leader in digital services by launching a future-ready, cloud-based trading stack, Kotak Neo, in March 2022.
- Created open API architecture to enable customers to manage and execute their trading plan
- Reduced time to open DIY trading accounts to under six minutes with customised pricing plans
- Unlocked greater financial freedom for customers by enabling pledging of mutual funds as collateral to increase trading limits
- Enabled guest IPO applications on ipo.Kotaksecurities.com, which smoothens IPO application process even without opening Demat account with Kotak Securities

**380%↑**
Increase in trading volume on mobile app

**35%^**
Growth in monthly active clients*




↑YoY * Trading at least once a month ^March 2022 vs. March 2021

## WHOLESALE BANKING

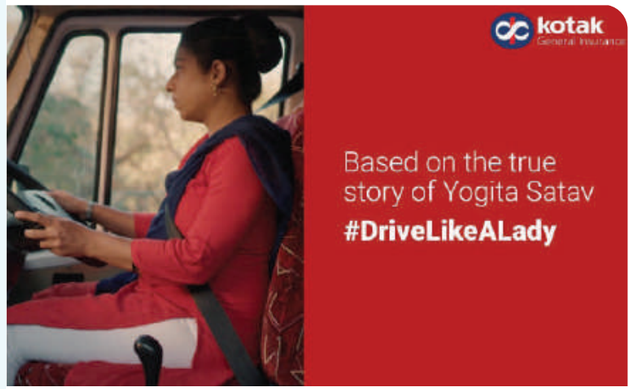
- Continued to upgrade our mobile and API banking platform, and enabled CMS 24x7 and instant CMS services to provide a unique, open-banking and on-the-go experience.
- Launched escrow platform, in addition to upgrading reporting modules, to offer an end-to-end DIY journey
- Continued to widen our partnership ecosystem with fintech players in trade, supply chain and acquiring and launched seamless B2B CUG card programme, frictionless international bin sponsorship programme and white labelled SCM platform

## LIFE INSURANCE (KOTAK LIFE INSURANCE)

- Strengthened bionic capabilities in traditional distribution channels to provide quality customer advisory and engagements
- Used an analytical model to dynamically assess customer needs along with 'likely-to-buy' product recommendations for better productivity and need-based selling
- Enabled a 2-click insurance purchase journey for simplified term products
- Ensured faster claims process for customers on the website/ digital medium for submission and end-to-end tracking of claims settlements
- Facilitated 100% digital on-boarding of distributors through KLI-Recruit
- Registered 25,000+ new entries in BOOST app (mobile app for advisors with full business visibility and nudge mechanism)

**74%**
Service transactions processed digitally viz. OPM, webchat, WhatsApp, call centre IVRs

**4X**
Policies under non-med limit issued within 3 hours*




## MUTUAL FUND (KOTAK MUTUAL FUND)

- Continued to focus on enhancing customer touch points to strengthen overall experience
- Launched a new website and enhanced our WhatsApp bot to service the customer on the fly
- Enhanced our distributor portal 'Business Hub' and our e-learning portal with an aim to reach and service distributors digitally

**42%↑**
Investor base growth through website

**41%↑**
Growth in Assets Under Management (AUM) through website

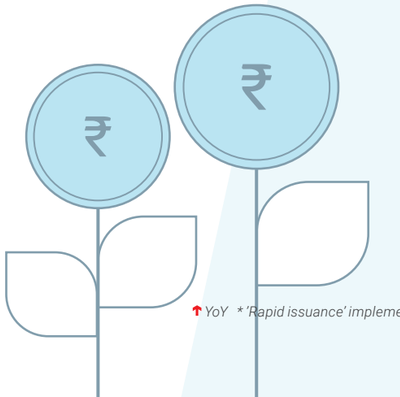
**30%↑**
Growth in Systematic Investment Plan (SIP) through website

## GENERAL INSURANCE (KOTAK GENERAL INSURANCE

- Launched multiple initiatives across the customer journey, from buying to policy issuance, servicing to claims
- Made renewals easy with 2-click voice guided journey on mobile
- Launched DIY self-service on website for policy servicing related needs and online buying of cyber insurance
- Established a dedicated digital business unit with a mandate to significantly grow the D2C and digital partnership business.
- Ramped up digital distribution to include 50+ partners
- Launched video-based streaming service to deliver better claims experience, while an external surveyor portal was created for end-to-end claims settlement, making the claims process faster and more efficient

**34%↑**
Growth in D2C (direct to customer) business

**92%**
Automation for policy issuance achieved in FY 2021-22




↑YoY * 'Rapid issuance' implemented from December 2021

SPOTLIGHT STORY

# Technology strengths

The never normal, ever changing world of financial services has only made our resolve stronger to consolidate and reinforce its technology environment. Focused technology and digital investments are pivotal to Kotak to usher in the new age of digital banking and experiences for its customers.

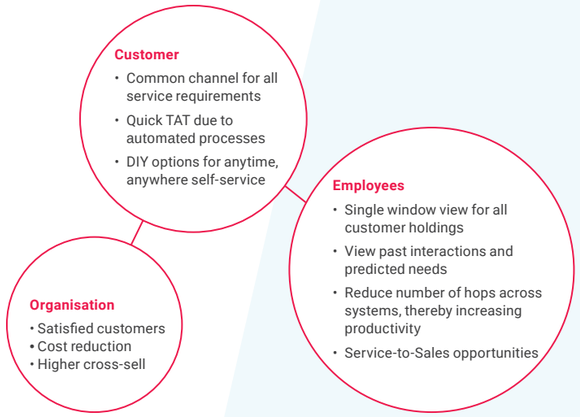
The significant investments we made in transformation projects, and in up-fronting technology spends towards strengthening our core, are building granularity across our businesses.

## SALESFORCE

The Bank has invested in a multi-year enterprise contract with 'Salesforce' allowing all the Bank's employees to use the cloud based 'Salesforce' platform for various sales and service processes. Salesforce is a market leading platform to create digital applications for customers and partners, such as CRM, partner portals, customer on-boarding journeys, among others.

Our aim is to provide customers an Omni-channel DIY and assisted experience transforming servicing through automated processes and single integrated view across multiple business lines & systems and at the same time to improve employee productivity.

The benefits expected are:




## CLOUD

Few years back, adoption of cloud technology was nascent, the wide-spread acceptance began only in FY 2021-22. As a result of Kotak's adoption of a cloud-first strategy, we witnessed a significant increase in the number of projects requesting cloud hosting. Our primary goal is to establish a model that makes it possible to adopt cloud computing in a meaningfully shorter period with minimal friction.

## RISK AND ANALYTICS

In consumer banking, we strengthened our in-house risk and analytics, and built data capabilities across internal and external sources. This made it easier for various businesses to adapt these capabilities, complementing our inherent risk-oriented and prudence approach.

With a renewed focus on consumer insights, we aim to develop consumer-centric strategies in a hyper-personalised way by integrating Business Analytics (what is happening) and Consumer Insights (why it is happening). We are currently improving existing products and services, driving product and feature innovation, and exploring new opportunities.

In commercial banking, we extensively used data to predict repayment behaviour of our customers for efficient receivable management, analyse historical delinquencies and predict future defaults. Segmental analysis and portfolio evaluation were also powered by analytics on a regular basis.

Wholesale banking is digitising its support services to enhance and automate customer journeys by implementing solutions like DIY journeys, digital signing, Robotics Process Automation (RPA) and by way of implementing 'One Customer – One Service Relationship Manager'. For increase in productivity and addition to bottom line, we are moving towards new-age analytics like graph data science, big data implementation, among others. We are also tying up with fintechs to widen presence across analytics lifecycle, including the descriptive, diagnostic, predictive and prescriptive aspects.

## CONNECTED AND API BANKING

Kotak Connected Banking Platform, launched in FY 2021-22, enabled business banking customers to link their Kotak Bank account to platforms used for accounting, invoicing, collections, logistics, among others. Such an integration completely automates processes, which significantly cut down collection cycle time among other benefits. This feature is live for customers using Zoho Books and Hylobiz platforms (logos) for their GST accounting and invoice collection.

**1,000+**
Active accounts till March 2022

We also provide 40 APIs via a sandbox environment, which enables customers/fintechs to integrate banking services inside their own ERP and accounting platforms.

**312**
Partners onboarded across lending and payment products

**234**
Partners live

**200+**
Registrations on sandbox till March 2022

## DIGITAL TRANSFORMATION

Bank has enhanced service request (SR) offerings across all digital channels with 65% of overall SRs raised via digital. An Automation Centre of excellence (CoE) was created to scale automation projects to enhance Customer Experience (CX), risk mitigation and build 2X business efficiencies. The customer now has the option of tracking their cheques on the cheque portal and updating the address via net banking.

**75%**
Improvement in TAT for inward remittances

**50%**
Improvement in TAT for eGBO (electronic General Banking Operations) services for corporates

## PARTICIPATION IN PUBLIC ECOSYSTEMS

Bank joined the Account Aggregator (AA) ecosystem to empower customers to control the access to their data. AA ecosystem data will be utilised in lending journeys to start with. OCEN platform was integrated for real-time, cashflow-based lending to existing customers. We are live on the GeM (Government e-Marketplace) Sahay platform.

## FINTECH COLLABORATION

Bank is building a thriving partnership ecosystem of fintechs, aggregators and startups with Open Banking. These partners will enable us to provide quality, tailor-made financial solutions through collaborations in the emerging technology areas of AI, automation, lending, payments, API banking and blockchain.

Our Life Insurance business recently launched a digital business unit, offering a wide range of insurance solutions to customers across a host of digital mediums – website, mobile app and partners' digital assets.

Our brokerage business is also constantly collaborating with fintechs. For instance, we acqui-hired TradeGyaani and made investments in Kredent Infoline Ltd and Flipitmoney.

## CYBERSECURITY AND FRAUDS

Bank enhanced its security monitoring and incident response capability by implementing advanced solution with extensive AI/ML functionality. We deployed SIMBINDING and device management. Customers have the option to report frauds for blocking channels – on net banking, website, transaction Alert SMS and contact centre, and dedicated fraud helpline. Card control options for debit, credit and forex cards, with management capabilities. The Card Security Standard (PCIDSS) was implemented for enhancing security controls.

SPOTLIGHT STORY

# Talent

We prioritise nurturing of a talent pool, which will remain aligned to organisational goals and help us transform customer experience. We are also imbuing future readiness into the workforce by ensuring organisation-wide digital dexterity.

## TALENT ACQUISITION

To attract the right talent, Bank is leveraging the 'Being Future Ready' strategy, which focuses on making Kotak 'young' through various hiring programmes. We hire the best minds who can be groomed and nurtured to be future leaders at Kotak under our flagship programmes: Kotak Young Leaders, Kotak Young Managers and Kotak Young Bankers.

Across campuses, Bank has conducted Hackathons for better engagement and branding, participated in Techfest by IIT-Bombay, dedicated campus hiring and induction programme for Science, Technology, Engineering, and Math (STEM). To bridge the skill gap for roles especially in IT, digital and business intelligence, we have introduced STEM and critical to quality parameters during the candidate screening process to ensure the hiring of candidates with the right skill sets to meet future demand.

**Kotak's most valued assets are its people. The Group has built a formidable, resourceful and dedicated talent pool that embraces opportunities, push the levers of change, and create lasting value.**

## TALENT MANAGEMENT

Building a diverse and inclusive culture has been a focus for the bank over the last few years. We framed the diversity and inclusion statement and launched policies such as 'New Mother Benefit' for Kotak Wonder Women to promote gender equity. The policy aims to aid those Kotak Wonder Women who are returning to work, by setting up a reliable support system to take care of their infants. To improve diversity mix, small steps such as theme- based events like 'YES SHE CAN' was broadcasted on YouTube, efforts like 'Break the Bias', broke barriers and offered more opportunities to women. Change is visible with the rising percentage of women working across the Board.

**27%**

**Bank's women employee base**

We worked towards increasing focus on e-learning for delivering programmes at various stages of the employee lifecycle. Interventions such as Learning A-Fair, which focused on 7 themes spanning 73 sessions was launched in February 2022. We invested in key learning interventions to upskill our employees to become more future-ready, such as DREAM (Digital Readiness Enabler and Awareness Measure), an opportunity to increase digital quotient for employees. With a key focus on automating HR processes, transactions and making work-life easy for employees, we launched Kotak Worklife Mobile App in FY 2021-22.

We continue to work on strengthening our listening culture and platforms for top-down communication. Kotakites are given the opportunity to voice their opinion through an annual employee engagement survey, 'My Kotak My Say'. To strengthen organisational preparedness, Kotak Life has institutionalised **'Digitude'**, a programme to enhance talent capabilities with specific focus on digital dexterity and skill transformation for its managerial workforce.

## TALENT RETENTION

We also launched K-Applaud, our rewards and recognition platform to keep alive our culture of appreciation via monetary and non-monetary reward programmes.

Various interventions were rolled out for future leadership capability building for key talent such as 'Kotak Young Leaders Council (KYLC). KYLC is a flagship initiative, where young Kotakites, who become part of the council, get to interact with the leadership team and work as a cohort with them.

## EDUCATING OUR PEOPLE AND PARTNERS

Kotak Mutual Fund empowers the Independent Financial Advisors (IFA) and their employees with ProStart - the online training platform with 28 training modules in 10 languages. It hosted 260+ live training programmes, where 17,000+ IFA and their employees participated in FY 2021-22. It also empowered 22,000+ MFDs with Kotak Business Hub, where they could efficiently manage their business and market the products with co-branded content.

**Great Place to Work® Institute certifies Kotak Mahindra Bank as**

**'One of India's Best Employers Among Nation-Builders' in 2021**

SPOTLIGHT STORY

# kotak811 RD&
# &

Kotak811 is a full-fledged banking solution for young and digital savvy customers, who are transaction heavy, credit hungry and prefer sachet products

[redacted]

## 5 years

f successfully bringing digital banking to 12.3 million customers completed on 2 th arch, 2022. anveer ingh, the brand ambassador of the Bank, also celebrated this milestone with the team

kotak811

**12.3 mn**
Kotak811 customers

**1,000+ cities and towns**
ustomer presence

**~50%↑**
rowth in
customer base

**120%↑**
rowth in
cross sell units

**57%**
rowth in
savings A c balances

**104%↑**
rowth in savings
A c throughput#

**71%**
Bank s new savings A c sourced through Kotak811 in 4 22

**>50%**
f overall credit cards, personal loan, trading accounts and recurring deposits were cross sold to Kotak811 customers in 4 22

## New Brand Identity

Inspired by indispensable symbols in the world of web, colon and forward slash at the beginning of every

#IndiaInvited
#BankingKaLatestUpdate

At Kotak811, the goal is to embrace change and build a tech enabled future proof banking ecosystem that is accessible to every customer.

↑YoY *Average monthly balance (March 2022 vs. March 2021)
# March 2022 vs. March 2021

VALUE CREATION MODEL

# How we CREATE VALUE[5]

## INPUTS

### Financial capital

**₹3,10,087 cr**
Customer deposits

**₹55,148 cr**
Borrowing

**₹97,134 cr**
Capital and Reserves and Surplus

**₹3,82,504 cr**
Assets under management

### Human capital

**90,000+**
Our fulltime workforce

**~₹7.71 cr**
Investment in training and development

Employee wellness initiatives

Comprehensive employee benefits

### Manufactured and intellectual capital

**9**
LEED-Certified premises

**4,052#**
Group branch network in India

**2,705**
Bank ATMs

**66,794**
Number of business correspondent locations

**4,000+**
Total number of servers

Underwriting standards and processes

Product and process innovation

Leveraging data analytics

Capacity building on digitalisation, cyber security and ESG

Fintech capabilities

### Social and relationship capital

**26%↑**
Our growing customer base

**5,75,000+**
Shareholder base

Our vendors, distributors and business partners

Community development projects

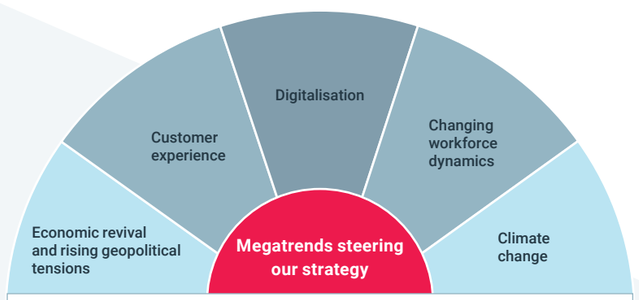
### Natural capital

**370,549 GJ**
Energy consumed

**12,994 GJ**
Renewable energy use

**3,52,902 kL**
Water consumed

## OUR CAPITAL AND STRATEGY CREATE AND DELIVER




**Our strategy determines how we steer capital and drive business activities**

- Technology leadership to `run the bank' and `change the bank'
- Leadership in digital capabilities
- Customer centricity
- Expanding access to low cost capabilities
- Pursuing advances growth
- Executing with discipline – efficiency, productivity and capital
- Approaching financial inclusion as an opportunity
- Building a team of talented, engaged and motivated employees in an agile structure
- Leveraging strong standing to pursue inorganic opportunities

### Our solutions

- Consumer banking
- Kotak811
- Commercial banking
- Wholesale banking
- Private banking
- Microfinance
- Brokerage
- Investment banking
- Insurance
- Asset management
- Alternate assets
- Asset reconstruction

Our values — Oversight and Risk management

## OUTPUTS

### Financial capital

**₹12,089 cr**
Profit after tax (PAT)

**23.7%**
Capital adequacy ratio (CAR)

**4.7%**
Net interest margin (NIM)^

**2.36%**
Return on assets (ROA)

**0.71%**
Net NPA ratio

### Human capital

**74%**
Trust Impact score by GPTW#

**20,50,000 person-hours**
Total training hours

**28%***
Women employee base

### Manufactured and intellectual capital

**91%**
Investment accounts sourced via app and netbanking

**131%↑**
Growth in transactions volume on mobile app

**86%**
Share of credit cards sourced through digital platforms

**2.1X@**
Increase in average monthly active users for Keya Chatbot

### Social and relationship capital

**94%**
Customer grievances resolved within stipulated turnaround time

**50%↑**
Growth in microfinance loan book

Growing number of beneficiaries impacted by CSR projects

### Natural capital

**18,75,613 lakh**
A4-size sheets saved

**24,564 kL**
Water saved due to recycling

**3,532 $tCO_2e$**
Emissions avoided

**65%**
Waste recycled of the waste generated at the Group's large offices

**6%↑**
Scope 1 and Scope 2 emission intensity reduction**

## VALUE FOR OUR STAKEHOLDERS

### Investors
Creating long-term shareholder value in the form of strong financial returns

### Regulators
Ensuring consistent and proactive compliance

### Depositors
Protecting the capital of depositors

### Customers
Consistently deliver value and drive seamless customer services by leveraging tech-enabled innovation

### Employees
Creating a diverse, inclusive, engaged and effective workforce

### 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

## OUTCOME

SDGs Impacted

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

MEGATRENDS AND STRATEGY

# Prepared for an EVERCHANGING WORLD

## Economic revival and rising geopolitical tensions

After disruptions caused by the pandemic, the Indian economy has started recovering to reach pre-pandemic levels. The economy reported a growth of 8.7% in FY 2021-22 and is projected to grow by 7.2% in FY 2022-23, as per the Reserve Bank of India (RBI). Widespread vaccine coverage, waning impact of pandemic's successive waves and growing preference as an alternative manufacturing destination are driving India's growth prospects.

However, the recovery is being impacted owing to the ongoing geopolitical conflict between Ukraine and Russia, which has pushed up global energy and commodity prices and created an inflationary environment, which may require a less accommodative monetary policy by the global central banks including RBI.

## Staying relevant in an agile world

The previous two financial years were heavily disrupted by the pandemic. Banks and financial institutions across the world accelerated technology adoption to embrace the change and stay relevant. The time is rife to institutionalise the change and move ahead in the world of new normal.

### WHAT HAS CHANGED

- Access to platforms providing information and knowledge has led to greater empowerment of customers, who are now more demanding in terms of experience as well as sustainability
- The new-age fintech players are disrupting the business landscape and requiring traditional banks to adapt their business model, increase the level of digitisation and enhance focus on customer centricity
- The Government is continuously pushing the envelope to create a stronger digital economy

### HOW ARE THE BANKS RESPONDING

- Adopting the digital ecosystem and introducing innovative offerings to create their distinctive value proposition
- Creating agile workforce to enable superior customer experience in an omnichannel environment
- Increasingly implementing artificial intelligence and machine learning to decouple revenue and headcount
- Accelerating towards 'zero operations', eliminating waste and latency from their back-office processes

**Banks and financial institutions across the world accelerated technology adoption to embrace the change and stay relevant. The time is rife to institutionalise the change and move ahead in the world of new normal.**

## Recalibrating customer experience

Elevating customer experience is a key imperative in retaining the existing customers as well as attracting new ones. Over the last several years, customer needs have evolved beyond frictionless and instant banking to personalised banking. Customers now expect banks to not just understand their specific situation but anticipate their needs and offer personalised experiences that are contextual and timely. They expect consistent service and communication across all touchpoints with utmost privacy of their personal data.

In response, banks are transforming from just transaction-focused services providers to value-driven advisory services providers, to build a long-term relationship with their customers. Banks are leveraging technology to empower their relationship managers with the right data and intelligence on the customers to offer customised products and solutions across the lifetime of a customer. They are investing consistently in analytics along with intuitive mobile apps, virtual chatbots, and relationship managers, to drive customer engagements.

**Banks are transforming from just transaction-focused services providers to value-driven advisory services providers, to build a long-term relationship with their customers.**

## Sustainability has taken centre stage

The Indian banking sector has a key role to play in the country's climate and development goals through green financing and financial inclusion respectively. Financial sector is expected to focus on electrification of the transport sector, energy-efficient buildings, financing emission reducing activities across industries, and help recalibrate the grid to supply clean electricity. Besides this, there's increased focus on having a diverse workforce and contributing to community development. Sustainability is playing a role in influencing business decisions going forward.

## Talent is emerging as a key differentiator

The wave of 'great resignations' had a deep impact across industries globally with an increased amount of attrition and job-hopping. While India has been relatively immune to this phenomenon, there is a perceptible change in the expectations of employees towards flexible workplace, empowered job profile and long-term goals.

In the face of increased competition for talent, progressive banks are working on creating integrated plans to address these issues. They are leveraging technology and automation to retain the existing talent and attract the best-fit talent for roles that are not only relevant today, but also critical in the medium and long term. Banks are increasingly investing in the skill development of the employees in order to upgrade their roles. They are also re-assessing their culture, work practices, and organisational structure from hierarchical to agile, to create an inspiring work environment.

**The Indian banking sector has a key role to play in the country's climate and development goals through green financing and financial inclusion, respectively.**

# Strategic priorities

Our strategic priorities are focused around customers, technology and talent to build a future ready financial services group. We are leveraging emerging opportunities and building our brand through superior customer experience, engaged and talented employees, innovative products and services and community engagement. Our strategy is underpinned by strong governance and risk management to provide a secure platform and risk-adjusted returns.

## Technology leadership to 'run the Bank' and 'change the Bank'

**SDG linkage:**

We have continued to invest in our engagement platform, front-end customer journeys and analytics to deepen our engagement with our customers.

This has enabled faster product roll-out, enriched functionalities and better ecosystem connect through open banking as well as built resiliency at our core and back-end for superior customer experience and scalability.

**Impact**

- Enabled mobile-first strategy through dedicated mobile apps for retail and corporates
- State-of-the-art trade and cash management platform for transaction banking
- DIY, STP and automation journey, providing a seamless, frictionless and convenient banking for our customers
- Use of analytics for optimising pricing, cross sell, and employee productivity
- Regulatory compliance, improved cyber security and proactive risk management

**KPIs**

**Kotak FYN**
Enterprise portal launched for Business Banking and Corporate clients in FY 2021-22

**Kotak.biz**
Digitised merchant offerings through launch of merchant app in FY 2021-22

**Capitals impacted**
Manufactured Capital, Social and Relationship Capital, Intellectual Capital

**ESG linkage:**
Kotak Mahindra Group recognises that technology is a critical enabler to providing superior products and solutions, and to enhance customer experience, both of which are essential to customer centricity, a key ESG focus area.

Embedding fintech, artificial intelligence (AI), robotic process automation (RPA) in products and services have also enabled us to drive efficiency, ensure privacy and accountability across processes, products and services

## Leadership in digital capabilities

**SDG linkage:**

Our digital strategy is focused on customer acquisition, engagement and experience.

Kotak811, which started as an acquisition and fulfilment engine to acquire customer at scale, now operates as a 'semi-autonomous' digital bank within our Bank, with additional focus on engagement and cross sell.

We have also created simplified, technology-driven journeys and processes for customer acquisition across payments and lending.

Kotak Mobile Banking offers a feature rich mobile banking experience with 250+ features live. App continues to be amongst the top rated banking app in both IOS and Android.

**Impact**

- Strong growth in banking customer base
- Increasing share of digital transactions across payments, deposit, loans and investment, largely through mobile
- Digital acquisition and servicing of merchants by leveraging partnerships with fintechs

**KPIs**

**32.7 mn**
26%↑, Bank customers

**~50%↑**
Growth in Kotak811 accounts

**131%↑**
Growth in transaction volume on mobile app

**99%****
Growth in Digital share of Home Loans

**4.8**
Kotak mobile app rating on iOS

**4.4**
Kotak mobile app rating on Android

**222%↑**
Growth in in-app UPI remittance volume

**86%**
Share of credit cards sourced through digital platforms

**83%** RDs **80%** FDs and **57%** MF/SIPs
booked digitally

**Capitals impacted**
Social and Relationship Capital, Intellectual Capital

**ESG linkage:**
Digital capabilities enable Kotak Mahindra Bank to design and provide innovative products and services to its customers

This also facilitates platforms that enable last-mile financial access to underserved populations. Digitalisation plays a key role in reducing carbon footprint while still delivering services to customers in marginalised or otherwise unbanked geographies

***Q4FY22 vs Q4FY21 ↑YoY*

MEGATRENDS AND STRATEGY

## Customer centricity

**SDG linkage:**

We remain committed to enhancing customer experience through focus on customer journey and automation, and innovative and comprehensive products and services ecosystem.

We have expanded our public ecosystem play by enabling Account Aggregator and OCEN framework to connect seamlessly as customers increase adoption on these open platforms.

**Impact**

- DIY services across our voice and chatbot Keya and WhatsApp, leading to higher customer adoption rates
- Digital home loan and home buying journey wherein the new to bank customers can get a sanction letter in 10 minutes
- Strong growth in asset, cross-sell and distribution fee income as we continue usage of analytics and CRM platform to penetrate and deepen engagement with our customers
- Kaymall has integrated with e-commerce, OTT and travel platforms to provide one-stop experience
- Straight Through Processing (STP) for most service requests

**KPIs**

**2.1X***
Average monthly active users for Keya Chatbot

**2.2X#**
Monthly active users on WhatsApp

**57%**
Of total bank customer requests processed real-time

**1.9X↑**
Volume growth of KayMall in-app shopping

**86%**
Of DIY requests comes online

**Capitals impacted**
Social and Relationship Capital

**ESG linkage:**
This pillar of strategy aligns with one of the key material topics of 'Enhancing customer experience'

It enables the Bank to curate a positive experience towards building long-term relationships through improved customer acquisitions, engagement, and satisfaction

## Expanding access to low-cost liabilities

**SDG linkage:**

Our focus has been on granular growth of savings accounts, current accounts and term deposits across physical and digital channels. We continued to use the Kotak811 platform for significant acquisition through digital savings account. Our solutions-led approach for business banking and corporate clients has helped in delivering strong growth in current account. For our business banking customers, we offer paperless, seamless end-to-end digital experience with one unified view across trade, collection, payment and account services. We onboarded merchants, served them digitally and delivered targeted offers on multiple banking and value-added services.

**Impact**

- We have been able to make significant inroads into lowering cost of funds and our cost of funds is now at a historic low
- High CASA ratio positions us well for future growth

**KPIs***

**3.2%**
Cost of funds

**60.7%**
CASA ratio

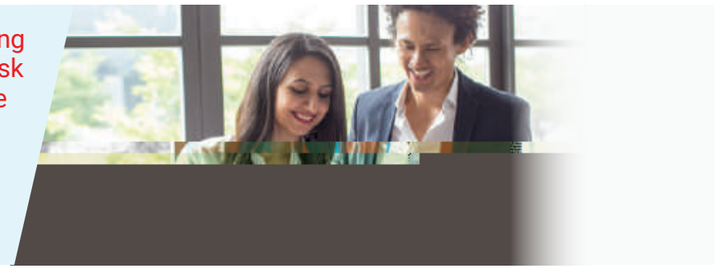
**3.52%**
Cost of SA

**89%**
CASA and TDs below ₹5 crore, as % of total deposits

**Capitals impacted**
Financial Capital

**ESG linkage:**
This strategy, through its attractive offerings and seamless digital services, enhances customer experience and also supports in reaching out to new customers. It also provides the Bank an avenue to manage customer's data in a responsible manner, ensuring data protection and customer privacy

## Pursue advances growth, ensuring right asset quality additions at risk adjusted pricing, and appropriate risk management



**SDG linkage:**

We continue to maintain a balanced mix between secured and unsecured loans with consistent focus on improving customer TATs and risk-adjusted pricing by strengthening our technology back-end and use of analytics, and customer-friendly front-end applications to grow aggressively. We are prudently growing our analytics-driven unsecured loans and credit card exposures. Our digital journeys on lending have helped us increase adoption amongst customers.

**Impact**

- Sustainable balance sheet growth
- Disciplined credit risk management
- Strong asset quality
- Risk-adjusted return on capital

**KPIs***

**21%↑**
Growth in advances

**55 bps**
Bank credit cost on advances (excl. COVID reversal)

**2.34%**
Gross NPA

**0.64%**
Net NPA

**2.13%**
Return on Assets (ROA)

**Capitals impacted**
Financial Capital

**ESG linkage:**
Kotak Mahindra Group is a responsible financial institution and integrates ESG evaluation into its lending and investment processes. Kotak Mahindra Bank has initiated a climate risk assessment in FY 2021-22, which upon completion, would give direction to include more climate-aligned exposures in its portfolio

*Q4FY22 vs Q4FY21 #March 2022 vs. March 2021 ↑YoY

*Bank Standalone ↑YoY

## Executing with discipline – efficiency, productivity and capital

**SDG linkage:**

We continue to invest in various digital initiatives and technology infrastructure to make internal operations efficient, bringing cost-efficiency.

We are consistently improving employee productivity levels through automation of repetitive tasks, thereby reducing operating costs. Our capital adequacy ratio has continued to be higher despite the addition of risk assets, reflecting our strong earnings generation capability. We have maintained low duration of our fixed income portfolio in a volatile operating environment.

**Impact**

- Cost efficiency
- Higher employee productivity
- Reduced operational risk

**KPIs**

Cross-functional center of excellence (CoE) platform and team for scaling automation (RPA, OCR*, and Workflows)

**Capitals impacted**

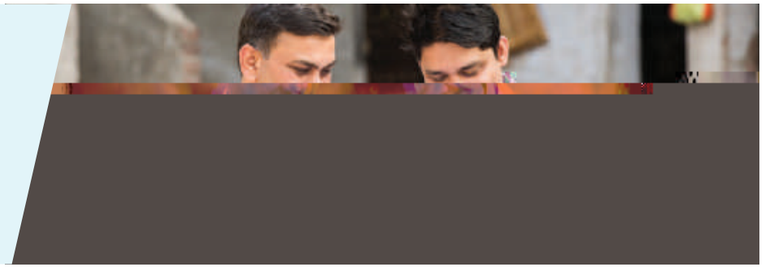
Financial Capital, Human Capital

**ESG linkage**:

Our execution practices in generating revenues for the Company impinges upon responsible customer engagement. This not only improves customers' trust, but also ensures expanded and long-term relationships with them.

Our investments in employee training and development not only enhance their productivity, but also contribute to positive customer experience

## Approaching financial inclusion as an opportunity



**SDG linkage:**

Our asset growth focus continues to be granular high quality, profitable and sustainable businesses. We continue to increase the base of Jan Dhan accounts to lower-income groups, distribute government-sponsored lending/ insurance schemes and offer services such as Aadhar Enabled Payment Systems through our branch and BC network.

Our digital ecosystem has further opened opportunities for us to offer financial services to a vast population by leveraging our partner network. We are rapidly expanding fintech partnership network for new use cases and business models. We plan to leverage regulatory network of Account Aggregator and OCEN for broad based retail and MSME lending.

**Impact**

- Expanded financial services reach to unbanked/underbanked population

**KPIs**

All PSL (Priority Sector Lending) targets achieved

**Capitals impacted**

Social and Relationship Capital

**ESG linkage:**

This strategy directly aligns with our material topic of 'Promoting Financial Inclusion'. This strategic focus on providing last mile access to financial services and products to the underbanked and unbanked population of the country through investments and advancements in its 'Phygital' footprint has enabled the bank to expand its operations to newer regions. We also have taken initiatives to create awareness among our existing and potential customers on financial products and services

## Attracting, retaining and building a team of talented, engaged and motivated employees in an agile structure

Our focus in on increasing productivity of our employees by increasing use of technology and data analytics in a secure environment. With increasing digital banking, we are upskilling our workforce and creating an agile structure. We promote diversity in gender and backgrounds, and have structured programmes for career development.

**Impact**

- Customer-centric organisation
- Higher employee productivity

**KPIs**

**~31 hours**

Average hours of training per Bank employee

**27%**

Bank's women employee base

**One of India's Best Employers Among Nation-Builders'**

certification to Bank by Great Place to Work® Institute in 2021

**Capitals impacted**

Financial Capital

**ESG linkage:**

This strategy, through its attractive offerings and seamless digital services enhances customer experience and also supports in reaching out to new customers. It also provides the Bank an avenue to manage customer's data in a responsible manner, ensuring data protection and customer privacy

## Leverage strong standing to pursue inorganic opportunities

We are continuously evaluating acquisition and investment opportunities in order to expand our market share and get access to new geographies and capabilities.

**Impact**

- Sustainable balance sheet growth
- Disciplined credit risk management
- Strong asset quality
- Risk-adjusted return on capital

**KPIs**

**Volkswagen Finance**

Vehicle finance portfolio acquisition providing access to high-quality customers

**KFintech Technologies**

Acquired 9.9% stake

**Capitals impacted**

Intellectual Capital, Financial Capital

**ESG linkage:**

This strategy focuses on mergers and acquisitions, which creates more employment opportunities and offers role diversity for our employees. It also expands our impact on the community by improving our ability to serve more customers and provide a diverse product suite

RISK MANAGEMENT

# Managing Risks and UNCERTAINTIES

Robust risk management policies, protocols and processes have enabled us to preserve and generate value for our stakeholders. In FY 2021-22, we initiated the process of expanding our risk management process to assess climate risks to help identify risks and opportunities arising from climate change.

**0.64%**
Net NPA

**23.7%**
Capital Adequacy Ratio

Material topic(s) covered

**Minimising risk impact of climate change due to investments/ advances**

We have instituted an Enterprise Risk Management (ERM) framework that lays the foundation for identification, assessment and management of risk. It facilitates the alignment of risk and capital management with business strategy. The ERM policy sets out the approach for risk management and is adopted by each company in the Group, with suitable modifications, as appropriate for their individual businesses. Our risk governance approach has a 'three lines of defence' (as depicted in Figure 3) structure, which ensures that risk is managed in line with the risk appetite as defined by our Board. The responsibilities for risk management at each line of defence are defined, thereby providing clarity in the roles and responsibilities towards the risk management function.

Our Group annually 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. 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.

**Figure 1: Three Lines of Defence**

| | |
|---|---|
| 1st Line of Defence | Risk-Taking \| Business and Support Units |
| 2nd Line of Defence | Framework, Oversight and Validation Support \| Risk Management \| Financial Control \| Compliance |
| 3rd Line of Defence | Independent Assurance \| Internal Audit \| External Audit |

We have a Board-approved stress testing policy, which is aligned to regulatory guidelines and covers material risks. 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. During the year, the Bank was well above the regulatory and internal target capital ratios under all approved stress scenarios. Further details can be found in the Management Discussion and Analysis section in this Report.

Regular risk management education is provided to our Board of Directors. Along with the executive directors on our Board, three of our non-executive directors also have expertise in enterprise risk management. Further details on risk management including categories of risks assumed, independence of the risk management function, governance structure, risk categories, approach, controls, risk management metrics, stress testing, mitigation and management can be found in the Risk Management section of the Management Discussion and Analysis from page 259 onward.[6, 7]

## RISK CULTURE

We are committed to creating a disciplined risk culture where risk management is perceived as a shared responsibility amongst all our employees. This is enabled through clear communication and appropriate training. A structured induction programme is in place to help new employees identify and mitigate business risks, providing insights on how risk management culture and practices support in building and strengthening the organisation. All our employees are required to be familiar with risk management policies relevant to their roles and responsibilities and are encouraged to escalate any potential risk issues to senior management on a timely basis. The risk culture in the Group emphasises on responsible business practices, prioritisation of customers' needs and appropriate disclosures. The business leaders and senior management receive regular updates on emerging risks for their respective business lines. Risk is a key consideration while formulating business plans and when launching new products. Further, performance review of senior management includes an assessment of risk management performance. Details of risk culture can be found in the Management Discussion and Analysis section of this Report.

## EMERGING RISKS

**Geopolitical risk**

Geopolitical risk is the risk associated with wars, terrorist acts, and tensions between states that affect the normal and peaceful course of international relations. It encompasses both the risk that these events materialise, and the new risks associated with an escalation of existing events. With uncertainty around international relations and political leadership, geopolitical risk has emerged as a significant risk across the globe. Geopolitical events are bound to create financial market volatility, delay in investment decisions and have an adverse effect on macro-economic outcomes. Geopolitics and regulatory uncertainty can have significant impact on markets at large as it could dampen the risk appetite of investors. There are no reliable historical streams of data that one can easily plug into a model to quantify geopolitical risks. Major geopolitical events can often arise quickly and unpredictably and originate externally, and therefore have limited mitigation options. We use Value-at-Risk (VaR) to quantify the potential price risk in the portfolio. This employs metrics like stressed VaR, and periodic stress testing to measure exposure to market movements. We also have a comprehensive market risk limit framework, including limits on sensitivity measures. Further, an enterprise-wide Early Warning Signal (EWS) framework for credit risk has been instituted in line with RBI guidelines.

**Cybersecurity risk**

Over the last 18 months, industries have undergone rapid digitalisation especially with the transition to remote or hybrid work environments, which has resulted in the growth of cybersecurity threats. This shift to remote work has accelerated the adoption of platforms and devices that allow sensitive data to be shared with third parties—cloud service providers, data aggregators, application programming interfaces (APIs) and other technology-related intermediaries. Lower barriers to entry for cyber threat actors, more aggressive attack methods and a dearth of cybersecurity professionals and patchwork governance mechanisms contribute to aggravating this risk. As cyber threats continue to grow, insuring against such risks will become increasingly precarious, with insurers themselves facing retaliatory attacks for attempting to curb ransomware payments. Thus, when an attack occurs, businesses might suffer reputational, financial, regulatory and legal consequences of cyberattacks. Whether it be the personally identifiable information (PII) of customers or proprietary data that gives an edge over competitors, data exposure is a major issue. The impact of disruptive cyberattacks could be financially devastating for businesses that fail to invest in digital infrastructure.

We have established a programmatic approach encompassing a cyber-resilience framework to mitigate threats such as data breaches, malware, denial-of-service attacks etc. We conduct cyber drills to assess the effectiveness of prevention, detection and response controls. We have also invested in best-in-class IT infrastructure to proactively detect malicious behaviour or anomalies. Further details on our approach to cybersecurity can be found in the Governance section.

[6] GRI 102-30 [7] GRI 102-15

**Climate risk[8]**

Climate change has long been a matter of concern for regulators, policymakers and investors. It has emerged as one of the most pertinent risks especially for financial institutions. Climate change risks can result from the physical changes of future climatic conditions as well as due to economies transitioning towards a green and a low carbon future. These physical and transition-related changes also give rise to many climate-related opportunities. Recognising the financial institutions' crucial role in regulating the impacts of climate change, we have initiated a forward-looking, scenario-based climate risk and opportunity assessment in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

We are employing a two-pronged approach to understand the potential of climate-linked risks impacting our operations and portfolio.

A physical risk assessment based on Intergovernmental Panel on Climate Change (IPCC) - Representative Concentration Pathways (RCP) scenarios 4.5 and 8.5 has been initiated. Projected changes in various climatic parameters such as temperature and precipitation are being studied under each scenario to identify risks such as health impacts on employees, increase in operating costs, infrastructure damage and/or service disruption.

In addition to assessing climate risks on

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STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

# Anchors of VALUE CREATION

## STAKEHOLDER ENGAGEMENT[9]

Deep and meaningful engagement is vital to foster stakeholder relationships based on transparency, trust and respect. Our Group has developed a structured approach to stakeholder engagement with the objective of identifying stakeholders' current and emerging needs and expectations. The ongoing engagement serves as an input to business strategy, risk management and operational excellence, and also as a framework to apprise stakeholders on key developments.

We have identified seven stakeholder groups to be most crucial for our business. Since each stakeholder group has a set of unique needs and expectations, we adopt a customised and structured approach to engage with each of them[7].

**Figure 2: Our key stakeholders[10]**

**Table 1: Stakeholder Engagement Process**

| Key stakeholders | Medium of engagement | Frequency of engagement | Key topics of engagement[11] | Activities informed by stakeholder engagement |
|---|---|---|---|---|
| **Investors and Shareholders** | » e-mails<br>» Letters<br>» Earning calls<br>» Meetings/ conferences<br>» Investor Grievance Cell<br>» Media<br>» Website | » Annual and quarterly investor meets<br>» Need-based | » Financial results<br>» Key business developments<br>» Shareholder returns and dividends<br>» Issues related to share issuances and transfer | » Provision of accurate information on financial and ESG performance<br>» Timely resolution of queries<br>» Provision of regular business updates<br>» Incorporation of feedback on our strategy and performance |
| **Customers and Clients** | » One-on-one interactions<br>» Customer meets<br>» Customer satisfaction surveys<br>» Customer helpline<br>» Customer grievance cell<br>» Social media<br>» Website | » Periodic structured feedback meetings<br>» Ongoing<br>» Need-based | » Needs of customers<br>» Customer experience and service quality<br>» Product features and benefits<br>» Technology interface for banking experience<br>» ESG initiatives and disclosures | » Product and process innovation<br>» Digital solutions<br>» Service quality and relationship management<br>» Timely resolution of grievances |
| **Employees** | » Induction programme<br>» Town halls<br>» e-mails<br>» Skip-level meetings<br>» Leadership meetings<br>» Employee engagement initiatives<br>» Rewards and recognition programmes<br>» Employee grievance cell<br>» Employee portal<br>» HR helpdesk<br>» Employee satisfaction surveys<br>» Employee volunteering initiatives | » Ongoing<br>» Need-based | » Policies and procedures<br>» Performance appraisal and rewards<br>» Training and career development<br>» Work environment<br>» Health and wellness<br>» Safety and security<br>» Community development<br>» Employee volunteering | » Talent development programmes<br>» Career succession planning<br>» Flexible mode of working<br>» Diversity and Inclusion initiatives<br>» Health and well-being initiatives<br>» Employee volunteering opportunities |
| **Government and Regulatory Bodies** | » Regulatory filings<br>» Compliance statements<br>» Meetings<br>» Letters<br>» e-mails | » Need-based | » License request and renewal<br>» Compliance with filings and other regulatory requirements<br>» Participation in government financial sector plans and programmes | » On-time submission of regulatory and statutory filings |
| **Vendors and Business Associates** | » Meetings<br>» e-mails<br>» Letters<br>» Supplier and business associates' performance reviews | » Ongoing<br>» Need-based | » Product/Service/ Technology quality and support<br>» Contract commercial and technical terms and conditions<br>» Supplier and business associates' statutory compliances | » Supplier friendly terms<br>» On-time vendor payments |
| **Communities and NGOs** | » Community development initiatives including need-based local interventions identified by Kotak Mahindra Group's employees<br>» Funding support<br>» Proposals and requests for new initiatives | » Need-based | » Community development needs<br>» Financial Inclusion<br>» Financial infrastructure<br>» Human and organisational support | » Need-based community development programs<br>» Skill upgradation for the supporting staff |

[9] *GRI 102-9, GRI 102-21, GRI 102-29*

[11] *GRI 102-44*

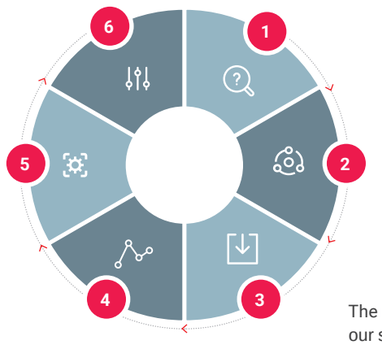
STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

## MATERIALITY ASSESSMENT[12]

Material topics are defined as focus areas derived from stakeholder views and form a key input to our strategy and ESG Policy Framework. Our Group applies the principle of materiality to identify topics for disclosure and ESG strategy development. These topics also reflect our business's impact on the economy, environment and society. In FY 2021-22, we at the Group conducted a materiality assessment exercise in accordance with the requirements of the GRI standards.

The material topic universe was identified based on peer analysis and the material topics recommended by sustainability standards and frameworks for the financial sector. The key business outcomes for the exercise were identified by our Group's senior leadership by evaluating the spectrum of impacts that the material topics could have on the business.

**Figure 3: Our Materiality Assessment Process**




1. Identify a list of potential topics and business outcomes
2. Engage with the internal and external stakeholders
3. Inputs from our business leaders
4. Analysis of the responses
5. Develop a materiality matrix
6. Categorise topics based on strategic leadership inputs

Customised surveys were digitally executed, and key internal and external stakeholders responded with their views on the relative importance of each of the identified material topics. Inputs from our senior leadership were sought to evaluate the impact of each material topic on the business outcomes.

The responses from our stakeholders and our senior leadership were collated and analysed. These responses were collected using a Likert scale and quantitative methods were applied to analyse the responses. The materiality matrix helped our Group identify topics that drive our most significant economic, environmental and social impacts. This has been plotted in the figure below.

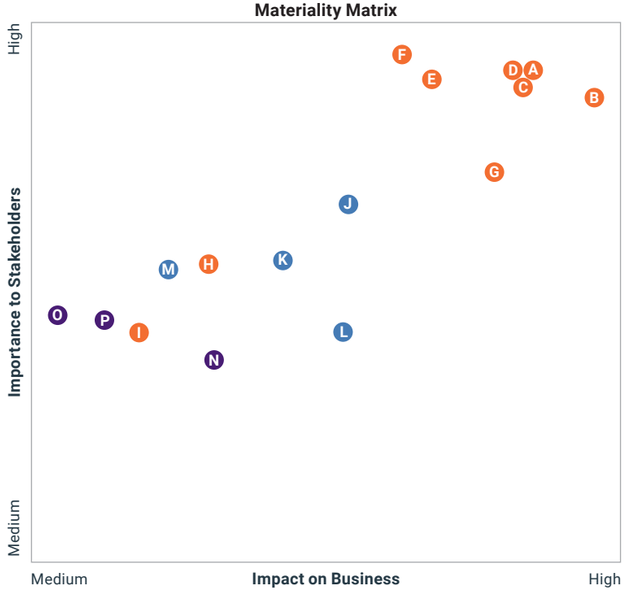
Our Group has categorised the material topics as under:

**Value Drivers**
Topics that ensure our Group's growth and position as one of the leading financial service conglomerates

**Value Enablers**
Topics that underscore our Group's people centric approach to deliver value to employees and customers

**Value Catalysts**
Topics that catalyse broader positive environmental and social impact across ecosystems

**Materiality Matrix**




A Enhancing customer experience
B Corporate governance
C Ethical business processes
D Regulatory compliance
E Data security
F Customer data privacy
G Brand and reputation
H Financing with a focus on environmental sustainability
I Minimising risk impact of climate change due to investments/ advances
J Promoting employee health, safety and well-being
K Promoting diversity, equity, and inclusion amongst employees
L Enabling learning, development, and an open work culture for employees
M Promoting financial inclusion
N Contributing to development of regulations and policies
O Minimising environmental impact of operations
P Community well-being

Our Group's management is committed to contributing to the inclusive sustainable development of India and believes that incorporating social and environmental factors in our financial decision-making is critical to bringing this goal to fruition. In view of the above, *'Financing with a focus on environmental sustainability'* and *'Minimising risk impact of climate change due to investments/ advances'* have been categorised as value drivers and 'Promoting financial inclusion' as a value enabler.

**Key Material Topics[13]**

| Material topic | Description | Chapter linkage |
|---|---|---|
| | **Value Drivers** | |
| Enhancing customer experience | Enhancing customer satisfaction via product innovation, efficient processes, digital solutions, easy access to products and services, fair marketing practices and efficient complaint resolution | Generating value for our customers |
| 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 | Ethics and Governance, Corporate Governance report |
| 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 | Ethics and Governance, Corporate Governance report |
| Regulatory compliance | Adherence to laws, regulations and guidelines | Ethics and Governance, Corporate Governance report |
| Data security | Preventing and addressing IT system failures and major cybersecurity incidents | Ethics and Governance |
| Customer data privacy | Measures taken to ensure safe and secure use and maintenance of customer data | Generating value for our customers, Ethics and Governance |
| Brand and reputation | Building and enhancing the reputation and brand to enable stakeholder confidence | Generating value for our customers |
| Financing with a focus on environmental sustainability | Identify and leverage sustainable financing opportunities with positive environmental impact.<br>Offer products and services with a focus on sustainability | ESG overview |
| 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 | Managing Risks and Uncertainties |
| | **Value Enablers** | |
| Promoting employee health, safety and well-being | Providing a safe workplace and proactively addressing health and safety-related concerns through trainings, safety drills, ergonomics, insurance, etc. | Empowering our employees |
| Promoting diversity, equity, and inclusion amongst employees | Providing fair and equal remuneration and advancement opportunities to all employees. Running programmes and activities to promote workforce diversity and inclusion | Empowering our employees |
| 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.<br>Conducting training and leadership development programmes | Empowering our employees |
| Promoting financial inclusion | Ensuring the availability of and access to financial services for unbanked and underbanked people | Supporting our communities |
| | **Value Catalysts** | |
| Contributing to development of regulations and policies | Providing views and ideas to assist the development of regulations and policies for building sustainable practices in the industry | Ethics and Governance |
| Minimising environmental impact of operations | Optimising energy and water use along with reducing greenhouse gas emissions and waste, and investments in environmentally sustainable programmes | Managing our environmental footprint |
| Community well-being | Programmes to address the developmental needs of communities through CSR (social service initiatives) | Supporting our communities |

The outcomes of the materiality assessment exercise helped us identify strategic focus areas and weave together an ESG Policy Framework. Key performance indicators have been identified for each focus area and underlying material topics. Performance against each material topic has been reported in respective sections of this Report.

ESG OVERVIEW

# Sustainability AT KOTAK

Our Group's commitment to ESG is deep rooted in our ethos of ethics, stakeholder inclusiveness and sustainability. We have embedded a long-term time horizon in our business and risk management processes to enable sustained value creation.

We strive to deliver value to our stakeholders by embedding social and environmental parameters in operations and financial decision making. Systematic efforts are underway to sensitise our workforce on ESG aspects and empower each employee to drive impact through their professional pursuits.

We have developed an ESG Policy Framework that elucidates our approach to align our business strategy, processes and disclosures with national and international standards and frameworks which can be accessed here. Some of the Bank's subsidiaries have their ESG policies available on their respective websites.

Our Group undertook a materiality assessment as detailed on page 52 to guide our ESG strategy and disclosures. The material topics were determined using a structured process based on interactions with various internal and external stakeholders along with inputs from our Group's senior management. This process has enabled us to realign our ESG strategy and disclose pertinent information on these material topics. The following sections of this report describe our commitment, management processes and performance across the identified material topics.

## REPORTING BOUNDARY[14]

We have been publishing our ESG disclosures annually[15], with the most recent disclosure published for FY 2020-21[16]. This year the ESG disclosures made in this report will cover our Group's national footprint including our branches, ATMs, large and small offices. The Group boundary for the reporting period's environment and employee related disclosures include the bank and 14 of its subsidiaries, four of which were covered in last year's ESG disclosures. The four subsidiaries covered last year were Kotak Infrastructure Debt Fund Limited, Kotak Mahindra Prime Limited, Kotak Mahindra Investments Limited and Kotak Mahindra Trusteeship Services Limited. The scope of reporting has been expanded for select parameters to include 10 additional subsidiaries this reporting period onward, namely: 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. The boundary for BRSR disclosure is Bank standalone and is indicated in the BRSR section of this report. Boundary for specific disclosures is mentioned in relevant sections.

There are no restatements made in comparison to the previous year[17]. We, at the Group, adopt a precautionary approach in risk management and lending decisions to mitigate any adverse impacts on the environment.[18]

## ASSURANCE

Our Group ensures the quality of information contained in this Report by undertaking 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), 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.

## GOVERNANCE[19]

In FY 2021-22, we at the Bank, renamed our erstwhile Committee of the Board on Corporate Social Responsibility (CSR) to reflect its widened scope that previously included ESG disclosures to also include ESG performance and strategy. This committee is now called the CSR and ESG Committee and the details of its terms of reference can be found on page 213 of the Corporate Governance Report. The CSR and ESG Committee consists of three members, viz. Mr. Prakash Apte (Non-Executive Chairman, Independent), Mr. C. Jayaram (Non-Executive Director), and Mr. Dipak Gupta (Joint Managing Director), with all the three members forming the quorum.

**We strive to deliver value to our stakeholders by embedding social and environmental parameters in operations and financial decision making.**

The Committee has been instrumental in defining the focus areas of the ESG Policy Framework. The Committee reviews and monitors our ESG impact, risks, opportunities, and performance annually and provides a strategic direction. This Committee is also responsible for reviewing and approving our ESG disclosures.

We have a dedicated ESG function at the Bank which acts as a nodal team, responsible for the overall implementation of the ESG-related policies and processes. Further, this team reviews the ESG performance across functions, communicates our organisation's progress through periodic reports to internal and external stakeholders including the Board Committee. The ESG function works alongside a task force comprising of representatives from relevant functions and group companies for the implementation of ESG strategy at the Group level.

We also engage with Government agencies, think tanks and industry associations to contribute views and ideas to assist development of regulations and policies for building sustainable practices in the industry. In FY 2021-22, we became a member of Climate Finance Leadership Initiative (CFLI) India. CFLI is a global initiative promoted by Bloomberg LP, that convenes leading financial institutions to mobilise private capital for climate solutions.

## INTEGRATION OF ESG IN CORE BUSINESS[20]

**3x Increase**
In electric vehicles financed by KMPL in FY 2021-22 compared to FY 2020-21

**680 MWp**
Solar power financing by KIAL advised funds

**~₹500 cr**
Enabled settlements on e-NAM platform

**1,500+**
Number of lending proposals evaluated for ESG aspects

Material topic(s) covered
**Financing with a focus on environmental sustainability**

**Kotak is a member of Climate Finance Leadership Initiative (CFLI) India**

We, at the Bank, limit our exposure to environmental (including climate), social and governance-related risks by integrating ESG factors in our credit appraisal processes. We have instituted an ESG Management Systems Plan (EMSP) based on the IFC guidance and other ESG evaluation frameworks to identify, review and manage the ESG risks in our credit portfolio.

The EMSP sets out the criteria for due diligence and evaluation of borrowers from an ESG perspective. These borrowers are categorised based on their activities and their social and environmental impact. Based on the category, evaluation is undertaken for capital expenditure and working capital loans above a certain size and tenure, against ESG criteria. This evaluation provides a score, which is adjusted downwards for borrowers from sectors that have an adverse environmental or social impact. Final scores are included in the Credit Assessment Note. Further, our EMSP defines an exclusionary list which prescribes thresholds/ ceilings on exposure limits for certain industries and activities. We, at the Bank, are also in the process of integrating external ESG ratings of companies in our evaluation of ESG performance.

The EMSP includes guidelines for periodic supervision and monitoring for the financed projects on an ongoing basis. The administration and oversight of this plan rests with our Credit team, while the ESG function is responsible for facilitating training to the staff accountable for implementation of the EMSP. It is reviewed periodically to determine its alignment with new and modified regulations or guidance.

During FY 2021-22, we, reviewed more than 1,500 lending proposals that included ESG evaluation as per EMSP. We will strive to enhance integration of sustainable finance principles while making financing decisions, to contribute to the Sustainable Development Goals (SDGs), and relevant national and international frameworks.

We also drive social impact through our service offerings and our work as settlement banker on e-National Agriculture Market (e-NAM) platform is an example of this. We had been shortlisted along with five other banks as a settlement banker on the e-NAM payments platform and have settled transactions worth over ₹500 crore in FY 2021-22. The platform provides opportunity for farmers in farfetched villages to sell their produce and receive payments through digital mode.

*[14]GRI 102-46 [15]GRI 102-52 [16]GRI 102-51 [17]GRI 102- 49, GRI 102-48 [18]GRI 102-11*
*[19]GRI 102-21, GRI 102-29, GRI 102-31, GRI 102-32, GRI 103-2, GRI 103-3 | [20]GRI 103-2, 103-3*

ESG OVERVIEW

## KMAMC'S APPROACH TO ESG

Among our subsidiaries, KMAMC, our asset management arm, is a signatory to the Principles for Responsible Investments (PRI) and a member of Climate Action 100+. PRI is a United Nations supported network of investors who work towards promoting sustainable investment through the incorporation of environmental, social and governance factors. Climate Action 100+ is an investor-led initiative that facilitates corporates to commit to cutting emissions, improve governance and strengthen climate-related financial disclosures.

KMAMC has instituted an ESG framework and responsible investment policy that governs its investment activities. KMAMC has embedded ESG into its valuation and investment philosophy using third-party ESG scores and ratings. KMAMC's ESG Opportunities Fund – Growth has showcased a growth of 16.40% during this financial year. Its commitment to ESG is evident as the Company links the remuneration of its MD, Chief Investment Officer, Head of Equity Research along with research analysts and ESG Coordinator (for fixed income) to incorporate ESG principles.

**ESG linked KRAs have been formulated for KMAMC's executive leadership and investment team.**

KMAMC has developed a well- defined stewardship policy applicable to all investment strategies and products.

It has instituted a proxy voting policy and a voting committee in line with SEBI regulations. KMAMC engages with specialist proxy advisors for advice on voting. The voting policy and the rationale for the votes casted are publicly available on the website.

### Approaches adopted to promote Responsible Investing

KMAMC adopted a materiality-based approach to ESG Investing that considers ESG factors, such as, but not limited to climate change, talent management, and Board composition

**Best-in-class Approach**
- Companies with high ESG scores are considered for investment
- KMAMC also focuses on companies that are improving on their ESG performance

**Exclusion List**
- Screening of companies and sectors involved in non-ESG aligned activities like weapons, tobacco, gambling, coal, controversial weapons, etc. in specific funds

**Active Ownership**
- KMAMC engages with companies twice a year on ESG
- Plays an active investor role by voting on all the resolutions

### Engagement with a transportation company

KMAMC has engaged with one of its portfolio companies, a two-wheeler manufacturer, to initiate work on climate strategy development, including promoting electric vehicles, adoption of SBTi and TCFD recommendations as well as setting an internal carbon price.

KIAL has initiated adoption and incorporation of ESG into its investments. It has developed an ESG Policy Framework and is in the process of establishing an environmental and social management system for its funds. It is slated to launch new funds in alignment with national and state governments' environment and social development priorities, which will endeavour to promote IFC's Good International Industry Practices (GIIP) and responsible use of natural resources.

In January 2022, KIAL signed up to become a TCFD supporter and it has also initiated the exercise of becoming a PRI signatory.

KIAL's Optimus/advised funds incorporated ESG scoring as one of the parameters while reviewing the investments held by clients. It has also implemented training programmes to enhance the investment teams' capabilities. In FY 2021-22, KIIF (Kotak Infrastructure Investment Fund) managed by KIAL, has instituted an ESG system and policy in alignment with international and national ESG principles. KIIF has also adopted an exclusion list for screening its investments for ESG related risks. Another fund managed by KIAL the Kotak India Affordable Housing Fund I (KIAHF-I) also ensures third-party ESG due diligence for prospective investee companies. Post the investment, environmental and social compliances are monitored periodically.

KIAL-managed funds have also made 13 investments in companies in the life sciences domain in various sub-segments viz. bio-tech, targeted therapies, medical devices, healthcare delivery and consumer wellness. These include a company working on developing a heat-stable COVID vaccine and a company that offers a novel radiation-free, non-touch, accurate, breast cancer screening solution in India. Further, KIAL has also recently launched an Angel Fund which will invest in early-stage healthcare, medtech and life sciences companies.

**KIAL-managed funds have made 13 investments in companies in the life sciences domain in various sub-segments viz. bio-tech, targeted therapies, medical devices, healthcare delivery and consumer wellness.**

KGI is in the process of launching an innovative health insurance product that offers discounts on the premium amount to customers who demonstrate performance on wellness parameters.

It is also working on a special motor insurance product for women drivers to encourage women in this growing industry. Overall KGI's health insurance business has grown 35% year-on-year.

ENVIRONMENT

# Managing our ENVIRONMENTAL FOOTPRINT

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.

**6%**
Reduction in Scope 1 + Scope 2 emission intensity for the Bank*

**65%**
Waste recycled out of the waste generated at the Group's large offices

**12%**
Electricity from renewable sources used in the Group's large offices

Material topic(s) covered

**Minimising environmental impact of operations**

Capital Linkage

Natural Capital

Impact on SDGs

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

*Reduction in intensity despite expansion in scope of emission coverage

We, at Kotak, are cognisant of the impact created on the natural environment through both our own operations as well as lending and investment activities. We acknowledge the role of financial institutions in anchoring the transition to a sustainable future, given our contribution to the growth of every sector in the economy.

There is global consensus on the indispensable role of financial institutions in addressing climate change. The ongoing transition to a low-carbon economy creates both risks and opportunities for the sector. We have decided to put in place frameworks to measure, monitor, and manage climate-related risks to mitigate any losses arising from climate-sensitive assets as detailed in the risk management section. Our Group has been integrating an ESG lens in select financing and investment decisions at the Bank and in some of our subsidiaries. Further details are available in the ESG overview section of this Report.

## OPERATIONAL FOOTPRINT

Our Group's efforts to minimise our operational carbon footprint are focused on digitalisation of products and services, procurement of renewable energy, responsible utilisation of resources and waste recycling, among others. The 'Technology Strengths' section elucidates our approach to digitalisation, which in turn reduces our carbon footprint.

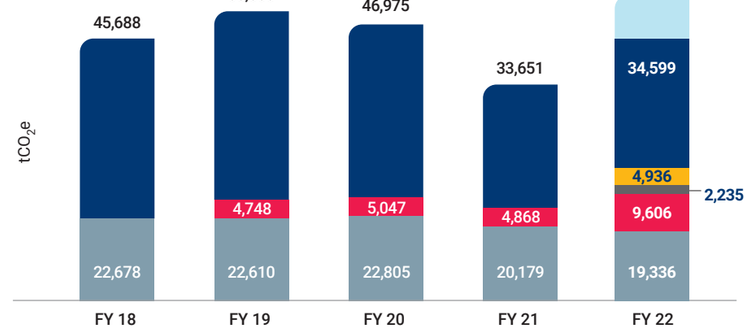
## ENVIRONMENTAL PERFORMANCE

**GHG emissions[21]**

We, at Kotak in FY 2021-22 have expanded our scope of environmental performance disclosures to include all our locations in the Indian geography. Along with 10 new additional large offices covered this year, our Bank's 123 small offices have also been added. Our large offices are considered as Bank premises, even as they are shared with our subsidiaries. Some large and small offices also include some of our Bank's and subsidiaries' branches. The data pertaining to the Bank's and subsidiaries' branches has been represented separately. Scope 1 and scope 2 emissions have been calculated in accordance with the GHG Protocol.

This year, our Scope 1 coverage expanded to include emissions from firefighting equipment, diesel consumed in DG sets and refrigerants used for air conditioning. Our Scope 1 emissions stood at 7,820 $tCO_2e$. The Bank's Scope 1 emissions are given in Principle 6 of BRSR. The total Scope 2 emissions for the group are 76,064 $tCO_2e$. Details of Bank's Scope 2 emissions are given in Principle 6 of BRSR. The Group's emission intensity is 0.93 $tCO_2e$/FTE. Details of Bank's emission intensity can be found in BRSR under Principle 6. The Scope 2 calculation for FY 2021-22 is based on the latest emission factor for electricity, as published by the Central Electricity Authority (CEA).

**Kotak Mahindra Group - Scope 1 and Scope 2 emissions**

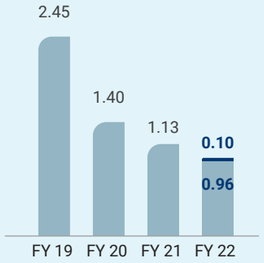



We have consistently worked towards strengthening our GHG inventory monitoring systems and increased our scope of coverage over the years, as depicted in the above graph.

[21]GRI 305-1, GRI 305-2, GRI 103-2, GRI 103-3

ENVIRONMENT

**Emission Intensity Trend for Kotak Mahindra Bank Limited[22]**




*Note: The comparable segments of the above graph displays emission intensity trend for 14 large offices and Bank branches with historical data, i.e. 0.96 tCO2e/FTE for FY 2021-22. The additional 0.10 $tCO_2$/FTE represents the emission intensity for expanded coverage considered for emission calculation. Denominator used for the calculation is the total number of Bank employees.*

Reduction in Scope 1+ Scope 2 emissions per FTE in FY 2021-22 over FY 2020-21: 6%

**A steady decrease in emission intensity indicates our commitment to progressively lowering our carbon footprint**

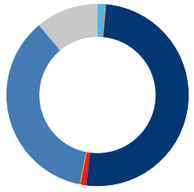
**Energy consumption[23]**

Over a period, we have enhanced coverage of reporting total energy consumption. Energy consumed includes diesel used for DG sets, and electricity consumed across offices and branches. During FY 2021-22, we consumed a total of 3,70,549 GJ of energy, which includes electricity from both renewable and non-renewable sources. Our energy intensity for the Group which includes fuel and electricity is 4.09 GJ/FTE. Details of the Bank's energy consumption and intensity can be found in BRSR under Principle 6.

**Scope 3 emissions[24]**

During FY 2021-22, we strengthened our monitoring mechanisms to expand the coverage of our Scope 3 inventory. We identified and added new sources of Scope 3 emissions. Our inventory now covers 7 out of the 15 categories of Scope 3 prescribed in the GHG protocol based on our monitoring mechanisms. This includes emissions generated from employee commute, business travel (air and rail), capital goods, purchased goods and services, waste generated in operations, fuel and energy related emissions as well as upstream leased assets. Electricity consumption at offsite ATMs has been included under the category of upstream leased assets. After inclusion of the new sources, our Group's Scope 3 emissions for FY 2021-22 is 55,493 $tCO_2e$ (versus 224.2 $tCO_2e$ for FY 2020-21). Details of Bank's Scope 3 emissions are mentioned in the BRSR under Principle 6.

**Kotak Mahindra Group's Scope 3* GHG emissions by category**



| | |
|---|---|
| Business Travel | 1.39% |
| Employee Commute | 0.08% |
| Capital Goods | 50.55% |
| Paper | 1.14% |
| Waste Generated | 0.01% |
| Fuel and Energy Related Emissions | 35.91% |
| Upstream Leased Assets | 10.92% |

***Expansion of Coverage of Scope 3 emissions in FY 2021-22:**

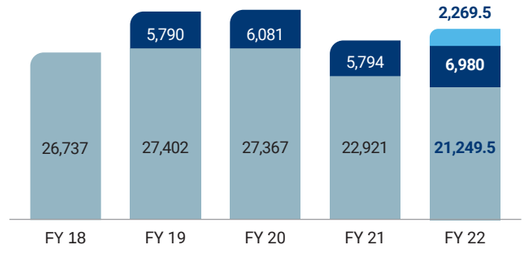
- *Coverage of Business Travel in FY 2021-22 has been expanded to include train travel. Overall emissions from Business Travel in the prior reporting period were relatively lower because business travel was restricted during the COVID-19 pandemic*
- *Coverage of capital goods in FY 2021-22 has expanded to also cover ATMs, furniture & fixtures, upgrade to premises, office equipment and vehicles, beyond what has been reported in FY 2020-21 (which was limited to IT hardware for select large offices)*
- *Purchased Goods has been added as an emission source in FY 2021-22 to include emissions from paper consumed during the reporting period*
- *Emissions from 'Upstream Leased Assets' has been added as a source in FY 2021-22 to include fuel consumed in leased DG sets and electricity consumed at leased sites (that house offsite ATMs)*
- *Waste related emissions have been added as a source of emissions in FY 2021-22 to include emissions from waste generated across select large offices. Emissions have been calculated based on the waste disposal method*
- *This year the newly added category of 'Fuel and energy related emissions' accounts for ~35% of Scope 3 emissions. The expansion of coverage of Scope 1 and Scope 2 emissions has a proportionate impact on this category*

**Renewable energy**

We procure energy from renewable sources to meet part of our energy requirements in three of our large corporate offices. During FY 2021-22, we procured 12,994 GJ of renewable energy and helped avoid 3,532 $tCO_2e$.

We, at the Bank, have installed charging points for electric vehicles in two of our large corporate offices.

**Purchased Electricity from non-renewable sources (in MWh)**




- 10 new large offices (added in 2021)
- 8 additional offices (with historical data from 2019)
- 6 large offices (with historical data since 2017)

**Energy conservation initiatives[25]**

The key initiatives undertaken for energy efficiency across some of our Group's offices in FY 2021-22 include:

- Installation of LED glow sign boards at key branches
- Installation of occupancy sensor-based lighting across offices
- Optimisation of natural light usage by design in buildings

We, at Kotak, are also exploring opportunities for IoT-based monitoring system for energy consumption and resource optimisation. As a pilot project, an IoT-based energy saving model has been installed across 85 branches for air-conditioning systems.

**Water management[26]**

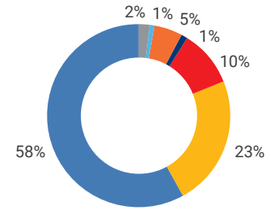
Over time, we have strengthened our monitoring mechanisms and enhanced the coverage of reporting water consumption. Recycled water is used in toilets for flushing in three of our largest corporate offices. Further details of our water consumption are given in the BRSR section under Principle 6.

**Waste management[27]**

Being a service sector organisation, the waste generated from our operations primarily consists of stationary waste, and organic waste (generated through our canteen). Other categories of waste monitored include e-waste, construction waste, plastic as well as scrap metal.

The waste generated at our large offices totaled up to 104.75 MT and a breakdown is given in the below pie chart. Waste is segregated across our offices into e-waste, organic, hazardous and other non-hazardous waste. Hazardous waste generated from our operations is negligible and includes used oil from diesel generators. We collect and safely dispose all the hazardous waste, we generate through authorised waste management agencies. We reuse and recycle most of the waste generated, with nearly 75% of the waste generated at our large offices being reused or recycled.

**Kotak Mahindra Bank: Waste generated by category, FY 2021-22**




- Hazardous waste (used oil)
- Plastic waste
- E waste
- Battery waste
- Organic waste
- Construction waste
- Other non-hazardous waste

Some key initiatives undertaken for waste management across some of our Group's offices in FY 2021-22 include:

- Ban of Single Use Plastic (SUP): We have banned the use of SUP water bottles across our large offices including meeting rooms and cafeterias.
- Installation of Organic Waste Converters (OWC): Wet waste generated from cafeteria, pantries, and landscaping is converted into manure by using OWCs at six of our large offices. This manure is utilised for captive use and is also donated to our employees and neighbouring housing societies for use in their gardens
- Minimisation of food wastage: Awareness initiatives are conducted to sensitise employees on food wastage, with posters placed at strategic locations to create maximum impact and regular e-mail. Waste generated each day in cafeterias is measured and displayed to sensitise employees.
- Responsible disposal of e-waste: All the IT and e-waste generated is responsibly disposed through authorised vendors
- Paper waste minimisation: Overall paper consumption across our operations has been reduced through implementation of default duplex printing on all printers and avoiding physical account statements and envelopes. A cost saving of over ₹45 lakh has been achieved due to these efforts.

*Organic Waste Converter at our 27 BKC office*

During FY 2021-22, we calculated the emissions arising from the waste generated across the Bank offices. This was computed using the waste disposal method for each category of waste and included in Scope 3 category of our GHG inventory. The categories of waste monitored and included in GHG inventory during FY 2021-22 were used oil, e-waste, organic waste, construction waste, paper and cardboard, plastic, scrap metal and batteries.

We, at Kotak, are committed to continue to make conscious efforts to reduce our operational and portfolio environmental footprint. Over the next few years, we propose to further strengthen our GHG inventory monitoring systems and undertake initiatives to try and limit emissions. We are also in the process of formulating a Group-wide low carbon transition plan with scientific targets and goals.

*[22]GRI 305-4 [23]GRI 302-1, GRI 302-3 [24]GRI 305-3 [25]GRI 302-4 [26]GRI 303-1, GRI 303-2 [27]GRI 306-1, GRI 306-2*

PEOPLE

# Empowering our EMPLOYEES

A talented, diverse and empowered workforce is at the core of our success. Our Group's concerted training and development efforts, coupled with active employee engagement, augments employee well-being and productivity.

**1,20,000+*** 
Total employees at our Group

**66,000+**
Full-time employees of the Bank

**28%***
Women employees at our Group

**27%**
Women employees at the Bank

**~20.5 lakh person-hours**
Training on skill upgradation at the Bank

**~31**
Average training hours at the Bank

*includes 90,000+ full-time employees and 30,000+ part-time employees

Material topic(s) covered

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

Capital Linkage

Human Capital

Impact on SDGs

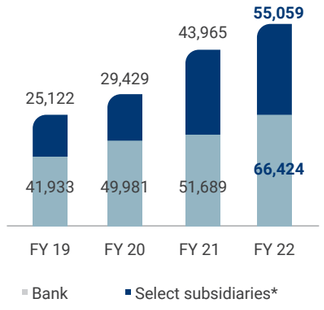
## OUR GROWING WORKFORCE[28]

Our Group has seen a healthy influx of new talent in the first-year post-COVID-19. It was business as usual for the talent acquisition team with 56,000+ new employees joining during the reporting period. The total workforce inclusive of temporary employees for our Group stands at 1,21,483 (includes part-time employees hired as insurance agents), of which 66,424 employees work at the Indian offices of the Bank (there are 49 employees based out of international locations). The details of the reporting boundary of our employee data can be found in the ESG overview section. Nearly 940 of our Bank employees changed their roles through our internal hiring programme, Kotak FastTrack (out of which 355 were contractual employees earlier). Our women-focused recruitment drives also showed success with the representation of women in our workforce increasing to 27% at the Bank level and 28% at the Group level. Further details on new joinees and workforce breakdown can be found on page 369 of the ESG data tables section of this Report.

## EMPLOYEE DEVELOPMENT[29]

Our Group adopts a holistic approach to talent management that caters to the overall development needs of our employees. We embed fair, inclusive and transparent practices across the employee management lifecycle from hiring to retirement. Data-driven people analytics-based tools are employed for identifying of skilling requirements, hiring, employee engagement, employee performance management and strategic workforce planning. 100% of our eligible employees underwent performance reviews during the year, out of which 14% were elevated to higher positions.[30]

**Our growing workforce in India****




*as described in the reporting boundary
**includes both full-time and part-time employees

**Flagship Initiatives for employee development**

**Digital Readiness Enabler and Awareness Measure**

- Programme to upgrade Senior Management's technology-focused skills
- Personalised digital content, tailored to the unique needs of employees

DREAM

**Recognition and Career Enhancement (RACE Reloaded)**

- Time bound, transparent and structured programme to fast track career growth of retail sales force
- Incentive opportunities to boost employee morale

**Kotak Young Leader Council (KYLC)**

- Unique platform for young employees to get an opportunity to become change makers and thinkers co-creating innovation and differential thinking
- Chosen few interact with Kotak Leadership Team (KLT) and work as a shadow board to the Group Management Council (GMC) comprising the Top Management team

**Internal Growth through Kotak Fast Track**

This internal job posting initiative helps fast track careers of employees by leveraging opportunities within Kotak Mahindra Group

FastTrack

[28]GRI 103-2, GRI 103-3 [29]GRI 404-2 [30]GRI 404-3

PEOPLE

We offer a variety of learning and development opportunities to our employees encompassing technical and behavioural training to enhance competencies. During the pandemic, training was primarily conducted virtually and gradually, we aim to transition to hybrid formats.

We identify and address four types of training needs, namely, need of the role, need of the individual, need of the organisation and need of the hour. Employees' eligibility for participating in these activities depends on their job role, managerial level and business needs. These programmes are organised to enhance and enrich our employee's career progression. Customised training courses are facilitated to ensure employees are upskilled and role-ready. We also extend support for degree programs and certifications based on the employee aspiration and role requirements. We have a dedicated external learning policy that elucidates the process of employee self-nomination for external training programmes.

We have adopted a pull-based learning approach to empower learners to choose their learning priorities and participate in voluntary learning interventions. In FY 2021-22, we transitioned our flagship programme named 'Learning Affair' to a first-of-its-kind virtual reality-based experience.

**Each employee of the Bank underwent an average of ~31 person-hours of training during FY 2021-22**

**Figure 4: List of flagship training programmes**

| Orientation and Functional Knowledge Programmes | Skill Development Programmes | Managerial Training Programmes | Transition and Succession Programmes |
|---|---|---|---|
| » Company Orientation: Kotak Orientation for New Employees (K-One)<br>» Business and Role Induction-License to Operate<br>» Cultural Orientation-Kotak DNA and Code of Conduct | » Personal Effectiveness<br>» Personal Productivity<br>» Planning and Prioritisation<br>» Communication and Presentation | » New-Age Managers<br>» First Time Managers<br>» Kotak Young Leader Council<br>» Digi Q | » Quantum Leadership<br>» Managing for Excellence<br>» K-League<br>» Charismatic Leadership |

**More on our flagship learning initiatives**

» Quantum Leadership – It is a learning journey to share global best practices about innovation, linearity to leapfrog, customer centricity, and transformational leadership.

» Digi Q – This is a customised intervention for senior leaders, which supports them to lead in the banking sector through a rapid transformation and focused disruption, pivoting on digital initiatives.

» K-League – A light-touch, high-impact learning series introduced for senior leaders, that offers perspectives on strategic agility, digital adoption and innovation.

KLI conducts leadership development programmes for its middle and senior management. This plan institutes the 3E approach i.e. **Experience, Exposure and Education,** wherein activities like workshops and assessments are organised.

## HEALTH AND WELL-BEING

We believe that a healthy and engaged workforce is a key enabler of business success. Health and well-being initiatives are vital to retain good talent, maintain employee satisfaction and address turnover and absenteeism. We adopted an Occupational, Health and Safety Management System (OHSMS) and a Manual in compliance with ISO 45001:2018[31], certified by a third-party. This system has been implemented across six of our corporate offices. We plan to increase our scope over the years to include all our workplaces.

We have instituted OHSMS manuals that set out a structured framework and action plan encompassing the scope and responsibilities with respect to internal audits, reporting frequency and overall management of employee well-being[32]. The OHS management representative maintains a monitoring plan that identifies what will be measured, where and when it should be measured, and what methods should be used for the same. The senior management is responsible for the overall evaluation of our OHS performance and determining the effectiveness of the OHSMS during the review.

Systems are in place to ensure consultation and participation of our employees in the OHSMS where they contribute towards the development, planning, implementation, performance evaluation and actions for improvement[33]. We encourage all our employees to report on hazardous situations, enabling us to take corrective and preventive action. Periodic fire evacuation drills and trainings are also conducted for our employees led by appointed fire wardens across our large and small offices[34]. Further, pre-emptive medical check-ups, in-house doctor consultations and ambulance facilities are provided at a few of our large office locations[35].

During FY 2021-22, we instituted several policies and initiatives to promote the well-being of our employees. Remote working, part-time working and other such policies are aiding our employees to slowly transition back to office. We provide term life insurance, health insurance and group personal accident insurance to all our employees.

### STANDING BY OUR EMPLOYEES DURING THE SECOND COVID-19 WAVE

We rolled out a series of measures to enable our employees' health, well-being and comfort during the devastating second wave. Some key initiatives include:

» Introduction of remote working allowance to cover work-related expenses

» Transfer of employee systems to internet-first and mobile-first platforms, ensuring seamless access from home

» Establishing standard operating procedures for safety protocols

» Vaccination drives free of cost for our employees and their families and reimbursement for those who paid for their vaccinations

» Launch of Kotak VaxShield portal to ensure a seamless process for registration along with tracking the status of the vaccination

» Special leave for COVID-19 positive employees and reimbursement of medical cost

» Launch of a war room with employee volunteers to put in place a series of emergency measures including tie-ups for medical emergency response services, provision of oxygen cylinders, isolation facilities, doctor consultation and telemedicine services and financial assistance for medical expenses. Some initiatives undertaken by the war room were:

- Instituted dedicated COVID-19 helpline support via WhatsApp, SMS, 24X7 voice helpline and e-mail
- Tied up with 1mg, an online pharmacy company to provide free doctor consultation sponsored by us for any employee who tested positive. Further, telemedicine services from Star Health were introduced for COVID-19 care support
- Collaborated with hospitals and set up isolation facilities in select cities for our employees as well as their immediate dependents to quarantine and avail COVID-19 care support
- Introduced 24X7 Medical emergency response services such as ambulance arrangement, Doctors or Paramedics on call, COVID-19 bed or isolation facility identification, blood or plasma donor identification, diagnostic services, medicine and equipment delivery arrangements from StanPlus, India's largest private ambulance service provider
- Facilitated an emotional assistance program where employees could reach out to professional counsellors 24X7

» Provided need-based special financial assistance of up to ₹5 lakh per employee to COVID-19 infected employees and their immediate relatives

» Fitness allowance through the 'Health to the Power Infinity' programme (#HumFitKotakHit)

» Introduction of the Pandemic Benevolent Policy for the entire group which enabled the families of deceased employees to receive fixed CTC for two years. Further, our Group's mediclaim insurance continued to cover the enrolled spouse and minor children of the deceased employees for FY 2021-22.

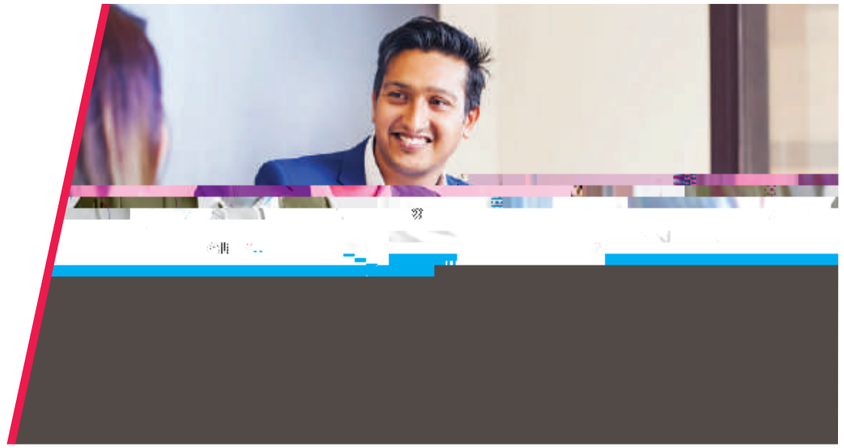
*[31]GRI 403-1, GRI 403-7, GRI 403-8 [32]GRI 403-2 [33]GRI 403-4 [34]GRI 403-3 [35]GRI 403-6*

## DIVERSITY AND INCLUSION[36]

Diversity in the workplace is critical to fuel innovation and enable better decision making. Our Group recognises the value of a diverse workforce and is committed to take initiatives to advance diversity, inclusion and equity across the organisation.

In FY 2020-21, we constituted a Diversity and Inclusion Council with leaders from each of the business segments. This Council is led by Ms. Shanti Ekambaram, who is a member of Kotak's apex executive leadership body termed as the GMC. The Diversity and Inclusion Council aims to drive change in culture, policies, processes and systems to build an inclusive work environment. The Council has been instrumental in promoting diversity by instituting the Diversity, Inclusion and Equity (DIE) Statement.

A senior member of the HR function has been appointed as the Diversity Champion to oversee implementation of the DIE Statement. Our Human Resources (HR) team has been entrusted with the responsibility for the on-ground compliance of this statement which also involves conducting annual trainings and generating stakeholder awareness on diversity issues. In line with



the strengthened commitment to diversity, we aspire to have women represent at least a third of our workforce.

Further, we have an Equal Employment Opportunity Policy which is aligned to the Rights of Persons with Disabilities Act, 2016. We at the Bank have 14 persons with disabilities employed in our workforce. Three of our Group's largest offices which have a combined capacity to house more than 8,000 employees are equipped with differently-abled friendly infrastructure. This helps facilitate access to differently-abled employees, workers and visitors.

In addition, we undertake several initiatives to promote diversity and inclusion in the workforce. Certain flagship initiatives have been listed here.

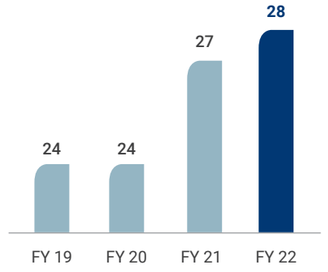
**Figure 5: Gender Diversity Initiatives**

KOTAK WONDER WOMEN

- Dedicated recruitment drive for women candidates
- Established a leadership pipeline for women talent from non-banking background
- Launched the Kotak Wonder Women (KWW) Returns that reached out to ex-employees for opportunities
- Launched an internal job posting portal for KWW that is accessible to all Kotak Mahindra Group companies
- Participated in job fairs that promoted Diversity, Equity and Inclusion like the India Diversity Forums and WiT Ignite – Job Fair for Women in the IT Industry
- Launched the KWW Wonderful Welcome that greets the women employees in the organisation, sensitising the workforce
- Launched a Special Career Programme for KWW that forecasts a clear roadmap of career opportunities available in-house
- Instituted a New Mother Benefit Policy that supports new mothers with a fixed allowance to address their child caring needs for a full year

Our Group has continued to strengthen its gender diversity programmes over the past few years and there has been a steady improvement in our diversity.

**Percentage of women employees at the Group (%)***




*includes both full-time and part-time employees

### DIE Statement

We recognise the value of a diverse workforce and aim to create 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. We are committed to providing a safe, healthy and conducive work environment for our employees.

[36]GRI 103-2, GRI 103-3

PEOPLE

Beyond promoting gender diversity, our Group also believes that age diversity among employees adds diverse perspectives, and experiences to the workforce. Moreover, young employees infuse higher motivation levels into the work environment. We conduct dedicated campus recruitment drives to hire young talent from premier institutes across the country. Over the past two years, we have recruited around 400 such students and aim to groom and nurture future leaders through our flagship programmes such as Kotak Young Leaders, Kotak Young Managers and Kotak Young Bankers.

Diversity in educational backgrounds of incoming employees strengthens our in-house expertise, and we conduct specialised campus hiring for STEM (Science, Technology, Engineering, and Mathematics) talent through our Kotak Young Tech Leader, Kotak Young Tech Managers and Kotak Young Tech Bankers programmes. We also participated in technology-focused events like the Techfest by IIT-Bombay (Asia's Largest Science and Technology Festival) to attract diverse talent base.

We are committed to further improve gender diversity through our women-focused talent management initiatives. To further our goal of establishing an inclusive workforce, we intend to encourage recruitment of differently-abled employees across businesses.

## EMPLOYEE BENEFITS

We provide various benefits to our full-time employees, some of which are customised to select employees based on their grade and role. The benefits provided to the employees include accident insurance, health insurance, parental benefits, provident fund and gratuity. Details of these benefits are available in employee specific policies.

**Figure 5: List of Benefits**

- Remote working allowance and health and well-being programmes
- Internal job opportunities
- Part-time working opportunities
- Pandemic benevolent policy
- Personal emergency loan
- Emotional assistance programme
- Kotak worklife app

Kotak's Worklife app: We transitioned from the employee intranet portal to launch the Kotak Worklife Mobile app. This platform provides functionalities, such as attendance and leave management, team communication, helpline via chatbot, among others. Additionally, it provides access to HRMS, payroll portal, travel bookings, mediclaim, internal job postings, office seat bookings, vaccination slot bookings, IT helpdesk, etc.

Each of our employees is eligible for availing parental leaves. We introduced a 'New Mother Benefit Policy' in FY 2021-22 to financially support new mothers. Amongst other benefits, new mothers can avail flexible working hours and part-time work facility.

We introduced a 'New Mother Benefit Policy', one-of-its-kind initiative that provides financial benefit to all KWW mothers returning to work. New Mother benefit policy allows new mothers a fixed amount of ₹7,500 every month, payable for a period of 12 months. This creates a reliable support system for mothers.

**The Bank's congenial parental care policies have ensured that the return-to-work rate is 99% for our permanent employees**

## EMPLOYEE ENGAGEMENT

Our Group promotes a collaborative and inclusive work environment. Through our annual 'My Kotak My Say' engagement survey, we collect feedback from our employees on our HR practices.

The results of the survey are presented to the leadership team for strategic integration in the human resource management strategy. This process enables quantification and measurement of employee satisfaction being translated into continuous improvement in HR practices. Over the last two years, we partnered with an external global research and consulting firm, Great Place to Work® Institute (GPTW) to carry out the annual employee engagement survey. Since this partnership, the overall trust impact score has increased from 69% to 74%. We have established a standardised process for implementing an action plan recommended by the GPTW as shown in figure 3 below. Through this process, we aim to enhance our employees' satisfaction.

KLI conducts an Employee Experience Survey called 'Umatter'. This process fosters a healthy work environment and promotes employee engagement. Some initiatives taken are employee and alumni referral programme and 'DuskaDum', which is a connect series with top 10 employees.

**Great Place to Work® Institute certified Kotak Mahindra Bank as 'One of India's Best Employers Among Nation-Builders' in 2021**

**Figure 3: Process for implementing action plan recommended by Great Place to Work® Institute (GPTW)**

Employee Volunteering at Kotak was formally launched on our Foundation Day under the brand name 'Caring Kotakite'. The Employee Volunteering Policy allows leave for up to three days a year for physical or virtual volunteering. A fully digital platform allows our employees to enroll for curated volunteering activities and also post about their volunteering activities through photos and videos.

COMMUNITY

# Supporting our COMMUNITIES

We are cognisant of the critical role we can play in creating a positive impact in the lives of communities through financial inclusion efforts and Corporate Social Responsibility (CSR) initiatives.

**₹226 cr**
Total CSR expenditure (Group)

Material topic(s) covered

- Community well-being
- Promoting financial inclusion

Capital Linkage

Social and Relationship Capital

Impact on SDGs

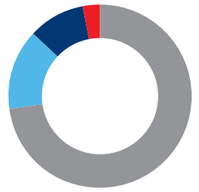
Kotak Mahindra Bank (KMBL) and its subsidiary companies are fully compliant with the regulatory requirement to spend 2% of PBT (calculated as per applicable law) on Corporate Social responsibility projects. Please refer to the Director's Report for more details. Similarly, the Annual disclosures of our relevant subsidiary companies contain the details of their CSR projects respectively.

## KOTAK MAHINDRA GROUP'S KEY CSR PROJECTS[41]

The CSR projects in FY 2021-22 had been implemented directly and through partner organisations, which have a proven track record. Please refer to the Bank's website for more details on CSR Projects at https://www.kotak.com/en/about-us/corporate-responsibility.html. Similarly, details of CSR Projects of subsidiaries are available on their websites.

**Kotak's CSR projects are designed to bring about meaningful and measurable social impact, and are in line with United Nations Sustainable Development Goals (UN SDGs).**

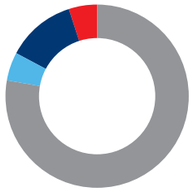
**Kotak Mahindra Group's CSR expenditure for FY 2021-22**



| | |
|---|---|
| Education and livelihood | 73% |
| Healthcare | 14% |
| Relief and rehabilitation | 10% |
| Environment and sustainable development | 3% |

For FY 2021-22, the mandated CSR expenditure for the Group was ₹225.7 crore and the actual CSR expenditure was ₹226.0 crore. The breakdown of actual CSR expenditure (excluding overheads) towards various focus areas is depicted above.

**Kotak Mahindra Bank's CSR expenditure for FY 2021-22**



| | |
|---|---|
| Education and livelihood | 78% |
| Healthcare | 5% |
| Relief and rehabilitation | 12% |
| Environment and sustainable development | 5% |

For FY 2021-22, the mandated CSR expenditure for the Bank was ₹161.8 crore and the actual CSR expenditure was ₹162.0 crore. The breakdown of actual CSR expenditure (excluding overheads) towards various focus areas is depicted above.

Further details of the Bank's CSR projects for FY 2021-22 can be found in the Director's Report.

*[41]GRI 103-2, GRI 103-3, GRI 413-1, GRI 413-2*

COMMUNITY

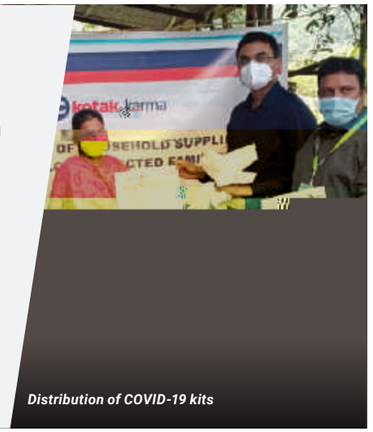
# Kotak's key CSR projects

## RELIEF AND REHABILITATION

In light of the second wave of the COVID-19 pandemic which disrupted the Indian communities further, we continued strong pandemic relief efforts, some in collaboration with partner organisations. In FY 2021-22, we continued implementing CSR projects on COVID-19 relief to save lives and livelihood, by facilitating ambulance services and upgrading healthcare infrastructure across the country.

Our employees participated in relief and rehabilitation-related volunteering activities, including on-ground support for COVID-19 relief operations, such as ensuring distribution of COVID-19 kits and coordinating access to healthcare infrastructure for communities.

Apart from initiatives taken specifically for COVID-19, we supported relief measures like providing food and shelter to communities impacted by floods in Maharashtra, Tamil Nadu, Karnataka, and Bihar.




*Distribution of COVID-19 kits*

## EDUCATION AND LIVELIHOOD WITH KOTAK MAHINDRA GROUP'S PRIMARY CSR PARTNER, KOTAK EDUCATION FOUNDATION

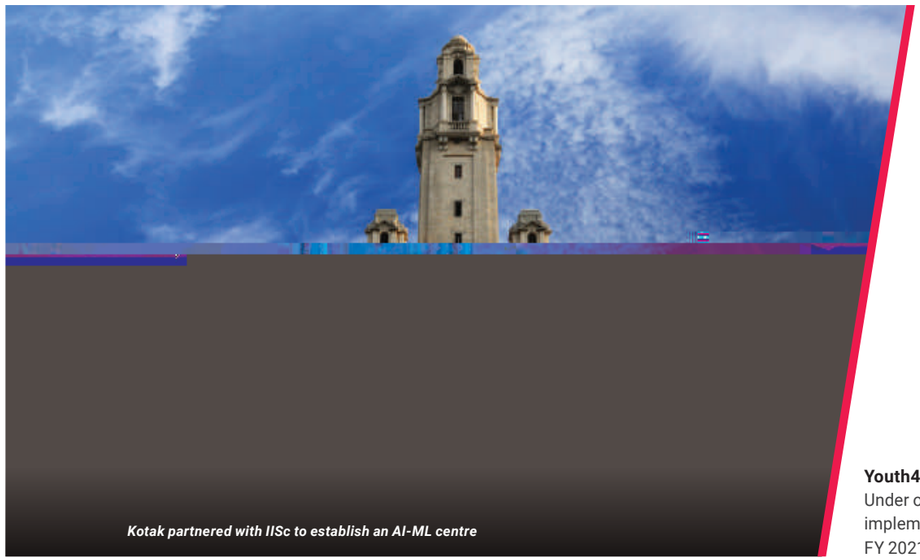
Kotak Education Foundation (KEF) is our primary CSR partner to implement our CSR interventions in the areas of education and livelihood. KEF supports children and youth from underprivileged families through different education and livelihood-based interventions. The COVID-19 (second and third wave) led to repeated closure of schools and other academic institutions for major part of the academic year 2021-22. The lack of access to digital facilities had significant impact on the students from underprivileged backgrounds. KEF adapted to the challenges through hybrid models of intervention across all its projects and managed to reach over 39,000 beneficiaries.

## KEY CSR PROJECTS WITH KEF

**Digital Learning Solutions (DLS)**
In FY 2020-21, Kotak Mahindra Bank with KEF launched Project Digital Learning Solutions (DLS) with an aim to improve learning outcomes in KEF partner schools by providing digital support to teachers and students. Lack of access to digital devices during the pandemic led to students being left outside the ambit of the education system. Further, teachers also often lacked access to digital devices restricting them from facilitating online classes. Through the DLS initiative, teachers and students were provided tablets pre-loaded with grade 10th content.

**Project Excel**
Project Excel is a collaborative ongoing CSR Project being funded by our Group companies and implemented by KEF. The CSR Project has three distinct offerings – 10+, 12+ and Kotak Kanya Scholarship (KKS). The 10+ scholarship is provided to select meritorious students pursuing senior secondary (11th/12th) while 12+ scholarship is provided to meritorious students pursuing graduation.

**Kotak Shiksha Nidhi (KSN)**
KSN is a collaborative ongoing CSR Project on Education and Livelihood being funded by Group companies and implemented by KEF. KSN was launched in FY 2021-22 to provide financial assistance to students who have lost a parent or a primary earning family member to COVID-19 to continue their education.



*Kotak partnered with IISc to establish an AI-ML centre*

**Youth4Jobs (Y4J)**
Under our ongoing CSR project with Y4J, being implemented across three financial years (from FY 2021-22 to FY 2024-25), Y4J is developing SwarajAbility, India's first AI-enabled jobs platform for differently-abled persons.

## EDUCATION AND LIVELIHOOD INITIATIVES WITH OTHER PARTNER ORGANISATIONS

**Indian Institute of Science (IISc)**
As part of our ongoing CSR project (from FY 2021-22 to FY 2024-25), we have partnered with IISc to establish an AI-ML (artificial intelligence-machine learning) centre at their campus in Bengaluru. The Centre will offer graduation, post-graduation, and short-term courses, while also promoting research and innovation. The project will enable development of a talent pool from across the country to provide cutting-edge solutions to meet industry's emerging and future requirements.

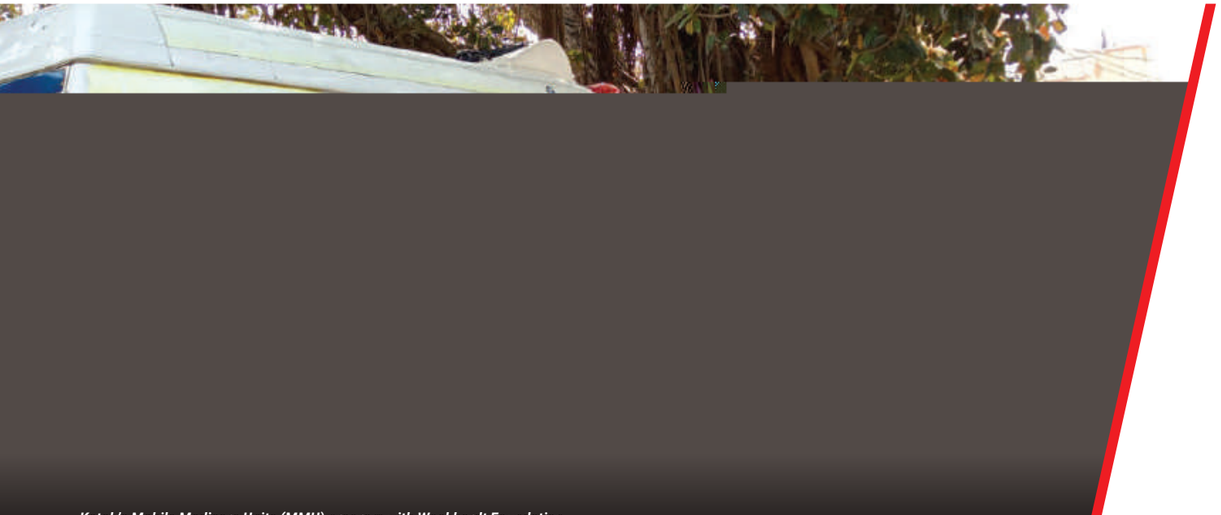
**Pratham Education Foundation (Pratham)**
Various companies of our Group have partnered with Pratham to train youth from disadvantaged backgrounds across multiple areas including healthcare, construction, entrepreneurship, and hospitality.

**Khan Academy India (KAI)**
Under our ongoing CSR Project with KAI (from FY 2021-22 to FY 2022-23), KAI is working towards developing science content for grades 9th to 12th and making it available to students across India.

**Indian Institute of Management, Bengaluru (IIMB)**
In FY 2021-22, we partnered with IIMB to launch Women Start-up Programme (WSP) as an ongoing project to be implemented across three financial years (from FY 2021-22 to FY 2023-24). WSP aims to support ambitious and innovative women entrepreneurs by enabling them to transform their ideas into business ventures. It is designed to focus on the enhancement of the entrepreneurial and managerial skills of women leading early and ideation stage ventures.

**Society of Parents of Children with Autistic Disorders (SOPAN)**
KMBL partnered with SOPAN to construct SHANAY, an Autism Resource Centre under its ongoing CSR project of FY 2020-21. While the Centre was inaugurated in December 2021, the CSR project has been extended to FY 2022-23 as some capex related items are pending as on 31st March, 2022. In FY 2021-22, we initiated a fresh CSR Project with SOPAN, which is being implemented through FY 2021-22 and FY 2022-23 for operating the Autism Resource Centre. Currently, children with special needs are offered educational, psychological, and therapeutic services at the Centre.

*SHANAY was constructed through a collaborative effort of KMBL and SOPAN*



*Kotak's Mobile Medicare Units (MMU) program with Wockhardt Foundation*

## HEALTHCARE

**Medical Vans/Ambulances for various hospitals / NGOs**
We partnered with seven different charitable hospitals in the states of West Bengal, Gujarat, Maharashtra, and Telangana under five separate CSR projects to provide eight equipped medical vans. We provided ambulance to NGO PRAWES in Indore to address healthcare problems of destitution and beggars in the city. We also provided an ambulance to New Civil hospital in Surat. Additionally, KMAMC provided an equipped medical emergency Van to Rotary Club of the Nilgiris to provide services to people of Conoor district.

**Parivaar Education Society (Parivaar)**
KMAMC partnered with Parivaar to address healthcare requirements in five districts of Madhya Pradesh. Under KMAMC's ongoing CSR project with Parivaar, which is being implemented across two financial years (from FY 2021-22 to FY 2022-23), Parivaar will work towards improving access to healthcare services in the tribal areas of Madhya Pradesh.

**CanKids...KidsCan**
In FY 2020-21, KMBL partnered with CanKids for ongoing CSR project which is being implemented across three financial years (from FY 2020-21 to FY 2022-23), to provide medical assistance to patients and support their families by facilitating lodging during the treatment period.

In FY 2021-22, Cankids operated five 'Home Away from Home' centres. In FY 2021-22, KLI and KSL separately partnered with Cankids to provide support through hospital intervention programme to patients.

**Kotak believes its business is only as sustainable as the communities in which it operates. The Group's community investment prioritises emphasis areas, where it can make a substantial difference.**

**Wockhardt Foundation**
Three Group companies Kotak Mahindra Bank, KMPL and KLI have separately partnered with Wockhardt Foundation for their respective ongoing CSR Projects to provide primary medical services through 36 Mobile Medicare Units to underprivileged sections of the urban population in large cities like Chennai, Kolkata, Hyderabad, Surat, Ahmedabad, Jalandhar, etc.

## ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

We are enhancing our CSR footprint in the environment and sustainability domain. The current focus of CSR initiatives is to reduce energy consumption, encourage greener energy solutions and biodiversity conservation.

**Indian Institute of Technology, Madras (IITM)**
Under our ongoing three CSR projects with IITM being implemented across two financial years (from FY 2021-22 to FY-2023-24), 'IITM Kotak Save Energy Mission' will establish five centres across India with an aim to improve energy efficiency and performance of MSMEs by conducting energy audits and encouraging adoption of various energy conservation measures.

**Nature Forever Society (NFS)**
The NFS was founded by Mohammed Dilawar (Sparrow Man) in 2009. In FY 2020-21, we partnered with NFS to develop phase I of Nectar and Biodiversity Park at Sanjay Gandhi National Park, Borivali. The CSR project was completed in FY 2021-22 with completion of phase I activities. Under our new ongoing CSR project with NFS we are developing phase II of the Biodiversity Park.

## SPORTS

We have partnered with leading sportsmen and sports focused institutions in India to upgrade sports infrastructure as well as to provide quality training and care to budding athletes focusing on Olympic sports.

**Pullela Gopichand Badminton Foundation (PGBF)**
In FY 2020-21, under our ongoing CSR project with PGBF, KMBL initiated development of a world class badminton training facility in Hyderabad. The facility will have six air-conditioned badminton courts, a residential block for athletes, a swimming pool, a jogging track and a sports science centre. In FY 2021-22, we supported the PGBF to continue development of the badminton training facility. The facility is expected to be ready in FY 2022-23.

**Inspire Institute of Sport (IIS)**
Under our CSR project with IIS, which was implemented over 18 months (from 1st October, 2020 to 31st March, 2022), IIS provided world-class training environment for aspiring wrestlers and boxers, some of whom also participated in the Tokyo Olympics.

## FINANCIAL LITERACY AND INVESTOR EDUCATION

Besides our CSR projects, we also undertake financial literacy and inclusion programmes to positively impact our communities through our business activities. A brief overview of these thrust areas has been elucidated below.

Financial literacy is a step towards educating customers for effective usage of banking services, which will help underserved segments of our economy to move into the formal banked economy. To spread financial literacy as per regulatory guidelines, we organise financial literacy camps through our rural branches. During FY 2021-22, we conducted 1,148 such camps. We also regularly conduct various digital campaigns to educate customers.

In FY 2021-22, KMAMC conducted various investor education seminars and a large campaign to make investors familiar with fund categories. For instance, a seminar focused on 'Balanced Advantage Funds' was conducted with an intent of helping investors take a step towards investing in equity funds and understanding asset allocation.

As part of KGI's insurance awareness programme, insurance education is actively promoted across social media channels. Two districts (Palamu in Jharkhand and Rajgarh in Madhya Pradesh) have been adopted as part of insurance awareness programme to promote insurance education.

COMMUNITY

Aadhaar on Wheels

## FINANCIAL INCLUSION (FI)[42]

We, at Kotak Mahindra Bank, continuously strive to make our products and services accessible to the under banked segments of society. During FY 2021-22, our FI function, which was earlier a part of our consumer bank, was carved out as an independently focused horizontal function to give a greater thrust to the FI strategy.

Our FI strategy rests upon two key focus areas:

**Participation in Government schemes**
Under this area, we drive the distribution of multiple government lending schemes and delivery of services under other government obligations, such as Aadhaar Seva Kendras and customer service points for beneficiaries of basic savings accounts and Mahatma Gandhi NREGA scheme.

- Participation in government promoted schemes like Aadhaar and micro-ATM enabled payment systems
- Strengthening microfinance lending solutions
- PM Mudra Scheme: During FY 2021-22 we disbursed over ₹965 crore by providing micro enterprises loans for up to ₹10 lakh
- Pradhan Mantri Awas Yojana (PMAY): We disbursed ₹890 crore in FY 2021-22 to bolster infrastructure growth and provide Economically Weaker Section (EWS), Lower Income Group (LIG) and Middle Income Group (MIG) access to affordable housing
- PM Agri Infrastructure Scheme: We also disbursed ₹272 crore to develop agriculture, especially at the post-harvest stage
- Other government schemes: We also actively disbursed loans under PM Stand Up India a scheme which provides entrepreneurship support to women and scheduled caste (SC) and scheduled tribe (ST) communities. We also provide loans under the PM SVANidhi scheme, which supports street vendors with working capital loans
- Atal Pension Yojana (APY) scheme: The scheme aims at providing financial stability to the unorganised sector after retirement with pension amount of ₹1,000 to ₹5,000 per month. As on 31st March, 2022, we had a total of 22,731 APY subscriptions out of which, 9,650 were sourced during FY 2021-22. Out of these, 75 percent were sourced using the new APY Mobile banking application which was launched in October 2021
- Pradhan Mantri Jeevan Jyoti Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY): We also continued to offer PMJJBY and PMSBY schemes which were launched in FY 2015-16 with an objective to provide life insurance and accident insurance benefits up to ₹2 lakh respectively

**In FY 2021-22, we received approval from UIDAI to set up 'Aadhaar on Wheels' (AOW), a mobile network to offer Aadhaar enrolment and update facilities at the customer's doorstep.**

**We set up camps in housing societies, educational institutions, office premises, etc. providing an easy option to avail of this service at the customer's convenience. As of 31st March, 2022, we have deployed three such vans at Pune, Surat, and Mumbai, and have fulfilled a total of 4,074 Aadhaar update and enrolment transactions.**

Our premises host Aadhaar service centres for enrolment and updation services. As of 31st March, 2022 we had 160 such at select locations across India.

**Expansion of distribution network of business correspondents (BC)**
This focus area involves expanding our distribution footprint through BSS Microfinance's BC services and collaboration with other corporate BC networks.

BSS Microfinance provides microfinance loans and is expanding its distribution network to multiple states as a part of our growth plan for microfinance lending. Leveraging the growing reach of BSS Microfinance, we are also extending our traditional products, such as savings accounts, term deposits, property loans, vehicle loans and insurance to these segments of customers.

We have commenced the process of deepening our distribution beyond branches by setting up BC outlets in geographical circles around its city and town locations to enhance the reach of select banking services. This network of BC outlets are proposed to be linked to agricultural supply chains, such as milk, or as independent outlets to augment the extended geographical territory around the Bank's existing branch and ATM network.

We will leverage technological solutions such as opening Aadhar-based savings account through biometric verification, Aadhar-enabled payment services and micro-ATM machines to expand the reach of our financial services far beyond the confines of our physical branch and ATM network.

**In FY 2021-22, we piloted banking services for milk supply chains in village clusters across Gujarat and Punjab, and opened over 2,400 saving accounts**

Aadhaar on Wheels

## PRIORITY SECTOR LENDING

We continue to grow our advances towards PSL in each of our business verticals. We continue to build our PSL advances in businesses such as SME lending, tractor financing, agri-SMEs, microfinance and on-lending to NBFCs for their PSL advances. Apart from being a commercially viable business, such PSL advances support small and marginal farmers, weaker sections of society (as defined by RBI), women borrowers and micro-enterprises, thus, enabling last-mile financial access.

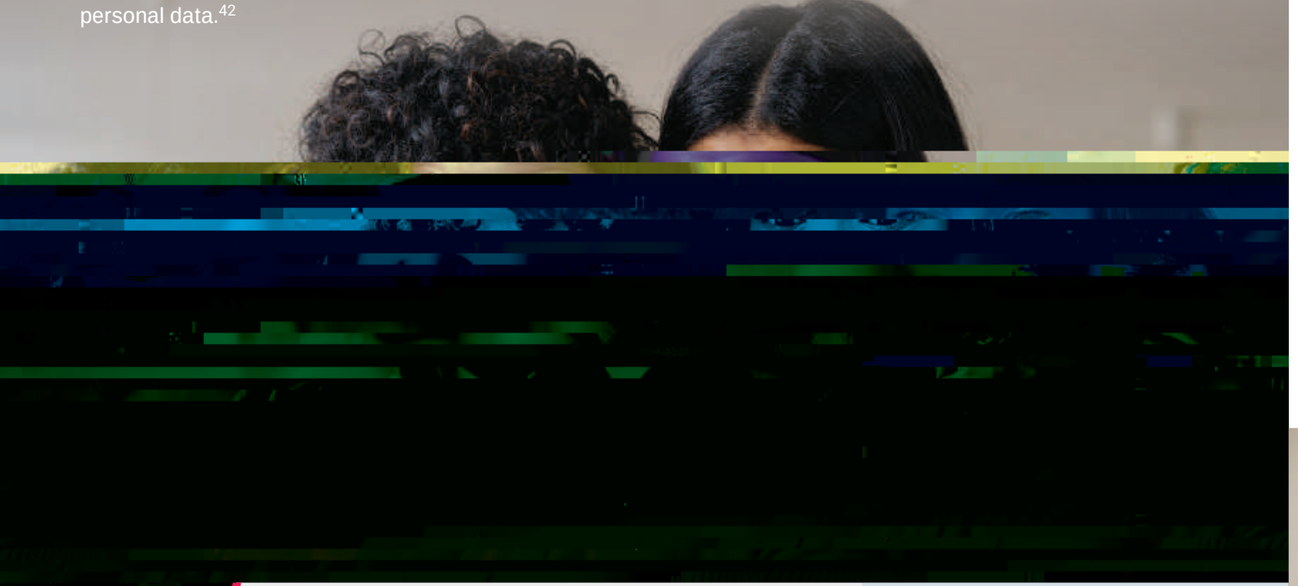
In FY 2021-22, our priority sector lending (including purchase and sale of priority sector lending certificates) was around 44% of the applicable adjusted net banking advances (prior to district weightage adjustments) for the year. We crossed the achievement of regulatory targets for PSL, not just on an overall basis, but also in each of the categories and sub-categories viz. small and marginal farmers (SMF), total individual farmers, total agricultural lending, micro-SME lending and lending to weaker sections of society.

[42] *GRI 103-2, GRI 103-3*

CUSTOMERS

# Generating value for OUR CUSTOMERS

Our Group is committed to maintaining a meaningful and long-lasting relationship with our customers and has adopted a customer centric approach that blends our digital capabilities and market insights to deliver seamless and differentiated customer experience. In addition, our Group commits to implement quality systems and processes to secure our customers' personal data.[42]



**26%↑**
Growth in Bank's Customer Base

**22%**
Growth in Customer Assets

**32.7 mn**
Kotak Mahindra Bank's Customer Base

↑YoY

Material topic(s) covered

- Enhancing customer experience
- Customer data privacy

Capital Linkage

Social and Relationship Capital

Impact on SDGs

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Customer centricity is our Group's key strategic driver that focuses on improving customer engagement, experience and satisfaction. The transition to digital solutions has been a key factor enabling the shift from a 'product-centric' to a 'holistic customer experience' approach. Each business within our Group has launched a suite of digital products and solutions that cater to unique needs of customers across different segments. This has been discussed at length in the 'Technology Strengths' chapter.

Our Group believes that continued engagement is vital to build trust and gain on-ground insights from our customers. Numerous policies have been formulated to embed a responsible customer centric approach to our business operations. Nearly 900 of our branches and ATMs are equipped with ramps to enable access to Persons with Disability (PwD). Details of our policies and practices are available in the BRSR disclosure found in this Report.

We have a dedicated 'Customer Experience' vertical that is responsible for gauging and addressing our customer feedback through surveys to identify areas of improvement across all customer segments. In FY 2021-22, we launched an enhanced customer relationship management channel and adopted a customised software to strengthen our systems. We also sought interactive customer feedback from our employees who gave their views through a survey.

We track Net Promoter Score (NPS) at two levels- Relationship NPS (R-NPS) and Transaction NPS (T-NPS). We closely track our R-NPS to understand our customers' perception of the Bank as a whole and carry out a survey for our customers in the retail, wealth management, SME, commercial and wholesale banking segments. Surveys are conducted annually for all our customers except for retail banking where they are conducted on a half yearly basis.

The Customer Service Committee of the Board oversees performance across numerous metrics that track customer experience and loyalty. This Committee meets quarterly to provide guidance on measures to augment our performance. A service framework tracks a suite of metrics that measure both customer engagement and service delivery. Engagement metrics include service and digital activation by customers, and service delivery metrics include complaint resolution effectiveness and first contact resolution among, others. With the support of a team of experts, we also track social media linked customer perception. The service framework links these quality metrics to performance of employees responsible for enabling customer satisfaction.

We also have Relationship Management teams at branches and a Customer Contact Centre with a team of Virtual Relationship Managers, who regularly connect with customers telephonically and digitally. Such regular engagement helps us provide transparent information about financial products and services to support well-informed financial decisions and to enable an overall seamless customer experience. Through such engagements our customer facing teams are able to carry out processes such as root cause analysis and identify any process bottle necks. Accordingly, corrective actions are rolled out to enhance customer experience.

Our Group strives to provide our customers with a superior digital experience by leveraging our technology and digital capabilities. Continuous upgradation and digital transformation of internal and customer facing processes are at the core of continually improving our customer experience. Some of the key initiatives undertaken include digitalisation of lending processes and use of digital signatures to administer wealth transactions. While enhancing our dependence on digital solutions, our Group also focuses on strengthening our data privacy systems. In FY 2021-22, there have been zero instances of data breaches.

CUSTOMERS

## LEVERAGING DATA ANALYTICS TO UNDERSTAND CUSTOMER BEHAVIOUR

Data analytics is at the core of our growth strategy. It is used to acquire, on-board, service, up-sell, cross-sell, assess risk, detect and prevent fraud, and improve process efficiency across our functions. Our growth in customer acquisition for lending as well as deposits can be credited to data analytics and advanced data science applications. We have added over a hundred data science and data engineering experts in the recent past to support the ambition of data-led personalised customer service delivery. Personalised offers for instant loan applications, pre-approved loan offers for existing relationships, merchant offers for shopping, and EMI offers for purchases are some of the examples of leveraging data analytics for real-time decisions and better customer experience. With customer touch points augmented by data analytics and data science, this is becoming the new normal for our customers.

**We have added over a hundred data science and data engineering experts in the recent past to support the ambition of data-led personalised customer service delivery.**

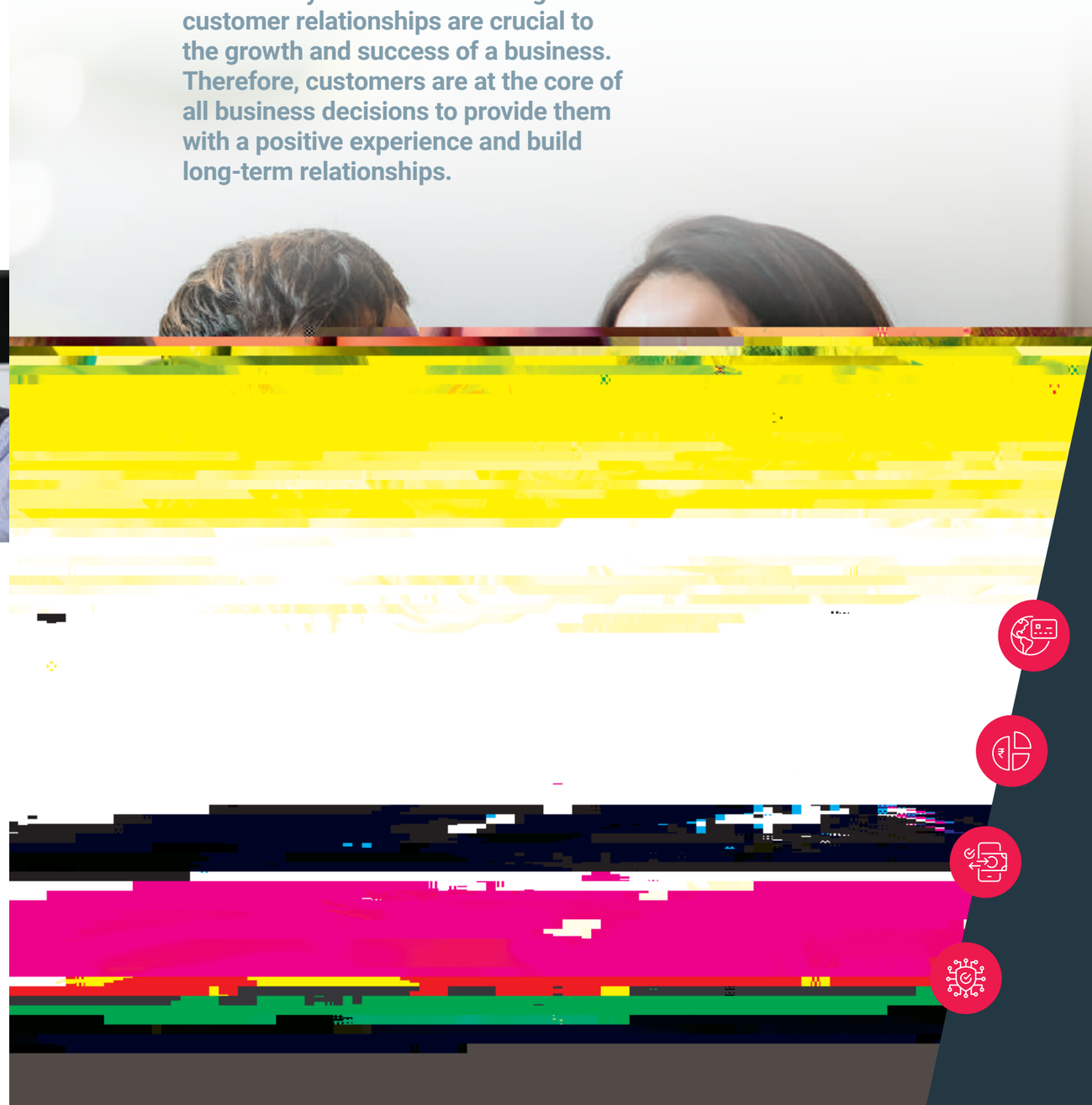
## GRIEVANCE REDRESSAL

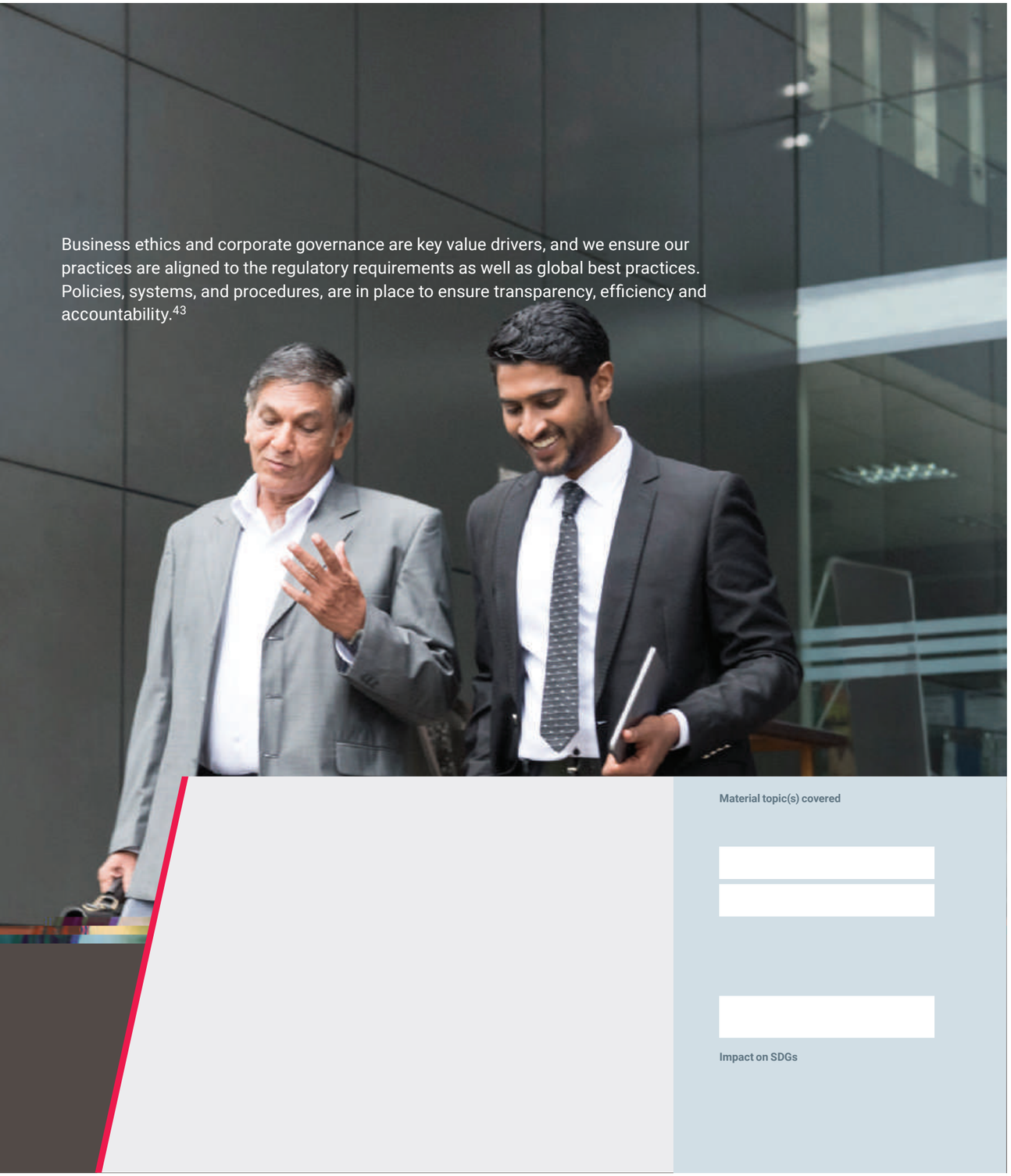
We have established a robust multi-channel customer grievance redressal mechanism across our operations as outlined in our grievance redressal policy. We have a complaint handling protocol that guides our customer facing employees to efficiently categorise and capture complaints. Further, we also leverage social media channels to address some of them. We launched a 'Do it Yourself' (DIY) help centre that enables 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 are also committed to resolving complaints in a timely manner and in this financial year alone, we trained and tested around 16% of our Consumer Banking staff on complaint management. In FY 2021-22, about 94% of complaints were resolved within the stipulated turnaround time (TAT). Additionally, we re-vamped our grievance redressal systems to focus on improving our resolution TAT and quality of response which has indirectly helped in reducing the number of complaints.

## THE ROAD AHEAD TOWARDS ENHANCING CUSTOMER EXPERIENCE

It is our constant endeavour to elevate customer experience and we translate the findings from our engagement surveys and studies into strategic actions. We aspire to build relationships with our customers that inspire emotive transactions and expand the breadth of services we provide. In our effort to emerge as the banking partner of choice, we are working towards digitally transforming our operations to enhance process efficiency and robustness. We are working towards building seamless customer journeys and equipping our employees to further improve customer servicing.

**Kotak firmly believes that strong customer relationships are crucial to the growth and success of a business. Therefore, customers are at the core of all business decisions to provide them with a positive experience and build long-term relationships.**





Business ethics and corporate governance are key value drivers, and we ensure our practices are aligned to the regulatory requirements as well as global best practices. Policies, systems, and procedures, are in place to ensure transparency, efficiency and accountability.[43]

Material topic(s) covered

Impact on SDGs

At Kotak Mahindra Group, we believe that strong governance is the foundation to continued success. Our principles of governance encompassing accountability, responsibility, integrity, independence, transparency in dealings as well as fair and timely disclosures guide our business processes and are intrinsic to our work culture. We have instituted Codes of Conduct for our employees and Directors, which outline our ethical practices, culture, values, and standards. We have a zero-tolerance policy to any violations of the Code of Conduct. Our Board of Directors along with our top management team play an indispensable role in ensuring a strong governance approach in all our business functions. Dedicated Board level committees oversee the formulation, implementation and revision of various policies that guide our operations and we also have management level committees that closely guide and monitor the functional teams. Our Board provides a combination of professionalism, knowledge and experience required in the banking industry bringing a wealth of experience. Details of our governance structure and its effectiveness can be found on page 197 onwards in the Corporate Governance Report. Further, details on evaluation of Board effectiveness can be found on page 171 onwards in the Directors' Report.

## INFORMATION SECURITY AND DATA PRIVACY[45]

Digital transformation backed with robust information technology (IT) infrastructure plays an indispensable role in meeting the ever-evolving needs of our customers. In recent times, the role of IT in facilitating business continuity and customer servicing has grown significantly. In this context, we recognise our fiduciary duty to protect the integrity of our IT systems and customers' data. Our Chief Information Security Officer (CISO) is responsible for the implementation, oversight, review, and monitoring of our cybersecurity strategy and Information and Cyber Security Policy.

We ensure compliance with Unique Identification Authority of India (UIDAI), EU General Data Protection Regulations (GDPR) in applicable geographies, as well as other relevant domestic and international regulations on data privacy, personal data protection and cyber security. We have instituted a Privacy Policy that applies to all our employees and contractors of our non-resident business where GDPR is applicable. Further, this policy also applies wherever Aadhar is used for conducting business activities in India. For our operations where EU GDPR is applicable, we inform our customers about privacy protection issues which include the nature of customer information captured, the use of collected information, information on data protection, and third-party disclosure policy among others. We have appointed a Data Protection Officer (DPO) who is responsible for monitoring privacy compliance. The DPO is supported by a data protection task force which includes staff from different teams such as Information Risk Management (IRM), Operational Risk Management team and Legal team to assist with privacy compliance.

### Apex Information Technology Policy

We have instituted an Apex Information Technology Policy to ensure the effective protection and proper usage of the computer systems within the Bank. The Board-approved Policy focuses on ensuring the integrity, reliability, and availability of the IT systems and processes, while also providing guidance for dealing with violations and exceptions appropriately. The IT Policy applies to all our employees, consultants, contractors, vendors, and third parties.

## APPROACH TO CYBERSECURITY

We are cognisant of cyber threats and associated risks. A programmatic approach encompassing a cyber-resilience framework has been established to mitigate threats such as data breaches, malware, denial-of-service attacks, etc. We conduct cyber drills to assess the effectiveness of prevention, detection, and response controls. We have invested in best-in-class IT infrastructure to proactively detect malicious behavior or anomalies. Our Information Systems are ISO 27001 certified and periodic third-party security assessments are conducted to assure its security. These systems are continually upgraded through significant investments in information security systems. Each new digital product offering is assessed for cybersecurity risks before roll out and subsequently monitored on an ongoing basis. Periodic audits or assessments and thematic assessments of critical systems are conducted to assess the robustness of technology controls and minimise the impact of incidents, if any. A designated e-mail address has been put in place for reporting cyber security incidents or weaknesses. We did not have any instances of reported data breaches during FY 2021-22.[46]

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 resilience.

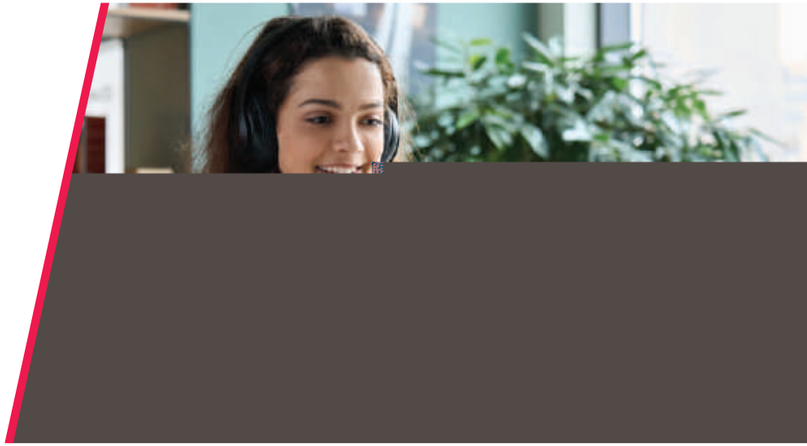
**The Information Security Management Systems are ISO 27001 certified. Periodic third-party vulnerability analysis is conducted to assure the security of IT systems.**

### Cyber Crisis Management Plan (CCMP)

**We have developed a CCMP as part of our cyber resilience framework to respond to and counter cyber-crisis. The CCMP lays out the governance mechanism for dealing with a cyber-crisis scenario, and also guides our responses to act in similar scenarios.**

**We have also taken initiatives to spread awareness and train employees and other stakeholders to effectively respond to a cyber-crisis.**

Amongst our subsidiaries, KMAMC has subscribed to various services like threat intelligence and Distributed Denial of Service (DDoS) prevention. It has deployed solutions like Data Loss Prevention (DLP), USB blocking, hybrid proxy solutions, data encryption, simulated attacks, and Vulnerability Assessment and Penetration Testing (VAPT) activities, amongst others to ensure data privacy and information security.



## TRAINING ON INFORMATION SECURITY AND DATA PRIVACY

During FY 2021-22, we undertook several initiatives to generate employee and management awareness on information security. An induction training is provided to all new joiners, which includes a dedicated module on information and cyber security awareness. Employees are also required to complete an Information Security course annually and to ensure completion periodic reminders are sent. The IRM team and CISO team also send periodic e-mails with security tips and cyber-security related updates to our employees (including contractual employees). Additionally, we conduct regular phishing awareness exercises to increase awareness amongst our employees.

With our investments, training, and awareness sessions, we make sure that we do not have any instances of data breaches.

*[45]GRI 103-2, GRI 103-3 [46]GRI 418-1*

AWARDS AND ACCOLADES

# Recognition of EXCELLENCE

Kotak Mahindra Group (Kotak) is a trendsetter in the Indian BFSI industry since its inception, and continues to contribute to nation-building and sustainable value creation. We are honoured to be recognised for our success as we continue our journey.

Kotak Mahindra Bank awarded as one of the **Best Brands 2021** by The Economic Times. Elizabeth Venkataraman accepts the award on behalf of the Bank

Kotak Securities Limited honoured with two awards by Quantic India - **Best Stock Broking Company of the Year and Best Cloud Initiative (Stock Broking Company).** (L-to-R) - Sandeep Chordia, Manish Jain, Amit Shah, Vibhor Singhvi and Hardik Joshi receive the award on behalf of Kotak Securities Limited

Kotak Mahindra Bank featured in the **'Leadership'** category as assessed by IiAS on the IFC-BSE-IiAS Indian Corporate Governance Scorecard based on G20/ OECD corporate governance principles

Deepak Sharma honoured with **CXO BFSI Tech Champion Awards 2021** by Techplus Media and **India's Inspiring Leaders Awards 2021** by Elets Technomedia, The Banking & Finance Post magazine

Himanshu Vasa receives the **2022 Roll of Honour** under the category 'Collaboration' at CFO100 India by CFO India

Karthi Marshan conferred with the **DMA Trailblazer CMO Award 2021** by DMA Asia and the **Impact Digital Power 100 list 2022**

Sanjay Gupta conferred with **India's Inspiring Leaders Award 2021** by Elets Technomedia, The Banking & Finance Post magazine

# AWARDS AND ACCOLADES

## KOTAK MAHINDRA BANK

- Elizabeth Venkataraman recognised in the **Impact Digital Power 100 list 2022**
- Devendra Sharnagat recognised as one of the **50 Most influential AI Leaders in India 2021** by Analytics India Magazine
- Devendra Sharnagat honoured as one of the **Top 150 AI & Analytics Leaders & Influencers** by 3AI - AI & Analytics Association
- Haresh Hiranandani wins **India's Inspiring Leaders Awards 2021** by Elets Technomedia, The Banking & Finance Post magazine
- Kulin Thaker recognised at the **CXO BFSI Tech Champion Award 2021** by Techplus Media
- Siddharth Saxena honoured at the **Insights CXO Awards 2021** by CXOAxis
- Great Place to Work® Institute certifies Kotak Mahindra Bank as **'One of India's Best Employers Among Nation-Builders' in 2021**
- **10th ACEF Global Customer Engagement Awards 2021 - 'Gold'** for Best Use of Celebrity for Kotak811 VKYC campaign
- **Reader's Digest Trusted Brand Awards 2021** - Winner under the category 'Banks - Private'
- **Asian Banking & Finance Wholesale Banking Awards 2021** - Domestic Digital Onboarding Initiative of the Year, India
- **The Asian Banker Transaction Finance Awards 2021 -** Best Trade Finance Bank, India
- **Asian Banking and Finance Corporate & Investment Banking Awards 2021**
  - Equity Deal of the Year, India
  - Debt Deal of the Year, India
- **MADDYS 2021 by the Advertising Club of Madras**
  - Kotak Home Loans campaign wins Silver under the category 'Best use of integrated media'
  - #DreamInvited campaign wins Bronze under the category 'Best use of integrated media'
- **UiPath Automation Excellence Award 2021 -** Excellence in Core Banking & Insurance Processes
- **The Asset Triple A Country Awards 2021**
  - Best Corporate & Institutional Adviser, India
  - Best bond adviser, India
- **Asiamony Trade Finance Survey 2022 - 1 st –** Best Services for Trade Finance in India

## KOTAK PRIVATE BANKING

- **Asiamony Private Banking Awards 2021**
  - Best Domestic Private Bank, India
  - Best for HNW, Asia
- **Asiamony Private Banking Awards 2022**
  - Digital Private Bank, India
  - Best for Investment Research, India
- **FinanceAsia Country Awards 2021 -** Best Private Bank, India
- **PWM Wealth Tech Awards 2021 -** Best private bank for digitally empowering relationship managers, Asia
- **Asian Private Banker India 2020** Private Banking & Wealth Management AUM – Ranked #1
- **The Asset Triple A Private Capital Awards 2021 -** Best Private Bank, India
- **World's Bst Private Banks Awards for 2022 by Global Finance -** Best Private Bank Entrepreneurs (Global)
- **Asian Private Banker's Awards for Distinction 2021 -** Best Domestic Private Bank (Digital Innovation and Services), India

## KOTAK INVESTMENT BANKING

- **FinanceAsia Country Awards 2021**
  - Best Investment Bank, India
  - Best ECM House, India
- **The Asset Triple A Country Awards 2021**
  - Best equity adviser, India
  - Best IPO, India (Deal - Zomato USD1.3 billion IPO)
  - Best QIP, India (Deal - Embassy Office Parks Reit 36.80 billion rupees follow-on offering)

## KOTAK LIFE INSURANCE

- Kirti Patil recognised with **India's Inspiring Leaders Awards 2021** by Elets Technomedia, The Banking & Finance Post magazine
- **CFONext100 2021 by CFO India**
  - Muralikrishna Cheruvu honoured under the category 'Excellence in Capital Management'
  - Vishal Dhingra honoured under the category 'Excellence in Finance Transformation'
- **ASSOCHAM 13th Global Insurance Summit and Awards 2021** - Overall Achievement (Mature Companies – Life Insurance)

## KOTAK GENERAL INSURANCE

- Suresh Sankaranarayanan honoured with the **CXO BFSI Tech Champion Award 2021** by Techplus Media
- **India's Inspiring Leaders Awards 2021** by Elets Technomedia, The Banking & Finance Post magazine recognises
  - Rajesh Dongre
  - Suresh Sankaranarayanan

## KOTAK MUTUAL FUND

- Ananth Subramanian honoured with the **CXO BFSI Tech Champion Award 2021** by Techplus Media
- **Refinitiv Lipper Fund Awards 2021**
  - Kotak Asset Allocator - Regular - Growth (3 Years - India Fund Awards)
  - Kotak Dynamic Bond - Regular - Growth (5 Years - India Fund Awards)
  - Mixed Assets (India Group Awards)

**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.

kotak
Kotak Mahindra Bank

# Kotak welcomes you to Tax 2.0

Paying tax just became easier. A whole lot easier. We are delighted to be one of the first banks to be on board the new e-filing tax portal for direct tax payment. Just log in and choose Kotak Mahindra Bank as your payment partner. Get an instant confirmation/challan on your tax payment. No hassles, no hiccups, no detours. You're welcome.

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# Consolidated Financial Highlights 2021-2022

(₹ In crores)

| FINANCIAL HIGHLIGHTS | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 |
|---|---|---|---|---|---|
| Advances | 205,984 | 243,444 | 249,859 | 252,170 | 304,474 |
| Investments* | 68,741 | 76,858 | 81,334 | 116,565 | 115,907 |
| Total Assets | 337,707 | 395,154 | 443,153 | 478,854 | 546,498 |
| Net Profit | 6,201 | 7,204 | 8,593 | 9,990 | 12,089 |
| | | | | | |
| **KEY FINANCIAL INDICATORS** | | | | | |
| Net Interest Margin (NIM)^ | 4.3% | 4.2% | 4.6% | 4.5% | 4.7% |
| Return on Average Assets (RoAA) | 2.0% | 2.0% | 2.1% | 2.2% | 2.4% |
| Book Value Per Share (₹) | 265 | 303 | 348 | 426 | 487 |
| Earnings Per Share (EPS) Face Value ₹ 5 per share | 32.7 | 37.6 | 44.7 | 50.5 | 60.7 |
| Return on Equity (RoE) | 13.5% | 13.3% | 13.7% | 12.8% | 13.4% |
| Capital Adequacy Ratio | 18.4% | 17.9% | 19.8% | 23.4% | 23.7% |
| Gross NPA (₹ crore) | 4,071 | 4,789 | 5,488 | 8,276 | 7,334 |
| Net NPA (₹ crore) | 1,769 | 1,696 | 1,745 | 3,106 | 2,149 |
| Gross NPA Ratio | 2.0% | 1.9% | 2.2% | 3.2% | 2.4% |
| Net NPA Ratio | 0.9% | 0.7% | 0.7% | 1.2% | 0.7% |

** Excludes Policyholders' investments*

*^ Excluding dividend and interest on income tax refunds.*

| MARKET RELATED RATIOS | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 |
|---|---|---|---|---|---|
| Market Price (₹) | 1,048 | 1,335 | 1,296 | 1,753 | 1,754 |
| Market Capitalisation (₹ crore) | 199,674 | 254,723 | 247,939 | 347,416 | 348,080 |
| Price to Book Ratio | 4.0 | 4.4 | 3.7 | 4.1 | 3.6 |
| Price to Earnings Ratio | 32.1 | 35.5 | 29.0 | 34.7 | 28.9 |





# Standalone Financial Highlights 2021-2022

(₹ In crores)

| Financial Highlights | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---|---|---|---|---|---|
| Deposits | 192,643 | 225,880 | 262,821 | 280,100 | 311,684 |
| Advances | 169,705 | 205,677 | 219,728 | 223,670 | 271,254 |
| Investments | 64,562 | 71,189 | 75,052 | 105,099 | 100,580 |
| Total Assets | 264,920 | 312,155 | 360,232 | 383,470 | 429,428 |
| Net Interest Income | 9,472 | 11,206 | 13,500 | 15,340 | 16,818 |
| Fee Income | 2,825 | 3,444 | 3,779 | 3,384 | 4,555 |
| Other Non Interest Income | 1,168 | 1,277 | 1,532 | 1,622 | 1,800 |
| Operating profit | 7,039 | 8,412 | 9,960 | 11,762 | 12,051 |
| Provisions and Contingencies | 821 | 1,026 | 2,156 | 2,459 | 690 |
| Tax Provision | 2,134 | 2,520 | 1,857 | 2,338 | 2,789 |
| Net Profit | 4,084 | 4,865 | 5,947 | 6,965 | 8,573 |
| **Key Financial Indicators** | | | | | |
| Net Interest Margins | 4.3% | 4.3% | 4.6% | 4.4% | 4.6% |
| Cost to Income Ratio | 48% | 47% | 47% | 42% | 48% |
| Return on Average Assets | 1.7% | 1.7% | 1.9% | 1.9% | 2.1% |
| Fee / NII Plus other Income | 21.0% | 21.6% | 20.1% | 16.6% | 19.7% |
| NII / NII Plus other Income | 70.3% | 70.4% | 71.8% | 75.4% | 72.6% |
| Capital Adequacy Ratio | 18.2% | 17.5% | 17.9% | 22.3% | 22.7% |
| Tier I | 17.6% | 16.9% | 17.3% | 21.4% | 21.7% |
| Gross NPA Ratio | 2.2% | 2.1% | 2.3% | 3.3% | 2.3% |
| Net NPA Ratio | 1.0% | 0.8% | 0.7% | 1.2% | 0.6% |

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

# Consolidation at a Glance

(₹ in crore)

| | 2021-22 | | 2020-2021 | | March 31, 2022 | March 31, 2021 |
|---|---|---|---|---|---|---|
| | Profit before Tax | Profit after Tax | Profit before Tax | Profit after Tax | Capital & Reserves and Surplus* | Capital & Reserves and Surplus* |
| Kotak Mahindra Bank Limited | 11,361.31 | 8,572.69 | 9,302.99 | 6,964.84 | 72,456.47 | 63,726.97 |
| **Subsidiaries** | | | | | | |
| Kotak Mahindra Prime Limited | 1,179.79 | 885.51 | 720.40 | 534.71 | 7,494.41 | 6,622.88 |
| Kotak Securities Limited | 1,333.50 | 1,001.33 | 1,057.43 | 792.64 | 6,290.75 | 5,321.42 |
| Kotak Mahindra Capital Company Limited | 315.70 | 244.75 | 110.94 | 82.28 | 885.47 | 688.83 |
| Kotak Mahindra Life Insurance Company Limited | 596.49 | 425.38 | 897.47 | 691.93 | 4,389.20 | 4,045.47 |
| Kotak Mahindra General Insurance Company Limited | (82.98) | (82.98) | 1.63 | 1.63 | 233.35 | 191.34 |
| Kotak Mahindra Investments Limited | 498.57 | 371.15 | 345.84 | 257.75 | 2,488.54 | 2,117.39 |
| Kotak Mahindra Asset Management Company Limited | 455.51 | 338.94 | 395.99 | 294.83 | 1,282.70 | 1,003.35 |
| Kotak Mahindra Trustee Company Limited | 145.18 | 115.18 | 69.14 | 51.45 | 344.56 | 229.37 |
| Kotak Mahindra (International) Limited | 69.40 | 44.03 | 92.29 | 86.42 | 840.18 | 767.58 |
| Kotak Mahindra (UK) Limited | 20.41 | 13.74 | 38.24 | 31.32 | 400.40 | 372.88 |
| Kotak Mahindra, Inc. | 25.85 | 25.43 | 5.62 | 5.58 | 67.13 | 10.56 |
| Kotak Investment Advisors Limited | 79.42 | 58.65 | 50.50 | 40.03 | 763.45 | 404.85 |
| Kotak Mahindra Trusteeship Services Limited | 3.99 | 3.04 | 3.40 | 2.56 | 26.49 | 23.46 |
| Kotak Infrastructure Debt Fund Limited | 32.35 | 32.35 | 33.10 | 33.10 | 449.17 | 416.87 |
| Kotak Mahindra Pension Fund Limited | (1.54) | (1.54) | 0.45 | 0.21 | 56.10 | 25.64 |
| Kotak Mahindra Financial Services Limited | (1.14) | (1.14) | (0.69) | (0.69) | 6.22 | 7.11 |
| Kotak Mahindra Asset Management (Singapore) Pte. Limited | 40.42 | 36.07 | 34.89 | 31.51 | 225.37 | 181.86 |
| IVY Product Intermediaries Limited | 0.29 | 0.22 | 0.32 | 0.12 | 6.19 | 5.98 |
| BSS Microfinance Limited | 109.51 | 82.81 | 30.87 | 23.17 | 329.42 | 246.60 |
| **Total** | **16,182.03** | **12,165.61** | **13,190.82** | **9,925.39** | **99,035.57** | **86,410.41** |
| Add: Associates | | 157.52 | | 87.30 | 1,186.23 | 1,028.89 |
| Less: Dividend, Inter company and other adjustment | | 233.74 | | 22.49 | 3,087.77 | 2,602.85 |
| **Consolidated Profit After Tax / Capital & Reserves and Surplus*** | | **12,089.39** | | **9,990.20** | **97,134.03** | **84,836.45** |
| **Consolidated Earnings per Share (₹)** | | 60.73 | | 50.49 | | |
| **Consolidated Book Value per Share (₹)** | | | | | 486.90 | 425.55 |

** Capital & Reserves and 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

1. We have audited the accompanying consolidated financial statements of Kotak Mahindra Bank Limited ('the Bank' or 'the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates, (refer Schedule 17 – note 1(a) and 1(b) to attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as Companies Act, 2013 (the 'Act') and circulars and guidelines issued by the Reserve Bank of India (the 'RBI') in the manner so required and give a true and fair view in conformity 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, of the consolidated state of affairs of the Group and its associates as at 31 March 2022 and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

3. 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 "Auditors 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 18 of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. 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 of the subsidiaries and associates, were of most significance in our audit of the consolidated financial statements of the current period. 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, 2022: ₹ 2,71,254 Crores

Provision for NPAs as at March 31, 2022: ₹ 4,733 Crores

Provision Coverage Ratio (including technical write offs) as at March 31, 2022: 79.05% (Refer Schedule 9, Schedule 17(C)(2), Schedule 18(A) note 9 and note 11 of Standalone financial statements of the Bank)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| dated 1 October 2021 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.<br><br>The identification of NPAs is also affected by factors like stress and liquidity concerns in certain sectors.<br><br>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.<br><br>In addition, the Bank is also required to implement "Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses" and "Resolution Framework – 2.0: Resolution of COVID-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" issued by the RBI on 5 May 2021 (collectively "Resolution Framework – 2.0"), and consider the same in identification of NPAs and measurement of provision against advances.<br><br>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:<br><br>• 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:<br>- Approval of new lending facilities in accordance with the Bank's credit policies.<br>- Performance of annual review/renewal of loan accounts.<br>- Monitoring of credit quality which amongst other things includes the monitoring of overdue loan accounts, drawing power limit, pending security creation;<br>- Identification and classification of NPAs in accordance with IRAC norms, other regulatory guidelines issued by the RBI and consideration of qualitative aspects; and<br>- Assessment of adequacy of NPA provisions.<br><br>• 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.<br><br>• 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').<br><br>• 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.<br><br>• 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.<br><br>• Assessed whether the Bank's Board approved policy is in line with the Resolution Framework - 2.0. On a sample basis, tested that he Resolution n accordance<br><br>k on account he underlying ent for such<br><br>anagement's ded 31 March cked whether ntification of n addressed. |

**Information Technology ("IT") Systems an tro ls mpe ting nanc ial RePot ni**

6. The following Key Audit Matters were included in the audit report dated 28 April 2022 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 relating to Kotak Securities Limited**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| The Company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily.<br><br>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.<br><br>The Company relies on automated processes and controls for recording of its transactions and accordingly, our audit was focussed on key IT systems and controls due to the pervasive impact on the financial statements. | Principal Audit procedures:<br><br>We involved our IT specialists to obtain an understanding of the entity's IT related control environment. Furthermore, we conducted a risk assessment and identified IT applications, databases and operating systems that are relevant to our audit.<br><br>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 particular:<br>• 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;<br>• we tested the design, implementation and operating effectiveness of the General IT controls over the key IT systems that are critical to 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;<br>• we tested key automated business cycle controls, related interfaces and logics for system generated reports relevant to the audit for evaluating completeness and accuracy;<br>• 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 29 April 2022 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 relating to Kotak Mahindra Prime Limited**

| 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)<br><br>The loan balances (including credit substitutes) towards Vehicle Finance, Loans against Securities / Collaterals, Structured Loans, Personal and other Loans aggregates to ₹ 24,69,131 lakhs, which also include Gross Non- Performing Assets ₹79,745 lakhs. These balances are significant to the special purpose financial statements and involves judgement around the calculation of the NPA provision.<br><br>NPA provision represents management's estimate of losses incurred within the loan portfolios at the balance sheet date and are inherently judgmental.<br><br>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.<br><br>Given the significant judgment and the complexity of audit procedures involved, we determined this to be a key audit matter. | Our audit procedures on the NPA provision included the following -<br>i) We performed end to end process walkthroughs to identify the key systems, applications and controls used in the NPA provisioning processes.<br>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.<br>iii) We independently assessed the appropriateness of NPA provisioning policies and methodologies followed by the Management.<br>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.<br>v) We evaluated the adequacy of presentation and disclosures in relation to NPA provisions in the special purpose financial statements. |

**IT systems and controls relating to Kotak Mahindra Prime Limited**

| 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.<br><br>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. | Our audit procedures to assess the IT system access management included the following:<br>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.<br>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.<br>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.<br>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 Matters were reported to us by the joint auditors S. R. Batliboi & Associates LLP, Chartered Accountants and Haribhakti & Co. LLP, Chartered Accountants of Kotak Mahindra Life Insurance Company Limited, a subsidiary of the Holding Company vide their communication dated 02 May 2022 which are reproduced by us as under:

**IT systems and controls relating to Kotak Mahindra Life Insurance Company Limited**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| We identified IT systems and controls over financial reporting as a key audit matter for the Group because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Of particular importance are system calculations, other IT application controls and interfaces between IT systems. | Our procedures in relation to the IT systems and controls included:<br>• understanding and assessing the overall IT control environment and the controls in place which included controls over access to systems and data, as well as system changes.<br>• tailoring our audit approach based on the financial significance of the system and whether there were automated procedures supported by that system.<br>• procedures performed included testing the operating effectiveness of controls over appropriate access rights and validating that only appropriate users had the ability to create, modify or delete user accounts for the relevant in-scope applications.<br>• testing the operating effectiveness of controls around system development and program changes to establish that changes to the system were appropriately authorised and also developed and implemented properly. |

**Valuation of investments relating to Kotak Mahindra Life Insurance Company Limited**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| The Company's investment portfolio represents substantial portion of the Company's total assets as at March 31, 2022 which are valued in accordance with accounting policy framed as per the extent of the regulatory guidelines.<br><br>Investment in Non-linked and shareholders' portfolio is ₹ 32,794.74 crore:<br><br>All debt securities are valued at amortised cost and investment property is valued in accordance with Company's valuation policy. The listed equity shares, preference shares, liquid mutual fund and Equity Exchange Traded Funds (ETF) investments are valued using quoted prices as per stock exchanges. These investments are tested for impairment in accordance with the Company's impairment policy.<br><br>Investment in unit linked portfolio is ₹ 22,693.90 crore:<br><br>Government securities are valued at prices provided by CRISIL. Other debt securities are valued on a yield to maturity basis, by using spread over the benchmark rate. The listed equity shares, preference shares, liquid mutual fund and ETF investments are valued using quoted prices as per stock exchanges.<br><br>The valuation of these investments was considered to be one of the areas which required significant auditor attention and was one of the matter of most significance in the standalone financial statements due to the materiality of total value of investments to the financial statements. | Our procedures for this area included but were not limited to the following:<br>• Tested the design, implementation and operating effectiveness of key controls over the valuation process, including the Company's review and approval of the estimates and assumptions used for the valuation including key authorization and data input controls;<br>• Assessed appropriateness of the valuation methodologies with reference to Investment Regulations issued by Insurance Regulatory and Development Authority of India ("IRDAI"/ "Authority") and Company's own valuation policy;<br>• For listed equity shares, preference shares, liquid mutual fund and ETF investments, performed independent price checks using external quoted prices and by agreeing the observable inputs that were used in the Company's valuation techniques to external data; and<br>• For other investments, evaluated the valuation assessment and resulting conclusions by the Company in order to determine the reasonableness of the valuations recorded. This included an evaluation of the methodology and assumptions used in the valuation with reference to the Company's valuation policy. |

### Information other than the Consolidated 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 including the Pillar 3 Disclosure under the New Capital Adequacy Framework (Basel III disclosures) 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 Holding Company's Board of Directors. The Holding Company's Board of Directors is 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, 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. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group and its associate companies, covered under the Act, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate companies 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. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of 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 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 Board of Directors either intends to liquidate the Group 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 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 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 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; and
    - Obtain sufficient appropriate audit evidence regarding the financial statements/ financial information of the entities or business activities 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, 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 period 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. We did not audit the financial statements of 18 subsidiaries, whose financial statements reflect total assets of ₹ 122,231.73 crores and net assets of ₹ 25,814.96 crores as at 31 March 2022, total revenues of ₹ 26,477.42 crores and net cash inflows amounting to ₹ 1,761.31 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 ₹ 157.53 crores for the year ended 31 March 2022, as considered in the consolidated financial statements, 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 financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India 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 on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries located outside India, is based on the report 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, and our report on other legal and regulatory requirements below, 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.

19. The consolidated financial statements also include the Group's share of net loss of ₹ 0.01 crores for the period from 01 April 2021 to 18 December 2021, as considered in the consolidated financial statements, in respect of 1 associate, whose financial information have not been audited by us. This financial information is unaudited and 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 the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

20. One of the subsidiary company whose financial statement reflects total assets of ₹ 1,030.15 crores and net assets ₹ 763.45 crores as at 31 March 2022, total revenues of ₹ 237.36 crores and net cash inflows of ₹ 128.37 crores for the year ended 31 March 2022, as considered in the consolidated financial statement, has been audited by Price Waterhouse LLP, one of the joint auditor of the Holding Company. In respect of this subsidiary, Walker Chandiok and Co LLP, another Joint auditor of the holding company has placed reliance on the report of other joint auditor.

    Our opinion above on consolidated financial statements is not modified in respect of this matter.

21. The consolidated financial statements of the Bank for the year ended 31 March 2021, were audited by M/s Walker Chandiok & Co LLP, who vide their report dated 03 May 2021 expressed an unmodified opinion on those consolidated financial statements.

    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 29 April 2022:

    "The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2022 is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary") and has been duly certified by him. The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2022 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are 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 Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in financial statements of the Company."

    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 25 April 2022.

"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, 2022, 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 these matters.

## Report on Other Legal and Regulatory Requirements

24. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a Banking Company as defined under the Banking Regulation Act, 1949, Section 197 is not applicable to the Bank by virtue of section 352B(2A) of the Banking Regulation Act, 1949. Accordingly, the reporting under Section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

Based on the consideration of audit report of the statutory auditors of Kotak Mahindra Life Insurance Company Limited, a subsidiary company, the remuneration paid to their directors during the year ended 31 March 2022 was in accordance with the provisions of section 197 of the Act, read with section 34A of the Insurance Act, 1938, and based on the report of statutory auditors of Kotak Mahindra General Insurance Company Limited, another subsidiary company, the remuneration paid to their directors during the year ended 31 March 2022 was in accordance with the provision 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 seven subsidiaries, Kotak Securities Limited, Kotak Mahindra Trusteeship Services Limited, Kotak Mahindra Capital Company Limited, Kotak Mahindra Trustee Company Limited, Kotak Mahindra Prime Limited, BSS Microfinance Limited and Kotak Mahindra Pension Fund Limited, the remuneration paid to their directors during the year ended 31 March 2022 was in accordance with the provisions of section 197 of the Act.

Further, for one associate as described in paragraph 19 of our report, whose financial information is not audited for the period 01 April 2021 to 18 December 2021, and for five subsidiaries and two associates in India, 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, as applicable, during the year ended 31 March 2022, 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.

25. As required by section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act, 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 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 Standards) 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 covered under the Act, none of the directors of the Group companies and its associate companies covered under the Act, are disqualified as on 31 March 2022 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 financial statements of the Holding Company, and its subsidiary companies and associate companies covered under the Act, 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:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its associates as detailed in Schedule 12.I, Schedule 17 Note 2(X) and Schedule 17 Note 11 to the consolidated financial statements;

ii. Provision has been made in these consolidated financial statements, as required under the applicable law or the Accounting Standards, for material foreseeable losses, on long-term contracts including derivative contracts as detailed in Schedule 12.II, Schedule 17 – Note 2(G), Schedule 17 – Note 2(X) and Schedule 17 – Note 8 and Note 11 to the consolidated financial statements;

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 as applicable, during the year ended 31 March 2022;

iv. (a) The respective Managements of the Holding Company and its subsidiary companies and associate 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 26 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries and associates (the "Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Holding Company, its subsidiaries and associate 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, to the best of their knowledge and belief, other than as disclosed in Schedule 17 – Note 26 to the consolidated financial statements, no funds 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, 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

(c) Based on such audit procedures, that 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 management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The dividend declared and paid during the year ended 31 March 2022 by the Holding Company, its subsidiary companies, and associate companies, is in compliance with Section 123 of the Act.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No:043334
**UDIN:22043334AIJALU8188**

Place: Mumbai
Date: 04 May 2022

For **Price Waterhouse LLP**
Chartered Accountants
Firm's Registration No:301112E/E300264

**Russell I Parera**
Partner
Membership No:042190
**UDIN:22042190AIJNPZ1292**

Place: Mumbai
Date: 04 May 2022

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF KOTAK MAHINDRA

**Bank Limited on the consolidated financial statements for the year ended 31 March 2022**

### Independent Auditor's Report on the internal financial controls with reference to 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 2022, 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, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls 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 ('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 the 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 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 on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI and the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards 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 consolidated financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

### Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. A Bank's internal financial controls with reference to 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 company; (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, the Holding Company, its subsidiary companies and its 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 2022, 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. We did not audit the internal financial controls with reference to consolidated financial statements in so far as it relates to 13 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 120,404.48 crores and net assets of ₹ 24,275.65 crores as at 31 March 2022, total revenues of ₹ 26,154.71 crores and net cash inflows amounting to ₹ 1,736.70 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 ₹ 157.53 crores for the year ended 31 March 2022, in respect of 2 associate companies, which are companies covered under the Act, whose internal financial controls with reference to consolidated financial statements have not been audited by us. The internal financial controls with reference to consolidated financial statements in so far as it relates to such subsidiary companies and associate companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies and associate companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

10. One of the subsidiary company, which is a company covered under the Act, whose financial statements reflects total assets of ₹ 1,030.15 crores and net assets of ₹ 763.45 crores as at 31 March 2022, total revenues of ₹ 237.36 crores and net cash inflows amounting to ₹ 128.37 crores for the year ended on that, as considered in the consolidated financial statements, has been audited by Price Waterhouse LLP, one of the joint auditor of the Holding Company. In respect of this subsidiary, Walker Chandiok and Co LLP, another Joint auditor of the holding company has placed reliance on the report of other joint auditor. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other joint auditor.

11. 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 29 April 2022:

    "The actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), and has been relied upon by us, as mentioned in "Other Matter" para of our audit report on the financial statements of the Company as at and for the year ended March 31, 2022. Accordingly, the internal financial controls with reference to financial statements in respect of the valuation and accuracy of the aforesaid actuarial valuation is also certified by the Appointed Actuary and has been relied upon by us."

    Our opinion above is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors.

12. 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 25 April 2022:

    "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, 2022, 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, 2022. 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 with respect to our reliance on the work done and the report of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No:043334
**UDIN:22043334AIJALU8188**

Place: Mumbai
Date: 04 May 2022

For **Price Waterhouse LLP**
Chartered Accountants
Firm's Registration No:301112E/E300264

**Russell I Parera**
Partner
Membership No:042190
**UDIN:22042190AIJNPZ1292**

Place: Mumbai
Date: 04 May 2022

# Consolidated Balance Sheet

as at 31st March, 2022

(₹ in thousands)

| | Schedule | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | |
| Capital | 1 | 14,923,309 | 14,909,178 |
| Employees' Stock Options (Grants) Outstanding | | 313,063 | 21,588 |
| Reserves and Surplus | 2 | 956,416,988 | 833,455,267 |
| Deposits | 3 | 3,100,868,928 | 2,788,714,108 |
| Borrowings | 4 | 551,482,650 | 477,389,014 |
| Policyholders' Funds | | 506,667,901 | 420,715,151 |
| Other Liabilities and Provisions | 5 | 334,306,239 | 253,337,867 |
| **Total** | | **5,464,979,078** | **4,788,542,173** |
| **ASSETS** | | | |
| Cash and Balances with Reserve Bank of India | 6 | 160,491,782 | 125,280,021 |
| Balances with Banks and Money at Call and Short Notice | 7 | 366,163,061 | 351,886,180 |
| Investments | 8 | 1,645,294,067 | 1,569,455,494 |
| Advances | 9 | 3,044,735,955 | 2,521,697,527 |
| Fixed Assets | 10 | 19,096,314 | 17,401,626 |
| Other Assets | 11 | 221,060,369 | 194,683,795 |
| Goodwill on Consolidation | | 8,137,530 | 8,137,530 |
| **Total** | | **5,464,979,078** | **4,788,542,173** |
| Contingent Liabilities | 12 | 2,744,766,841 | 2,022,900,524 |
| Bills for Collection | | 387,092,819 | 412,727,990 |
| 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 Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No. 043334

**For Price Waterhouse LLP**
Chartered Accountants
Firm Registration No. 301112E/E300264

**Russell I Parera**
Partner
Membership No. 042190

Mumbai
4th May, 2022

For and on behalf of the Board of Directors

**Prakash Apte**
Chairman

**Dipak Gupta**
Joint Managing Director

**Jaimin Bhatt**
President and
Group Chief Financial Officer

**Uday Kotak**
Managing Director and
Chief Executive Officer

**Uday Khanna**
Director

**Avan Doomasia**
Senior Executive Vice President and
Company Secretary

# Consolidated Profit and Loss Account

for the year ended 31st March, 2022

(₹ in thousands)

| | | Schedule | For the year ended 31st March, 2022 | For the year ended 31st March, 2021 |
|---|---|---|---|---|
| I. | **INCOME** | | | |
| | Interest Earned | 13 | 337,403,960 | 328,198,306 |
| | Other Income | 14 | 253,106,094 | 235,876,764 |
| | **Total** | | **590,510,054** | **564,075,070** |
| II. | **EXPENDITURE** | | | |
| | Interest Expended | 15 | 115,532,912 | 129,665,484 |
| | Operating Expenses | 16 | 307,777,684 | 274,201,888 |
| | Provisions and Contingencies (Refer Note 8.B - Schedule 17) | | 47,880,723 | 61,178,741 |
| | **Total** | | **471,191,319** | **465,046,113** |
| III. | **PROFIT** | | | |
| | **Net Profit for the year** | | 119,318,735 | 99,028,957 |
| | Add: Share in profit / (loss) of Associates | | 1,575,180 | 873,082 |
| | **Consolidated Profit for the year attributable to the Group** | | **120,893,915** | **99,902,039** |
| | Add : Balance in Profit and Loss Account brought forward from previous year | | 435,222,135 | 364,358,501 |
| | **Total** | | **556,116,050** | **464,260,540** |
| IV. | **APPROPRIATIONS** | | | |
| | Transfer to Statutory Reserve | | 21,431,800 | 17,412,100 |
| | Transfer to Special Reserve u/s 45 IC of RBI Act, 1934 | | 2,580,601 | 1,651,709 |
| | Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 | | 950,000 | 1,100,000 |
| | Transfer to Debenture Redemption Reserve | | 65,000 | 118,000 |
| | Transfer to Capital Reserve | | 94,700 | 145,000 |
| | Transfer to Investment Fluctuation Reserve Account | | 4,000,000 | 8,206,596 |
| | Dividend | | 2,189,625 | 405,000 |
| | Balance carried over to Balance Sheet | | 524,804,324 | 435,222,135 |
| | **Total** | | **556,116,050** | **464,260,540** |
| V. | **EARNINGS PER SHARE [Refer Note 12 - Schedule 17]** | | | |
| | Basic (₹) | | 60.76 | 50.53 |
| | Diluted (₹) | | 60.73 | 50.49 |
| | 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 Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No. 043334

**For Price Waterhouse LLP**
Chartered Accountants
Firm Registration No. 301112E/E300264

**Russell I Parera**
Partner
Membership No. 042190

Mumbai
4th May, 2022

For and on behalf of the Board of Directors

**Prakash Apte**
Chairman

**Dipak Gupta**
Joint Managing Director

**Jaimin Bhatt**
President and
Group Chief Financial Officer

**Uday Kotak**
Managing Director and
Chief Executive Officer

**Uday Khanna**
Director

**Avan Doomasia**
Senior Executive Vice President and
Company Secretary

# Consolidated Cash Flow Statement

for the year ended 31st March, 2022

(₹ in thousands)

| | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net Profit before share in profit / (loss) of Associates | 119,318,735 | 99,028,957 |
| Add: Provision for tax | 40,164,275 | 32,654,415 |
| **Net Profit before taxes** | **159,483,010** | **131,683,372** |
| **Adjustments for :-** | | |
| Employee Stock Options Expense | 314,383 | 18,223 |
| Depreciation on Group's property | 4,803,507 | 4,610,504 |
| (Write back) in the value of Investments | (792,650) | (279,916) |
| (Profit) / Loss on revaluation of Investments (net) | 2,700,205 | (32,049,489) |
| Profit on sale of Investments (net) | (18,510,497) | (17,677,747) |
| Amortisation of Premium on Investments | 5,613,196 | 4,275,065 |
| Provision for Non Performing Assets, Standard Assets and Other Provisions | 8,509,098 | 28,804,242 |
| Profit on sale of Fixed assets | (264,297) | (386,560) |
| | **161,855,955** | **118,997,694** |
| **Adjustments for :-** | | |
| (Increase) / Decrease in Investments - Available for Sale, Held for Trading and Stock-in-Trade | 41,237,045 | (302,721,243) |
| (Increase) in Advances | (535,265,591) | (43,732,780) |
| (Increase) in Other Assets | (27,904,685) | (39,444,597) |
| Increase in Deposits | 312,154,820 | 184,712,031 |
| Increase in Policyholders' Funds | 85,952,750 | 105,626,982 |
| Increase in Other Liabilities and Provisions | 83,593,062 | 57,634,003 |
| **Sub-total** | **(40,232,599)** | **(37,925,604)** |
| **Direct Taxes Paid** | **(37,443,422)** | **(32,260,778)** |
| **NET CASH FLOW FROM OPERATING ACTIVITIES (A)** | **84,179,934** | **48,811,312** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of Fixed assets | (6,697,695) | (3,685,902) |
| Sale of Fixed assets | 364,430 | 684,491 |
| (Increase) in Other Investments (including investments in HTM securities) | (104,510,692) | (108,159,952) |
| **NET CASH FLOW (USED IN) INVESTING ACTIVITIES (B)** | **(110,843,957)** | **(111,161,363)** |

# Consolidated Cash Flow Statement

for the year ended 31st March, 2022

(₹ in thousands)

| | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | - | - |
| Dividend paid including corporate dividend tax | (2,189,625) | (405,000) |
| Money received on issue of Equity Shares / exercise of stock options | 3,585,634 | 78,437,487 |
| Share issue expenses | (533) | (374,794) |
| Increase/(Decrease) in borrowings | 74,093,636 | (178,378,154) |
| **NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)** | **75,489,112** | **(100,720,461)** |
| **Increase / (Decrease) in Foreign Currency Translation Reserve (D)** | **663,553** | **(561,770)** |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)** | **49,488,642** | **(163,632,282)** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | 477,166,201 | 640,798,483 |
| **(Refer Note below)** | | |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | 526,654,843 | 477,166,201 |
| **(Refer Note below)** | | |
| **Note:** | | |
| Balance with banks in India in Other Deposit Accounts (As per Schedule 7 I (i) (b)) | 60,497,233 | 50,273,554 |
| Balance with banks in India in Current Account (As per Schedule 7 I (i) (a)) | 4,662,792 | 2,969,795 |
| Money at call and short notice in India with Banks (As per Schedule 7 I (ii) (a)) | 41,523,088 | 25,858,793 |
| Money at call and short notice in India with Other Agencies (As per Schedule 7 I (ii) (b)) | 200,000,000 | 153,000,000 |
| Cash in hand (As per Schedule 6 I) | 17,640,231 | 14,895,619 |
| Balance with RBI in Current Account (As per Schedule 6 II) | 142,851,551 | 110,384,402 |
| Balance with banks Outside India: | | |
| (i) In Current Account (As per Schedule 7 II (i)) | 50,554,242 | 15,909,393 |
| (ii) In Other Deposit Accounts (As per Schedule 7 II (ii)) | 8,925,706 | 103,874,645 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **526,654,843** | **477,166,201** |

As per our report of even date attached.

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No. 043334

**For Price Waterhouse LLP**
Chartered Accountants
Firm Registration No. 301112E/E300264

**Russell I Parera**
Partner
Membership No. 042190

Mumbai
4th May, 2022

For and on behalf of the Board of Directors

**Prakash Apte**
Chairman

**Dipak Gupta**
Joint Managing Director

**Jaimin Bhatt**
President and
Group Chief Financial Officer

**Uday Kotak**
Managing Director and
Chief Executive Officer

**Uday Khanna**
Director

**Avan Doomasia**
Senior Executive Vice President and
Company Secretary

# Schedules

Forming part of Consolidated Balance Sheet as at 31st March, 2022

## SCHEDULE 1 - CAPITAL

(₹ in thousands)

| | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| **Authorised Capital** | | |
| 2800,000,000 Equity Shares of ₹ 5/- each | 14,000,000 | 14,000,000 |
| (31st March, 2021: 2800,000,000) | | |
| 1000,000,000 Perpetual Non Cumulative Preference Shares of ₹ 5/- each | 5,000,000 | 5,000,000 |
| (31st March, 2021: 1000,000,000) | | |
| | **19,000,000** | **19,000,000** |
| **Issued, Subscribed and Paid-up Capital** | | |
| 1984,661,760 Equity Shares of ₹ 5/- each (31st March, 2021: 1981,835,668) fully paid-up (Refer Note 3 - Schedule 17) | 9,923,309 | 9,909,178 |
| 1000,000,000 Perpetual Non Cumulative Preference Shares of ₹ 5/- each | 5,000,000 | 5,000,000 |
| (31st March, 2021: 1000,000,000) fully paid-up | | |
| **Total** | **14,923,309** | **14,909,178** |

## SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | **Statutory Reserve** | | |
| | Opening Balance | 99,537,883 | 82,125,783 |
| | Add: Transfer from Profit and Loss Account | 21,431,800 | 17,412,100 |
| | **Total** | **120,969,683** | **99,537,883** |
| **II.** | **Capital Reserve** | | |
| | Opening Balance | 3,427,286 | 3,282,286 |
| | Add: Transfer from Profit and Loss Account | 94,700 | 145,000 |
| | **Total** | **3,521,986** | **3,427,286** |
| **III.** | **General Reserve** | | |
| | Opening Balance | 6,540,937 | 6,540,937 |
| | **Total** | **6,540,937** | **6,540,937** |
| **IV.** | **Securities Premium Account** | | |
| | Opening Balance | 246,745,777 | 169,001,781 |
| | Add: Received during the year (Refer Note 3 - Schedule 17) | 3,594,411 | 78,118,790 |
| | Less: Utilised for Share Issue Expenses | 533 | 374,794 |
| | **Total** | **250,339,655** | **246,745,777** |

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **V.** | **Special Reserve under Section 45IC of the RBI Act, 1934** | | |
| | Opening Balance | 15,721,646 | 14,069,937 |
| | Add: Transfer from Profit and Loss Account | 2,580,601 | 1,651,709 |
| | **Total** | **18,302,247** | **15,721,646** |
| **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 | 2,716,736 | 3,278,506 |
| | Increase / (Decrease) during the year | 663,553 | (561,770) |
| | **Total** | **3,380,289** | **2,716,736** |
| **VIII.** | **Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961** | | |
| | Opening Balance | 6,842,000 | 5,742,000 |
| | Add: Transfer from Profit and Loss Account | 950,000 | 1,100,000 |
| | **Total** | **7,792,000** | **6,842,000** |
| **IX.** | **Investment Fluctuation Reserve** | | |
| | Opening Balance | 13,746,850 | 5,540,254 |
| | Add: Transfer from Profit and Loss Account | 4,000,000 | 8,206,596 |
| | **Total** | **17,746,850** | **13,746,850** |
| **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 | 152,000 | 34,000 |
| | Add: Transfer from Profit and Loss Account | 65,000 | 118,000 |
| | **Total** | **217,000** | **152,000** |
| **XIV.** | **Balance in the Profit and Loss Account** | 524,804,324 | 435,222,135 |
| | **Total (I to XIV)** | **956,416,988** | **833,455,267** |

## SCHEDULE 3 - DEPOSITS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **A.** | | | |
| **I.** | **Demand Deposits** | | |
| | i. From Banks | 3,504,995 | 3,560,326 |
| | ii. From Others | 631,711,381 | 510,655,843 |
| | **Total** | **635,216,376** | **514,216,169** |
| **II.** | **Savings Bank Deposits** | 1,244,721,650 | 1,172,257,389 |
| **III.** | **Term Deposits** | | |
| | i. From Banks | 6,492,720 | 2,697,369 |
| | ii. From Others | 1,214,438,182 | 1,099,543,181 |
| | **Total** | **1,220,930,902** | **1,102,240,550** |
| | **Total Deposits (I to III)** | **3,100,868,928** | **2,788,714,108** |
| **B.** | | | |
| **I.** | Deposits of Branches in India | 3,099,240,547 | 2,786,443,226 |
| **II.** | Deposits of Branches Outside India | 1,628,381 | 2,270,882 |
| | **Total Deposits (I + II)** | **3,100,868,928** | **2,788,714,108** |

## SCHEDULE 4 - BORROWINGS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | **Borrowings in India** | | |
| | (i) Reserve Bank of India | - | - |
| | (ii) Other Banks | 225,304,155 | 182,840,744 |
| | (iii) Other Institutions and Agencies (Refer Note 14 - Schedule 17) | 274,229,881 | 236,979,489 |
| | **Total** | **499,534,036** | **419,820,233** |
| **II.** | **Borrowings outside India** | | |
| | Banks and Other Institutions | 51,948,614 | 57,568,781 |
| | **Total** | **51,948,614** | **57,568,781** |
| | **Total Borrowings (I + II)** | **551,482,650** | **477,389,014** |
| | **Secured Borrowings (other than CBLO and Repo Borrowings included in I above)** | **161,988,704** | **141,685,340** |

## SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| I. | Bills Payable | 33,086,059 | 23,965,426 |
| II. | Interest Accrued | 8,881,264 | 14,082,634 |
| III. | Provision for tax (net of advance tax and tax deducted at source) | 6,820,943 | 5,285,393 |
| IV. | Standard Asset provision | 15,516,212 | 11,321,066 |
| V. | Others (including provisions) (Refer Note 4, 7 and 23 - Schedule 17) | 270,001,761 | 198,683,348 |
| | **Total** | **334,306,239** | **253,337,867** |

## SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| I. | Cash in hand (including foreign currency notes) | 17,640,231 | 14,895,619 |
| II. | Balances with RBI in Current Account | 142,851,551 | 110,384,402 |
| | **Total** | **160,491,782** | **125,280,021** |

## SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | **In India** | | |
| | **(i) Balances with Banks** | | |
| | (a) In Current Accounts | 4,662,792 | 2,969,795 |
| | (b) In Other Deposit Accounts (Refer Note 5 - Schedule 17) | 60,497,233 | 50,273,554 |
| | **Total** | **65,160,025** | **53,243,349** |
| | **(ii) Money at Call and Short Notice** | | |
| | (a) With Banks | 41,523,088 | 25,858,793 |
| | (b) With Other Institutions | 200,000,000 | 153,000,000 |
| | **Total** | **241,523,088** | **178,858,793** |
| | **Total (i + ii)** | **306,683,113** | **232,102,142** |
| **II.** | **Outside India** | | |
| | (i) In Current Accounts | 50,554,242 | 15,909,393 |
| | (ii) In Other Deposit Accounts | 8,925,706 | 103,874,645 |
| | **Total (i + ii)** | **59,479,948** | **119,784,038** |
| | **Total (I + II)** | **366,163,061** | **351,886,180** |

## SCHEDULE 8 - INVESTMENTS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | **Investments in India in [Refer Note 6 - Schedule 17]** | | |
| | i. Government Securities | 1,057,532,945 | 1,121,204,894 |
| | ii. Other approved Securities | - | - |
| | iii. Shares | 181,165,478 | 141,064,596 |
| | iv. Debentures and Bonds | 286,881,055 | 213,333,739 |
| | v. Associates* | 13,075,175 | 11,534,446 |
| | vi. Others [Units, Certificate of Deposits (CD), Commercial Paper (CP), Security Receipts, Pass Through Certificates (PTC), Alternate Asset and Other similar funds] | 82,643,757 | 71,324,769 |
| | **Total** | **1,621,298,410** | **1,558,462,444** |
| **II.** | **Investments Outside India in** | | |
| i. | Government Securities | 4,158,642 | 3,069,277 |
| ii. | Shares | 12,471 | 12,471 |
| iii. | Debentures and Bonds | 19,078,782 | 7,326,076 |
| iv. | Others [Venture, Private Equity and other similar funds] | 745,762 | 585,226 |
| | **Total** | **23,995,657** | **10,993,050** |
| | **Total Investments (I + II)** | **1,645,294,067** | **1,569,455,494** |
| | *** Investment in Associates** | | |
| | Equity Investment in Associates | 1,247,777 | 1,247,777 |
| | Add: Goodwill on acquisition of Associates | 4,962 | 4,962 |
| | Less: Provision for diminution | 4,857 | 3,906 |
| | Less: Capital reserve on Consolidation (Share of pre-acquisition profits) | 3,375 | 3,375 |
| | Less: Proceeds from Voluntary Liquidation (Refer Note 27 - Schedule 17) | 33,500 | - |
| | **Cost of Investment in Associates** | **1,211,007** | **1,245,458** |
| | Add: Post-acquisition profit / (loss) and Reserve of Associates (Equity method) | 11,864,168 | 10,288,988 |
| | **Total** | **13,075,175** | **11,534,446** |

## SCHEDULE 9 - ADVANCES

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **A.** | (i) Bills purchased and discounted# | 67,871,000 | 85,500,483 |
| | (ii) Cash Credits, Overdrafts and Loans repayable on demand | 930,012,423 | 767,945,275 |
| | (iii) Term Loans | 2,046,852,532 | 1,668,251,769 |
| | **Total** | **3,044,735,955** | **2,521,697,527** |
| | *# Bills purchased and discounted is net of bills rediscounted ₹ 2,792.10 crore (previous year Nil)* | | |
| **B.** | (i) Secured by tangible assets* | 2,280,240,957 | 1,880,609,723 |
| | (ii) Covered by Bank / Government guarantees | 117,842,801 | 121,557,707 |
| | (iii) Unsecured | 646,652,197 | 519,530,097 |
| | **Total** | **3,044,735,955** | **2,521,697,527** |
| | ** including advances secured against book debts* | | |
| **C. I** | **Advances in India** | | |
| | (i) Priority Sector | 1,245,186,615 | 903,508,152 |
| | (ii) Public Sector | 1,431,818 | 3,184,858 |
| | (iii) Banks | 18,156 | 6,597 |
| | (iv) Others | 1,754,103,272 | 1,582,052,207 |
| | **Total** | **3,000,739,861** | **2,488,751,814** |
| **C. II** | **Advances outside India** | | |
| | (i) Due from banks | - | - |
| | (ii) Due from others | | |
| | a) Bills purchased and discounted | - | - |
| | b) Syndicated and term loans | 43,996,094 | 32,945,713 |
| | c) Others | - | - |
| | **Total** | **43,996,094** | **32,945,713** |
| | **Grand Total (C.I and C.II)** | **3,044,735,955** | **2,521,697,527** |

## SCHEDULE 10 - FIXED ASSETS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **A.** | **Premises (including land)** | | |
| | **Gross Block** | | |
| | At cost on 31st March of the preceding year | 11,332,150 | 11,629,873 |
| | Add: Additions during the year | 4,948 | - |
| | Less: Deductions during the year | 18,823 | 297,723 |
| | **Total** | **11,318,275** | **11,332,150** |
| | **Depreciation** | | |
| | As at 31st March of the preceding year | 2,181,752 | 2,065,478 |
| | Add: Charge for the year | 187,047 | 188,885 |
| | Less: Deductions during the year | 8,127 | 72,611 |
| | **Depreciation to date** | **2,360,672** | **2,181,752** |
| | **Net Block** | **8,957,603** | **9,150,398** |
| **B.** | **Other Fixed Assets (including furniture and fixtures)** | | |
| | **Gross Block** | | |
| | At cost on 31st March of the preceding year | 33,513,678 | 31,827,490 |
| | Add: Additions during the year | 6,593,380 | 3,700,435 |
| | Less: Deductions during the year | 2,364,508 | 2,014,247 |
| | **Total** | **37,742,550** | **33,513,678** |
| | **Depreciation** | | |
| | As at 31st March of the preceding year | 25,419,434 | 22,939,243 |
| | Add: Charge for the year | 4,616,460 | 4,421,619 |
| | Less: Deductions during the year | 2,275,071 | 1,941,428 |
| | Depreciation to date | 27,760,823 | 25,419,434 |
| | **Net Block (Refer Note 24 - Schedule 17)** | **9,981,727** | **8,094,244** |

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **C.** | **Leased Fixed Assets** | | |
| | **Gross Block** | | |
| | At cost on 31st 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 31st 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)** | **19,096,314** | **17,401,626** |

## SCHEDULE 11 - OTHER ASSETS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | Interest accrued | 46,216,479 | 43,421,443 |
| **II.** | Advance tax (net of provision for tax) | 206,426 | 255,827 |
| **III.** | Stationery and stamps | 114,328 | 78,651 |
| **IV.** | Cheques in course of collection | 8,060 | 8,018 |
| **V.** | Non Banking assets acquired in satisfaction of claims | - | - |
| **VI.** | Others (Refer Note 4 and 23 - Schedule 17)* | 174,515,076 | 150,919,856 |
| | **Total** | **221,060,369** | **194,683,795** |
| | ** Deposits placed with NABARD / SIDBI ₹ 5,572.40 crore (previous year ₹ 6,314.51 crore)* | | |

## SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | Claims not acknowledged as debts | 8,693,759 | 17,309,832 |
| **II.** | Liability on account of outstanding forward exchange contracts | 1,575,022,126 | 1,014,448,537 |
| **III.** | Guarantees on behalf of constituents | | |
| | i) In India | 237,436,367 | 229,843,917 |
| | ii) Outside India | 112,972 | 109,695 |
| **IV.** | Acceptances, Endorsements and Other Obligations | 232,694,713 | 158,797,456 |
| **V.** | Other items for which the Group is contingently liable: | | |
| | i) Liability in respect of interest rate, currency swaps and forward rate agreements | 636,652,131 | 510,085,899 |
| | ii) Liability in respect of other derivative contracts | 37,911,545 | 71,162,179 |
| | iii) Capital commitments not provided | 13,213,233 | 18,538,126 |
| | iv) Unclaimed customer balances* | 3,029,995 | 2,604,883 |
| | **Total** | **2,744,766,841** | **2,022,900,524** |
| | ** includes amount transferred to RBI DEA Fund Scheme* | | |

## SCHEDULE 13 - INTEREST EARNED

(₹ in thousands)

| | | For the year ended 31st March, 2022 | For the year ended 31st March, 2021 |
|---|---|---|---|
| I. | Interest / discount on advances / bills (Refer Note 9 - Schedule 17) | 226,033,185 | 216,205,291 |
| II. | Income on investments | 95,950,179 | 92,749,669 |
| III. | Interest on balances with RBI and other inter-bank funds | 10,043,788 | 14,809,129 |
| IV. | Others | 5,376,808 | 4,434,217 |
| | **Total** | **337,403,960** | **328,198,306** |

## SCHEDULE 14 - OTHER INCOME

(₹ in thousands)

| | | For the year ended 31st March, 2022 | For the year ended 31st March, 2021 |
|---|---|---|---|
| I. | Commission, exchange and brokerage | 77,191,461 | 56,917,075 |
| II. | Profit on sale of Investments (net) | 18,510,497 | 17,677,747 |
| III. | Profit / (Loss) on revaluation of investments (net) (Refer Note 8.A - Schedule 17) | (2,700,205) | 32,049,489 |
| IV. | Profit on sale of building and other assets (net) | 264,297 | 386,560 |
| V. | Profit on exchange on transactions (net) (including derivatives) | 19,042,447 | 9,796,802 |
| VI. | Premium on Insurance business | 133,393,885 | 113,673,954 |
| VII. | Profit on recoveries of non-performing assets acquired | 1,794,608 | 1,720,909 |
| VIII. | Miscellaneous Income | 5,609,104 | 3,654,228 |
| | **Total** | **253,106,094** | **235,876,764** |

## SCHEDULE 15 - INTEREST EXPENDED

(₹ in thousands)

| | | For the year ended 31st March, 2022 | For the year ended 31st March, 2021 |
|---|---|---|---|
| I. | Interest on Deposits | 92,766,562 | 100,853,643 |
| II. | Interest on RBI / Inter-Bank Borrowings | 10,472,868 | 12,714,372 |
| III. | Others (Refer Note 15 - Schedule 17) | 12,293,482 | 16,097,469 |
| | **Total** | **115,532,912** | **129,665,484** |

## SCHEDULE 16 - OPERATING EXPENSES

(₹ in thousands)

| | | For the year ended 31st March, 2022 | For the year ended 31st March, 2021 |
|---|---|---|---|
| I. | Payments to and provision for employees (Refer Note 4 and 13 - Schedule 17) | 71,409,320 | 58,556,999 |
| II. | Rent, taxes and lighting (Refer Note 18 - Schedule 17) | 8,088,815 | 7,701,167 |
| III. | Printing and Stationery | 1,297,870 | 820,355 |
| IV. | Advertisement, Publicity and Promotion | 4,844,577 | 3,395,948 |
| V. | Depreciation on Group's property | 4,803,507 | 4,610,504 |
| VI. | Directors' fees, allowances and expenses | 64,910 | 54,302 |
| VII. | Auditors' fees and expenses* | | |
| | Statutory Audit fees | 103,671 | 85,276 |
| | Other Matters | 6,466 | 13,929 |
| VIII. | Law Charges | 397,042 | 550,548 |
| IX. | Postage, telephones etc. | 3,413,754 | 2,335,411 |
| X. | Repairs and maintenance | 8,151,752 | 6,495,436 |
| XI. | Insurance | 3,574,830 | 3,233,275 |
| XII. | Travel and Conveyance | 1,126,517 | 829,425 |
| XIII. | Professional Charges | 11,431,492 | 7,722,302 |
| XIV. | Brokerage | 10,303,052 | 6,439,496 |
| XV. | Stamping Expenses | 1,045,940 | 1,267,849 |
| XVI. | Policyholders' Reserves | 88,629,406 | 106,806,165 |
| XVII. | Insurance Business Expenses (claims and benefits paid) | 61,846,541 | 43,567,503 |
| XVIII. | Other Expenditure | 27,238,222 | 19,715,998 |
| | **Total** | **307,777,684** | **274,201,888** |

** The audit fees is aggregate of statutory audit fees of Kotak Mahindra Bank Limited and its subsidiaries. Of the above ₹ 3.87 crore (previous year ₹ 2.48 crore) has been paid to the statutory auditors of the Bank, of which ₹ 0.20 crore is subject to shareholder's approval at AGM. This does not include ₹ Nil (previous year ₹ 0.72 crore) paid towards QIP issuance, which has been adjusted against Securities Premium Account.*

## 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 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, 2022.

**a.** The list of subsidiaries is as under:

| Name of the Subsidiary | Country of Origin | % Shareholding of Group (31st March, 2022) | % Shareholding of Group (31st March, 2021) |
|---|---|---|---|
| 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 (31st March, 2022) | % Shareholding of Group (31st March, 2021) |
|---|---|---|---|
| Infina Finance Private Limited | India | 49.99 | 49.99 |
| Phoenix ARC Private Limited | India | 49.90 | 49.90 |
| ECA Trading Services Limited (Unaudited) (upto 18th December, 2021) (Refer Note 27) | India | 20.00 | 20.00 |

### 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, 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.

#### SIGNIFICANT ACCOUNTING POLICIES

#### C. REVENUE RECOGNITION

**a. Banking / Investing:**

i. Interest income is recognised on accrual basis.

ii. Interest income in respect of retail advances {except in case of Kotak Mahindra Prime Limited (KMPL)} 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. KMPL accounts for vehicle finance income by using the internal rate of return method to provide a constant periodic rate of return after adjustment of brokerage expenses on the net investment outstanding on the contract. The volume-based incentives and brokerage are accounted as and when the said volumes are achieved. Income also includes gains made on termination of contracts.

v. 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.

vi. Interest income on discounted instruments is recognised over the tenure of the instruments so as to provide a constant periodic rate of return.

vii. 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.

viii. 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.

ix. 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.

x. Dividend income is accounted on an accrual basis when the right to receive the dividend is established.

xi. 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.

xii. 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 networth 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 Improvement to leasehold premises | Over the lease period<br>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:

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 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.

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. 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 investment 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 investments 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. 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.

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 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 for non-performing advances and claims received from Export Credit Guarantee Corporation, claims received under the emergency credit line guarantee scheme (ECLGS), 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.

**For Bank and NBFC subsidiaries- Provisioning :**

iii. 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.

iv. 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.





v. 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.

vi. Provisions for Unhedged Foreign Currency Exposure of borrowers are made by the Bank as per the RBI guidelines.

vii. 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.

Further in accordance with Resolution Framework for COVID-19 and Restructuring of Micro, Small and Medium Enterprises (MSME) sector advances both announced by the RBI on 6th August, 2020, 5th May 2021, the Bank and its NBFC subsidiaries have implemented one-time restructuring for certain eligible borrowers and such borrowers are classified as Standard in accordance with the above framework at the time of implementation.

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:**

viii. Life insurance subsidiary provides general provision on standard assets at 0.40% in accordance with the IRDAI guidelines.

ix. 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 | Includes:<br>**1. Lending**<br>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".<br>**2. Branch Banking**<br>Retail borrowings covering savings, current and term deposit accounts and Branch Banking network and services including distribution of financial products.<br>**3. Credit Cards**<br>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.

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), proposed dividend and dividend tax thereon.

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.

The Bank and its subsidiaries have changed its accounting policy from intrinsic value method to fair valuo fethoc

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.

## 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. CAPITAL ISSUANCE

The Bank on 31st May, 2020, had concluded a Qualified Institutions Placement (QIP) of 65,000,000 equity shares at a price of ₹ 1,145 per equity share aggregating to ₹ 7,442.50 crore. Accordingly, share capital increased by ₹ 32.50 crore and share premium increased by ₹ 7,372.72 crore which is net of share issue expenses of ₹ 37.28 crore.

### 4. 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 | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Provident Fund | 265.67 | 207.67 |
| Superannuation Fund | 1.63 | 1.71 |
| New Pension Fund | 10.47 | 8.17 |
| DIFC Employee Workplace Savings Scheme (DEWS) | 0.67 | 0.61 |

**b.** 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.

**c.** 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 31st March, 2022 | | As at 31st March, 2021 | |
|---|---|---|---|---|
| | Funded | Unfunded | Funded | Unfunded |
| **Change in benefit obligations** | | | | |
| Liability as at the beginning of the year | 610.16 | 7.98 | 552.47 | 6.60 |
| Transfer from Unfunded to Funded | - | - | - | - |
| Current Service cost | 78.30 | 1.35 | 73.37 | 1.14 |
| Interest cost | 38.96 | 0.54 | 36.45 | 0.46 |
| Actuarial (gain) / loss on obligations | 25.14 | 1.07 | 21.50 | 0.56 |
| Past Service cost | - | - | - | - |
| Liabilities assumed on acquisition / (settled on divestiture) | (0.57) | 0.48 | 0.22 | (0.26) |
| Benefits paid | (110.65) | (1.06) | (73.85) | (0.52) |
| **Liability as at the end of the year** | **641.34** | **10.36** | **610.16** | **7.98** |
| **Change in plan assets** | | | | |
| Fair value of plan assets as at the beginning of the year | 666.73 | - | 498.16 | - |
| Expected return on plan assets | 42.98 | - | 36.69 | - |
| Actuarial Gain / (loss) | 38.57 | - | 65.24 | - |
| Benefits paid | (110.65) | (1.06) | (73.85) | (0.52) |
| Employer contributions | 67.16 | 1.06 | 140.49 | 0.52 |
| **Fair value of plan assets as at the end of the year** | **704.79** | **-** | **666.73** | **-** |

**Reconciliation of present value of the obligation and the fair value of the plan assets**

(₹ in crore)

| | As at 31st March, 2022 | | As at 31st March, 2021 | |
|---|---|---|---|---|
| | Funded | Unfunded | Funded | Unfunded |
| Fair value of plan assets as at the end of the year | 704.79 | - | 666.73 | - |
| Liability as at the end of the year | 641.34 | 10.36 | 610.16 | 7.98 |
| **Net Asset / (Liability) included in "Others" under "Other Assets"/ "Other Liabilities"** | **63.45** | **(10.36)** | **56.57** | **(7.98)** |
| **Expenses recognised for the year** | | | | |
| Current service cost | 78.30 | 1.35 | 73.37 | 1.14 |
| Interest cost | 38.96 | 0.54 | 36.45 | 0.46 |
| Expected return on plan assets | (42.98) | - | (36.69) | - |
| Actuarial (gain) / loss | (13.43) | 1.07 | (43.74) | 0.56 |
| Past Service Cost | - | - | - | - |
| Effect of the limit in Para 59(b) | - | - | - | - |
| **Net gratuity expense recognised in Schedule 16.I** | **60.85** | **2.96** | **29.39** | **2.16** |
| **Actual return on plan assets** | **81.54** | **-** | **101.92** | **-** |

**Reconciliation of the Liability recognised in the Balance Sheet**

(₹ in crore)

| | As at 31st March, 2022 | | As at 31st March, 2021 | |
|---|---|---|---|---|
| | Funded | Unfunded | Funded | Unfunded |
| Net (Asset) / Liability as at the beginning of the year | (56.57) | 7.98 | 54.31 | 6.60 |
| Transfer from Unfunded to Funded | - | - | - | - |
| Expense recognized | 60.85 | 2.96 | 29.39 | 2.16 |
| Liabilities assumed on acquisition / (settled on divestiture) | (0.57) | 0.48 | 0.22 | (0.26) |
| Employer contributions | (67.16) | (1.06) | (140.49) | (0.52) |
| Effect of the limit in Para 59(b) | - | - | - | - |
| **Net (Asset) / Liability included in "Others" under "Other Assets" or "Other Liabilities"** | **(63.45)** | **10.36** | **(56.57)** | **7.98** |

**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 31st March, 2022 % | As at 31st March, 2021 % |
|---|---|---|
| Equity shares | 48.35 | 43.24 |
| Government securities | 30.84 | 36.73 |
| Bonds, debentures and other fixed income instruments | 9.24 | 8.72 |
| LIC managed funds# | 0.19 | 6.47 |
| Money market instruments and other assets | 11.38 | 4.84 |
| **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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Discount rate | 6.10% to 6.79% p.a. | 5.65% to 6.37% p.a. |
| Salary escalation rate | 5.50% (IBA) and 12.00% until year 1, then 7.00 %- 8.00% p.a. (Others) | 5.50% (IBA) and 7.00% - 8.00% (Others) p.a. |
| Expected rate of return on plan assets | 6.10% to 7.25% p.a. | 5.65% - 7.00% 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:

(₹ in crore)

| Gratuity | Year ended 31st March, | | | | |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Defined benefit obligation | 651.68 | 618.14 | 559.07 | 489.11 | 450.12 |
| Plan assets | 704.80 | 666.73 | 498.16 | 470.41 | 342.00 |
| Surplus / (deficit) | 53.12 | 48.59 | (60.91) | (18.70) | (108.12) |
| Experience adjustments on plan liabilities | 28.32 | 12.38 | 42.40 | 20.25 | 13.28 |
| Experience adjustments on plan assets | 38.56 | 65.23 | (43.65) | 11.25 | (0.90) |

The Group expects to contribute ₹ 48.46 crore to gratuity fund in financial year 2022-23.

The above information is as certified by the actuaries of the respective companies and relied upon by the auditors.

**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 November 11, 2020, the Bank recognised the entire additional liability of ₹ 115.15 crore in the Profit and Loss Account during the year ended 31st March, 2022. 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.

(₹ in crore)

| | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| | Funded | Funded |
| **Change in benefit obligations** | | |
| Liability as at the beginning of the year | 1,891.94 | 1,600.48 |
| Current Service cost | 69.14 | 58.49 |
| Interest cost | 109.56 | 98.39 |
| Actuarial (gain) / loss on obligations | 182.71 | 349.45 |
| Past Service cost | - | - |
| Benefits paid | (344.04) | (214.87) |
| **Liability as at the end of the year** | **1,909.31** | **1,891.94** |
| **Change in plan assets** | | |
| Fair value of plan assets as at the beginning of the year | 1,872.49 | 1,514.34 |
| Expected return on plan assets | 119.35 | 130.32 |
| Actuarial Gain / (loss) | 34.13 | (1.52) |
| Benefits paid | (344.04) | (214.87) |
| Employer contributions | 271.50 | 444.22 |
| **Fair value of plan assets as at the end of the year** | **1,953.43** | **1,872.49** |

**Reconciliation of present value of the obligation and the fair value of the plan assets**

(₹ in crore)

| | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| | Funded | Funded |
| Fair value of plan assets as at the end of the year | 1,953.43 | 1,872.49 |
| Liability as at the end of the year | 1,909.31 | 1,891.94 |
| **Net Asset/ (Liability) included in "Others" under "Other Assets" or "Other Liabilities"** | **44.12** | **(19.45)** |
| **Expenses recognised for the year** | | |
| Current service cost | 69.14 | 58.49 |
| Interest cost | 109.56 | 98.39 |
| Expected return on plan assets | (119.35) | (130.32) |
| Actuarial (gain) / loss | 148.58 | 350.97 |
| Effect of the limit in Para 59(b) | - | - |
| **Net pension expense recognized in Schedule 16.I** | **207.93** | **377.53** |
| **Actual return on plan assets** | **153.48** | **128.80** |

**Reconciliation of the Liability recognised in the Balance Sheet**

(₹ in crore)

| | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| | Funded | Funded |
| Net (Asset) / Liability as at the beginning of the year | 19.45 | 86.14 |
| Expense recognized | 207.93 | 377.53 |
| Employer contributions | (271.50) | (444.22) |
| Effect of the limit in Para 59(b) | - | - |
| **Net (Asset)/ Liability included in "Others" under "Other Assets" or "Other Liabilities"** | **(44.12)** | **19.45** |

**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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Discount rate | 6.79% p.a. | 6.37% p.a. |
| Salary escalation rate | 5.50% p.a. | 5.50% p.a. |
| Expected rate of return on plan assets | 7.25% p.a. | 6.50 % 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 31st March, 2022 | Year ended 31st March, 2021 | Year ended 31st March, 2020 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|---|---|---|---|---|
| Defined benefit obligation | 1,909.31 | 1,891.94 | 1,600.48 | 1,156.33 | 1,057.85 |
| Plan assets | 1,953.43 | 1,872.49 | 1,514.34 | 1,159.16 | 1,063.69 |
| Surplus / (deficit) | 44.12 | (19.45) | (86.14) | 2.83 | 5.84 |
| Experience adjustments on plan liabilities | 248.33 | 199.72 | 440.57 | 102.64 | 208.24 |
| Experience adjustments on plan assets | 34.13 | (1.52) | (7.85) | (6.46) | (0.72) |

The Bank expects to contribute ₹ 248.38 crore to pension fund in financial year 2022-2023.

**Compensated absences**

The actuarially determined liability for compensated absences (accumulated leave) of the employees of the Group is given below:

| | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Total actuarial liability | 282.18 | 288.46 |
| **Assumptions:** | | |
| Discount rate | 6.10% to 6.79% p.a.<br>2.45% p.a. (DIFC) | 5.65% to 6.37% p.a.<br>1.72% p.a. (DIFC) |
| Salary escalation rate | 5.50% (IBA) and 12.00% until year 1, then 7.00% - 8.00% p.a. (Others); 3.00% p.a (DIFC) | 5.50% (IBA) and 7.00% - 8.00% (others) p.a. and 3% p.a. (DIFC) |

**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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Total actuarial liability | 18.92 | 19.52 |
| **Assumptions:** | | |
| Discount rate | 6.70% p.a | 6.20% p.a. |

## 5. DEPOSIT UNDER LIEN

Balance with Banks in other deposit accounts include ₹ 5,837.40 crore (previous year ₹ 4,987.36 crore) which are under lien.

## 6. SECURITIES PLEDGED AND ENCUMBERED

(a) Investments include Government Securities with face value of ₹ 13,349.35 crore (previous year ₹ 10,024.63 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, 2022 ₹ 679.26 crore (previous year ₹ 829.72 crore).

**7.** "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:

(₹ in crore)

| | Year Ended | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Opening provision for reward points | 19.78 | 17.97 |
| Provision for reward points made during the year | 78.10 | 35.19 |
| Utilisation/write-back of provision for reward points | (69.37) | (33.38) |
| Closing provision for reward points* | 28.51 | 19.78 |

** This amount will be utilised towards redemption of the credit card accounts reward points.*

**b) Legal:**

(₹ in crore)

| | Year Ended | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Opening Provision | 30.80 | 34.01 |
| Add: Addition during the year | 13.23 | 1.32 |
| Less: Reduction during the year | (0.25) | (4.53) |
| Closing Provision | 43.78 | 30.80 |

**c) Fraud and Other Provisions:**

(₹ in crore)

| | Year Ended | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Opening Provision | 44.48 | 27.63 |
| Add: Addition during the year | 4.56 | 24.66 |
| Less: Reduction during the year | (3.93) | (7.81) |
| Closing Provision | 45.11 | 44.48 |

**8. A.** As per the Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated August 30, 2021, provision / (write-back) of mark-to-market depreciation on investments has been classified under Other Income. The Bank was classifying such Provisions / (write-back) under Provisions and Contingencies till the issuance of this Master Direction. 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 31st March, | 2022 | 2021 |
|---|---|---|
| Provision for Taxation (Refer Note 10 below) | 4,016.43 | 3,265.44 |
| Provision for Non-performing Assets (including write-offs and net of recoveries) | 1,222.72 | 2,062.31 |
| Provision for Standard Assets | 382.27 | 46.28 |
| General Provision – COVID-19 Deferment Cases* | (835.49) | 682.40 |
| Provision for Unhedged Foreign Currency Exposure | 19.46 | 3.14 |
| Provision for Diminution in value of Investments (Refer Note 8.A) | (79.27) | (27.99) |
| Provision for country risk exposure | 4.79 | - |
| Other Provision and Contingencies | 57.16 | 86.29 |
| **Total** | **4,788.07** | **6,117.87** |

** Provision/ (write-back) in respect of borrowers for which moratorium is granted by the Bank (₹ 732.00) crore (previous year ₹ 629.00 crore) and its NBFC subsidiaries (₹ 103.49) crore (previous year ₹ 53.40 crore) in accordance with RBI guidelines.*

**C.** COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world during the previous financial year. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to volatility in global and Indian financial markets and a decrease in global and local economic activities. The uptake of economic activity has since improved supported by relaxation of restrictions due to administration of the COVID vaccines to a large population in the country. The extent to which any new wave of COVID-19 pandemic will impact the Bank and its subsidiaries' results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

The Bank and its subsidiaries held an aggregate COVID-19 related provision of ₹ 1,396.08 crore as of 1st April, 2021. Based on the improved outlook, the Bank and its subsidiaries have reversed provisions amounting to ₹ 835.49 crore during the year ended 31st March, 2022. On a prudent basis, the Bank and its subsidiaries continue to hold provisions aggregating to ₹ 560.59 crore as at 31st March, 2022 against the potential impact of COVID-19 based on the circumstances at this point in time.

**9.** RBI circular dated 7th April, 2021 required Banks and NBFC's to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 1st March, 2020 to 31st August, 2020 in conformity to the Honourable Supreme Court of India judgement on 23rd March 2021. Pursuant to the said order and as per the RBI circular, the methodology for calculation of the amount of such 'interest on interest' was finalised by the Indian Banks Association (IBA). The Bank and its subsidiaries had created a liability towards estimated interest relief of ₹ 128.63 crore and had reduced the same from Interest / discount on advances / bills in Schedule 13 – Interest Earned during the year ended 31st March, 2021. Amount no longer required on crystallisation of such liability was credited to interest earned during the year ended 31st March, 2022.

## 10. PROVISION MADE FOR TAXES DURING THE YEAR:

(₹ in crore)

| Year ended 31st March, | 2022 | 2021 |
|---|---|---|
| Current tax | 3,902.83 | 3,540.16 |
| Deferred tax | 113.60 | (274.72) |
| **Total** | **4,016.43** | **3,265.44** |

## 11. DESCRIPTION OF CONTINGENT LIABILITIES:

| Sr. No. | Contingent Liability* | Brief Description |
|---|---|---|
| 1. | Claims not acknowledged as debts | This includes liability on account of income tax, sales tax, property tax demands and legal cases filed against the Group.<br>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:<br>• Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Group<br>• Bills re-discounted by the Group and cash collateral provided by the Group on assets which have been securitised.<br>• Underwriting commitments in respect of Debt Syndication |
| 5. | Other items for which the Group is contingently liable | These include:<br>• 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.<br>• Liability in respect of capital commitments relating to fixed assets and undrawn commitments in respect of investments.<br>• Amount transferred to RBI under the Depositor Education and Awareness Fund ('DEA Fund'). |

** Also refer Schedule 12 – Contingent Liabilities*

## 12. EARNINGS PER EQUITY SHARE:

| Particulars | Year Ended | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| **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 | 1,983,099,747 | 1,969,046,454 |
| Effect of potential equity shares for stock options outstanding | 852,749 | 1,391,770 |
| Weighted average number of equity shares used in computation of diluted earnings per share | 1,983,952,496 | 1,970,438,224 |
| Following is the reconciliation between basic and diluted earnings per share: | | |
| Nominal value per share (₹) | 5.00 | 5.00 |
| Basic earnings per share (₹) | 60.76 | 50.53 |
| Effect of potential equity shares for stock options (₹) | 0.03 | 0.04 |
| Diluted earnings per share (₹) | 60.73 | 50.49 |
| Profit for the year after tax (₹ in crore) | 12,089.39 | 9,990.20 |
| 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) | 12,048.89 | 9,949.70 |

## 13. EMPLOYEE SHARE BASED PAYMENTS:

At the General Meetings, the shareholders of the Bank had passed Special Resolutions on 28th July, 2000, 26th July, 2004, 26th July, 2005, 5th July, 2007, 21st August, 2007 and 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

(a) Kotak Mahindra Equity Option Scheme 2001-02;

(b) Kotak Mahindra Equity Option Scheme 2002-03;

(c) Kotak Mahindra Equity Option Scheme 2005;

(d) Kotak Mahindra Equity Option Scheme 2007; and

(e) Kotak Mahindra Equity Option Scheme 2015.

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank Limited with the Bank, the Bank has renamed and adopted the Employees Stock Option Scheme of the erstwhile IVBL, as given below:

- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2005;
- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2007;
- Kotak Mahindra Bank Limited (IVBL) Employee Stock Option Scheme 2010; and
- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2013.

In pursuance of the above referred Employee Stock Option Schemes, the Bank has granted, in aggregate 158,807,703 options as at 31st March, 2022 (Previous year 157,606,163) to the eligible employees of the Group.

Of the above referred Employee Stock Option Schemes, only the Kotak Mahindra Equity Option Scheme 2015 is in force presently and, in aggregate, 4,270,658 options are outstanding as at 31st March, 2022 (Previous year 6,159,212) under the Kotak Mahindra Equity Option Scheme 2015. Except this, no options are outstanding under any other Employee Stock Option Schemes of the Bank.

### 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, 2022, the following schemes were in operation:

| | Plan 2015 |
|---|---|
| Date of grant | Various Dates |
| Date of Board Approval | Various Dates |
| Date of Shareholder's approval | 29th June, 2015 |
| Number of options granted | 18,494,049 |
| Method of Settlement (Cash / Equity) | Equity |
| Vesting Period | 0.01 – 4.09 years |
| Exercise Period | 0.03 – 1 year |
| Vesting Conditions | Graded / Cliff vesting |

| | KMBL (IVBL) Plan 2013 |
|---|---|
| Number of options granted (addition on amalgamation) | 4,642,198 |
| Method of Settlement (Cash / Equity) | Equity |

**The details of activity under Plan 2015 have been summarised below:**

| | Year ended 31st March, 2022 | | Year ended 31st March, 2021 | |
|---|---|---|---|---|
| | Number of Shares | Weighted Average Exercise Price (₹) | Number of Shares | Weighted Average Exercise Price (₹) |
| **Outstanding at the beginning of the year** | **6,159,212** | **1,321.54** | **8,278,402** | **1,236.30** |
| Granted during the year | 1,201,540 | 1,801.00 | 1,698,840 | 1,307.48 |
| Forfeited during the year | 217,852 | 1,443.90 | 259,074 | 1,300.95 |
| Exercised during the year | 2,826,092 | 1,268.76 | 3,488,720 | 1,116.54 |
| Expired during the year | 46,150 | 1,300.21 | 70,236 | 1,193.09 |
| **Outstanding at the end of the year** | **4,270,658** | **1,485.35** | **6,159,212** | **1,321.54** |
| Out of the above exercisable at the end of the year | 1,011,709 | 1,349.27 | 960,009 | 1,145.12 |
| Weighted average remaining contractual life (in years) | | 1.30 | | 1.36 |
| Weighted average fair value of options granted | | 495.45 | | 378.71 |

**The details of activity under KMBL (IVBL) Plan 2013 have been summarised below:**

| | Year ended 31st March, 2022 | | Year ended 31st March, 2021 | |
|---|---|---|---|---|
| | Number of Shares | Weighted Average Exercise Price (₹) | Number of Shares | Weighted Average Exercise Price (₹) |
| **Outstanding at the beginning of the year** | **-** | **-** | **308,610** | **379.72** |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | - | - | 308,610 | 379.72 |
| Expired during the year | - | - | - | - |
| **Outstanding at the end of the year** | **-** | **-** | **-** | **-** |
| Out of the above exercisable at the end of the year | - | - | - | - |
| Weighted average remaining contractual life (in years) | | - | | - |

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,819.07 (Previous year ₹1,638.05).

The details of exercise price for stock options outstanding at the end of the year are:

**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 |

**31st March, 2021**

| Range of exercise prices (₹) | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (₹) |
|---|---|---|---|
| 601-700 | 1,000 | 0.25 | 700.00 |
| 801-900 | 23,528 | 1.00 | 900.00 |
| 901-1,000 | 540,181 | 0.82 | 967.69 |
| 1,001-1,100 | 63,674 | 1.28 | 1,057.99 |
| 1,201-1,300 | 1,977,359 | 0.79 | 1,269.91 |
| 1,301-1,400 | 1,440,640 | 2.04 | 1,341.00 |
| 1,401-1,500 | 2,112,830 | 1.57 | 1,460.00 |

### 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 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|
| **Outstanding at the beginning of the year** | **2,135,672** | **2,253,629** |
| Granted during the year | 609,330 | 990,190 |
| Settled during the year | 924,303 | 1,046,905 |
| Forfeited during the year | 107,481 | 61,242 |
| **Outstanding at the end of the year** | **1,713,218** | **2,135,672** |

**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, | 2022 | | 2021 | |
|---|---|---|---|---|
| | Equity-settled | Cash-settled | Equity-settled | Cash-settled |
| Exercise Price ₹ | 1,341-1,801 | 0-1,801 | 1,000-1,341 | 0-1,460 |
| Weighted Average Share Price ₹ | 1,797.38 | 1,538.28 | 1,375.80 | 1,385.00 |
| Expected Volatility | 27.79%-43.76% | 26.92%-37.68% | 27.95%-43.21% | 21.40%-45.71% |
| Historical Volatility | 27.79%-43.76% | 26.92%-37.68% | 27.95%-43.21% | 21.40%-45.71% |
| Life of the options granted (Vesting and exercise period) | | | | |
| - At the grant date | 0.51-4.34 | | 1.25-3.87 | |
| - As at 31st March | | 0.08-3.71 | | 0.06-3.46 |
| Risk-free interest rate | 3.58%-5.94% | 3.82%-6.04% | 3.61%-5.22% | 3.32%-5.51% |
| Expected dividend rate | 0.05% | 0.05% | 0.05%-0.07% | 0.04% |

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 31st March, | 2022 | 2021 |
|---|---|---|
| Total Employee compensation cost pertaining to share-based payment plans | 139.48 | 161.08 |
| Compensation cost pertaining to equity-settled employee share-based payment plan included above | 31.44 | 1.82 |
| Liability for employee stock options outstanding as at year end | 71.28 | 14.92 |
| Deferred Compensation Cost | 39.97 | 12.76 |
| Closing balance of liability for cash-settled options | 130.51 | 154.61 |
| Expense arising from increase in intrinsic value of liability for cash stock appreciation plan | 149.45 | 184.40 |

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. Accordingly, the Bank have changed its accounting policy from intrinsic value method to fair value method for all share-linked instruments granted after 31st March, 2021 and accordingly, additional cost of ₹ 22.31 crore has been recognised in the financial statements under the head "Employee cost" for the year ended 31st March, 2022.

Had the Group 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 ₹ 41.64 crore (Previous year ₹ 83.07 crore) and the profit after tax would have been lower by ₹ 30.85 crore (Previous year ₹ 62.18 crore). Consequently the basic and diluted EPS would have been ₹ 60.60 (Previous year ₹ 50.11) and ₹ 60.58 (Previous year ₹ 50.07) respectively.

## 14. TIER II BONDS

Lower Tier II Bonds outstanding as at 31st March, 2022 ₹ 351.00 crore (previous year ₹ 536.60 crore).

**15.** Interest Expended - Others (Schedule 15.III) includes interest on subordinated debt (Lower and Upper Tier II) ₹ 35.57 crore for the year ended 31st March, 2022 (previous year ₹ 53.86 crore).

**16.** The Group charges off to the Profit and Loss Account all expenses related to acquisition costs of advances in the year in which they are incurred. Kotak Mahindra Prime Limited, a subsidiary of the Bank, charges off such costs based on the Internal Rate of Return of a contract. On account of this difference in accounting policy, unamortised brokerage amounting to ₹ 93.83 crore for the year ended 31st March, 2022 (previous year ₹ 80.21 crore) is carried forward in the Balance Sheet under "Other Assets".

## 17. SEGMENT REPORTING

The summary of the operating segments of the Group for the year ended 31st March, 2022 are as given below:

(₹ in crore)

| 31st March, | 2022 | 2021 |
|---|---|---|
| **Segment Revenues:** | | |
| Treasury, BMU and Corporate Centre | 8,926.16 | 9,604.66 |
| Retail Banking | 15,262.93 | 13,815.48 |
| Corporate / Wholesale Banking | 13,583.44 | 12,947.06 |
| Vehicle Financing | 2,004.04 | 1,921.37 |
| Other Lending Activities | 1,476.30 | 1,438.40 |
| Broking | 2,594.83 | 1,901.36 |
| Advisory and Transactional Services | 657.89 | 386.25 |
| Asset Management | 1,492.34 | 1,162.70 |
| Insurance | 18,180.68 | 18,242.43 |
| **Sub-total** | **64,178.61** | **61,419.71** |
| Add: Unallocated Income | - | - |
| Less: inter-segment revenues | (5,127.60) | (5,012.20) |
| **Total Income** | **59,051.01** | **56,407.51** |
| **Segment Results:** | | |
| Treasury, BMU and Corporate Centre | 4,516.45 | 3,609.56 |
| Retail Banking | 846.21 | 577.41 |
| Corporate / Wholesale Banking | 6,379.46 | 5,698.86 |
| Vehicle Financing | 630.01 | 239.30 |
| Other Lending Activities | 763.56 | 534.33 |
| Broking | 1,082.52 | 787.75 |
| Advisory and Transactional Services | 375.73 | 123.74 |
| Asset Management | 840.81 | 698.44 |
| Insurance | 513.55 | 898.95 |
| **Sub-total** | **15,948.30** | **13,168.34** |
| Add: Unallocated Income / (Expense) | - | - |
| **Total Profit before tax, minority interest and associates** | **15,948.30** | **13,168.34** |
| Provision for tax | 4,016.43 | 3,265.44 |
| **Net Profit before share of Associates and Minority** | **11,931.87** | **9,902.90** |
| **Segment Assets:** | | |
| Treasury, BMU and Corporate Centre | 1,43,527.02 | 150,098.25 |
| Retail Banking | 2,69,857.05 | 240,488.37 |
| Corporate / Wholesale Banking | 1,88,132.89 | 162,450.23 |
| Vehicle Financing | 18,463.33 | 16,459.07 |
| Other Lending Activities | 15,370.87 | 14,399.41 |
| Broking | 13,959.09 | 8,679.90 |
| Advisory and Transactional Services | 375.31 | 297.19 |
| Asset Management | 4,544.45 | 3,753.21 |
| Insurance | 58,662.31 | 48,785.22 |
| **Sub-total** | **7,12,892.32** | **645,410.85** |
| Less: inter-segment assets | (1,67,856.71) | (168,138.28) |
| **Total** | **5,45,035.61** | **477,272.57** |
| Add: Unallocated Assets | 1,462.30 | 1,581.65 |
| **Total Assets as per Balance Sheet** | **5,46,497.91** | **478,854.22** |
| **Segment Liabilities:** | | |
| Treasury, BMU and Corporate Centre | 1,09,023.20 | 121,065.38 |
| Retail Banking | 2,53,410.95 | 226,362.26 |
| Corporate / Wholesale Banking | 1,69,595.03 | 145,580.04 |
| Vehicle Financing | 10,662.01 | 9,400.28 |
| Other Lending Activities | 6,652.31 | 6,028.30 |
| Broking | 12,839.45 | 7,795.01 |
| Advisory and Transactional Services | 100.99 | 95.71 |
| Asset Management | 515.77 | 739.49 |
| Insurance | 53,707.45 | 44,558.81 |
| **Sub-total** | **6,16,507.16** | **561,625.28** |
| Less: inter-segment liabilities | (1,67,856.71) | (168,138.28) |
| **Total** | **4,48,650.45** | **393,487.00** |
| Add: Unallocated liabilities | 713.43 | 530.77 |
| Add: Share Capital, Reserves and Surplus and Minority Interest | 97,134.03 | 84,836.45 |
| **Total Capital and Liabilities as per Balance Sheet** | **5,46,497.91** | **478,854.22** |

(₹ in crore)

| 31st March, | 2022 | 2021 |
|---|---|---|
| **Capital Expenditure:** | | |
| Treasury, BMU and Corporate Centre | 67.97 | 52.14 |
| Retail Banking | 392.15 | 217.11 |
| Corporate / Wholesale Banking | 37.23 | 22.07 |
| Vehicle Financing | 8.69 | 2.14 |
| Other Lending Activities | 0.71 | 4.79 |
| Broking | 76.49 | 15.98 |
| Advisory and Transactional Services | 2.39 | 2.25 |
| Asset Management | 16.12 | 9.05 |
| Insurance | 58.08 | 44.51 |
| **Total** | **659.83** | **370.04** |
| **Depreciation / Amortisation:** | | |
| Treasury, BMU and Corporate Centre | 82.18 | 86.29 |
| Retail Banking | 271.30 | 253.95 |
| Corporate / Wholesale Banking | 28.39 | 27.40 |
| Vehicle Financing | 4.89 | 4.67 |
| Other Lending Activities | 2.32 | 2.30 |
| Broking | 25.91 | 23.75 |
| Advisory and Transactional Services | 3.12 | 5.11 |
| Asset Management | 11.41 | 10.48 |
| Insurance | 50.83 | 47.10 |
| **Total** | **480.35** | **461.05** |

Segment information is provided as per the management information system available for internal reporting purposes, which includes certain estimates and assumptions.

## 18. 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 ₹ 661.75 crore (previous year ₹ 621.43 crore).

(ii) The future minimum lease payments under non-cancelable operating lease not later than one year is ₹ 558.16 crore (previous year ₹ 543.68 crore), later than one year but not later than five years is ₹ 1,577.27 crore (previous year ₹ 1,621.45 crore) and later than five years ₹ 770.53 crore (previous year ₹ 912.70 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.

## 19. ASSETS GIVEN ON LEASE

The lease income recognised in the Profit and Loss Account in respect of premises and equipment under operating lease is ₹ 0.01 crore (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 31st March, | 2022 | 2021 |
|---|---|---|
| **Gross Investments (A):** | | |
| (i) Not later than 1 year | 52.99 | 60.74 |
| (ii) Between 1-5 years | 80.48 | 94.31 |
| **Total** | **133.47** | **155.05** |
| **Unearned Finance Income (B):** | | |
| (i) Not later than 1 year | 10.95 | 13.09 |
| (ii) Between 1-5 years | 10.53 | 12.86 |
| **Total** | **21.48** | **25.95** |
| **Present Value of Rentals (A-B):** | | |
| (i) Not later than 1 year | 42.04 | 47.65 |
| (ii) Between 1-5 years | 69.95 | 81.45 |
| **Total** | **111.99** | **129.10** |
| **Accumulated provision on the Gross Investments** | **1.35** | **1.38** |

## 20.

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 ₹ 208.30 crore at 31st March, 2022 (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 ₹ 17.55 crore (previous year ₹ 16.75 crore).

## 21.

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, 2022**

| As at 31st March,<br>Particulars of Derivatives | 2022<br>Quantity | 2021<br>Quantity | Purpose |
|---|---|---|---|
| **Futures** | | | |
| S&P CNX Nifty Futures Short | - | 23,100 | Trading |
| Bank Nifty Futures Short | - | 200 | Trading |
| Stock Futures Long | 215,600 | 1,227,750 | Trading |
| Stock Futures Short | 54,311,321 | 62,396,313 | Trading |
| S&P CNX Nifty Futures Long | 50 | - | Trading |
| **Options** | | | |
| S&P CNX Nifty Options Long | 185,000 | 759,975 | Trading |
| S&P CNX Nifty Options Short | 131,500 | 674,100 | Trading |
| Stock Options Long | - | 37,925 | Trading |
| Stock Options Short | - | 40,050 | Trading |
| Bank Nifty option Long | 2,025 | 34,300 | Trading |
| Bank Nifty option Short | 1,525 | 29,200 | Trading |
| **Forward Exchange Contracts** | | | |
| USD-INR Long | USD 1,000,000 | USD 1,000,000 | Hedging |
| USD-INR Short | - | - | Hedging |
| **Interest Rate Swap** | USD 13,000,000 | USD 16,000,000 | Hedging |
| **Total Return Swap** | - | USD 25,128,219 | Trading |
| **Forward rate agreement (₹ crore)#** | 3,521.97 | 3,161.94 | 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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Amount Receivable in foreign currency | 3.99 (USD 527,000) | 3.10 (USD 424,690) |
| | 0.34 (GBP 35,000) | 0.66 (EURO 77,237) |
| | | 0.26 (GBP 25,610) |
| Amount Payable in foreign currency | 8.35 (USD 1,102,000) | 2.59 (USD 353,877) |
| | 0.90 (SGD 161,000) | 0.75 (SGD 138,632) |

## 22.

Additional information to consolidated accounts at 31st March, 2022, (Pursuant to Schedule III of the Companies Act, 2013)

(₹ in crore)

| Name of the Entity | Net Assets* | | | | Share in Profit or Loss | | | |
|---|---|---|---|---|---|---|---|---|
| | As at 31st March, 2022 | | As at 31st March, 2021 | | For the year ended 31st March, 2022 | | For the year ended 31st March, 2021 | |
| | 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 | 74.59% | 72,456.47 | 75.12% | 63,726.97 | 70.91% | 8,572.69 | 69.72% | 6,964.84 |
| **Indian Subsidiaries:** | | | | | | | | |
| Kotak Mahindra Prime Limited | 7.72% | 7,494.41 | 7.81% | 6,622.88 | 7.32% | 885.51 | 5.35% | 534.71 |
| Kotak Securities Limited | 6.48% | 6,290.75 | 6.27% | 5,321.42 | 8.28% | 1,001.33 | 7.93% | 792.64 |
| Kotak Mahindra Capital Company Limited | 0.91% | 885.47 | 0.81% | 688.83 | 2.02% | 244.75 | 0.82% | 82.28 |
| Kotak Mahindra Life Insurance Company Limited | 4.52% | 4,389.20 | 4.77% | 4,045.47 | 3.52% | 425.38 | 6.93% | 691.93 |

(₹ in crore)

| Name of the Entity | Net Assets* | | | | Share in Profit or Loss | | | |
|---|---|---|---|---|---|---|---|---|
| | As at 31st March, 2022 | | As at 31st March, 2021 | | For the year ended 31st March, 2022 | | For the year ended 31st March, 2021 | |
| | 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 General Insurance Company Limited | 0.24% | 233.35 | 0.23% | 191.34 | (0.69%) | (82.98) | 0.02% | 1.63 |
| Kotak Mahindra Investments Limited | 2.56% | 2,488.54 | 2.50% | 2,117.39 | 3.07% | 371.15 | 2.58% | 257.75 |
| Kotak Mahindra Asset Management Company Limited | 1.32% | 1,282.70 | 1.18% | 1,003.35 | 2.80% | 338.94 | 2.95% | 294.83 |
| Kotak Mahindra Trustee Company Limited | 0.35% | 344.56 | 0.27% | 229.37 | 0.95% | 115.18 | 0.52% | 51.45 |
| Kotak Investment Advisors Limited | 0.79% | 763.45 | 0.48% | 404.85 | 0.49% | 58.65 | 0.40% | 40.03 |
| Kotak Mahindra Trusteeship Services Limited | 0.03% | 26.49 | 0.03% | 23.46 | 0.03% | 3.04 | 0.03% | 2.56 |
| Kotak Infrastructure Debt Fund Limited | 0.46% | 449.17 | 0.49% | 416.87 | 0.27% | 32.35 | 0.33% | 33.10 |
| Kotak Mahindra Pension Fund Limited | 0.06% | 56.10 | 0.03% | 25.64 | (0.01%) | (1.54) | 0.00% | 0.21 |
| IVY Product Intermediaries Limited | 0.01% | 6.19 | 0.01% | 5.98 | 0.00% | 0.22 | 0.00% | 0.12 |
| BSS Microfinance Limited | 0.34% | 329.42 | 0.29% | 246.60 | 0.68% | 82.81 | 0.23% | 23.17 |
| **Foreign Subsidiaries:** | | | | | | | | |
| Kotak Mahindra (International) Limited | 0.86% | 840.18 | 0.90% | 767.58 | 0.36% | 44.03 | 0.87% | 86.42 |
| Kotak Mahindra (UK) Limited | 0.41% | 400.40 | 0.44% | 372.88 | 0.11% | 13.74 | 0.31% | 31.32 |
| Kotak Mahindra, Inc. | 0.07% | 67.13 | 0.01% | 10.56 | 0.21% | 25.43 | 0.06% | 5.58 |
| Kotak Mahindra Financial Services Limited | 0.01% | 6.22 | 0.01% | 7.11 | (0.01%) | (1.14) | (0.01%) | (0.69) |
| Kotak Mahindra Asset Management (Singapore) Pte. Limited | 0.23% | 225.37 | 0.21% | 181.86 | 0.30% | 36.07 | 0.32% | 31.51 |
| **Minority Interests in subsidiary** | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| **Associates:** | | | | | | | | |
| Infina Finance Private Limited | - | - | - | - | 0.92% | 111.81 | 0.76% | 75.43 |
| Phoenix ARC Private Limited | - | - | - | - | 0.38% | 45.72 | 0.12% | 11.81 |
| ECA Trading Services Limited (Refer Note 27) | - | - | - | - | 0.00% | (0.01) | 0.00% | 0.06 |
| Inter-company and Other adjustments | (1.96%) | (1,901.54) | (1.86%) | (1,573.96) | (1.91%) | (233.74) | (0.24%) | (22.49) |
| **Total** | **100.00%** | **97,134.03** | **100.00%** | **84,836.45** | **100.00%** | **12,089.39** | **100.00%** | **9,990.20** |

** Total assets minus total liabilities*

**23.** "Others – Other Liabilities and Provisions" (Schedule 5.V) includes Deferred Tax Liability and " Others – Other Assets" (Schedule 11.VI) includes Deferred Tax Assets as follows:

(₹ in crore)

| Particulars | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|
| **Deferred Tax Assets** | | |
| Provision for non-performing and doubtful debts, general provisions and contingencies | 610.09 | 708.05 |
| Depreciation on assets | 67.63 | 71.86 |
| Provision for investments | 5.00 | 5.31 |
| Unamortised Income | 3.34 | 1.83 |
| Expenditure allowed on payment basis and others | 159.31 | 143.96 |
| **Total Deferred Tax Assets** | **845.37** | **931.01** |
| **Deferred Tax Liabilities** | | |
| Deferred expenses | 25.51 | 21.66 |
| Depreciation on assets | 1.62 | - |
| Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961 | 187.39 | 163.48 |
| Others | 2.98 | 4.41 |
| **Total Deferred Tax Liabilities** | **217.50** | **189.55** |
| **Net Deferred Tax Assets / (Liabilities)** | **627.87** | **741.46** |

## 24. Fixed Assets

Fixed Assets as per Schedule 10 include intangible assets, details of which are as follows:

(₹ in crore)

| Particulars | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|
| **PURCHASED SOFTWARE AND SYSTEM DEVELOPMENT EXPENDITURE** | | |
| **Gross Block** | | |
| At cost on 31st March of the preceding year | 898.45 | 819.54 |
| Add: Additions during the year | 238.82 | 116.66 |
| Less: Deductions during the year | 36.68 | 37.75 |
| **Total** | **1,100.59** | **898.45** |
| **Amortisation** | | |
| As at 31st March of the preceding year | 736.10 | 642.48 |
| Add: Charge for the year | 137.69 | 130.16 |
| Less: Deductions during the year | 36.55 | 36.54 |
| **Amortisation to date** | **837.24** | **736.10** |
| **Net Block** | **263.35** | **162.35** |
| **MEMBERSHIP CARDS OF STOCK EXCHANGE** | | |
| **Gross Block** | | |
| At cost on 31st 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 31st 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** | **-** | **-** |

(₹ in crore)

| Particulars | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|
| **ASSET MANAGEMENT RIGHTS** | | |
| **Gross Block** | | |
| At cost on 31st March of the preceding year | 15.90 | 15.90 |
| Add: Additions during the year | - | - |
| Less: Deductions during the year | - | - |
| **Total** | **15.90** | **15.90** |
| **Amortisation** | | |
| As at 31st 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** | **-** | **-** |

## 25. 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 25.98% of the equity share capital and 17.27% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2022. |
| **B** | **Other Related Parties:** | |
| | **Associates /Others** | ECA Trading Services Limited (upto 18th December, 2021)<br>Infina Finance Private Limited<br>Phoenix ARC Private Limited<br>ING Vysya Foundation |
| | **Key Management Personnel** | Mr. Uday S. Kotak, Managing Director and CEO - KMBL<br>Mr. Dipak Gupta - Joint Managing Director – KMBL<br>Mr. Gaurang Shah - Whole-time Director – KMBL<br>Mr. KVS Manian - Whole-time Director – KMBL |
| | **Enterprises over which KMP / relatives of KMP have control / significant influence** | Aero Agencies Private Limited (formerly known as Aero Agencies Limited)<br>Allied Auto Accessories Private Limited<br>Amrit Lila Enterprises Private Limited (w.e.f. 29th September 2021)<br>Asian Machinery & Equipment Private Limited<br>Brij Disa Arnav Trust<br>Brij Disa Foundation (w.e.f. 6th January, 2021)<br>Brij Disa Parthav Trust<br>Business Standard Online Private Limited<br>Business Standard Private Limited<br>Cumulus Trading Company Private Limited<br>Doreen Realty Private Limited<br>Harisiddha Trading and Finance Private Limited<br>Helena Realty Private Limited<br>Insurekot Sports Private Limited<br>KF Trust (formerly known as USK Benefit Trust II)<br>Komaf Financial Services Private Limited<br>Kotak and Company Private Limited<br>Kotak Chemicals Limited<br>Kotak Commodities Services Private Limited<br>Kotak Family Foundation<br>Kotak Ginning & Pressing Industries Private Limited (upto 28th December, 2020)<br>Kotak Mahindra Group Employee Welfare Trust<br>Kotak Trustee Company Private Limited<br>Laburnum Adarsh Trust<br>Manian Family Trust<br>Manians Family Trust II (w.e.f. 10th February, 2022)<br>Meluha Developers Private Limited<br>Palko Properties Private Limited<br>Pine Tree Estates Private Limited<br>Puma Properties Private Limited<br>Quantyco Realty Private Limited<br>Renato Realty Private Limited<br>Suresh A Kotak HUF<br>True North Enterprises<br>Uday S Kotak HUF<br>USK Benefit Trust III (w.e.f. 14th October, 2021)<br>Xanadu Properties Private Limited |





| | Nature of relationship | Name of Related Party |
|---|---|---|
| | **Relatives of Key Management Personnel** | Ms. Pallavi Kotak<br>Mr. Suresh Kotak<br>Ms. Indira Kotak<br>Mr. Jay Kotak<br>Mr. Dhawal Kotak<br>Ms. Aarti Chandaria<br>Ms. Anita Gupta<br>Ms. Urmila Gupta<br>Mr. Arnav Gupta<br>Mr. Parthav Gupta<br>Mr. Prabhat Gupta<br>Ms. Jyoti Banga<br>Ms. Seetha Krishnan<br>Ms. Lalitha Mohan<br>Ms. Shruti Manian<br>Mr. Shashank Manian<br>Ms. Asha Shah<br>Ms. Divya Shah<br>Ms. Manasi Shah<br>Ms. Mahima Shah<br>Mr. Chetan Shah<br>Ms. Chetna Shah |

**Details of related party transactions as at / for the year ended 31st March, 2022:**

(₹ 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 | 15.18 | - | 0.02 | # | 15.19 |
| | (0.53) | (#) | (3.82) | (#) | (4.35) |
| Deposits | 100.57 | 2,459.75 | 21.56 | 202.43 | 2,784.31 |
| | (89.57) | (3,501.12) | (81.91) | (208.60) | (3,881.20) |
| Interest Payable | 0.30 | 0.01 | 0.07 | 0.13 | 0.51 |
| | (0.21) | (0.55) | (0.56) | (0.02) | (1.34) |
| **II. Assets** | | | | | |
| Investments –Gross | 177.15 | - | # | - | 177.15 |
| | (199.62) | (-) | (#) | (-) | (199.62) |
| Diminution on Investments | - | - | - | - | - |
| | (0.39) | (-) | (#) | (-) | (0.39) |
| Advances | 55.31 | 4.62 | 2.45 | 3.73 | 66.11 |
| | (-) | (5.07) | (2.88) | (4.86) | (12.81) |
| Other Assets | 1.95 | 0.02 | 4.13 | 0.01 | 6.11 |
| | (1.74) | (0.03) | (0.07) | (0.02) | (1.86) |
| **Non Fund/ Commitments** | | | | | |
| Bank Guarantees | - | - | 1.13 | - | 1.13 |
| | (-) | (-) | (1.00) | (-) | (1.00) |
| Forward/CIRS o/s | - | - | - | 3.72 | 3.72 |
| | (-) | (-) | (-) | (-) | (-) |
| **III. Expenses** | | | | | |
| Salaries (Include ESOP cost)* / fees | - | 21.15 | - | 0.30 | 21.45 |
| | (-) | (15.90) | (-) | (0.29) | (16.19) |
| Interest Paid | 2.61 | 120.18 | 1.05 | 7.34 | 131.18 |
| | (2.57) | (154.38) | (5.10) | (8.05) | (170.10) |
| Other Expenses | 0.22 | 0.08 | 1.01 | - | 1.31 |
| | (0.03) | (0.08) | (0.86) | (#) | (0.97) |
| **IV. Income** | | | | | |
| Interest Income | 8.30 | 0.33 | 0.20 | 0.33 | 9.16 |
| | (5.33) | (0.46) | (0.25) | (0.44) | (6.48) |
| Others | 0.84 | 0.84 | 1.10 | 0.04 | 2.82 |
| | (0.99) | (7.28) | (1.30) | (0.07) | (9.64) |

(₹ 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 |
|---|---|---|---|---|---|
| **V. Other Transactions** | | | | | |
| Dividend Paid | - | 46.16 | 0.07 | 0.32 | 46.54 |
| | (-) | (-) | (-) | (-) | (-) |
| Loan Disbursed | 60.00 | - | - | - | 60.00 |
| | (-) | (-) | (-) | (-) | (-) |
| Loan Repaid | 4.69 | - | - | - | 4.69 |
| | (-) | (-) | (-) | (-) | (-) |
| Purchase of Investments | - | - | - | - | - |
| | (25.00) | (-) | (22.35) | (-) | (47.35) |
| Sale of Investments | - | 43.03 | - | - | 43.03 |
| | (-) | (345.05) | (53.78) | (-) | (398.83) |
| Swaps/Forwards/Options Contracts | - | - | - | 3.72 | 3.72 |
| | (-) | (-) | (-) | (1.88) | (1.88) |

**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** | | | | | |
| Kotak Commodity Services Limited | - | - | - | - | - |
| | (-) | (-) | (3.82) | (-) | (3.82) |
| Infina Finance Private Limited | 15.17 | - | - | - | 15.17 |
| | (0.53) | (-) | (-) | (-) | (0.53) |
| Others | # | - | 0.02 | # | 0.02 |
| | (-) | (#) | (#) | (#) | (0.01) |
| **II. Assets:** | | | | | |
| **Investments** | | | | | |
| Phoenix ARC Private Limited | 176.05 | - | - | - | 176.05 |
| | (174.75) | (-) | (-) | (-) | (174.75) |
| Others | 1.10 | - | # | - | 1.10 |
| | (24.87) | (-) | (#) | (-) | (24.87) |
| **Advances** | | | | | |
| Phoenix ARC Private Limited | 55.31 | - | - | - | 55.31 |
| | (-) | (-) | (-) | (-) | (-) |
| True North Enterprises | - | - | 2.45 | - | 2.45 |
| | (-) | (-) | (2.88) | (-) | (2.88) |
| Others | - | 4.62 | - | 3.73 | 8.35 |
| | (-) | (5.07) | (-) | (4.86) | (9.93) |
| **Diminution on investments** | | | | | |
| ECA Trading Services Limited | - | - | - | - | - |
| | (0.39) | (-) | (-) | (-) | (0.39) |
| Others | - | - | - | - | - |
| | (-) | (-) | (#) | (-) | (#) |
| **Other Assets** | | | | | |
| Kotak Commodity Services Private Limited | - | - | 4.09 | - | 4.09 |
| | (-) | (-) | (#) | (-) | (#) |
| Phoenix ARC Private Limited | 1.93 | - | - | - | 1.93 |
| | (1.56) | (-) | (-) | (-) | (1.56) |
| True North Enterprises | - | - | 0.01 | - | 0.01 |
| | (-) | (-) | (0.01) | (-) | (0.01) |

(₹ 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 |
|---|---|---|---|---|---|
| Brij Disa Parthav Trust | - | - | 0.01 | - | 0.01 |
| | (-) | (-) | (0.03) | (-) | (0.03) |
| Brij Disa Arnav Trust | - | - | 0.01 | - | 0.01 |
| | (-) | (-) | (0.03) | (-) | (0.03) |
| Others | 0.01 | 0.02 | # | 0.01 | 0.05 |
| | (0.17) | (0.03) | (#) | (0.02) | (0.22) |
| **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 |
| | (-) | (-) | (-) | (-) | (-) |
| Forwards/CIRS o/s | - | - | - | 3.72 | 3.72 |
| | (-) | (-) | (-) | (-) | (-) |
| **III. Expenses:** | | | | | |
| **Salaries (Includes ESOP cost)** | | | | | |
| Mr. Uday S. Kotak* | - | # | - | - | # |
| | (-) | (1.55) | (-) | (-) | (1.55) |
| Mr. Dipak Gupta* | - | 7.52 | - | - | 7.52 |
| | (-) | (5.76) | (-) | (-) | (5.76) |
| Mr. KVS Manian* | - | 6.78 | - | - | 6.78 |
| | (-) | (4.29) | (-) | (-) | (4.29) |
| Mr. Gaurang Shah* | - | 6.85 | - | - | 6.85 |
| | (-) | (4.29) | (-) | (-) | (4.29) |
| Mr. Jay Kotak | - | - | - | 0.30 | 0.30 |
| | (-) | (-) | (-) | (0.29) | (0.29) |
| **Interest Paid** | | | | | |
| Infina Finance Private Limited | 0.66 | - | - | - | 0.66 |
| | (1.25) | (-) | (-) | (-) | (1.25) |
| Phoenix ARC Private Limited | 1.23 | - | - | - | 1.23 |
| | (0.57) | (-) | (-) | (-) | (0.57) |
| ECA Trading Services Limited | 0.62 | - | - | - | 0.62 |
| | (0.63) | (-) | (-) | (-) | (0.63) |
| Aero Agencies Private Limited | - | - | 0.11 | - | 0.11 |
| | (-) | (-) | (0.14) | (-) | (0.14) |
| Asian Machinery & Equipment Private Limited | - | - | 0.13 | - | 0.13 |
| | (-) | (-) | (0.15) | (-) | (0.15) |
| Harisiddha Trading & Finance Private Limited | - | - | 0.16 | - | 0.16 |
| | (-) | (-) | (0.19) | (-) | (0.19) |
| Amrit Lila Enterprises Private Limited | - | - | 0.15 | - | 0.15 |
| | (-) | (-) | (-) | (-) | (-) |
| Others Parties | 0.10 | 120.18 | 0.50 | 7.34 | 128.12 |
| | (0.12) | (154.38) | (4.62) | (8.05) | (167.17) |
| **Other Expenses** | | | | | |
| Infina Finance Private Limited | 0.22 | - | - | - | 0.22 |
| | (0.03) | (-) | (-) | (-) | (0.03) |
| Aero Agencies Private Limited | - | - | 0.92 | - | 0.92 |
| | (-) | (-) | (0.38) | (-) | (0.38) |
| Business Standard Private Limited | - | - | 0.09 | - | 0.09 |
| | (-) | (-) | (0.47) | (-) | (0.47) |
| Others | # | 0.08 | 0.01 | - | 0.09 |
| | (#) | (0.08) | (-) | (#) | (0.09) |

(₹ 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** | | | | | |
| Phoenix ARC Private Limited | 8.30 | - | - | - | 8.30 |
| | (5.33) | (-) | (-) | (-) | (5.33) |
| True North Enterprises | | | | | |

**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 | 492.07 | 3,514.64 | 340.69 | 221.36 |
| | (360.60) | (7,506.70) | (271.90) | (234.36) |
| Other Liabilities* | 15.18 | # | 3.82 | # |
| | (5.60) | (0.81) | (3.82) | (#) |
| **II. Assets** | | | | |
| Investments-Gross* | 199.62 | - | # | - |
| | (201.05) | (-) | (#) | (-) |
| Advances* | 55.31 | 5.07 | 2.88 | 4.86 |
| | (-) | (7.14) | (3.27) | (5.67) |
| Other Assets* | 1.95 | 0.03 | 4.13 | 0.02 |
| | (1.74) | (0.05) | (0.07) | (0.02) |
| **Non Funded Commitments** | | | | |
| Bank Guarantees* | - | - | 1.13 | - |
| | (-) | (-) | (1.00) | (-) |

** 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 (FY2021) are given in bracket.*

**26.** 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 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.

**27.** 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 ceases to be an associate from that date. The Group has received interim distribution of ₹ 3.35 crore from the Official Liquidator of ECA. Investment in ECA is fully provided for, as on 31st March, 2022.

## 28. 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 Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No. 043334

**For Price Waterhouse LLP**
Chartered Accountants
Firm Registration No. 301112E/E300264

**Russell I Parera**
Partner
Membership No. 042190

Mumbai
4th May, 2022

For and on behalf of the Board of Directors

**Prakash Apte**
Chairman

**Uday Kotak**
Managing Director and
Chief Executive Officer

**Dipak Gupta**
Joint Managing Director

**Uday Khanna**
Director

**Jaimin Bhatt**
President and
Group Chief Financial Officer

**Avan Doomasia**
Senior Executive Vice President and
Company Secretary





## FORM AOC - 1

**Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014**
**Statement containing salient features of the financial statement of subsidiaries/associate companies**

**PART "A" : Subsidiaries**

(₹ in crore)

| 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 |
|---|---|---|---|---|---|---|---|
| Share Capital | 3.50 | 1.60 | 3.44 | 510.29 | 455.00 | 5.62 | 29.80 |
| Reserves & Surplus | 7,490.92 | 6,289.15 | 882.03 | 3,878.91 | (221.65) | 2,482.92 | 1,252.90 |
| Total Assets | 27,986.96 | 19,702.25 | 964.13 | 57,761.01 | 1,371.89 | 9,751.97 | 1,453.71 |
| Total Liabilities | 20,492.55 | 13,411.50 | 78.67 | 53,371.81 | 1,138.53 | 7,263.42 | 171.02 |
| Investments (excluding investment in subsidiaries) | 3,944.62 | 2,444.18 | 375.85 | 55,488.64 | 1,231.13 | 2,928.84 | 1,332.51 |
| Turnover | 2,746.24 | 2,501.66 | 439.91 | 17,467.57 | 551.34 | 911.89 | 771.13 |
| Profit before taxation | 1,179.79 | 1,333.50 | 315.70 | 596.49 | (82.98) | 498.57 | 455.51 |
| Provision for taxation | 294.28 | 332.17 | 70.96 | 171.11 | - | 127.42 | 116.57 |
| Profit after taxation | 885.51 | 1,001.33 | 244.75 | 425.38 | (82.98) | 371.15 | 338.94 |
| Proposed Dividend (Equity) | NIL | NIL | NIL | 114.82 | NIL | NIL | NIL |
| % of Shareholding | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

| Particulars | 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 |
|---|---|---|---|---|---|---|
| Share Capital | 0.05 | 16.16 | 7.01 | 0.14 | 8.97 | 0.09 |
| Reserves & Surplus | 344.51 | 824.02 | 393.39 | 66.99 | 754.48 | 26.40 |
| Total Assets | 350.11 | 991.66 | 512.80 | 72.06 | 1,032.57 | 30.36 |
| Total Liabilities | 5.56 | 151.47 | 112.40 | 4.93 | 269.12 | 3.87 |
| Investments (excluding investment in subsidiaries) | 339.71 | 820.23 | 186.03 | 21.21 | 739.49 | 12.00 |
| Turnover | 148.49 | 95.02 | 107.15 | 51.37 | 243.96 | 11.93 |
| Profit before taxation | 145.18 | 69.40 | 20.41 | 25.85 | 79.42 | 3.99 |
| Provision for taxation | 30.00 | 25.37 | 6.67 | 0.42 | 20.76 | 0.96 |
| Profit after taxation | 115.18 | 44.03 | 13.74 | 25.43 | 58.65 | 3.04 |
| Proposed Dividend (Equity) | NIL | NIL | NIL | NIL | NIL | NIL |
| % of Shareholding | 100 | 100 | 100 | 100 | 100 | 100 |

| Particulars | Kotak Infrastructure Debt Fund Limited | Kotak Mahindra Pension Fund Limited | Kotak Mahindra Financial Services Limited | Kotak Mahindra Asset Management (Singapore) Pte. Limited | IVY Product Intermediaries Limited | BSS Microfinance Limited |
|---|---|---|---|---|---|---|
| Share Capital | 310.70 | 60.00 | 8.45 | 9.40 | 2.21 | 26.73 |
| Reserves & Surplus | 138.47 | (3.90) | (2.23) | 215.97 | 3.98 | 302.69 |
| Total Assets | 971.81 | 57.79 | 8.71 | 247.49 | 6.25 | 394.57 |
| Total Liabilities | 522.64 | 1.69 | 2.49 | 22.11 | 0.06 | 65.15 |
| Investments (excluding investment in subsidiaries) | 472.97 | 57.25 | - | 80.53 | - | 47.03 |
| Turnover | 73.58 | 3.39 | 1.84 | 68.66 | 0.30 | 268.25 |
| Profit before taxation | 32.35 | (1.54) | (1.14) | 40.42 | 0.29 | 109.51 |
| Provision for taxation | - | - | - | 4.36 | 0.07 | 26.70 |
| Profit after taxation | 32.35 | (1.54) | (1.14) | 36.07 | 0.22 | 82.81 |
| Proposed Dividend (Equity) | NIL | NIL | NIL | NIL | NIL | NIL |
| % of Shareholding | 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 (International) Limited, Kotak Mahindra Financial Sa*

**PART "B" : Associates**

₹ in crore

| Particulars | Infina Finance Private Limited | Phoenix ARC Private Limited | ECA Trading Services Limited [1, 3, 4 & 5] |
|---|---|---|---|
| **Latest Audited Balance Sheet date** | 31-Mar-22 | 31-Mar-22 | 31-Mar-21 |
| **Shares of Associate held by the Group on the year end** | | | |
| No. of Equity Shares | 1,100,240 | 83,832,000 | 21,897,850 |
| Amount of Investment in Associates | 1.10 | 100.02 | 20.42 |
| Extent of Holding % | 49.99% | 49.90% | 20.00% |
| **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 | 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 | 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** | 1,037.30 | 270.38 | 0.16 |
| **Profit for the year** | 223.82 | 91.62 | (0.16) |
| i) Considered in the Consolidation | 111.82 | 45.71 | (0.01) |
| ii) Not considered in the Consolidation | 112.00 | 45.91 | (0.15) |

***Note:***

*(1) For the purpose of preparation of consolidated financial statements, the Group has considered unaudited financial statement as of 31st March, 2022.*

*(2) Significant influence has been determined as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements".*

*(3) Includes adjustments for share of difference between audited and unaudited financial results for the year ended 31st March, 2021.*

*(4) Share of audited Networth based on share holding of 20.00% as on 31st March, 2021 is ₹ 3.55 Crore.*

*(5) 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 ceases to be an associate from that date. The Group has received interim distribution of ₹ 3.35 crore from the Official Liquidator of ECA. Investment in ECA is fully provided for, as on 31st March, 2022.*

For and on behalf of the Board of Directors

**Prakash Apte**
Chairman

**Uday Kotak**
Managing Director and
Chief Executive Officer

**Dipak Gupta**
Joint Managing Director

**Uday Khanna**
Director

**Jaimin Bhatt**
President and
Group Chief Financial Officer

**Avan Doomasia**
Senior Executive Vice President and
Company Secretary

Mumbai
4th May, 2022

*Basel III (Pillar 3) Disclosures (Consolidated) as at 31st March, 2022*

*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.*





# Directors' Report

To the Members,

**KOTAK MAHINDRA BANK LIMITED**

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

## FINANCIAL HIGHLIGHTS

(A) Consolidated*:

(₹ in crore)

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

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

(B) Standalone:

(₹ in crore)

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

*Notes:*

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

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

## FINANCIAL PERFORMANCE

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

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

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

## CAPITAL

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

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

## CAPPING ON PROMOTERS' VOTING RIGHTS

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

## DIVIDEND

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

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

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

## DEBENTURES AND BONDS

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

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

## CAPITAL ADEQUACY RATIO

Your Bank has a Capital Adequacy Ratio ("CAR") of 22.69% as at 31st March, 2022 under Basel III, with Tier I being 21.67% (of which, Common Equity Tier 1 ("CET 1") being 21.51%).

## RATINGS OF VARIOUS DEBT INSTRUMENTS

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

## DEPOSITS

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

## OPERATIONS

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

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





### Consumer Banking

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Private Banking

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

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

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

### International Banking Units

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

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

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

### Asset Reconstruction

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

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

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

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

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

### Treasury

Your Bank's Treasury actively contributes by way of:

i. Balance Sheet Management: The Balance Sheet Management Unit ("BMU") ensures maintenance of regulatory reserves and adequate liquidity buffers and requisite investments. The BMU also manages Interest Rate and Liquidity risk within the overall risk appetite of your Bank.

ii. Proprietary Trading: The Proprietary Trading Desk actively trades in products such as Fixed Income Securities, Money Markets, Derivatives, Foreign Exchange and Equity. The Proprietary Desk also helps assist interbank access to teams servicing customer requirements. The Primary Dealer Desk, which is a part of the Proprietary Trading Desk, actively participates in primary auctions of Government Securities, makes market in Government securities and engages in retailing of Government securities.

iii. Customer Transactions: The customer facing desks at the Treasury assist and manage customer transactions across Foreign Exchange, Derivatives and Bullion products. The Forex and Derivatives Desk facilitates customer access to foreign currency markets through cash and derivatives products for remittances, trade transactions and for managing Foreign Exchange and Interest Rate risks.

iv. Bullion: The Bullion desk provides efficient working capital solutions to domestic jewellery manufacturers as per the prescribed rules of RBI. Your Bank also imports gold and silver to meet the needs of customers, under a license received from the RBI.

## RESPONSE TO COVID-19 PANDEMIC

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

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

### Well-being of employees

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

### Well-being of customers

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

### Well-being of society

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

### Key initiatives and focus areas of FY 2021-22

Kotak Edge - Key metrics reflecting scalability of the business:

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

## HUMAN RESOURCES

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

Key HR Initiatives taken by your Bank were:

i. Health and Wellness: Various health and wellness related initiatives were launched through online and onsite interactions such as Emotional Assistance Program, Employee Outreach program, Covid test reimbursements for employees and their families, Special Leave for employees tested COVID-19 positive and online wellness initiatives such as yoga, meditation, zumba, quiz sessions, etc.

ii. Kotak DNA: Your Bank revamped the Kotak DNA. Also, Kotak DNA microsite and mandatory learning module were launched to create awareness amongst employees.

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

iv. Diversity and Inclusion: Building diverse and inclusive culture has been a focus for your Bank over few years. Your Bank has framed the Diversity and Inclusion Statement and also launched policies such as New Mother Benefit Policy for Kotak Wonder Women, to promote gender equity. The policy aims to provide assistance to Kotak Wonder Women returning to work, to help set up a reliable support system for them to take care of their infants.

v. Hum Fit Kotak Hit: Your Bank has launched a monthly Fitness allowance, with effect from 1st December, 2020, thereby creating a culture of fitness for Kotak employees by encouraging them to update their fitness goals online, driving focus on their health and well-being.

vi. Kotak Worklife Mobile App: Your Bank focused on automation and enhancing the employee experience in FY 2021-22 with regards to HR processes and transactions. Your Bank moved away from the old employee intranet portal and launched the Kotak Worklife Mobile App which is also available in web format portal and provides functionalities such as attendance, leave, chat groups, chatbot and others on the same platform. Through this App, the aim is to provide all employee services at work and collaboration in a simple and effective manner. Employees are now able to mark their attendance, create and interact with workgroups like WhatsApp, raise and resolve queries on the intuitive chatbot besides various other linkages such as to HRMS, Payroll, Reimburse, Travel, Mediclaim, Fast Track (Internal Job Postings), book a seat (office hot desking), vaccination declaration and booking, IT helpdesk and many more, while employees are on the go.

vii. Employee Volunteering Policy: Your Bank launched the Employee Volunteering Policy in FY 2021-22 to enable and inspire employees to utilize their time and skills in socially impactful volunteering activities, thereby driving a positive change in your Bank's communities through physical / virtual volunteering and payroll giving.

viii. Kotak Young Leaders Council: Your Bank actively engages with young talent through this flagship initative 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.

ix. Eureka: Your Bank has revamped the innovation, idea generation portal where employees can submit open ideas or for specific business problems. Your Bank evaluates the ideas submitted and rewards the best ideas and makes them part of the selected idea implementation process. The platform is also available on the Kotak Worklife Mobile App, on the go for all employees.

x. My Kotak My Say: Your Bank has been strengthening the platform for top down communication. At the same time, your Bank has created a listening opportunity for Kotakites to voice through, 'My Kotak My Say', a bi-annual employee engagement survey engaging with the 'Great Place to Work® Institute'. 'My Kotak My Say' Survey was conducted for the second time in August 2021, with an overall 76.15% response rate organisation wide. 77% of employees today believe that Kotak is a Great Place to Work (increased from 72% in previous year). Your Bank has been certified as 'One of India's Best Employers Among Nation-Builders' by Great Place to Work® Institute.

xi. Employee Development: Your Bank increased focus on e-learning for delivering programs at various stages of employee lifecycle. Programs such as 'Learning A-fair' focused on seven themes, which spanned across 73 sessions. The event had over 10,000 unique employee registrations and cumulative attendance for these 73 sessions was over 35,000. Your Bank also framed External Learning Courses Policy, to encourage employees to take up relevant courses and training and upskill themselves.

xii. Talent Acquisition: Your Bank has launched 'Kotak Fast Track Plus', an exclusive Internal Job Posting portal for Grade M8 and above roles, where senior employees can explore available internal career opportunities across the Kotak group and advance their careers. To have a diverse workforce and promote women participation, your Bank has made the Internal Job Posting program more attractive for women employees to promote internal talent mobilization and has identified roles that can be filled with a woman candidate only. To bridge the skill gap for roles specially in IT, Digital and Business Intelligence Unit (BIU), your Bank introduced Science, Technology, Engineering and Math (STEM) and Critical to Quality (CTQ) parameters during the candidate screening process to ensure it hires candidates with right skillsets to meet the future demand.

xiii. Your Bank has launched K-Applaud, Rewards and Recognition platform. Through this platform, your Bank has been promoting a culture of appreciation via monetary and non-monetary reward programs. The platform is available to employees on Kotak Worklife Mobile App / Portal. Employees can appreciate their peers and can also avail discounts on various brands on the platform.

xiv. 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.

xv. Kotakathon@Eureka: Your Bank launched a hackathon named Kotakathon@Eureka, with the single most critical objective of creating the highest levels of Customer Obsession in our minds, which helps deliver real value to customers. This was a challenge for the Branch Banking Business of Consumer Bank in identifying problem areas and proposing solutions to issues that your Bank's customers are facing.

xvi. Your Bank launched DREAM (Digital Readiness Enabler and Awareness Measure), an opportunity to ensure that Bank employees in select grades are exposed to personalized digital awareness learning journeys, after having assessed their Digital Quotient. This is an attempt to prepare employees for the ongoing transformation.

xvii. Digi Q [in partnership with Catallyst Executive Education Institute (CEEI)]: Kotak DigiQ is a customized intervention for the senior leaders of your Bank, designed to instill a sense and urgency to lead in the Indian banking sector through rapid transformation and focused disruption pivoting on Digital initiatives. About 100 plus leaders have been covered so far.

## EMPLOYEES

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

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

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

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

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

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

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

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

## CODE FOR PREVENTION OF INSIDER TRADING

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

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

## WHISTLE BLOWER POLICY / VIGIL MECHANISM

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

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

A vigil mechanism has been implemented through the adoption of a Whistle Blower Policy with an objective to enable employees / directors / suppliers / vendors / service providers / all other applicable stakeholders, raise genuine concern or report evidence of activity by the Bank or its employee or director or vendor that may constitute instances of corporate fraud, unethical business conduct, a violation of Central or State laws, rules, regulations and / or any other regulatory or judicial directives, any unlawful act, whether criminal or civil, irregularities like alteration, forgery or fabrication of documents, impropriety, abuse or wrong doing, misuse of office / position, theft / embezzlement, misappropriation of asset, bribery / corruption, collusion with vendor / customers, deliberate breaches and non-compliance with the Bank's policies, processes, data leakage, questionable accounting / audit matters / financial malpractice, ethics violation, conflict of interest, dual employment and unauthorized disclosure of confidential information about the Bank or any of its customers. The concerns can be reported online on the following websites viz., URL: https://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 Chairman of the Audit Committee in appropriate and exceptional circumstances. Further, the Chairman of the Audit Committee has access rights to the whistle blower portals. The Audit Committee reviews a synopsis of the complaints received and the resolution thereof, every quarter under the said Policy.

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

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

## EMPLOYEE STOCK OPTIONS AND STOCK APPRECIATION RIGHTS SCHEMES

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

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

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

i. Kotak Mahindra Equity Option Scheme 2015 ("ESOP Scheme")

ii. Kotak Mahindra Stock Appreciation Rights Scheme 2015 ("SARs Scheme").

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

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

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

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

## ENVIRONMENT, SOCIAL AND GOVERNANCE PRACTICES AND CORPORATE SOCIAL RESPONSIBILITY

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

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

i. identify, execute and monitor CSR projects, to assist the Board in fulfilling its CSR objectives, to ensure compliance of CSR regulations and to oversee reporting and disclosure of CSR activity;

ii. oversee the development and implementation of the Group's ESG framework, to assist the Board in defining and fulfilling its ESG goals and objectives, to ensure compliance of ESG regulations and to oversee the reporting and disclosure of the Group's ESG performance; and

iii. review / approve donations by the Bank, to the not for profit organisations, as per authorisation matrix approved by the Board from time to time.





### Environment, Social and Governance Practices

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

### Corporate Social Responsibility

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

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

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

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

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

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

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

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

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

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

### Business Responsibility and Sustainability Report

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

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

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

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

## TECHNOLOGY AND DIGITISATION

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

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

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

i. Does the existing infrastructure and platform architecture enable the efficient extension of Application services, rollout of innovations and the achievement of processing scale and efficiencies?

ii. Can the platform decouple legacy workflows, augmenting them with new workflows powered by AI, blockchain, deep learning, and Internet of Things ("IoT")?

iii. Will the modern architecture, operating model and business strategy operate and scale across established open standards and connect to Application Programming Interfaces ("APIs")?

iv. Can the current infrastructure adapt to regulatory and institutional changes in the next few years in response to new initiatives i.e. real-time payments, new messaging standards, more stringent requirements governing risk, security, fraud and privacy?

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

i. Seamless connected journeys across the products / platforms

ii. Applications with a better user experience i.e. Personalization

iii. 24/7 access and frictionless service

iv. Innovation by including data protection and security.

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

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

Your Bank has implemented following initiatives from the automation perspective:

i. Document to document comparison

ii. Goods and Service Tax (GST) workflow to streamline process which includes General Ledger tally

iii. Customer on-boarding journey for existing Current Account and Savings Account HNI customers to apply for Cash Management Services (CMS), Trade, loans, and other corporate products

iv. Consent Management system.

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

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

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

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

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

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

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

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

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

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

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

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

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

## SUBSIDIARIES AND ASSOCIATES

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

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

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

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

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

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

**Kotak Mahindra Life Insurance Company Limited:**

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

**Kotak Mahindra Asset Management Company Limited:**

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

**Kotak Mahindra Pension Fund Limited**

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

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

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

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

i. Infina Finance Private Limited

ii. Phoenix ARC Private Limited.

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

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

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

## DESPATCH OF ANNUAL REPORT

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

## BOARD OF DIRECTORS

### Board Composition

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

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

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

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

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

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

i. Approved the re-appointment of Mr. KVS Manian as a Whole-time Director for a period of three years (post the expiry of his current term on 31st October, 2022), with effect from 1st November, 2022 or from the date of regulatory approvals, whichever is later;

ii. Accepted the request of Mr. Gaurang Shah, to not continue as a Whole-time Director and Director of the Bank, on expiry of his current term on 31st October, 2022; and

iii. Approved the appointment of Ms. Shanti Ekambaram as a Whole-time Director for a period of three years, with effect from 1st November, 2022 or from the date of regulatory approvals, whichever is later.

### Directors retiring by rotation

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

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

### Declaration from Independent Directors

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

### Certificate on non-debarment or non-disqualification of Directors

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

### Director e-KYC

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

### Directors and Officers Liability Insurance Policy

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

### Board Evaluation[1]

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

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

i. Board - Competencies, composition and structure, board dynamics, process and procedure, functioning, oversight of committee composition and functioning and ethics and compliance

ii. Committees - Composition and quality, process and procedure, terms of reference and effectiveness in terms of respective roles assigned to the Committees

iii. Chairman - Key focus areas covering understanding of the role, commitment, team work attributes, utilisation of domain expertise, effective communication, etc. and certain other parameters such as efficient leadership, decision making, professionalism, impartial conduct, devotion of sufficient time, effective communication and facilitation of productive deliberation

iv. Individual Directors - Understanding of role, commitment, effective contribution, independent view to decision making, utilization of domain expertise, etc.

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

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

[1] *GRI 102-28*

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

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

## KEY MANAGERIAL PERSONNEL

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

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

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

## POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL[2]

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

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

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

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

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

Objective:

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

Compensation structure comprises total remuneration consisting of:

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

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

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

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

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

This excludes employees under Category III.

[2] *GRI 102-37*





iii. Category III – Risk control and compliance employees, comprising staff in Grade M9 and above in the following Control functions:
    - Risk & Policy function
    - Financial Control including group consolidation
    - Compliance
    - Internal Audit
    - Back-office Operations
    - Vigilance
    - Legal
    - Secretarial
    - Human Resources
    - Corporate Social Responsibility
    - Investor Relations
iv. Category IV: Other employees - This includes all employees, not explicitly covered in the first three categories.

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

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

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

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

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

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

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

i. Compensation structure is broadly divided into:
    - Sitting fees
    - Re-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 Chairman) of ₹ 20 lakh per annum or such other amount as may be prescribed by the RBI, from time to time.
iv. NEDs are not eligible for any stock options of the Bank.

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

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

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

## REPORT ON CORPORATE GOVERNANCE

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

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

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

## SECRETARIAL AUDITOR

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

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

i. your Bank has, in the preparation of the annual accounts for the financial year ended 31st March, 2022, followed the applicable accounting standards and guidance provided by The Institute of Chartered Accountants of India along with proper explanations relating to material departures, if any;

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, 2022 and of the profit of your Bank for the financial year ended 31st March, 2022;

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

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

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

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

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

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

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

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

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

i. the aforementioned appointment of KKC & Associates LLP, as one of the Joint Statutory Auditors; and

ii. fixing the remuneration of the Joint Statutory Auditors for FY 2022-23.

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

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

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

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

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

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

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

## INTERNAL FINANCIAL CONTROLS

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

## IMPLEMENTATION OF IND AS

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

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

i. Formed Steering Committee for Ind AS implementation. The Steering Committee comprises representatives from Finance, Risk, Information Technology and Treasury. The Committee closely reviews progress of Ind AS implementation in the Bank and provides guidance on critical aspects of the implementation.

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.

## RELATED PARTY TRANSACTIONS[3]

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

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

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

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

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

## RISK MANAGEMENT POLICY

Pursuant to Regulation 21 of the SEBI Listing Regulations, your Bank has a Risk Management Committee, details of which can be referred to in the Report on Corporate Governance forming part of this Report. Your Bank has a robust Risk Management Fram2 " rk . hil Risk M anagem2 nt is M he responsiblitf- th e BoarfDoietors,o ik ha s(d)-35()legated its(p)-8.1(o)-9.7(w)45(e)-5.4(r)-18(s r)-16(e)-17(l)-765(a)-2.6(t)-8.4(i)79.4(n)-0.8g t27.9o (m)-4.1(o)-4.9(n)78.1(i)-458(t)5(o)-4.9(r)-64(i)79.4(n)-0.8g(a)-9.4(n)-12(d(r)-15(a)-8.8(v)-4.5(i)-18(e)-7.7(s)-6(i)-7.5(n)-0.8g(r)-64(i)-4.1(s)-9.8(k)58(s)-0.6((a)-84(s)-0.8sL)-0.9(o)-88(c)-0.8)-7.5(a)-2

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

1. **Brief outline on CSR Policy of the Company:**

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

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

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

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

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

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

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

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

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

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

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

7. (a) Two percent of average net profit of the Company as per Section 135(5) of the Act : **₹₹₹**

| (1) Sl. No. | (2) Name of the Project | (3) Item from the list of activities in Schedule VII to the Act | (4) Local area (Yes/ No) | (5) Location of the project: State | (5) Location of the project: District | (6) Project duration (in months) | (7) Amount allocated for the project (in ₹) | (8) Amount spent in the current financial Year (in ₹) | (9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) of the Act (in ₹) | (10) Mode of Implementation - Direct (Yes/No) | (11) Mode of Implementation - Through Implementing Agency: Name | (11) Mode of Implementation - Through Implementing Agency: CSR Registration number |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 33 | Kotak-BAN "Hospital Medical Infrastructure" | Promoting health care including preventive health care | Yes | Maharashtra | Mumbai | 17 | 10,000,000 | 10,000,000 | - | No | Bharatiya Arogya Nidhi | CSR00008123 |
| 34 | Kotak –PRAWES "Ambulance" | Promoting health care including preventive health care | Yes | Madhya Pradesh | Indore | 13 | 930,000 | 930,000 | - | No | Param Pujya Rakshak Aadinath Welfare & Educational Society | CSR00020908 |
| 35 | Kotak- NAMCO "Ambulance" | Promoting health care including preventive health care | Yes | Maharashtra | Nashik | 7 | 2,786,054 | 2,786,054 | - | No | NAMCO Charitable Trust | CSR00014946 |
| 36 | Kotak-BAVP "Ambulance" | Promoting health care including preventive health care | Yes | Maharashtra | Aurangabad | 13 | 2,789,414 | 2,789,414 | - | No | Dr. Babasaheb Ambedkar Vaidyakiya Pratishthan | CSR00000181 |
| 37 | Kotak- VMRF "Ambulance" | Promoting health care including preventive health care | Yes | Maharashtra | Latur | 13 | 2,793,404 | 2,793,404 | - | No | Vivekanand Medical Foundation & Research Centre | CSR00005514 |
| 38 | Kotak- AMS "Ambulance" | Promoting health care including preventive health care | Yes | Telangana | Hyderabad | 13 | 3,392,000 | 3,392,000 | - | No | Andhra Mahila Sabha | CSR00016213 |
| 39 | Kotak – AIILSG "Model School Project Ratnagiri" | Promoting education | Yes | Maharashtra | Ratnagiri | 13 | 5,950,000 | 55,271 | 5,894,729 | No | All India Institute of Local Self Government | CSR00000373 |
| | | | | | **Total** | | **1,300,740,920** | **340,178,446** | **960,562,474** | | | |

*Notes :*
*1. Amount in paise rounded off to nearest Rupee.*
*2. The CSR Projects which are being operated/ implemented on PAN India basis, are not restricted to particular State or District.*





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

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

*Notes:*

*1. Amount in paise rounded off to nearest Rupee.*

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

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

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

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

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

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

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

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

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

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

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

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

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

* Amount in Paise rounded off to Rupees

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

| (1) Sl. No. | (2) Project ID | (3) Name of the Project | (4) Financial Year in which the project was commenced | (5) Project duration (in months) | (6) Total amount allocated for the project (in ₹) | (7) Amount spent on the project in the reporting Financial Year (in ₹) | (8) Cumulative amount spent at the end of reporting Financial Year (in ₹) | (9) Status of the project - Completed / Ongoing |
|---|---|---|---|---|---|---|---|---|
| 1. | 7 | Relief and Rehabilitation - COVID 19 | 2020-21 | 18 | 80,000,000 | 49,500,000 | 80,000,000 | Completed |
| 2. | 39 | Relief & Rehabilitation - COVID 19 (Dry Ration Kit, Health Hygiene Facilities) | 2020-21 | 24 | 4,000,000 | 423,534 | 4,000,000 | Completed |
| 3. | 45 | Relief & Rehabilitation - COVID 19 (Protecting the Protector Round-2) | 2020-21 | 18 | 10,000,000 | 5,449,956 | 10,000,000 | Completed |
| 4. | 46 | Relief & Rehabilitation - COVID 19 (Direct) | 2020-21 | 15 | 16,000,000 | 9,051,109 | 16,000,000 | Completed |
| 5 | 59 | KEF - Education & Livelihood - (Project Digital learning Solution- (DLS) | 2020-21 | 24 | 127,000,000 | 90,000,000 | 127,000,000 | Completed |
| 6 | 10 | SOPAN - Education & Livelihood (Inclusiveness) | 2020-21 | 24 | 38,000,000 | 16,000,000 | 34,000,000 | Ongoing |
| 7 | 23A | Sarthak - Education & Livelihood (Inclusiveness) | 2020-21 | 15 | 12,900,000 | 10,500,000 | 12,900,000 | Completed |
| 8 | 63 | NM Sadguru - Education & Livelihood (Rural) | 2020-21 | 36 | 52,000,000 | - | 18,000,000 | Ongoing |
| 9 | 57 | ABET - Healthcare (Mental Health) | 2020-21 | 15 | 7,500,000 | 4,500,000 | 7,500,000 | Completed |
| 10 | 66 | Wockhardt - Healthcare (Primary Healthcare on wheels) | 2020-21 | 18 | 27,100,000 | 5,000,000 | 27,100,000 | Completed |
| 11 | 62 | Cankids - Healthcare (Cancer care and Home away from home) | 2020-21 | 36 | 90,000,000 | 17,400,000 | 55,900,000 | Ongoing |
| 12 | 67 | Cansupport - Healthcare (Cancer Support) | 2020-21 | 36 | 12,225,000 | 2,770,000 | 6,995,000 | Ongoing |
| 13 | 5A | HPPCT - Environment & sustainable development (Green Crematorium) | 2020-21 | 24 | 24,000,000 | 6,500,000 | 16,500,000 | Ongoing |
| 14 | 58 | Environment and Sustainable Development (Biodiversity) ) | 2020-21 | 24 | 8,000,000 | 4,000,000 | 8,000,000 | Completed |
| 15 | 6A | Sports (Olympics) | 2020-21 | 18 | 130,000,000 | 90,000,000 | 130,000,000 | Completed |
| 16 | 61 | Sports (Olympics) | 2020-21 | 24 | 340,000,000 | 89,080,362 | 189,080,362 | Ongoing |
| | **TOTAL** | | | | **978,725,000** | **400,174,962** | **742,975,362** | |

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

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

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



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

*Notes :*

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

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

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

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

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

**Uday Kotak**
**Managing Director & CEO**

Date : 25th June, 2022
Place : Mumbai

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

Date : 25th June, 2022
Place : Mumbai

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

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

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

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

** Date of appointment is taken from MCA*

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

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

Place: Mumbai
Date: June 14, 2022





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

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

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

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

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

*^ Please refer to note (iii) below*
** Please refer to note (v) below*
*# please refer to note (vi) below*
*$ Please refer to note (vii) below*
*@ Please refer to note (viii) below*

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

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

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

*[4] GRI 102-38, 102-39*

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

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

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

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

The Bank is in compliance with its Compensation Policy.

**Notes:**

*i. Remuneration includes Fixed Pay + Variable Pay paid during the year + perquisite value as calculated under the Income Tax Act, 1961. Remuneration does not include value of Stock Options.*

*ii. SARs are awarded as Variable Pay. These are settled in cash and are linked to the average market price / closing market price of the Bank's stock on specified value dates. Cash paid out during the year is included for the purposes of remuneration.*

*iii. For FY 2020-21, the Independent Directors (other than the Non-Executive Part-time Chairman) and Non-Executive Directors of the Bank were paid commission and sitting fees for attending meetings of the Board and Committees (including non-Board Committees), held during that year. Their remuneration for FY 2021-22 comprises compensation by way of fixed remuneration and sitting fees for attending meetings of the Board and Committees (including non-Board Committees) held during that period.*

*iv. The remuneration of the Independent Directors (other than the Non-Executive Part-time Chairman) and Non-Executive Directors of the Bank, for FY 2021-22, comprises (i) compensation in the form of fixed remuneration as per limits prescribed under the RBI's circular dated 26th April, 2021 on Corporate Governance in Banks – Appointment of Directors and Constitution of Committees of the Board and the relevant resolution passed by the members at the Thirty-Sixth Annual General Meeting and (ii) sitting fees for attending the Board / Committee meetings (including Non-Board Committees). The Non-Executive Part-time Chairman received sitting fees for attending meetings of the Board / Committees and a fixed remuneration, as approved by the Board and the RBI, within the limit approved by the members of the Bank.*

*v. Dr. Ashok Gulati was appointed as an Additional Director and Independent Director of the Bank, with effect from 6th March, 2021, subject to the approval of the members of the Bank. In view of the same, the percentage increase is not given since the remuneration received for FY 2020-21, was for part of the year.*

*vi. In view of the COVID–19 pandemic, Mr. Uday Kotak had opted to forego his fixed salary and accepted a token amount of ₹ 1 for FY 2021-22.*

*vii. The Reserve Bank of India ("RBI") has approved the revision in remuneration of Mr. Dipak Gupta, Joint Managing Director, Mr. KVS Manian, Whole-time Director and Mr. Gaurang Shah, Whole-time Director, for FY 2021-22, as per the terms and conditions stated therein.*

*viii. The Bank appointed Ms. Avan Doomasia as the Company Secretary and Key Managerial Personnel of the Bank, with effect from 1st December, 2020, consequent upon the retirement of Ms. Bina Chandarana from the close of business hours on 30th November, 2020. The percentage increase has not been given since the salary received for FY 2020-21, was for part of the year.*





## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To,
The Members,
**Kotak Mahindra Bank Limited**

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

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

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

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), to the extent applicable and as amended from time to time:

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client: (Not Applicable to the Bank during the audit period);

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021: (Not Applicable to the Bank during the audit period);

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: (Not Applicable to the Bank during the audit period);

i) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;

j) The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994;

k) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020;

l) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

m) The Securities and Exchange Board of India (Investment Advisors) Regulations 2013;

n) The Securities and Exchange Board of India (Custodian) Regulations, 1996;

o) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008;

p) The Securities and Exchange Board of India (Certification of Associated Persons in the Securities Market) Regulations, 2007;

q) The Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency} Regulations, 2011;

r) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019;

s) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003;

t) The Securities and Exchange Board of India-guidelines for Anti-Money Laundering Measures;

(vi) Other laws applicable specifically to the Bank namely:

(a) Banking Regulation Act, 1949, Master Circulars, Notifications and Guidelines issued by the RBI and as amended from time to time

(b) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board of Directors (SS-1) and General Meetings (SS-2).

(ii) The Listing Agreements entered into by the Bank with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

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

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

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

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

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

(i) During the year, the Bank issued 28,26,092 Equity Shares of the face value of ₹ 5 each under the Employee Stock option Scheme of the Bank.

(ii) During the year, Unsecured, Redeemable Non-Convertible, Subordinated Debt Bonds aggregating ₹ 150 crore and Senior Unsecured Rated Redeemable Long Term Bonds in the nature of Non-Convertible Debentures aggregating ₹ 962 crore, were redeemed.

For **Parikh & Associates**
Company Secretaries

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

Place : Mumbai
Date : 25.06.2022

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





**'Annexure A'**

To,
The Members
**Kotak Mahindra Bank Limited**

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

1. Maintenance of secretarial record is the responsibility of the Management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed, provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Bank.

For **Parikh & Associates**
Company Secretaries

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

Place : Mumbai
Date : 25.06.2022

## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To,
The Members,
**KOTAK MAHINDRA LIFE INSURANCE COMPANY LIMITED**

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

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

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

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the audit period)

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 and amendments from time to time; (Not applicable to the Company during the audit period) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

(vi) Other Regulations applicable specifically to the Company namely:-

- Insurance Act, 1938 and Regulations, Guidelines and Directions issued by the Insurance Regulatory & Development Authority of India (IRDAI)

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

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

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

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

We further report that:

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

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

Decisions at the Board Meetings were taken unanimously.

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

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

For **Parikh & Associates**
Company Secretaries

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

Place : Mumbai
Date : April 29, 2022

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

**'Annexure A'**

To,
The Members
**KOTAK MAHINDRA LIFE INSURANCE COMPANY LIMITED**

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

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

For **Parikh & Associates**
Company Secretaries

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

Place : Mumbai
Date : April 29, 2022





# Report on Corporate Governance

## PHILOSOPHY OF CORPORATE GOVERNANCE

Corporate Governance provides a framework for attaining the Bank's objectives 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 and enhancing long term sustainable value for all its stakeholders.

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.

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. The Bank's philosophy on Corporate Governance is, therefore, based on the core principles of Accountability and Responsibility, Integrity, Independence, Transparency in dealings, Fair and timely disclosures, Equality and Social Responsibility.

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 Board Diversity Policy, Vigilance Policy, Whistle Blower Policy, Policy against Sexual Harassment in the Workplace and the Insider Trading Code of Conduct.

The Bank is in compliance with the requirements prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with respect to Corporate Governance.

## BOARD OF DIRECTORS[1]

The Board of Directors ("Board") provide guidance to the Management and direct, oversee and supervise the activities of the Bank. The responsibilities of the Board, *inter alia*, include formulation of overall strategy for the Bank and the group, taking new initiatives, review of financial and operating performance, monitoring of plans, ensuring and monitoring due compliance with applicable laws, pursuing of policies and procedures, reviewing and approving the financial results, enhancing corporate governance practices and ensuring the best interest of the shareholders, the community, environment and its various stakeholders. The Board is responsible for the business and overall affairs of the Bank and the reporting structure of the Bank is consistent with the same.

### Size and Composition of the Board[2]

The size of the Board is commensurate with the size and business of the Bank. The composition of the Board of Directors of the Bank is governed by the relevant provisions of the Companies Act, 2013 ("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, including two Women 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 also meets the criteria prescribed under the Board Diversity Policy adopted by the Board.

As on 31st March, 2022, the Board of Directors comprised a combination of twelve Directors, as mentioned below:

| Category of Directorship | Name of the Director(s) |
|---|---|
| Independent Directors | Mr. Prakash Apte (Part-time Chairman)[3] |
| | Mr. Uday Khanna |
| | Ms. Farida Khambata |
| | Mr. Uday Shankar |
| | Dr. Ashok Gulati |
| | Ms. Ashu Suyash |
| Non-Executive Directors | Mr. C. Jayaram |
| | Mr. Amit Desai* |
| Executive Directors | Mr. Uday Kotak, Managing Director & CEO |
| | Mr. Dipak Gupta, Joint Managing Director |
| | Mr. KVS Manian, Whole-time Director |
| | Mr. Gaurang Shah, Whole-time Director |

** Mr. Amit Desai was appointed as an Additional Director with effect from 18th March, 2022. The shareholders approved his appointment on 20th May, 2022 by means of Postal Ballot.*

[1] *GRI 102-18, 102-22, 102-26*
[2] *GRI 102-24*
[3] *GRI 102-23*

A brief description of the Directors comprising their profiles, along with the companies in which they hold directorship (including in equity listed# / debt listed^ entities) and the membership of the Committees of the Board of the Bank, are given below:

### Mr. Prakash Apte, Independent Non-Executive Part-time Chairman[4]

(DIN: 00196106)

Mr. Prakash Apte, B.E. (Mechanical), aged 68 years, served as Managing Director of Syngenta India Limited ("SIL"), an agri-business company in India and a subsidiary of Syngenta Group, one of the largest research based agri-business across the world and was also its Non-Executive Chairman for over ten years up to 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 business 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.

Mr. Apte was appointed as a Director of the Bank, with effect from 18th March, 2011. He was appointed as the Part-time Chairman of the Bank, with effect from 20th July, 2018 and, thereafter, re-appointed for a period up to 31st December, 2023. Mr. Apte is also the Chairman of the Corporate Social Responsibility and Environmental, Social and Governance Committee and Group Risk Management Committee of the Bank and a member of the Nomination and Remuneration Committee, Risk Management Committee, Special Committee of the Board for Monitoring and Follow-up of Frauds and Review Committee for Classification and Declaration of Borrowers as Willful Defaulters of the Bank.

Mr. Apte is also on the Board of the following companies:

| | |
|---|---|
| Kotak Mahindra Life Insurance Company Limited (Independent Director) | Fine Organic Industries Limited# (Independent Director) |
| GMM Pfaudler Limited# (Independent Director) (with effect from 5th May, 2022) | |

He is the Chairman of the Audit Committee of Kotak Mahindra Life Insurance Company Limited and a member of the Audit Committee of Fine Organic Industries Limited. He is also a member of the Stakeholders Relationship Committee of Fine Organic Industries Limited.

### Mr. Uday Khanna, Independent Director

(DIN: 00079129)

Mr. Uday Khanna, aged 72 years, 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 Chairman 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 Chairman of Lafarge India from July 2011 to September 2014. He was the Non-Executive Chairman of Bata India Limited till 2nd 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 'Ordre National du Mērite' from the President of the Republic of France for his contribution in promoting Indo-French trade relations. He is a Joint Managing Trustee of the Indian Cancer Society and was the Joint Managing Trustee up to September 2020. Mr. Khanna was the recipient of the 'Best Independent Director' award by Asian Centre for Corporate Governance Sustainability in 2018.

Mr. Khanna is an Independent Director of the Bank from 16th September, 2016. He is the Chairman of the Audit Committee of the Bank and a member of the Special Committee of the Board for Monitoring and Follow-up of Frauds, Review Committee for Classification and Declaration of Borrowers as Willful Defaulters and Group Risk Management Committee of the Bank.

Mr. Khanna is also on the Board of the following companies:

| | |
|---|---|
| Pfizer Limited# (Independent Director) | Pidilite Industries Limited# (Independent Director) |
| Castrol India Limited# (Independent Director) | DSP Investment Managers Private Limited (Non-Executive Director) |
| The Anglo Scottish Education Society (Director and member of Board of Governors) | |

He is the Chairman of the Audit Committees of Castrol India Limited and Pfizer Limited. He is a member of the Audit Committee of Pidilite Industries Limited and the Stakeholders Relationship Committee of Pfizer Limited.

### Ms. Farida Khambata, Independent Director

(DIN: 06954123)

Ms. Farida Khambata, aged 72 years, is Master of Arts in Economics from the University of Cambridge, a Master of Science in Business Management from the London Business School and a Chartered Financial Analyst and has attended the Advanced Management Program at Wharton. She is a co-founder of Cartica, a long-only emerging markets fund. Prior to Cartica, Ms. Khambata was a member of IFC's Management Group, the senior leadership team of IFC. In her last position at IFC, she served as Regional Vice President, responsible for strategy, investment operations and advisory services in East Asia and the Pacific, South Asia, Latin America and the Caribbean and oversaw all equity investments globally and investments in Agri business, Manufacturing and Services and Health and Education, regardless of geography.

Earlier, Ms. Khambata was in charge of IFC's Portfolio and Risk Management and was also its Treasurer and Director of the Central Capital Markets Department. Prior to joining IFC in 1986, Ms. Khambata worked with the World Bank where she managed pension fund assets.

[4] *GRI 10[illegible]BLR04@Kha5-1(m)71.7(b)-2.5(a)6.6(t6-3.6(7)]TJ0 Tc0 Twf0 Tc0 Tw7.5 0 0 7.500003002E-68.-55.304-3.30056000314.90057-59.60047-19.100510.70045-15.10051003-250030864.9004-32.70C0057-59.6047-28.30051]TJ0052-15.500500003-35.20.500571-16.6001100.80003-17.70C0057-5.3005600039003A-1714.60051-6.9004C-9.30050030865.100510.70045314.70051-40.9004700002C-5.4-11.2004B-13.200480003-2500*

### Ms. Ashu Suyash, Independent Director

(DIN: 00494515)

Ms. Ashu Suyash, aged 55 years, is Chartered Accountant from the Institute of Chartered Accountants of India and has a Bachelor's Degree in Commerce from the University of Mumbai. Ms. Suyash is a successful leader with over 33 years of experience in the Indian financial services and the global information services sector. She has led Indian and multi-national businesses as CEO, set up companies from scratch, managed and grown complex regulated businesses and driven transformation and change. She has set up Colossa Ventures LLP, an innovative platform for daring and passionate entrepreneurs. She was the Managing Director & CEO of CRISIL Limited up to 30th September, 2021, having requisite expertise in the areas of Business Management, Finance, Accountancy, Banking, Risk Management and Environmental, Social and Governance ("ESG"). Under her leadership, CRISIL Limited launched its ESG scores for companies. Ms. Suyash has strong business acumen and experience spanning banking, capital markets, asset management, ratings, research and analytics. Having set up businesses, managed them and led Mergers and Acquisitions, she brings sharp insight on strategy, execution, finance, stakeholder management, risk and regulatory affairs and in leading global teams. Ms. Suyash also serves on the Advisory Committee on Corporate Insolvency and Liquidation of the Insolvency and Bankruptcy Board of India and is an active member of several trade associations, has a keen interest in the education sector and serves on committees at Narsee Monjee Institute of Management Studies and Narsee Monjee College, National Institute of Securities Markets ("NISM"), the Advisory Boards of the Chartered Institute for Securities & Investment and the Aseema Charitable Trust. She is also a member of the Governing Board of NISM. Over the years, Ms. Suyash has received several awards and has been recognised amongst the Top 50 Women in business in India and Asia. She has authored several thought leadership articles and is deeply committed to women empowerment, right to education for all and affordable healthcare.

Ms. Suyash was appointed as an Independent Director of the Bank with effect from 24th January, 2022. She is a member of the Audit Committee and the Risk Management Committee of the Bank.

Ms. Suyash is on the Board of the following company:

| |
|---|
| Hindustan Unilever Limited# (Independent Director) |

She is a member of the Audit Commitee of Hindustan Uniliver Limited.

### Mr. C. Jayaram, Non-Executive Director

(DIN: 00012214)

Mr. C. Jayaram, aged 66 years, B. A. (Economics), PGDM-IIM, Kolkata, is a Non-Executive Director of the Bank. He has varied experience of over 38 years in many areas of finance and business and was earlier the Managing Director of Kotak Securities Limited. Mr. Jayaram headed the Wealth Management business, Alternative Investments business including Private Equity funds and Real Estate funds and international operations for Kotak Group till his retirement, 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.

Mr. Jayaram has been a Non-Executive Director of the Bank from 1st May, 2016. Mr. Jayaram is a member of the Nomination and Remuneration Committee, Audit Committee, Stakeholders Relationship Committee, Special Committee of the Board for Monitoring and Follow-up of Frauds, Corporate Social Responsibility and Environmental, Social and Governance Committee, ESOP Allotment Committee and Review Committee for Classification and Declaration of Borrowers as Willful Defaulters of the Bank.

Mr. Jayaram is also on the Board of the following companies:

| | |
|---|---|
| Kotak Mahindra Asset Management Company Limited<br>(Non-Executive Director) | Multi Commodity Exchange of India Limited#<br>(Non-Executive Shareholder Director) |
| Multi Commodity Exchange Clearing Corporation Limited<br>(Non-Executive Shareholder Director) | |

He is a member of the Audit Committees of Kotak Mahindra Asset Management Company Limited and Multi Commodity Exchange of India Limited.

### Mr. Amit Desai, Non-Executive Director

(DIN: 00310510)

Mr. Amit Desai, aged 63 years, B. Com., LL.B., is a lawyer, with several years of experience.

Mr. Desai was appointed as a Non-Executive Director of the Bank, with effect from 18th March, 2022.

Mr. Amit Desai is on the Board of the following company:

| |
|---|
| Kotak Mahindra Trustee Company Limited (Non-Executive Director and Chairman) |

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

(DIN: 00007467)

Mr. Uday Kotak, aged 63 years, the promoter of the Bank, holds a Bachelor's degree in Commerce and a MMS degree from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Kotak was appointed as a Director of the erstwhile Kotak Capital Management Finance Limited ("KCMFL") since its incorporation on 21st November, 1985. Later on, the name of KCMFL was changed to Kotak Mahindra Finance Limited ("KMFL") in 1986. Mr. Kotak was appointed its Managing Director with effect from 30th July, 2002. KMFL, thereafter, converted into the Bank and Mr. Kotak was re-designated thereafter, as the Managing Director & CEO of the Bank, with effect from 1st May, 2018. Under his leadership over the past 35 years, the Kotak Group established a prominent presence in major areas of financial services including banking, stock broking, investment banking, car finance, life and general insurance and asset management. He has been a member of the International Advisory Board of GIC Private Limited, Singapore and International Advisory Panel of Monetary Authority of Singapore, Investment Advisory Committee of the Army Group Insurance Fund and was the President of the Confederation of Indian Industry till 31st May, 2021. Mr. Kotak was the recipient of the 'Ernst & Young 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 Financial Express' Best Banks' Awards 2016, 'USIBC Global Leadership Award' at the 2018 India Ideas Summit organised by the U.S.-India Business Council, '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, amongst many others.

Mr. Kotak is the Chairman of the Share Transfer and Other Matters Committee, Special Committee of the Board for Monitoring and Follow-up of Frauds, ESOP Allotment Committee, Review Committee for Classification and Declaration of Borrowers as Willful Defaulters and Management Committee and a member of the Stakeholders Relationship Committee, Customer Service Committee, Risk Management Committee and Group Risk Management Committee of the Bank.

Mr. Kotak is also on the Board of the following companies:

| | |
|---|---|
| Kotak Mahindra Asset Management Company Limited<br>(Non-Executive Director and Chairman) | Kotak Mahindra Prime Limited^<br>(Non-Executive Director and Chairman) |
| Kotak Mahindra Capital Company Limited<br>(Non-Executive Director and Chairman) | Kotak Mahindra Investments Limited^<br>(Non-Executive Director and Chairman) |
| Kotak Mahindra Life Insurance Company Limited<br>(Non-Executive Director and Chairman) | Infrastructure Leasing and Financial Services Limited^ (Chairman)<br>(ceased with effect from 3nd April, 2022) |
| The Anglo Scottish Education Society (Director and member of Board of Governors) | The Mahindra United World College of India (Director and member of Board of Governors) |

He is the Chairman of the Audit Committee of Kotak Mahindra Capital Company Limited.

### Mr. Dipak Gupta, Joint Managing Director

(DIN: 00004771)

Mr. Dipak Gupta, aged 61 years, B.E. (Electronics), PGDM-IIM, Ahmedabad, is the Joint Managing Director of the Bank and has over 35 years of experience in the financial services sector, 29 years of which, have been with the Kotak Group. He was appointed as Whole Time Director of Kotak Mahindra Finance Limited ("KMFL") from 1st October, 1999 and continued to hold that position after conversion of KMFL into the Bank. He was re-designated as Joint Managing Director of the Bank from 21st July, 2011. Mr. Gupta helms numerous functions of the Bank including Information Technology, Digital Initiatives, Internal Audit, Human Resources, Vigilance, Customer Experience, Marketing & Communications, Environment Social Governance, Corporate Social Responsibility and Priority Sector Lending. Mr. Gupta was responsible for leading the Kotak Group's initiatives into the banking arena. He was the Chief Executive Officer of Kotak Mahindra Prime Limited and prior to joining the Kotak Group, was with A. F. Ferguson & Co.

Mr. Gupta is the Chairman of the Committee on Derivative Products of the Bank and a member of the Stakeholders Relationship Committee, Share Transfer and Other Matters Committee, Special Committee of the Board for Monitoring and Follow-up of Frauds, Customer Service Committee, Corporate Social Responsibility and Environmental, Social and Governance Committee, ESOP Allotment Committee, Management Committee and Group Risk Management Committee of the Bank.

Mr. Gupta is also on the Board of the following companies:

| | |
|---|---|
| Kotak Mahindra Life Insurance Company Limited<br>(Non-Executive Director) | Kotak Investment Advisors Limited<br>(Non-Executive Director) (Non-Executive Chairman, with effect from 4th May, 2022) |
| Kotak Mahindra Capital Company Limited (Non-Executive Director) | Kotak Infrastructure Debt Fund Limited^ (Non-Executive Director) |
| Kotak Mahindra (UK) Limited (Non-Executive Director) | |

He is a member of the Audit Committee of Kotak Investment Advisors Limited and Kotak Mahindra Capital Company Limited.

### Mr. KVS Manian, Whole-time Director

(DIN: 00031794)

Mr. KVS Manian, aged 60 years, is an electrical engineer from IIT (BHU) - Varanasi, Post Graduate in Financial Management from Jamnalal Bajaj Institute of Management Studies Mumbai and a Cost and Works Accountant.

Mr. Manian is a Whole-time Director of the Bank from 1st November, 2019. Mr. Manian has been instrumental in setting up and metamorphosing many business divisions into success stories in his over two and a half decade association with the Kotak Group. He has played a pivotal role in Kotak's journey from an Non-Banking Financial Company to a Bank.

Currently, Mr. Manian spearheads the Corporate Banking as also the Private Banking business of the Bank and has oversight responsibilities for Investment Banking and Institutional Equities Businesses. He 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 and Wealth Management 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 has also focused on building strong transaction banking capabilities of the Bank.

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 Bank's Retail Liability business from scratch and later managed the entire Consumer Banking business including Consumer Asset products like Home Loans, Cards, Personal Loans, Business Loans, Loans Against Property, MSME and others, some of which were launched and grown to scale during 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.

Mr. Manian is a member of the Committee on Derivative Products, Share Transfer and Other Matters Committee, Customer Service Committee and Management Committee of the Bank.

Mr. Manian is also on the Board of the following companies:

| | |
|---|---|
| Kotak Mahindra Investments Limited^ (Non-Executive Director) | Kotak Securities Limited (Non-Executive Director) |
| Kotak Mahindra Capital Company Limited (Non-Executive Director) | Kotak Infrastructure Debt Fund Limited^ (Non-Executive Director) |

He is a member of the Audit Committee of Kotak Infrastructure Debt Fund Limited.

### Mr. Gaurang Shah, Whole-time Director

(DIN: 00016660)

Mr. Gaurang Shah, aged 60 years, is an M.Com and a Chartered Accountant. Mr. Shah is a Whole Time Director of the Bank from 1st November, 2019. He has over 36 years of rich experience primarily in financial services, of which, over 24 years have been with the Kotak Group. Mr. Shah is in charge of the Credit function of the Bank and is the Chairman of the Credit Committee of the Bank. Mr. Shah oversees the Insurance, Asset Management including Alternate Assets and Asset Reconstruction businesses. Prior to this, Mr. Shah headed the Group Risk Management function. Mr. Shah played a key role in building the Group's Consumer Banking and Life Insurance businesses and has held several positions of responsibility, including Head of Retail Assets at the Bank. Mr. Shah was the Executive Director of Kotak Mahindra Prime Limited, one of India's leading automobile finance companies from 1st October, 1999 to 31st December, 2002 and the Managing Director of Kotak Mahindra Life Insurance Company Limited from 1st November, 2004 to 30th April, 2010.

Mr. Shah is a member of the ESOP Allotment Committee, Management Committee, Share Transfer and Other Matters Committee, Committee on Derivative Products and Group Risk Management Committee of the Bank.

Mr. Shah is also on the Board of the following companies:

| | |
|---|---|
| Kotak Mahindra Life Insurance Company Limited (Non-Executive Director) | Kotak Mahindra General Insurance Company Limited (Non-Executive Director) (Non-Executive Chairman, with effect from 4th May, 2022) |
| Kotak Mahindra Asset Management (Singapore) Pte. Ltd. (Non-Executive Director) | Kotak Investment Advisors Limited (Non-Executive Director) |
| Kotak Mahindra Inc. (Non-Executive Director) | Kotak Mahindra (UK) Limited (Non-Executive Director) |
| Kotak Mahindra Asset Management Company Limited (Non-Executive Director) | |

He is a member of the Audit Committee of Kotak Mahindra Life Insurance Company Limited and Kotak Mahindra Asset Management Company Limited.

Detailed profiles of the Board of Directors of the Bank are available on the Bank's website viz., https://www.kotak.com/en/investor-relations/governance.html

### Board Diversity[5]

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 Board Diversity Policy. Emphasis is given to maintain diversity of thoughts, experience, knowledge, education, skills, perspective, culture, age and gender, while scrutinizing 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 skills-mix on the Board and (v) adherence to the legal requirements, including the "Fit and Proper" criteria of the Reserve Bank of India, while appointing Directors on the Board. The Board Diversity Policy is available on the website of the Bank viz., URL: https://www.kotak.com/en/investor-relations/governance/policies.html

The Board believes that the skills / competencies / expertise, as mentioned in the table below, are required for the business of the Bank and Directors of the Bank possess these skills / competencies / expertise for it to function effectively, in terms of the BR Act and Circular No. DBR.Appt.BC.No.39/29.39.001/2016-17 dated 24th November, 2016 titled 'Special knowledge or practical experience useful to banking companies' issued by RBI.

The names and categories of the Directors on the Bank's Board, the number of directorships and Committee positions held by the Directors in other public limited companies as also the areas of specialisation and expertise of the Directors, as on 31st March, 2022 are, given below:

| Name of Director(s) | Category | Special Knowledge / Skills / Competencies / Expertise | No. of Directorships in other Companies (excluding Section 8 Companies) | | No. of Committee Positions held in the Bank and other Public Companies | |
|---|---|---|---|---|---|---|
| | | | Indian Public Companies | Other Indian Companies | Chairperson | Member |
| Mr. Prakash Apte | Independent<br>Non-Executive Part-time Chairman | • Agriculture and Rural Economy<br>• Business Management<br>• Economics<br>• Risk Management<br>• Human Resources | 2 | - | 1 | 2 |
| Mr. Uday Khanna | Independent<br>Non- Executive Director | • Business Management<br>• Economics<br>• Finance<br>• Accountancy<br>• Law<br>• Human Resources | 3 | 1 | 3 | 2 |
| Ms. Farida Khambata | Independent<br>Non- Executive Director | • Business Management<br>• Economics<br>• Finance<br>• Risk Management | 2 | - | 1 | 1 |
| Mr. Uday Shankar | Independent<br>Non- Executive Director | • Business Management<br>• Economics<br>• Digital / Media<br>• Information Technology<br>• Human Resources | - | 2 | - | - |
| Dr. Ashok Gulati | Independent<br>Non- Executive Director | • Agriculture and Rural Economy<br>• Economics<br>• Co-operation<br>• Banking<br>• Insurance<br>• Small scale industry | 1 | - | - | 1 |
| Ms. Ashu Suyash | Independent<br>Non- Executive Director | • Business Management<br>• Finance<br>• Accountancy<br>• Banking<br>• Risk Management | 1 | - | - | 2 |
| Mr. C. Jayaram | Non-Executive Director | • Business Management<br>• Economics<br>• Finance<br>• Banking<br>• Human Resources | 3 | - | - | 4 |
| Mr. Amit Desai | Non-Executive Director | • Law | 1 | - | - | - |
| Mr. Uday Kotak | Managing Director & CEO | • Business Management<br>• Economics<br>• Finance<br>• Banking<br>• Insurance<br>• Risk Management | 6 | - | 1 | 1 |
| Mr. Dipak Gupta | Joint Managing Director | • Business Management<br>• Finance<br>• Information Technology<br>• Banking<br>• Small scale industry<br>• Human Resources<br>• Payment and Settlement systems | 4 | - | - | 3 |
| Mr. KVS Manian | Whole-time Director | • Business Management<br>• Finance<br>• Accountancy<br>• Information Technology<br>• Banking<br>• Small scale industry<br>• Payment and Settlement systems | 4 | - | - | 1 |
| Mr. Gaurang Shah | Whole-time Director | • Business Management<br>• Finance<br>• Accountancy<br>• Banking<br>• Insurance<br>• Risk Management<br>• Law | 4 | - | - | 2 |

*Notes:*

1. *The Committee memberships mentioned above are only for the committees as per Regulation 26 of the SEBI Listing Regulations, viz., Audit Committee and Stakeholders Relationship Committee.*
2. *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.*
3. *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 Audit Committee and Stakeholders Relationship Committee have been taken into consideration. All the Directors have made disclosures regarding their membership on various committees in other companies.*
4. *In compliance with Regulation 24(1) of the SEBI Listing Regulations, Mr. Prakash Apte, an Independent Director on the Board of the Bank, is also on the Board of Kotak Mahindra Life Insurance Company Limited, an unlisted material Indian subsidiary of the Bank, as an Independent Director.*

[5] *GRI 102-24, 405-1*

## 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 Chairman 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 as required, for such

B) During the year under review, the following Executive Directors were granted ESOPs, under the Kotak Mahindra Equity Option Scheme 2015. Details of the same are, as under:

| Name of the Director(s) | Date of Grant | No. of options granted | Exercise Price (in ₹) | Vesting % | Vesting Date | Exercise Period |
|---|---|---|---|---|---|---|
| Series 30/2015 of Kotak Mahindra Equity Option Scheme 2015 | | | | | | |
| Mr. Dipak Gupta | 30th May, 2021 | 25,610 | 1,801 per share | 25% | 30th June, 2022 | 30th June, 2022 to 31st December, 2022 |
| | | | | 25% | 30th June, 2023 | 30th June, 2023 to 31st December, 2023 |
| | | | | 25% | 30th June, 2024 | 30th June, 2024 to 31st December, 2024 |
| | | | | 25% | 30th June, 2025 | 30th June, 2025 to 31st December, 2025 |
| Mr. KVS Manian | 30th May, 2021 | 21,520 | 1,801 per share | 25% | 30th June, 2022 | 30th June, 2022 to 31st December, 2022 |
| | | | | 25% | 30th June, 2023 | 30th June, 2023 to 31st December, 2023 |
| | | | | 25% | 30th June, 2024 | 30th June, 2024 to 31st December, 2024 |
| | | | | 25% | 30th June, 2025 | 30th June, 2025 to 31st December, 2025 |
| Mr. Gaurang Shah | 30th May, 2021 | 21,350 | 1,801 per share | 25% | 30th June, 2022 | 30th June, 2022 to 31st December, 2022 |
| | | | | 25% | 30th June, 2023 | 30th June, 2023 to 31st December, 2023 |
| | | | | 25% | 30th June, 2024 | 30th June, 2024 to 31st December, 2024 |
| | | | | 25% | 30th June, 2025 | 30th June, 2025 to 31st December, 2025 |

C) The RBI has approved the revision in remuneration to Mr. Dipak Gupta, Mr. KVS Manian and Mr. Gaurang Shah. As per the approval of RBI, the remuneration of Mr. Dipak Gupta, Mr. KVS Manian and Mr. Gaurang Shah for financial year 2021-22 was, as below:

(₹ in '000)

| Name of the Director(s) | Fixed Pay (incl. Perks) | Variable Pay | Total Pay (Fixed + Variable) |
|---|---|---|---|
| Mr. Dipak Gupta | 34,200.00 | 54,800.00 | 89,000.00 |
| Mr. KVS Manian | 30,100.00 | 48,500.00 | 78,600.00 |
| Mr. Gaurang Shah | 30,000.00 | 48,300.00 | 78,300.00 |

D) Mr. Prakash Apte, Non-Executive Independent Director and Part-time Chairman of the Bank was paid remuneration of ₹ 3,000,000 for the financial year ended 31st March, 2022 (₹ 2,500,000 for the financial year ended 31st March, 2021), in accordance with the approval received from RBI.

E) The Bank paid sitting fees to the Independent Directors and the Non-Executive Directors for attending meetings of the Board and Committees (including non-Board Committees). Pursuant to RBI guidelines dated 1st June, 2015 on Compensation to Non-Executive Directors of Private Sector Banks, the Independent Directors (other than the Part-time Chairman) and the Non-Executive Directors were entitled to annual Commission upto financial year 2020-21.

Pursuant to 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 Chairman), are entitled to receive compensation by way of fixed remuneration for financial year 2021-22 as per the limits prescribed in the aforesaid RBI circular and the Act and as approved by the members.

F) The details of Sitting fees, Commission / Fixed Remuneration of Non-Executive Directors are, as under:

(₹ in '000)

| Name of the Director(s) | Sitting fees (for financial year ended 31st March, 2022) | Commission (for financial year ended 31st March, 2021) | Fixed Remuneration for financial year ended 31st March, 2022 |
|---|---|---|---|
| Mr. Prakash Apte | 2,580.00 | Not Applicable | Refer D) above |
| Mr. Uday Khanna | 2,380.00 | 1,000.00 | 2,000.00 |
| Ms. Farida Khambata | 1,460.00 | 1,000.00 | 2,000.00 |
| Mr. Uday Shankar | 1,520.00 | 1,000.00 | 2,000.00 |
| Dr. Ashok Gulati (w.e.f. 6th March, 2021) | 2,180.00 | 250.00 | 2,000.00 |
| Ms. Ashu Suyash (w.e.f. 24th January, 2022) | 400.00 | Not Applicable | 500.00 |
| Mr. C. Jayaram | 3,000.00 | 1,000.00 | 2,000.00 |
| Mr. Amit Desai (w.e.f. 18th March, 2022) | 100.00 | Not Applicable | 500.00 |

*Notes:*

1. *As per the Compensation Policy, Commission / 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).*
2. *The Bank paid Commission for the financial year ended 31st March, 2021, as approved by the Board at its meeting held on 29th May, 2021, during the financial year ended 31st March, 2022. The Fixed Remuneration for the financial year ended 31st March, 2022, as approved by the Board at its meeting held on 4th May, 2022, will be paid during the financial year ending 31st March, 2023.*
3. *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 DIRECTORS[7]

### Composition, Role and Meeting details of Board Committees[8]

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, the SEBI Listing Regulations and the various applicable regulations, guidelines, notifications, directions, circulars, etc.

- 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

iii. IAD comprises 190 members located at five locations across India, majority of whom are Chartered Accountants, Certified Internal Auditors, Certified Information System Auditors and experienced Bankers. Internal Audit team members regularly attend audit related workshops, conferences and training on specialised topics within the banking industry. The team members are encouraged and supported for acquiring additional skillsets / certifications of topical relevance.

Besides the members of the Committee, meetings of the Audit Committee are generally attended by invitees who are representatives of the Management, viz., the Managing Director & CEO, the Joint Managing Director, the Group President & Group Chief Financial Officer, Company Secretary and the Head-Internal Audit. The Statutory Auditors also attend the meetings of the Audit Committee.

The members of the Audit Committee meet the Statutory Auditors independently at least once a year.

During the year, twelve meetings of the Committee were held on 3rd May, 2021, 28th May, 2021, 24th June, 2021, 28th June, 2021, 26th July, [illegible], 28th July, 2021, 27th August, 2021, 26th October, 2021, 29th November, 2021, 7th January, 2022, 28th January, 2022 and 29th March, 2022. [illegible] accepted all the recommendations made by the Audit Committee during the financial year.

The Bank has FTAC as per the guidelines issued by the RBI. The FTAC presently comprises four members viz., Mr. Dipak Gu[illegible]Chairman), Mr. Jaimin Bhatt – Group Chief Financial Officer, Mr. T.V. Sudhakar, President and Head Compliance and Mr. Devang Gheewalla, Presi[illegible]nd Chief of Operations. Where the internal audit report pertains to specific businesses, the specific business head also attends the meeting. The F[illegible]screens the matters entrusted to the Audit Committee and also the routine matters such as overseeing the program of inspections and compliar[illegible] inspection reports so as not to burden the Audit Committee with matters of detail. During the year, 23 meetings of the FTAC were held.

### Nomination and Remuneration Committee

During the year under review, the Nomination and Remuneration Committee ("NRC") was re-constituted, with effect from 10th [illegible]

free-12.5

The terms of reference of the Risk Management Committee, as amended and forming part of its comprehensive Charter document are, as follows:[12]

- 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 an oversight over the Asset Liability Committee (ALCO), Credit Risk Management Committee (CRMC) and Operational Risk Executive Committee (OREC)
- To coordinate 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.

During the year, four meetings of the Committee were held on 30th June, 2021, 29th September, 2021, 24th December, 2021 and 28th March, 2022.

### Group Risk Management Committee

The Group Risk Management Committee presently comprises five members viz., Mr. Prakash Apte (Chairman), Mr. Uday Khanna, Mr. Uday Kotak, Mr. Dipak Gupta and Mr. Gaurang Shah with presence of three members, including one Independent Director, forming the quorum.

The terms of reference of the Group Risk Management Committee, as 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.

During the year, two meetings of the Committee were held on 29th September, 2021 and 30th March, 2022.

[12] *GRI 102-29, 102-30, 102-31*

### Corporate Social Responsibility and Environmental, Social and Governance Committee[13]

In order to enhance the terms of reference of the Committee with respect to Corporate Social Responsibility activities to bring it in line with the amendments of the Act and to amend the terms of reference of the Corporate Social Responsibility Committee to include 'Oversee development of the Group's Environmental, Social and Governance ("ESG") framework, initiatives taken on the same and reporting and disclosure of the group's ESG activities and achievements, the Corporate Social Responsibility Committee was re-named as the 'Corporate Social Responsibility and Environmental, Social and Governance Committee ("CSR & ESG Committee"). The CSR & ESG Committee comprises three members, viz., Mr. Prakash Apte (Chairman), Mr. C. Jayaram and Mr. Dipak Gupta, with all the three members forming the quorum.

The constitution and composition of the CSR & ESG Committee is in accordance with the provisions of Section 135 of the Act read with relevant rules made thereunder. The Company Secretary acts as the Secretary of the CSR & ESG Committee.

The terms of reference of the CSR & ESG Committee, as amended and adopted as part of its comprehensive Charter document are, as follows:

- To review and recommend the following to the Board for its approval:
  - Bank's CSR Policy which 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");
  - Bank's prescribed CSR expenditure requirement for the financial year, as per applicable CSR laws and rules;
  - Bank's CSR Projects, Budget and Expenditure for the financial year, as per applicable CSR laws and rules;
  - Bank's CSR annual action plan for implementing the Board approved CSR Projects, Budget and Expenditure, payments 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 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 applicable under CSR laws and rules.
  - 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 the following to the Board, for its noting:
  - 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;
  - Certification by the Chief Financial Officer (CFO) or the person responsible for financial management regarding the utilisation of the CSR Expenditure / payments;
  - The CSR Administrative Overheads Expenditure as per applicable CSR laws and rules;
  - Disclosures of the Bank's CSR Projects, Expenditure and all such information as per applicable CSR laws and rules as available on the Bank's website, annual report and such other documents and communication platforms stipulated in applicable CSR laws and rules;
  - Periodical update on the fund utilisation and progress of Bank's CSR Projects; and
  - CSR Process Manual.
- 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.
- 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.

During the year, four meetings of the Committee were held on 25th June, 2021, 19th October, 2021, 1st December, 2021 and 18th February, 2022.

The details of the CSR activities of the Bank have been included in the Annexure to the Directors' Report.

[13] *GRI 102-19, 102-20, 102-26, 102-31, 102-32*

### Special Committee of the Board for Monitoring and Follow-up of Frauds

The Special Committee of the Board for Monitoring and Follow-up of 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 the RBI, the Committee exclusively monitors and reviews all the frauds involving amounts of ₹ 1 crore and above.

The Committee presently comprises five members, viz., Mr. Uday Kotak (Chairman), Mr. Dipak Gupta, Mr. Prakash Apte, Mr. Uday Khanna and Mr. C. Jayaram, with three members present, including one Independent Director and the MD&CEO being the Chairman, forming the quorum.

The constitution and composition of the Special Committee of the Board for Monitoring and Follow-up of Frauds is in accordance with the criteria specified by the RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc.

The terms of reference of the Special Committee of the Board for Monitoring and Follow-up of Frauds, as amended and forming part of its comprehensive Charter document are, as follows:

It's terms of reference include:

- 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.

During the year, four meetings of the Committee were held on 30th June, 2021, 31st August, 2021, 15th December, 2021 and 9th February, 2022.

### Customer Service Committee[14]

The Bank has constituted a Customer Service Committee comprising four members, viz., Mr. Uday Shankar (Chairman), Mr. Uday Kotak, Mr. Dipak Gupta and Mr. KVS Manian, with presence of three members including one Independent Director, forming the quorum.

The constitution and composition of the Customer Service Committee is in accordance with the criteria specified by the RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc.

The Committee has been constituted to bring about ongoing improvements in the quality of customer services provided by the Bank. The Committee would also oversee the functioning of the Customer Service Standing Committee, compliance with the recommendations of the Customer Service Standing 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.

The terms of reference of the Customer Service Committee 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 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 the 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 periodical audit of customer services.
- To review 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 understand 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.

During the year, three meetings of the Committee were held on 1st July, 2021, 23rd November, 2021 and 24th March, 2022.

### Review Committee for Classification and Declaration of Borrowers as Willful Defaulters

The Review Committee for Classification and Declaration of Borrowers as Willful Defaulters was re-constituted on 11th January, 2022, keeping in view the requirements of the circular issued by the RBI on Non-Cooperative Borrowers dated 22nd December, 2014, and presently comprises four members, viz., Mr. Uday Kotak (Chairman), Mr. Prakash Apte, Mr. Uday Khanna and Mr. C. Jayaram, with three members present, including one Independent Director and the MD&CEO being the Chairman, forming the quorum. The Committee was constituted to hear the grievance of the borrowers who represent that they have been wrongly classified as willful defaulters.

The constitution and composition of the Review Committee for Classification and Declaration of Borrowers as Wilful Defaulters is in accordance with the criteria specified by the RBI vide its various applicable regulations, guidelines, notifications, directions, circulars, etc.

A comprehensive charter of the Review Committee for Classification and Declaration of Borrowers as Willful Defaulters has been adopted by the Board. The purpose of the Committee is to hear the grievance of the borrowers who represent that they have been wrongly classified as wilful defaulters.

During the year, two meetings of the Committee were held on 14th January, 2022 and 14th March, 2022.

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

The STOM Committee presently comprises four members, viz., Mr. Uday Kotak (Chairman), Mr. Dipak Gupta, Mr. KVS Manian and Mr. Gaurang Shah, with any three members forming the quorum.

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, 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 the 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.

[14] *GRI 102-33, 102-34*

- 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 Ltd, being rights shares held in abeyance for various reasons:
  - 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.
  - 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.
  - 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 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.

During the year, one meeting of the Committee was held on 31st March, 2022, for approximately fifteen minutes. The Committee also passes resolutions by circulation on a need basis.

### Management Committee

The Bank has constituted a Management Committee which presently comprises four members, viz., Mr. Uday Kotak (Chairman), Mr. Dipak Gupta, Mr. KVS Manian and Mr. Gaurang Shah, with any three members present forming the quorum.

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.

During the year, two meetings of the Committee were held on 15th December, 2021 and 31st March, 2022.

### Committee on Derivative Products

During the year under review, the Committee on Derivative Products was re-constituted on 15th April, 2021, with the induction of Mr. Gaurang Shah as a member and presently comprises three members, viz., Mr. Dipak Gupta (Chairman), Mr. KVS Manian and Mr. Gaurang Shah, with presence of three members forming the quorum.

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; and
- 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.

During the year, two meetings of the Committee were held on 13th May, 2021 and 29th December, 2021.

### ESOP Allotment Committee

The Committee was re-constituted on 15th April, 2021 with the induction of Mr. Gaurang Shah as a member and currently comprises four members, viz., Mr. Uday Kotak (Chairman), Mr. Dipak Gupta, Mr. C. Jayaram and Mr. Gaurang Shah, with any three members forming the quorum.

A comprehensive charter of the ESOP Allotment Committee of the Board of Directors has been adopted by the Board. The Committee has been constituted to allot shares arising out of the options exercised in accordance with the terms and conditions of the ESOP Scheme(s) of the Bank.

During the year, eleven meetings of the Committee were held on 6th May, 2021, 30th June, 2021, 6th August, 2021, 8th September, 2021, 30th September, 2021, 9th November, 2021, 7th December, 2021, 31st December, 2021, 3rd February, 2022, 7th March, 2022 and 30th March, 2022.

### Attendance at the Board Committee meetings held during Financial Year 2021-22

The details of the meetings attended by the members of the respective Board Committees are, as under:

| Name of Director | Name of the Board Committees | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Audit Committee | Nomination and Remuneration Committee | Stakeholders Relationship Committee | Risk Management Committee | Group Risk Management Committee | Corporate Social Responsibility and Environmental, Social and Governance Committee | Special Committee of the Board for Monitoring and Follow-up of Frauds | Customer Service Committee | Review Committee for Classification and Dclaration of Borrowers as Willful Defaulters | Share Transfer and Other Matters Committee | Management Committee | Committee on Derivative Products | ESOP Committee |
| Mr. Prakash Apte | 6/6 | 6/6 | - | 4/4 | 2/2 | 4/4 | 4/4 | - | 2/2 | - | - | - | - |
| Mr. Uday Khanna | 12/12 | - | - | - | 2/2 | - | 4/4 | - | 2/2 | - | - | - | - |
| Ms. Farida Khambata | - | 6/6 | 2/2 | - | - | - | - | - | - | - | - | - | - |
| Mr. Uday Shankar | - | 5/5 | - | - | - | - | - | 3/3 | - | - | - | - | - |
| Dr. Ashok Gulati | 12/12 | - | - | 3/3 | - | - | - | - | - | - | - | - | - |
| Ms. Ashu Suyash | 2/2 | - | - | 1/1 | - | - | - | - | - | - | - | - | - |
| Mr. C. Jayaram | 12/12 | 6/6 | 2/2 | - | - | 4/4 | 4/4 | - | 2/2 | - | - | - | 9/11 |
| Mr Amit Desai | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mr. Uday Kotak | - | - | 2/2 | 4/4 | 2/2 | - | 4/4 | 3/3 | 2/2 | 1/1 | 2/2 | - | 11/11 |
| Mr. Dipak Gupta | - | - | 2/2 | 1/1 | 1/2 | 4/4 | 3/4 | 3/3 | - | 0/1 | 1/2 | 2/2 | 11/11 |
| Mr. KVS Manian | - | - | - | - | - | - | - | 3/3 | - | 1/1 | 2/2 | 2/2 | - |
| Mr. Gaurang Shah | - | - | - | 1/1 | 2/2 | - | - | - | - | 1/1 | 2/2 | 2/2 | 11/11 |

*Notes:*

1. *The above table shows the number of meetings attended against the number of meetings held during tenure as a member.*
2. *In view of the prevailing pandemic and relaxation given by Ministry of Corporate Affairs vide various notifications, most of the Board meetings were held through Video Conferencing.*
3. *Ms. Ashu Suyash (DIN: 00494515) was appointed as an Independent Director of the Bank, with effect from 24th January, 2022.*
4. *Mr. Amit Desai (DIN: 00310510) was appointed as a Non-Executive Director of the Bank, with effect from 18th March, 2022.*
5. *All the recommendations made by the Committees of the Board were accepted by the Board.*

### Code of Conduct

The Bank has adopted the Codes of Conduct which are applicable to the Board of Directors and 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 Independent Directors and Non-Executive Directors[15]

The Bank believes in familiarizing 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.

The Directors of the Bank attended the Cyber Security Awareness Session conducted by KPMG Advisory Services Private Limited, covering topics: viz., i) Around the World and ii) Boards Role in Effective Cyber Strategy and case simulation. Presentations on critical parameters, such as, business strategy, financial outlook, financial reports and their integrity, risk, compliance, customer protection, ESG, CSR, financial inclusion, Human Resources, Consumer Banking Business, Wholesale Banking Business were also made to the Directors periodically.

The complete details of the familiarisation programs 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, Commercial Bank, Corporate, Institutional & Investment Banking (CIIB), Wealth, Digital and IT Priorities. The sessions also covered presentations on the Bank's Structure / Overview, Financials, Compliance, Risk Management, Human Resources, Treasury and Secretarial operations and subsidiary businesses of Kotak Securities, Asset Management, Insurance & Pension and Asset Reconstruction.

[15] *GRI 102-27*

## FEES PAID TO THE STATUTORY AUDITORS

The Profit and Loss Account of the Bank and the Statement of Profit and Loss of subsidiaries for the year ended 31st March, 2022, include the following fees paid / payable to their respective Statutory Auditors of the Bank and its subsidiaries:

(₹ in crore)

| Entity Name | Auditor's Name | Statutory / Audit Fees | Other Matters | Total |
|---|---|---|---|---|
| Kotak Mahindra Bank Limited* | Walker Chandiok & Co LLP and Price Waterhouse LLP | 3.10 | 0.25 | 3.35 |
| Kotak Mahindra Bank Limited (Overseas Branch and Representative Office) | Grant Thorton UAE | 0.15 | 0.04 | 0.19 |
| Kotak Mahindra Capital Company Limited | Deloitte Haskins & Sells LLP | 0.21 | - | 0.21 |
| Kotak Investment Advisors Limited | Price Waterhouse LLP | 0.32 | 0.01 | 0.33 |
| Kotak Mahindra, Inc. | Citrin Cooperman & Company, LLP | 0.23 | - | 0.23 |
| Kotak Mahindra (International) Limited | Ernst & Young Mauritius | 0.33 | 0.01 | 0.34 |
| Kotak Securities Limited | Deloitte Haskins & Sells LLP | 1.10 | - | 1.10 |
| Kotak Mahindra Prime Limited | M M Nissim & Co LLP and Mukund M. Chitale & Co. | 1.24 | 0.06 | 1.30 |
| Kotak Mahindra Asset Management Company Limited | Price Waterhouse Chartered Accountants LLP | 0.33 | 0.00 | 0.33 |
| Kotak Mahindra Trustee Company Limited | V. C. Shah & Co | 0.03 | 0.00 | 0.03 |
| Kotak Mahindra Investments Limited | Kalyaniwalla & Mistry LLP | 0.30 | 0.07 | 0.37 |
| Kotak Mahindra Pension Fund Limited | Gokhale & Sathe | 0.02 | - | 0.02 |
| Kotak Infrastructure Debt Fund Limited | Gokhale & Sathe | 0.06 | 0.01 | 0.07 |
| Kotak Mahindra Trusteeship Services Limited | Deloitte Haskins & Sells LLP | 0.05 | - | 0.05 |
| Kotak Mahindra Life Insurance Company Limited | S.R. Batliboi & Associates LLP<br>Haribhakti & Co. LLP | 0.80 | 0.12 | 0.92 |
| Kotak Mahindra (UK) Limited | Ernst and Young LLP | 1.11 | 0.00 | 1.11 |
| Kotak Mahindra Financial Services Limited | Ernst & Young Middle East | 0.11 | 0.01 | 0.12 |
| Kotak Mahindra General Insurance Company Limited | V. C. Shah & Co.<br>MSKA & Associates | 0.35 | 0.06 | 0.41 |
| IVY Product Intermediaries Limited | V. C. Shah & Co. | 0.01 | 0.00 | 0.01 |
| Kotak Mahindra Asset Management (Singapore) Pte. Limited | Ernst & Young LLP | 0.38 | 0.00 | 0.38 |
| BSS Microfinance Limited | Deloitte Haskins & Sells LLP | 0.14 | 0.00 | 0.14 |
| **Total** | | **10.37** | **0.64** | **11.01** |

* Excludes fees paid for audit of Overseas Branch which is done by non-network firm. Audit fee of ₹ 0.20 crore is payable to the Statutory Auditors of the Bank, subject to the approval of the members, at the ensuing AGM.

The fees paid / payable by the Bank and its subsidiaries, on a consolidated basis, to the Statutory Auditors of the Bank and their network firms, during the financial year 2021-22 are, as under:

(₹ in crore)

| Entity | Name of the Firm | Total Fees |
|---|---|---|
| Kotak Mahindra Bank Limited | Walker Chandiok & Co LLP and<br>Price Waterhouse LLP | 1.85<br>1.50 |
| Kotak Investment Advisors Limited | Price Waterhouse LLP<br>Price Waterhouse & Co. LLP | 0.33<br>0.13 |
| Kotak Mahindra Asset Management Company Limited | Price Waterhouse Chartered Accountants LLP | 0.33 |
| **Total** | | **4.14** |

Audit fee of ₹ 0.20 crore is payable to the Statutory Auditors of the Bank, subject to the approval of the members, at the ensuing AGM.

## SHAREHOLDER RELATED INFORMATION

### General Meetings

During the last three years, the General meetings of the Equity Shareholders held are, as detailed below:

| General Meetings | Day, Date, Time and Location | Special Resolutions passed thereat |
|---|---|---|
| Thirty-Sixth Annual General Meeting | Wednesday, 25th 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 | i. Re-appointment of Mr. Uday Khanna (DIN 00079129) as an Independent Director of the Bank for a second term, with effect from 16th September, 2021 up to 15th September, 2024.<br>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.<br>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 5 years, with effect from the financial year 2021-22. |
| Thirty-Fifth Annual General Meeting | Tuesday, 18th 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 | i. Re-appointment of Mr. Prakash Apte as Part-time Chairman of the Bank for a period of three years from 1st January, 2021 to 31st December, 2023 and fixing his remuneration.<br>ii. Issuance of Unsecured, Redeemable Non-Convertible Debentures / Bonds for an amount up to ₹ 5,000 crore. |
| Thirty-Fourth Annual General Meeting | Monday, 22nd July, 2019, 10.00 a.m. IST at Walchand Hirachand Hall of the Indian Merchants Chamber, 4th Floor, Churchgate, Mumbai - 400 020 | i. Re-appointment of Mr. Prakash Apte as an Independent Director of the Bank for a second term from 18th March, 2019 to 17th March, 2024.<br>ii. Re-appointment of Ms. Farida Khambata as an Independent Director of the Bank for a second term from 7th September, 2019 to 6th September, 2022.<br>iii. 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

**Postal Ballot conducted during December 2021 – January 2022:**

The Board of Directors of the Bank, at its meeting held on 10th/11th December, 2021, had approved and recommended the following items for approval of the members of the Bank:

i. Appointment of Ms. Ashu Suyash as an Independent Director of the Bank

ii. Material Related Party Transaction with Infina Finance Private Limited

iii. Material Related Party Transaction with Mr. Uday Kotak

iv. Issuance of Redeemable Unsecured Non - Convertible Debentures / Bonds / other debt securities on a private placement basis

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. 10/2021 dated 23rd June, 2021 and General Circular No. 20/2021 dated 8th December, 2021, issued by the Ministry of Corporate Affairs, Government of India ("MCA circulars"), the approval of the members of the Bank for the aforementioned resolutions was obtained through postal ballot (only through the remote e-voting process).

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, 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 form.

The Board of Directors of the Bank had appointed Ms. Rupal D. Jhaveri (Membership No. 5441 and Certificate of Practice No. 4225), Practising Company Secretary and Partner in RJSY & Associates, as the Scrutiniser and Ms. Sadhana Yadav (Membership No. 27559 and Certificate of Practice No. 16932), Practising Company Secretary and Partner in RJSY & Associates, as an Alternate Scrutiniser to Ms. Rupal D. Jhaveri, for conducting the Postal Ballot only through the e-voting process, in a fair and transparent manner.

The Bank had engaged the services of National Securities Depository Limited ("NSDL") for providing remote e-voting facilities to the members, enabling them to cast their vote in a secure manner.

The Notice of Postal Ballot dated 17th December, 2021 along with Explanatory Statement and remote e-voting instructions were sent to all the members in electronic form only, on Monday, 20th December, 2021, for recording their assent or dissent through electronic means. The remote e-voting commenced on 21st December, 2021 (9.00 a.m. IST) and ended on 19th January, 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 17th December, 2021.

The Scrutiniser had submitted her report dated 21st January, 2022 on postal ballot (through remote e-voting process). All the resolutions, as set out in the Postal Ballot Notice dated 17th December, 2021 were passed with requisite majority. The resolutions were deemed to have been duly passed on the last date specified for remote e-voting i.e. 19th January, 2022. The details of the voting pattern are, given below:

| | |
|---|---|
| Resolution No. | 1 |
| Resolution required: (Ordinary / Special) | SPECIAL - Appointment of Ms. Ashu Suyash as an Independent Director of the Bank |
| Interest | None of the Directors, Key Managerial Personnel of the Bank or their respective relatives were in any way concerned or interested, financially or otherwise, in the Special Resolution contained at Item No. 1 |

| Category | Mode of Voting | No. of shares held (1) | No. of votes polled (2) | % of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100 | No. of Votes – in favour (4) | No. of Votes – against (5) | % of Votes in favour on votes polled (6)=[(4)/ (2)]*100 | % of Votes against on votes polled (7)=[(5)/ (2)]*100 |
|---|---|---|---|---|---|---|---|---|
| Promoter and Promoter Group | E-Voting | 515,564,896 | 515,330,540 | 99.9545 | 515,330,540 | 0 | 100.0000 | 0.0000 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **515,564,896** | **515,330,540** | **99.9545** | **515,330,540** | **0** | **100.0000** | **0.0000** |
| Public- Institutions | E-Voting | 1,127,606,800 | 1,064,638,554 | 94.4158 | 1,063,967,160 | 671,394 | 99.9369 | 0.0631 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **1,127,606,800** | **1,064,638,554** | **94.4158** | **1,063,967,160** | **671,394** | **99.9369** | **0.0631** |
| Public- Non Institutions | E-Voting | 340,416,513 | 147,137,889 | 43.2229 | 147,119,303 | 18,586 | 99.9874 | 0.0126 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **340,416,513** | **147,137,889** | **43.2229** | **147,119,303** | **18,586** | **99.9874** | **0.0126** |
| | **Total** | **1,983,588,209** | **1,727,106,983** | **87.0698** | **1,726,417,003** | **689,980** | **99.9600** | **0.0400** |

| | |
|---|---|
| Resolution No. | 2 |
| Resolution required: (Ordinary / Special) | ORDINARY - Material Related Party Transaction with Infina Finance Private Limited |
| Interest | Mr. Suresh Kotak, father of Mr. Uday Kotak, Managing Director & CEO, Promoter and a Key Managerial Personnel of the Bank is a Director on the Board of Infina Finance Private Limited ("Infina"). Accordingly, Mr. Uday Kotak and his relatives may be deemed to be concerned or interested in the resolution contained at Item No. 2. Except as above, none of the other Directors, Key Managerial Personnel of the Bank or their respective relatives were in any way concerned or interested, financially or otherwise, in the Ordinary Resolution contained at Item No. 2. |

| Category | Mode of Voting | No. of shares held (1) | No. of votes polled (2) | % of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100 | No. of Votes – in favour (4) | No. of Votes – against (5) | % of Votes in favour on votes polled (6)=[(4)/ (2)]*100 | % of Votes against on votes polled (7)=[(5)/ (2)]*100 |
|---|---|---|---|---|---|---|---|---|
| Promoter and Promoter Group | E-Voting | 515,564,896 | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **515,564,896** | **0** | **0.0000** | **0** | **0** | **0.0000** | **0.0000** |
| Public- Institutions | E-Voting | 1,127,606,800 | 1,064,003,173 | 94.3594 | 1,064,003,173 | 0 | 100.0000 | 0.0000 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **1,127,606,800** | **1,064,003,173** | **94.3594** | **1,064,003,173** | **0** | **100.0000** | **0.0000** |
| Public- Non Institutions | E-Voting | 340,416,513 | 144,104,310 | 42.3318 | 144,074,520 | 29,790 | 99.9793 | 0.0207 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **340,416,513** | **144,104,310** | **42.3318** | **144,074,520** | **29,790** | **99.9793** | **0.0207** |
| | **Total** | **1,983,588,209** | **1,208,107,483** | **60.9052** | **1,208,077,693** | **29,790** | **99.9975** | **0.0025** |

*Note: Pursuant to the provisions of Regulation 23(4) of SEBI Lisiting Regulations, 2,097,035 votes of related parties have not been considered under 'No. of votes polled' and 'No. of votes in favour'.*

| | |
|---|---|
| Resolution No. | 3 |
| Resolution required: (Ordinary / Special) | ORDINARY - Material Related Party Transaction with Mr. Uday Kotak |
| Interest | Mr. Uday Kotak is the Managing Director & CEO, Promoter and a Key Managerial Personnel of the Bank. Accordingly, he and his relatives may be deemed to be concerned or interested in the resolution contained at Item No. 3. Except as above, none of the other Directors, Key Managerial Personnel of the Bank or their respective relatives were in any way concerned or interested, financially or otherwise, in the Ordinary Resolution contained at Item No. 3. |

| Category | Mode of Voting | No. of shares held (1) | No. of votes polled (2) | % of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100 | No. of Votes – in favour (4) | No. of Votes – against (5) | % of Votes in favour on votes polled (6)=[(4)/ (2)]*100 | % of Votes against on votes polled (7)=[(5)/ (2)]*100 |
|---|---|---|---|---|---|---|---|---|
| Promoter and Promoter Group | E-Voting | 515,564,896 | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Poll | | 0 | | | | | |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **515,564,896** | **0** | **0.0000** | **0** | **0** | **0.0000** | **0.0000** |
| Public- Institutions | E-Voting | 1,127,606,800 | 1,064,003,173 | 94.3594 | 1,064,003,173 | 0 | 100.0000 | 0.0000 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **1,127,606,800** | **1,064,003,173** | **94.3594** | **1,064,003,173** | **0** | **100.0000** | **0.0000** |
| Public- Non Institutions | E-Voting | 340,416,513 | 144,102,788 | 42.3313 | 144,071,695 | 31,093 | 99.9784 | 0.0216 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **340,416,513** | **144,102,788** | **42.3313** | **144,071,695** | **31,093** | **99.9784** | **0.0216** |
| | **Total** | **1,983,588,209** | **1,208,105,961** | **60.9051** | **1,208,074,868** | **31 ,093** | **99.9974** | **0.0026** |

Pursuant to the provisions of Regulation 23(4) of SEBI Listing Regulations, 2,097,035 votes of related parties have not been considered under 'No. of votes polled' and 'No. of votes in favour'.

| | |
|---|---|
| Resolution No. | 4 |
| Resolution required: (Ordinary / Special) | SPECIAL - Issuance of Redeemable Unsecured Non - Convertible Debentures / Bonds / other debt securities on a private placement basis |
| Interest | None of the Directors, Key Managerial Personnel of the Bank or their respective relatives were in any way concerned or interested, financially or otherwise, in the Special Resolution contained at Item No. 4. |

| Category | Mode of Voting | No. of shares held (1) | No. of votes polled (2) | % of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100 | No. of Votes – in favour (4) | No. of Votes – against (5) | % of Votes in favour on votes polled (6)=[(4)/ (2)]*100 | % of Votes against on votes polled (7)=[(5)/ (2)]*100 |
|---|---|---|---|---|---|---|---|---|
| Promoter and Promoter Group | E-Voting | 515,564,896 | 515,330,540 | 99.9545 | 515,330,540 | 0 | 100.0000 | 0.0000 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **515,564,896** | **515,330,540** | **99.9545** | **515,330,540** | **0** | **100.0000** | **0.0000** |
| Public- Institutions | E-Voting | 1,127,606,800 | 1,064,003,173 | 94.3594 | 1,064,003,173 | 0 | 100.0000 | 0.0000 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **1,127,606,800** | **1,064,003,173** | **94.3594** | **1,064,003,173** | **0** | **100.0000** | **0.0000** |
| Public- Non Institutions | E-Voting | 340,416,513 | 147,136 390 | 43.2225 | 147,120,005 | 16,385 | 99.9889 | 0.0111 |
| | Poll | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | Postal Ballot (if applicable) | | 0 | 0.0000 | 0 | 0 | 0.0000 | 0.0000 |
| | **Total** | **340,416,513** | **147,136,390** | **43.2225** | **147,120,005** | **16,385** | **99.9889** | **0.0111** |
| | **Total** | **1,983,588,209** | **1,726,470,103** | **87.0377** | **1,726,453,718** | **16,385** | **99.9991** | **0.0009** |

**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 the resolution for the appointment of Mr. Amit Desai as a Director of the Bank, for the approval of the members of the Bank.

In accordance with the MCA circulars, the approval of the members of the Bank for the aforementioned resolution has been obtained through postal ballot (only through the remote e-voting process).

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, 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 form.

The Board of Directors of the Bank had appointed Ms. Rupal D. Jhaveri (Membership No. 5441 and Certificate of Practice No. 4225), Practising Company Secretary and Partner in RJSY & Associates, as the Scrutiniser and Ms. Sadhana Yadav (Membership No. 27559 and Certificate of Practice No. 16932), Practising Company Secretary and Partner in RJSY & Associates, as an Alternate Scrutiniser to Ms. Rupal D. Jhaveri, for conducting the Postal Ballot only through the e-voting process, in a fair and transparent manner.

The Bank had engaged the services of NSDL for providing remote e-voting facilities to the members, enabling them to cast their vote in a secure manner.

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 (53 M (. o a O -%FV

## Equity Shares

The Equity Shares of the Bank are listed on BSE Limited and National Stock Exchange of India Limited. The International Security Identification Number ("ISIN") in respect of the Equity Shares is INE237A01028 and the Market Scrip Code / Symbol are, as under:

| Name & Address of Stock Exchange(s) | Market Scrip Code / Symbol |
|---|---|
| BSE Limited<br>Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001 | 500247 |
| National Stock Exchange of India Limited<br>Exchange Plaza, 5th Floor, Bandra-Kurla Complex, Bandra, Mumbai 400 051 | KOTAKBANK |

The Monthly high and low quotation of equity shares traded on National Stock Exchange of India Limited:

| Month | High (₹) | Low (₹) | Close (₹) | NIFTY 50 | Nifty Bank |
|---|---|---|---|---|---|
| April 2021 | 1,845.45 | 1,669.20 | 1,748.80 | 14,631.10 | 32,781.80 |
| May 2021 | 1,813.25 | 1,685.00 | 1,807.70 | 15,582.80 | 35,526.65 |
| June 2021 | 1,827.95 | 1,698.45 | 1,705.85 | 15,721.50 | 34,772.20 |
| July 2021 | 1,768.50 | 1,626.00 | 1,654.80 | 15,763.05 | 34,584.35 |
| August 2021 | 1,824.90 | 1,657.50 | 1,753.70 | 17,132.20 | 36,424.60 |
| September 2021 | 2,077.80 | 1,738.00 | 2,005.50 | 17,618.15 | 37,425.10 |
| October 2021 | 2,253.00 | 1,931.00 | 2,031.15 | 17,671.65 | 39,115.60 |
| November 2021 | 2,127.60 | 1,932.70 | 1,961.90 | 16,983.20 | 35,695.30 |
| December 2021 | 1,989.90 | 1,721.00 | 1,796.10 | 17,354.05 | 35,481.70 |
| January 2022 | 1,976.15 | 1,782.20 | 1,857.25 | 17,339.85 | 37,975.35 |
| February 2022 | 1,948.00 | 1,737.95 | 1,842.75 | 16,793.90 | 36,205.30 |
| March 2022 | 1,830.00 | 1,672.55 | 1,753.85 | 17,464.75 | 36,373.60 |

## Shareholding - Equity Shares

| Category | | As on 31st March, 2022 | | As on 31st March, 2021 | |
|---|---|---|---|---|---|
| | | No. of Equity Shares held | Percentage of Equity Shares | No. of Equity Shares held | Percentage of Equity Shares |
| A. | **Promoters Holding** | | | | |
| | Promoters | 515,562,396 | 25.98 | 515,585,264 | 26.02 |
| | **Sub-Total** | **515,562,396** | **25.98** | **515,585,264** | **26.02** |
| B. | **Non-Promoters Holding** | | | | |
| | Institutional Investors | | | | |
| | a. Mutual Funds & UTI | 183,791,869 | 9.26 | 159,119,902 | 8.03 |
| | b. Banks, Financial Institutions, Insurance Companies (State / Central Govt. Institutions) | 140,980,777 | 7.10 | 104,889,910 | 5.29 |
| | c. Foreign Institutional Investors | 810,989,456 | 40.86 | 876,560,440 | 44.23 |
| | **Sub-Total** | **1,135,762,102** | **57.22** | **1,140,570,252** | **57.55** |
| C. | **Others** | | | | |
| | a. Private Corporate Bodies | 32,510,259 | 1.64 | 39,098,010 | 1.97 |
| | b. Indian Public including Directors & Relatives | 215,664,080 | 10.87 | 198,182,338 | 10.00 |
| | c. NRIs/ OCBs/Foreign Bodies DR | 15,374,250 | 0.77 | 16,772,076 | 0.85 |
| | d. Foreign Bank | 32,813,072 | 1.65 | 32,813,072 | 1.66 |
| | e. Foreign Bodies | 25,966,992 | 1.31 | 25,966,992 | 1.31 |
| | f. Foreign Nationals | 1,450 | 0.00 | 1,450 | 0.00 |
| | g. Qualified Institutional Buyer | 0 | 0.00 | 0 | 0.00 |
| | h. NBFCs | 652,343 | 0.03 | 646,783 | 0.03 |
| | i. Alternative Investment Fund | 4,675,084 | 0.24 | 4,213,977 | 0.21 |
| | j. Clearing Members | 2,324,717 | 0.12 | 4,739,848 | 0.24 |
| | k. IEPF Authority | 3,355,015 | 0.17 | 3,245,606 | 0.16 |
| | **Sub-Total** | **333,337,262** | **16.80** | **325,680,152** | **16.43** |
| | **Grand Total** | **1,984,661,760** | **100.00** | **1,981,835,668** | **100.00** |

*Note:*

*The increase in capital during the financial year 2021-22 is due to allotment of 2,826,092 equity shares of ₹ 5/- under various Employee Stock Option Plan Schemes of the Bank.*

## Shareholding – Preference Shares

| Category | | As on 31st March, 2022 | | As on 31st March, 2021 | |
|---|---|---|---|---|---|
| | | No. of Preference Shares held | Percentage of Preference Shares | No. of Preference Shares held | Percentage of Preference Shares |
| A. | **Promoters Holding** | - | - | | |
| | Promoters | | | - | - |
| | **Sub-Total** | - | - | - | - |
| B. | **Non-Promoters Holding** | | | | |
| | Institutional Investors | | | | |
| | a. Mutual Funds & UTI | - | - | - | - |
| | b. Banks, Financial Institutions, Insurance Companies (State / Central Govt. Institutions) | - | - | - | - |
| | c. Foreign Institutional Investors | - | - | - | - |
| | **Sub-Total** | **-** | **-** | **-** | **-** |
| C. | **Others** | | | | |
| | a. Private Corporate Bodies | 899,630,000 | 89.96 | 737,735,000 | 73.77 |
| | b. Indian Public including Directors & Relatives | 50,265,000 | 5.03 | 90,265,000 | 9.03 |
| | c. NRIs/ 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 | - | - | 132,000,000 | 13.20 |
| | h. NBFCs | - | - | - | - |
| | i. Alternative Investment Fund | - | - | - | - |
| | j. Clearing Members | 10,105,000 | 1.01 | - | - |
| | k. IEPF Authority | - | - | - | - |
| | **Sub-Total** | **1,000,000,000** | **100.00** | **1,000,000,000** | **100.00** |
| | **Grand Total** | **1,000,000,000** | **100.00** | **1,000,000,000** | **100.00** |

## Shareholding of Directors of the Bank

| Name of the Director(s) | As on 31st March, 2022 | |
|---|---|---|
| | No. of Equity Shares held | Percentage of Equity Shares held |
| Mr. Prakash Apte | - | - |
| Mr. Uday Khanna | 3,000 | 0.00 |
| Ms. Farida Khambata | 68,000 | 0.00 |
| Mr. Uday Shankar | 491 | 0.00 |
| Dr. Ashok Gulati | - | - |
| Ms. Ashu Suyash | - | - |
| Mr. C. Jayaram | 928,040 | 0.05 |
| Mr. Amit Desai | 1,584,697 | 0.08 |
| Mr. Uday Kotak | 510,927,100 | 25.74 |
| Mr. Dipak Gupta | 652,986 | 0.03 |
| Mr. KVS Manian | 117,584 | 0.01 |
| Mr. Gaurang Shah | 858,428 | 0.04 |

None of the Directors hold any PNCPS issued by the Bank.

### Top 10 Equity Shareholders of the Bank

| Sr. No. | Name of the investors | Total Equity Shares held as on 31st March, 2022 | % to Total Equity Shares |
|---|---|---|---|
| 1. | Mr. Uday Suresh Kotak | 510,927,100 | 25.74 |
| 2. | Life Insurance Corporation of India | 104,928,895 | 5.29 |
| 3. | Canada Pension Plan Investment Board | 86,310,661 | 4.35 |
| 4. | Invesco Developing Markets Fund | 69,732,701 | 3.51 |
| 5. | SBI Mutual Fund | 62,886,353 | 3.17 |
| 6. | Europacific Growth Fund | 60,405,823 | 3.04 |
| 7. | Capital World Growth And Income Fund | 50,852,404 | 2.56 |
| 8. | New World Fund Inc. | 43,052,531 | 2.17 |
| 9. | Sumitomo Mitsui Banking Corporation | 32,800,000 | 1.65 |
| 10. | Axis Mutual Fund | 31,050,015 | 1.56 |

There is no stipulation in the Bank's Articles of Association concerning any qualification shares to be held by its Directors.

### Top 10 Preference Shareholders of the Bank

| Sr. No. | Name of the investors | Total Preference Shares held as on 31st March, 2022 | % to Total Preference Shares |
|---|---|---|---|
| 1. | Signet Chemical Corporation 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 - PO | 66,000,000 | 6.60 |
| 6. | Ms. Dimple Sanghi | 40,000,000 | 4.00 |
| 7. | Famy Care Private Limited | 30,000,000 | 3.00 |
| 8. | Pidilite Industries Limited | 30,000,000 | 3.00 |
| 9. | KLP Tradelink LLP | 30,000,000 | 3.00 |
| 10. | Kotta Enterprises Limited | 26,448,662 | 2.64 |

### Distribution Schedule as on 31st March, 2022

| Sr. No. | Category | Equity Shares | | | | Preference Shares | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of Holders | % to Holders | No. of Shares | % to Equity | No. of Holders | % to Holders | No. of Shares | % to Preference |
| 1. | 1 - 100 | 496,918 | 81.37 | 10,082,373 | 0.51 | 1 | 1.79 | 100 | 0.00 |
| 2. | 101 - 200 | 47,061 | 7.71 | 7,130,826 | 0.36 | - | - | - | - |
| 3. | 201 - 300 | 17,631 | 2.89 | 4,444,890 | 0.22 | - | - | - | - |
| 4. | 301 - 400 | 9,599 | 1.57 | 3,450,282 | 0.17 | - | - | - | - |
| 5. | 401 - 500 | 6,442 | 1.05 | 2,998,462 | 0.15 | - | - | - | - |
| 6. | 501 - 1000 | 12,826 | 2.10 | 9,470,140 | 0.48 | - | - | - | - |
| 7. | 1001 – 2000 | 8,053 | 1.32 | 12,184,356 | 0.61 | - | - | - | - |
| 8. | 2001 – 3000 | 2,979 | 0.49 | 7,519,693 | 0.38 | - | - | - | - |
| 9. | 3001 – 4000 | 2,759 | 0.45 | 10,270,883 | 0.52 | - | - | - | - |
| 10. | 4001 - 5000 | 1,257 | 0.21 | 5,858,889 | 0.30 | - | - | - | - |
| 11. | 5001 – 10000 | 2,308 | 0.38 | 16,454,697 | 0.83 | - | - | - | - |
| 12. | 10001 and above | 2,881 | 0.47 | 1,894,796,269 | 95.47 | 55 | 98.21 | 999,999,900 | 100.00 |
| | **TOTAL** | **610,714** | **100.00** | **1,984,661,760** | **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, 2022 are, as under:

| Type of instrument | Amount | Credit Rating/Outlook |
|---|---|---|
| Lower Tier-II Bonds (Under Basel II)* | ₹ 306 crore | CRISIL AAA/Stable (Reaffirmed**) |
| Infrastructure Bonds | ₹ 1,800 crore$ | CRISIL AAA/Stable (Reaffirmed**) |
| Fixed Deposits | | FAAA/Stable*** (Reaffirmed**) |
| Certificate of Deposits | ₹ 17,000 crore | CRISIL A1+ (Reaffirmed**) |
| Non-Convertible Perpetual Non-Cumulative Preference Shares | ₹ 500 crore | CRISIL AA+ (Stable) (Reaffirmed**) |

** Originally issued by erstwhile ING Vysya Bank Limited*

*** Reaffirmed vide letter letter dated 30th April, 2022*

**** Consequent to migration in the rating scale by CRISIL (for standardisation and alignment of rating scale with the SEBI-standardised scale), the aforesaid rating has been migrated to CRISIL AAA/Stable from FAAA/Stable, vide letter dated 23rd June, 2022. The migration represents only recalibration of the rating from one scale to another and does not reflect any change in the credit risk profile of the Fixed Deposit programme. It is neither an upgrade nor a downgrade of the Fixed Deposit programme.*

*$ Consequent to redemption of Infrastructure Bonds, the amount covered under the credit rating has been reduced by CRISIL, to Rs. 838 crore (comprising the existing outstanding amount of Infrastructure Bonds and the unutilised limit) vide letter dated 23rd June, 2022.*

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.

## DISCLOSURES

- During the year, the Bank has not entered into any materially significant transactions with its related parties, which could lead to a potential conflict of interest[16] between the Bank and these parties. The members of the Bank have, vide Postal Ballot notice dated 17th December, 2021, approved related party transactions by the Bank, as potential "material related party transactions" under the provisions of Regulation 23 of the SEBI Listing Regulations, with Infina Finance Private Limited (Mr. Suresh Kotak, father of Mr. Uday Kotak, Managing Director & CEO and a Key Managerial Personnel of the Bank and Mr. Jaimin Bhatt, Group Chief Financial Officer and a Key Managerial Personnel of the Bank, who are Directors on the Board of Infina Finance Private Limited), and with Mr. Uday Kotak, Managing Director & CEO and Key Managerial Personnel of the Bank, for financial year 2022-23, with respect to Deposits and other banking transactions / arrangements / service, etc., at an arm's length basis and in the ordinary course of business of the Bank. The Bank has 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. Further, there were no related party transactions which were not in the ordinary course of business or 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
- 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 Board has received declarations from the Independent Directors and in its opinion, the Independent Directors fulfil the conditions as specified in the Act and the SEBI Listing Regulations and are independent of the management. The Independent Directors have also complied with the provisions of sub rule (1) and (2) of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and have passed the proficiency test or are exempted from the same.
- The Bank has adopted a Whistle Blower Policy. The same was amended on 4th May, 2022 so as to extend the application of the Whistle Blower Policy to not just employees and directors, but also suppliers, vendors, service providers and other applicable 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) of sub-regulation (2) of Regulation 46 and those covered under paras (2) to (10) of Clause C of Schedule V thereto.
- The Bank has obtained a certificate from Ms. Rupal D. Jhaveri, Company Secretary in practice confirming that none of the Directors of the Bank have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority.
- 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 the Bank's 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
- During the year under review, the Bank has not raised any funds through preferential allotment as specified under Regulation 32(7A) of the SEBI Listing Regulations.
- The Managing Director & CEO and the Group Chief Financial Officer of the Bank have duly provided the compliance certificate to the Board of Directors, 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.

*[16] GRI 102-25*

## PLANT LOCATIONS

Being in the banking business, the Bank does not have plants. However, the Bank has 1,700 branches (excluding branches at DIFC, Dubai and GIFT city, Gujarat) and 2,705 ATMs as on 31st March, 2022. 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 financial year 2021-22, 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 the Code 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 the Code of Corporate Governance stipulated under the SEBI Listing Regulations, as under:

1. **The Board:**

   The office of Non-Executive Chairman 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.

2. **Shareholder Rights:**

   The quarterly results of the Bank are published in one English and one Marathi newspaper. Further, the quarterly results are also posted on the website of the Bank viz., URL: https://www.kotak.com/en/investor-relations/financial-results.html and on the websites of the Stock Exchanges 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 email to those members whose email Ids are registered with the Bank / Depository Participant(s) for communication purposes.

3. **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.

4. **Separate Posts of Chairman and Managing Director & CEO:**

   Mr. Prakash Apte, a Non-Executive Independent Director, is the Part-time Chairman and Mr. Uday Kotak is the Managing Director & CEO of the Bank.

5. **Reporting of Internal Auditor:**

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

## OTHER DISCLOSURES

### A. The Management Discussion & Analysis Report

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

### B. Means of Communication

The Board of Directors of the Bank approve the unaudited financial results on a quarterly basis within the prescribed timeframe. The results are promptly forwarded to the Stock Exchanges and published in one English and one Marathi (Regional Language) newspaper, within 48 hours of the conclusion of the Board meeting. The results and earnings update are posted on the Bank's website viz., URL: https://www.kotak.com/en/investor-relations/financial-results.html as well as the press release are posted on the Bank's website viz., URL: https://www.kotak.com/en/about-us/media.html simultaneously. The website also displays all official news releases by the Bank from time to time as also the earnings update and investor presentations. Further, the financial results are sent by email to those members whose email Ids are registered with the Bank / Depository Participant(s). 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 and Rule 15 of the Banking Regulation (Companies) Rules, 1949.

Pursuant to the Companies (Accounts) Rules, 2014 and keeping in view the relaxations granted by the MCA circulars and circulars of SEBI, the Bank proposes to send the financial statements for the year ended 31st March, 2022, only by electronic mode, to the members whose email address is registered with the Bank / 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 financial statements for the year ended 31st March, 2022, can get their email address registered by following the steps as detailed in the Notice convening the Annual General Meeting.

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

**For Kotak Mahindra Bank Limited**

| | |
|---|---|
| **Prakash Apte** | **Uday Kotak** |
| Chairman | Managing Director & CEO |
| Place : Mumbai | Place : Mumbai |
| Date : 25th June, 2022 | Date : 25th June, 2022 |

## 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, 2022.

**For Kotak Mahindra Bank Limited**

**Uday Kotak**
Managing Director & CEO

Place : Mumbai
Date : 25th June, 2022

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of Kotak Mahindra Bank Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 20 May 2022

2. We have examined the compliance of conditions of corporate governance by Kotak Mahindra Bank Limited ('the Bank') for the year ended on 31 March 2022, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Bank has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

5. We have examined the relevant records of the Bank in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion the Bank has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2022.

We state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

### Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid Listing Regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No.: 043334

Place: Mumbai
Date: 25 June 2022
UDIN: 22043334ALRCXA9848





# Management's Discussion and Analysis

## MACRO-ECONOMIC ENVIRONMENT

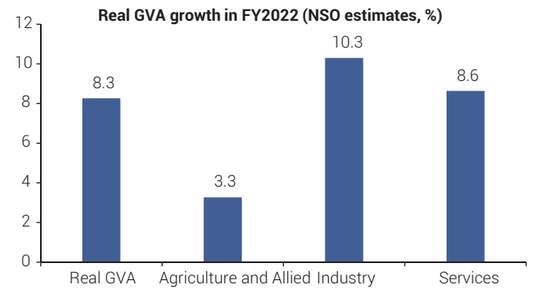
The world economy witnessed a sharp revival in economic activity in early 2021 led by worldwide relaxations in lockdown restrictions and pent-up demand. As per the International Monetary Fund (IMF), global GDP grew by 6.10% in 2021 as against a contraction of 3.1% in 2020. However, the economic prospects were evolving with a lopsided favourable pickup in activity amongst the advanced economies (AEs) compared to the emerging economies (EMEs). The divergence in economic outlook was primarily led by the large disparities in vaccine access and in policy support, especially after the global resurgence of the highly transmissible Delta variant further postponed the return to pre-pandemic normalcy. The different variants of pandemic outbreaks worsened the supply chain disruptions, further reinforcing the slow-growth high inflation trends. The persistence of supply-led inflation posing risk of inflation expectations getting un-anchored prompted several Central Banks's into frontloading its policy withdrawal in H1FY22.

In India, the start to FY 2021-22 was mired with the sharp rise in infections due to the spread of the Delta variant, resulting in localized lockdowns. However, the localized nature of the lockdowns helped minimize disruptions to activity. While a favourable base aided the sharp jump in Q1FY22 growth to 20.08% (2.53% in Q4FY21), the sequential momentum fell sharply across the board due to the second Covid wave. Real GVA growth contracted sequentially by 14.49% (compared to +6.05% qoq in Q4FY21). As expected, due to the mobility restrictions in place, service sector was most affected (with trade and transportation declining the most). The manufacturing sector though sequentially lower, remained above the corresponding pre-pandemic quarter levels (Q1FY20). As activity continued its recovery, after the waning of the second wave and the easing of mobility restrictions, Q2FY22 real GDP and GVA posted positive sequential growth across all categories except for government spending. In Q3FY22, while the momentum slowed, real GVA growth remained steady with a growth of 4.71% led by service sector pick-up of 8.10%. Despite a slower momentum, components of GVA were all higher than their levels in the corresponding pre-pandemic period (Q3FY20).

FY 2021-22 real GDP growth came in at 8.68% against -6.60% in FY 2020-21. On a value added basis, real GVA would grew by 8.11% against -4.80% in FY 2020-21. The industrial sector grew by 10.27% in line with NSO estimates compared to -3.26% in FY 2020-21. Service sector posted a growth of 8.44% (-7.82% in FY 2020-21).On the expenditure side, private consumption grew by 7.91%, government consumption by 2.57% and investments by 15.80%.

In order to support growth, keeping in mind the muted sequential momentum, the government's announcement of its pro-growth budget is expected to facilitate investments in infrastructure and manufacturing through its sector-specific proposals like government incentives under various production-linked incentive (PLI) schemes for 'new' sectors, tariff protection through judicious use of high customs duties in the case of select sectors, and establishment of policy framework to encourage private sector investment in emerging areas (clean energy). The focus of the Union Budget on the public capex cycle is expected to crowd-in private investment in due course.

**FY 2021-22 Real GVA growth at 8.1%**

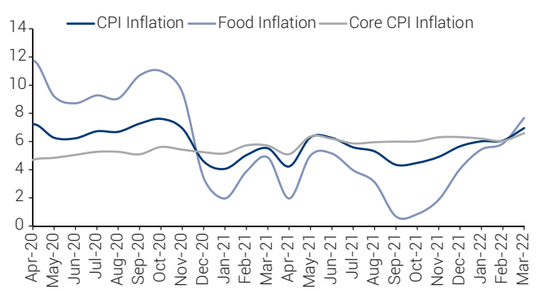



*Source: CEIC, Kotak Economic Research*

### Domestic Price Dynamics

Inflation was very volatile in FY 2021-22 as the year started with a 4.23% reading in April 2021 and ended with 6.95% in March 2022, with five out of the twelve months exceeding the MPC's upper threshold of 6%. Persistence of supply chain disruptions, high food and fuel prices and pass-through of high input prices remained the primary drivers of high inflation. While tax cuts on fuel, supply side government interventions and favourable base effects helped ease pressures, the rise in inflation became more broad-based. Headline CPI inflation breached the 6% threshold of the MPC in May and June 2021 before moderating below 5% between September-November 2021. However, with the escalation of the Russia-Ukraine war, supply-side pressures worsened and commodity prices surged sharply, especially oil and gas. The oil prices moved up to more than USD 130/bbl before moderating lower near the USD 100/bbl mark. The Brent oil prices surged by 69.83% in FY 2022. The successive shocks to the global economy has led to a broad based sustained price increases across commodities - base metals, agriculture, input raw materials, fuels. The headline inflation has averaged 5.51% in FY 2021-22 against 6.18% in FY 2020-21, with the moderation aided only by favourable base effect. Food inflation ranged between 0.7-7.68%, averaging 3.80%. Meanwhile, the core inflation (CPI inflation excluding food and fuel) ranged between 5.10 -6.59%, averaging 6.08%.

**CPI inflation averaged 5.5% in FY 2021-22 against 6.2% in FY 2020-21**




*Source: CEIC, Kotak Economic Research*

Going ahead, while the record high food grain production in FY 2021-22 should augment supply and enable some softening of food prices, the Bank expects the inflationary pressures to be skewed to the upside due to the persistence of global supply chain bottlenecks amidst the ongoing geopolitical conflicts along with resurgence of covid cases. There are clear risks of average inflation being higher than the MPCs upper threshold of 6% for the next two quarters which is expected to pose significant challenges for the MPC given that the Q4FY22 average inflation is already above the 6% threshold.

started to show signs of weakness from 2HFY22 amidst elevated commodity prices and capital outflows on account of diverging monetary policies reaction functions. In FY 2021-22, net foreign portfolio investments have registered an outflow of USD 17.23 bn in compared to an inflow of USD 36.14 billion in FY 2021-22. Meanwhile net FDI flows have been robust at USD 39.38 billion in FY 2021-22.

While FPI inflows and the potential inclusion of Indian bonds in the global bond index strengthened the INR in Q1FY22, the currency came under pressure from Q2FY22 onwards as advanced economies began the process of raising policy rates to tackle elevated inflation. The RBI MPC also preferred to remain accommodative to help nurture growth and achieve durable recovery, especially as inflation mostly remained below the MPC's upper threshold limit of 6% (except in May and June 2021). INR continued to remain under depreciation pressure due to elevated global financial market volatility on the back

(₹ in crore)

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---|---|
| Add: Share in Associates | 1,186.35 | 1,028.90 |
| Less: Consolidated Adjustments | (3,087.85) | (2,602.85) |
| **Consolidated Capital and Reserves*** | **97,134.03** | **84,836.45** |

**Includes Preference Share Capital*

## Consolidated Performance

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 58,882.82 | 56,296.47 |
| Consolidated PAT | 12,089.39 | 9,990.20 |
| Consolidated Capital and Reserves (As at year-end) | 97,134.03 | 84,836.45 |
| | | |
| **Key Ratios** | | |
| Return on Average Assets (RoAA) % | 2.36% | 2.16% |
| Return on Average Networth % | 13.42% | 12.80% |
| Earnings per equity share (diluted) (₹) | 60.73 | 50.49 |
| Book-value per equity share (₹) | 486.90 | 425.55 |
| Net Interest Margin (NIM) % | 4.69% | 4.47% |
| Gross NPA % | 2.37% | 3.22% |
| Net NPA % | 0.71% | 1.23% |
| Consolidated Capital Adequacy Ratio (CAR) %* | 23.68% | 23.38% |
| CET I* | 22.70% | 22.49% |

**As per Basel III norms issued by RBI*

The Group had capital and reserves of ₹ 97,134.03 crore as on 31st March, 2022 (₹ 84,836.45 crore as on 31st March, 2021) The Group's return on average net worth was 13.42% for FY 2021-22 compared to 12.80% for FY 2020-21. The Bank maintained high capital adequacy ratio in uncertain times, which resulted in 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

(₹ in crore)

| Particulars | FY 2021-22 | | FY 2020-21 | |
|---|---|---|---|---|
| | PBT | PAT | PBT | PAT |
| Kotak Mahindra Bank | 11,361.31 | 8,572.69 | 9,302.99 | 6,964.84 |
| Kotak Mahindra Prime | 1,179.79 | 885.51 | 720.40 | 534.71 |
| Kotak Mahindra Investments | 498.57 | 371.15 | 345.84 | 257.76 |
| Kotak Infrastructure Debt Fund | 32.35 | 32.35 | 33.10 | 33.10 |
| BSS Microfinance | 109.51 | 82.81 | 30.87 | 23.17 |
| Kotak Securities | 1,333.50 | 1,001.33 | 1,057.43 | 792.64 |
| Kotak Mahindra Capital Company | 315.70 | 244.75 | 110.94 | 82.28 |
| Kotak Mahindra Life Insurance | 596.49 | 425.38 | 897.47 | 691.93 |
| Kotak Mahindra General Insurance | (82.98) | (82.98) | 1.63 | 1.63 |
| Kotak Mahindra AMC & Trustee Co | 600.69 | 454.13 | 465.14 | 346.29 |
| International Subsidiaries | 154.94 | 118.13 | 170.36 | 154.14 |
| Others | 82.16 | 60.37 | 54.67 | 42.93 |
| **Total** | **16,182.03** | **12,165.61** | **13,190.84** | **9,925.41** |
| Add: Share from Associates | | 157.57 | | 87.31 |
| Less: Inter-company and Other Adjustments | | (233.79) | | (22.51) |
| **Consolidated PAT** | | **12,089.39** | | **9,990.20** |

## Contribution of the Affiliates* to the Net Profit of the Group

(₹ in crore)

| Name of the Company | Investment by Kotak Group | % shareholding of the Group | Group's share for FY 2021-22 |
|---|---|---|---|
| Infina Finance Pvt Ltd | 1.1 | 49.99% | 111.89 |
| Phoenix ARC Pvt Ltd | 100.0 | 49.90% | 45.72 |

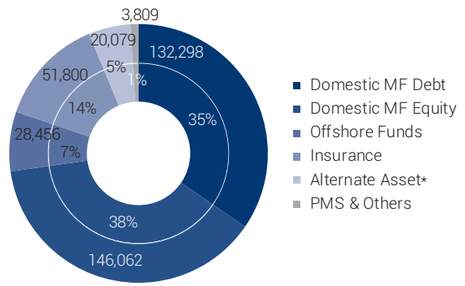
**ECA Trading Services Limited is in the process of voluntary liquidation pursuant to resolution passed by its shareholders on 18th December, 2021 and hence it ceases to be an associate from that date.*

Assets under Management (AUM) as on 31st March, 2022 were ₹ 382,504 crore (₹ 323,762 crore as on 31st March, 2021), comprising assets managed and advised by the Group.

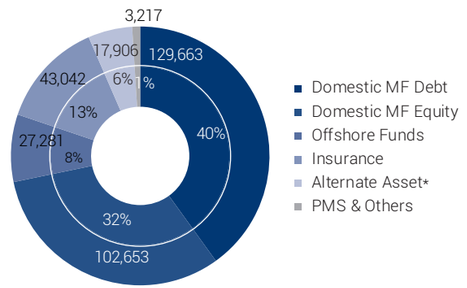
Relationship value of Private Banking, Priority and Investment Advisory business was ~ ₹ 641,000 crore as on 31st March, 2022 (~₹ 382,000 crore as on 31st March, 2021).

## Split of the Assets Under Management (AUM) Across the Group

**AUM - ₹ 382,504 crore – 31st March, 2022**




**AUM - ₹ 323,762 crore – 31st March, 2021**




**including undrawn commitments, wherever applicable*

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, Its Subsidiaries and Associates: 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 and also undertakes asset liability management as well as proprietary trading for the Bank.

Profit Before Tax (PBT) of the Bank for FY 2021-22 was ₹ 11,361.31 crore as against ₹ 9,302.99 crore for FY 2020-21. Profit After Tax (PAT) of the Bank was ₹ 8,572.69 crore in FY 2021-22 compared with ₹ 6,964.84 crore in FY 2020-21. RoAA for FY 2021-22 was 2.13% compared to 1.85% for FY 2020-21.

### PROFIT AND LOSS ACCOUNT

### A synopsis of the Profit and Loss Account

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Net Interest Income | 16,817.91 | 15,339.65 |
| Other Income | 6,354.35 | 5,006.51 |
| **Net Total Income** | **23,172.26** | **20,346.16** |
| Employee Cost | 4,582.35 | 3,729.13 |
| Other Operating Expenses | 6,539.04 | 4,855.01 |
| **Operating Expenditure** | **11,121.39** | **8,584.14** |
| **Operating Profit** | **12,050.87** | **11,762.03** |
| **Provision & Contingencies (Net)** | **689.56** | **2,459.04** |

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| - Provision on Advances (Net) | 1,494.78 | 1,875.96 |
| - General Provision COVID-19 related | (732.00) | 629.00 |
| - Provision on Other Receivables | 18.15 | (1.52) |
| - Provision on Investments | (91.37) | (44.40) |
| **PBT** | **11,361.31** | **9,302.99** |
| Provision for Tax | 2,788.62 | 2,338.15 |
| **PAT** | **8,572.69** | **6,964.84** |

## Net Interest Income

Net Interest Income (NII) of the Bank for FY 2021-22 was ₹ 16,817.91 crore compared to ₹ 15,339.65 crore for FY 2020-21. The Bank had a Net Interest Margin (NIM), excluding dividend income and interest on income-tax refund, of 4.62% for FY 2021-22 compared to 4.41% for FY 2020-21. During the year:

- The yield on interest earning assets decreased from 7.73% for FY 2020-21 to 7.43% for FY 2021-22 mainly due to decrease in yields of advances and investments and change in asset mix.
- Cost of funds decreased from 3.81% in FY 2020-21 to 3.23% in FY 2021-22 primarily due to decrease in rates offered on savings account deposits and term deposits and change in liability mix.
- The average interest earning assets increased by 4.57% from ₹ 347,049.15 crore for FY 2020-21 to ₹ 362,925.31 crore for FY 2021-22.

## Non-Interest Income

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Commission, Exchange and Brokerage | 4,554.79 | 3,384.08 |
| Profit on Sale of Investments | (0.92) | 272.53 |
| Profit on Revaluation of Investments | (933.95) | (452.68) |
| Profit on Exchange on Transactions (Net) (Including Derivatives) | 1,859.46 | 1,233.41 |
| Profit on Recoveries of Non-Performing Assets Acquired | 163.68 | 172.09 |
| Income From Subsidiaries/Associates Towards Shared Services | 117.78 | 111.56 |
| Dividend From Subsidiaries | 201.76 | 15.62 |
| Others | 391.75 | 269.90 |
| **Total Other Income** | **6,354.35** | **5,006.51** |

Non-interest income increased from ₹ 5,006.51 crore in FY 2020-21 to ₹ 6,354.35 crore in FY 2021-22 due to:

- Increase in commission, exchange and brokerage income mainly due to increase in services charges on loans, direct banking fees and charges, credit card fees, third party distribution income and referral fees.
- Increase in Profit on exchange on transactions (net) (including derivatives) compared to the previous year
- Increase in dividend income from subsidiaries
- Increase in others is primarily due to higher income received from sale of Priority Sector Lending (PSL) certificates

This was offset, in part, by:

- Lower profit on sale of investments
- Increase in mark-to-market provision on investments

## Employee Cost

Employee cost of the Bank has increased to ₹ 4,582.35 crore for FY 2021-22 compared to ₹ 3,729.13 crore for FY 2020-21 primarily due to increase in employee count, employee incentives, offset, in part, by decrease in retirement obligations. The employee base increased from 51,734 as on 31st March, 2021 to 66,473 as on 31st March, 2022.

## Other Operating Expenses

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Rent, Taxes And Lighting | 718.06 | 687.39 |
| Printing and Stationery | 101.07 | 57.33 |
| Advertisement, Publicity and Promotion | 174.87 | 104.64 |
| Depreciation on Bank's Property | 380.99 | 366.77 |
| Directors' Fees, Allowances and Expenses | 2.82 | 2.05 |
| Auditors' Fees and Expenses | 3.55 | 2.62 |
| Law Charges | 26.79 | 46.32 |
| Postage, Telephone Etc. | 258.50 | 174.33 |
| Repairs And Maintenance | 625.43 | 508.86 |
| Insurance | 356.02 | 323.69 |
| Travel and Conveyance | 64.18 | 52.24 |
| Professional Charges | 1,162.19 | 796.37 |
| Brokerage | 485.87 | 193.41 |
| Stamping Expenses | 11.90 | 4.90 |
| Other Expenditure | 2,186.06 | 1,555.00 |
| Reimbursement From Group Companies | (19.26) | (20.91) |
| **Total** | **6,539.04** | **4,855.01** |

Other operating expenses were ₹ 6,539.04 crore for FY 2021-22 compared to ₹ 4,855.01 crore for FY 2020-21, primarily due to:

- Increase in brokerage expenses consistent with increased business volumes
- Increase in repairs and maintenance expenses due to increase in repairs and refurbishment of branches and increase in number of branches
- Increase in 811 acquisition cost and higher amount of fee payments to business correspondents, which is consistent with business volumes.
- Increase in promotional spends
- Increase in postage, telephone and printing and stationery expenses due to resumption of regular office work compared to remote working during FY 2020-21.
- Increase in other expenses is primarily on account of:
  - Increase in credit card expenses mainly due to higher POS expenses, credit card promotional/association charges and increase in volume of card transactions
  - Increase in ATM acquiring fees and subvention expenses
  - Increase in GST write-off expenses
  - Increase in recovery expenses and legal charges
  - Higher expenditure on corporate social responsibility (CSR) activities

The Bank's Cost to Income ratio was at 47.99% for FY 2021-22 as compared to 42.19% for FY 2020-21.

## Provisions and Contingencies (excluding tax)

Provisions and contingencies (excluding tax) were ₹ 689.56 crore for FY 2021-22 compared to ₹ 2,459.04 crore for FY 2020-21 primarily due to lower specific provision on loans (excluding COVID-19 related provisions) by ₹ 381.2 crore and reversal of COVID-19 related provision of ₹ 732.00 crore compared to a provision of ₹ 629.00 crore in FY 2020-21. This, was offset, in part, by higher reversal of provision on investments by ₹ 46.97 crore in FY 2021-22.

The Bank held an aggregate COVID-19 related provision of ₹ 1,279 crore as of 1st April, 2021. Based on the improved outlook, the Bank has reversed provisions amounting to ₹ 732 crore during FY 2021-22. On a prudent basis, the Bank continues to hold provision of ₹ 547 crore as at 31st March, 2022 against the potential impact of COVID-19.

Credit cost on Advances (excluding COVID-19 related provisions) was 55 bps for FY 2021-22 compared to 84 bps for FY 2020-21.

## Provision for tax

Provision for tax increased from ₹ 2,338.15 crore for FY 2020-21 to ₹ 2,788.62 crore for FY 2021-22 primarily due to higher profits in FY 2021-22.

## BALANCE SHEET

The assets and liabilities composition of the Bank is as follows:

(₹ in crore)

| Liabilities | 31st March, 2022 | 31st March, 2021 |
|---|---|---|
| Capital and Reserves | 72,456.47 | 63,726.97 |
| Deposits | 311,684.11 | 280,100.05 |
| - Current Account Deposits (CA) | 64,661.98 | 52,086.98 |
| - Fixed Rate Savings Account Deposits (SA) | 117,908.39 | 106,100.64 |
| - Floating Rate Savings Account Deposits (SA) | 6,563.78 | 11,125.10 |
| - Term Deposits (TD) Sweeps | 21,905.59 | 20,923.65 |
| - Other TDs | 100,644.38 | 89,863.67 |
| Borrowings | 25,967.12 | 23,650.65 |
| Other Liabilities and Provisions | 19,320.69 | 15,992.50 |
| **Total** | **429,428.40** | **383,470.16** |

(₹ in crore)

| Assets | 31st March, 2022 | 31st March, 2021 |
|---|---|---|
| Cash and Bank Balances | 42,923.94 | 39,626.53 |
| Investments | 100,580.22 | 105,099.19 |
| - Government Securities | 75,135.09 | 85,344.87 |
| - Credit Substitutes | 21,227.48 | 15,168.40 |
| - Other Securities | 4,217.6 | 4,585.9 |
| Advances | 271,253.60 | 223,670.16 |
| Fixed Assets and Other Assets | 14,670.64 | 15,074.28 |
| **Total** | **429,428.40** | **383,470.16** |

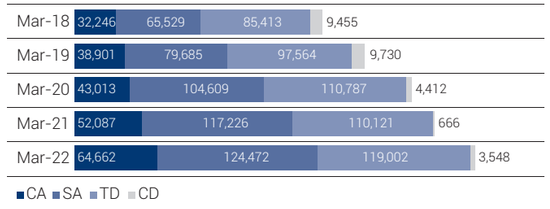
The Bank's capital adequacy continue to be healthy with overall CRAR at 22.69% (CET1 ratio 21.51%) as compared to 22.26% (CET1 ratio 21.20%) as on 31st March, 2021.

### 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 ₹ 311,684.11 crore as on 31st March, 2022 compared to ₹ 280,100.05 crore as on 31st March, 2021. CASA deposits increased to ₹ 189,134.14 crore as on 31st March, 2022 to ₹ 169,312.72 crore as on 31st March, 2021. CASA ratio stood at 60.68% as on 31st March, 2022 compared to 60.45% as on 31st March, 2021.

Fixed Rate Savings account (SA) deposits grew by 11.13% to ₹ 117,908.42 crore and Current account (CA) deposits grew by 24.14% to ₹ 64,661.98 crore. Total Term deposits (TD), including certificate of deposits, grew by 10.62% to ₹ 122,549.97 crore.

**Deposits** (₹ crore)




During FY 2021-22, average SA increased by 10.46% to ₹ 120,193.91 crore compared to ₹ 108,811.94 crore in FY 2020-21 and average CA increased by 26.07% to ₹ 49,775.84 crore from ₹ 39,481.36 crore in FY 2020-21.

CASA plus term deposits below ₹ 5 crore account for 89% of the total deposits.

### Advances

The classification of advances of the Bank is as follows:

(₹ in crore)

| | 31st March, 2022 | 31st March, 2021 |
|---|---|---|
| Corporate Banking | 66,212.09 | 62,401.22 |
| Small and Medium Enterprises (SME) | 20,905.91 | 16,682.14 |
| Commercial Vehicles & Construction Equipment (CV/CE) | 22,489.91 | 20,377.49 |
| Agriculture Division | 25,207.49 | 21,707.89 |
| Tractor Finance | 10,765.83 | 9,411.0 |
| Micro Finance | 3,052.09 | 2,032.77 |
| Home Loans and Loan Against Property (LAP) | 76,076.63 | 54,749.16 |
| Consumer Bank Working Capital (Secured) | 26,444.30 | 21,839.22 |
| Personal Loans, Business Loans & Consumer Durables | 10,070.92 | 7,022.08 |
| Credit Cards | 5,572.05 | 3,968.51 |
| Other Loans | 4,456.38 | 3,478.68 |
| **Total Advances** | **271,253.60** | **223,670.16** |
| Credit Substitutes | 21,227.48 | 15,168.40 |
| **Total Customer Assets** | **292,481.08** | **238,838.56** |

Advances grew at 21.3% to ₹ 271,253.60 crore as on 31st March, 2022 compared to ₹ 223,670.16 crore as on 31st March, 2021. Customer Assets grew at 22.46% to ₹ 292,481.08 crore as on 31st March, 2021 compared to ₹ 238,838.56 crore as on 31st March, 2021. The growth in Advances was seen across all the segments with a higher contribution from retail banking from home loans and loans against property (LAP), consumer bank working capital (Secured), personal loans, business loans and consumer durables and credit cards as a result of an increase in demand in these segments.

The Bank's credit deposit ratio stood at 87.03% as of 31st March, 2022 over 79.85% as of 31st March, 2021.

### Asset Quality

While some stress has been observed in segments such as Personal Loans, Business Loans & Consumer Durables, Working Capital, Credit cards, CV/CE and Agriculture division, the Bank has an overall healthy asset quality.

The position of Gross and Net NPA is as under:

(₹ in crore)

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---|---|
| Gross NPA | 6,469.74 | 7,425.51 |
| Gross NPA % | 2.34% | 3.25% |
| Net NPA | 1,736.71 | 2,705.17 |
| Net NPA % | 0.64% | 1.21% |

Slippages for FY 2021-22 were ₹ 4,316 crore (FY 2020-21: ₹ 5,488 crore) whereas recoveries and upgrades were ₹ 4,042 crore (FY 2020-21: ₹ 2,462 crore). The provision coverage ratio, including technical write off, was 79.05% as of 31st March, 2022 as compared to 70.23% as of 31st March, 2021. Total provisioning towards advances (including specific, standard, COVID related, etc.) held as on 31st March, 2022 was ₹ 6,710 crore.

### Restructuring

In accordance with Resolution Framework for COVID-19 announced by RBI on 6th August, 2020, the Bank has 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 COVID resolution frameworks was ₹ 417 cr as at 31st March, 2022 [0.15% of Advances] and under MSME resolution frameworks was ₹ 788 cr as at 31st March, 2022 [0.29% of Advances]. The Bank has made an additional provision over regulatory requirement on standard restructured book of ₹ 120 crore (10% of the book).

### Directed Lending

#### Priority Sector Lending and Investments

The RBI guidelines on priority sector lending require banks to lend 40.00% of their adjusted net bank credit (ANBC), to fund certain types of activities carried out by specified borrowers. Out of the overall target of 40.00%, banks are required to lend a minimum of 18.00% of their ANBC to the agriculture sector. Sub-targets of 9.00% for lending to small & marginal farmers (out of agriculture) and 7.50% lending target to micro-enterprises were introduced from fiscal 2016. Average lending to non-corporate farmers is notified by RBI on basis of the banking system's average level at the beginning of each year. RBI notified a target level of 12.73% of ANBC for this purpose for fiscal 2022 (FY 2020-21: 12.14%). The banks are also required to lend 11.00% 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 like 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. At 31st March, 2022, the Bank's total investment in such bonds was ₹ 5,572.40 crore (31st March, 2021: ₹ 6,314.51 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 2021-22 was ₹ 98,905.01 crore (FY 2020-21: ₹ 95,155.68 crore) constituting 44.19% (FY 2020-21: 43.95%) of ANBC, against the requirement of 40.00% of ANBC.

A brief analysis of the performance of various divisions of the Bank is as follows:

### Consumer Banking

#### Branch Banking

The Bank continued to roll out several initiatives aimed at offering a superior and differentiated customer experience.

#### Network

The Bank had 1,700 branches (excluding GIFT and DIFC) and 2,705 ATMs as on 31st March, 2022.

Introduced Micro ATM (Card + Pin) that will cut across geographies. Micro ATM services is a dedicated offering by the Bank appointed Business Correspondents (BC) to deliver basic banking services like cash withdrawal and balance inquiry. With this enablement, the Bank will widen its network presence for customers and increase the touchpoints across India, hence, ensuring its reach and enhanced customer service.

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

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

On World MSME day, the Bank has launched a campaign which celebrated the attitude of India's young entrepreneurs with a series of inspiring videos -'Empowering Business, Empowering You'.

The Bank has taken a big leap into creating a digital footprint in FY2021-22. The NRI customers of the Bank can now open Investment Accounts online. This is the most convenient and safe mode of opening investment accounts and to start investing in mutual funds. This initiative has led to a 3-fold rise in NRI investment account opening in the last six months of the fiscal year.

In early FY2021-22, the Bank enabled National Pension System ("NPS") on Mobile Platform both on Android and iOS Platforms. Currently, the Bank is among the only 2 Private Banks where such facility is being offered to the existing bank customer. With this enablement, of individual NPS account sourcing has moved to Mobile Banking, a big leap in digital initiatives by the Bank.

The Bank has a completely online mechanism to invest through Bank ASBA and UPI in IPO/FPO/Rights Issues/NCD/SGB. This proposition has been further sweetened with the introduction of instant online IPO Funding facility.

Kotak811, which started in March 2017 as a digital acquisition engine to acquire customers with zero balance savings accounts, now operates as a "Semi-Autonomous" Digital bank within the Bank with an additional focus on engagement and cross-sell. During FY2021-22, customer base grew by 50% YoY and cross-sell grew exponentially.

### Customer Convenience

Customer convenience remains the core thread intertwining of the Bank's digital initiatives during the year. This year, technology was leveraged to deliver customer experience, business efficiency, business collaborations and cybersecurity.

### Digital Payments

New "Pay Your Contact" feature on the App uses UPI to enable customers to send money to a contact by selecting or entering the beneficiary's mobile number.

"Unified Dispute and Issue Resolution (UDIR)" allows customers to check UPI status and raise dispute from Third Party Application Providers (TPAP). Customers can set auto debit mandate from TPAPs. E-Rupi – prepaid voucher functionality via UPI. Customers can withdraw cash at POS using UPI. "Spendz" enables customers to do UPI transactions from pre-funded account.
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### Conversational Banking

Keya and WhatsApp Banking have emerged as mainstream banking channels, with improved responsiveness of the contact centre and providing frictionless and convenient services to Kotak customers. 811 customers can now enquire about features and charges. Customers can do Mobile and DTH recharges. AI NLP capabilities have been improved resulting in 95% accuracy in query responses.

### New business and new models

A dedicated app for merchants has been launched, called Kotak.biz. This enables merchants to accept Cards, Bharat QR and UPI payments through their own mobiles. Payswiff is the Bank's technology partner for its Merchant App – Kotak.biz. The partnership with Pine Labs has enabled the Bank to foray into some of the largest retailers in the country. Mosambee and Ezetap partnerships have enabled the Bank to offer versatile payment options built on the Android platform.

### Digital Lending

Focus is on digitalizing end-to-end journeys, from product discovery to loan servicing. New journeys have been built to apply for loan products across the various digital channels. All platforms and downstream systems are being migrated to more robust systems in order to enhance these offerings and improve customer experience. A new home search platform and various calculators have been launched on the website. Various digital enablers were implemented to improve the efficiency of internal channels and reduce TAT for fulfilling loan applications.

### Innovation Lab

End consumers using partner software can now access Kotak banking services directly from their business applications. Enabled balance enquiry and bank statement as the first services.

Kotak Bank has joined the Account Aggregator ecosystem to empower customers to control access to their data for their own benefit. AA ecosystem data is to be utilized in lending journeys to start with OCEN platform has also been integrated for real time cashflow-based lending to existing customers.

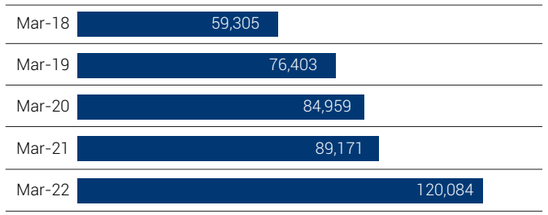
### Consumer Assets

Under the Consumer Assets portfolio, the Bank offers a wide range of products. The key ones are home loans, loans against property, personal loans, gold loans, working capital loans (for small businesses). Consumer Bank advances increased by 34.67% in FY2021-22.

Consumer Assets team scaled up business across both Unsecured Lending, Credit Cards & Home Loans/LAP inspite of the business impact in April-May 2022 on account of Covid 2.0.

The Bank continued to focus on building a significant book from active engagement with existing liability customers of the Bank.

**Consumer Banking Advances** (₹ crore)




### Products and Services

Home Loan business volumes grew YoY by 129% backed by a strong campaign highlighting the Bank's rate benefit.

Credit Card business posted strong volume growth in the 2nd half of the FY, crossing 12 lakh cards for the year. The credit business also launched a co-brand card partnering with Indigo airlines. The business also launched Veer card dedicated to the armed forces on Rupay platform.

Personal loans business also posted strong volume growth YoY.

Consumer Finance Business is now clocking over 50,000 loans per month (on an average) with focus on both online and offline business.

On the Business Banking Assets front, the Bank also launched its Healthcare Finance vertical for a targeted approach to meet the financial needs of this segment.

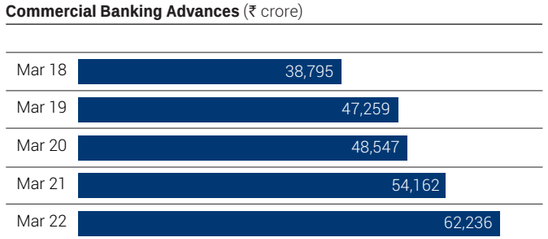
Multiple digital journeys for customer acquisition on assets and cards have been undertaken and will go live during FY2022-23.

### Commercial Banking

The Commercial Banking business focuses on meeting the banking and financial needs of various segments. The Commercial Bank has specialised units which offer financial solutions in the areas of commercial vehicles, construction equipment, tractor, gold loans and agriculture business. It services the priority sector by providing finance for tractor, crop loans, to small enterprises and for allied agricultural activities. The business plays a significant role in meeting financial inclusion goals and financing deep into 'Bharat' through an expanding network of branches and associates.

Trend of commercial advances over the last five years is as below:

**Commercial Banking Advances** (₹ crore)




### Commercial Equipment (CE)

India's CE industry, currently the 3rd largest in the world, witnessed a drop of 15% over last FY. The decline was primarily due to the impact of pandemic in first half of the year along with irregular cash flows from State government and its agencies. Major impact of cash flow was faced by retail and smaller contractors.

The Bank's disbursement witnessed 20% growth and improvement in market share over last year.

With improvement in economy and tax collection, the Bank is hopeful that cash flows in current FY will improve significantly and so will demand for CE equipment. GOI push on infrastructure with increased budgetary allocation and key announcement like GATI SHKATI, Ghar Ghar Jal Mission along with Road and Railways are few things which will keep the industry vibrant for future. Overall order flows are improving and so is the pace of work and utilisation of equipment at ground level. The overall delinquencies percentage in CE retail portfolio has marginally increased but major improvement was seen in the March quarter.

### Commercial Vehicle (CV)

The Bank's CV business has witnessed 54% disbursement growth with increase of 26% in CV industry numbers. This has led to achieving higher market share in CV industry. The Passenger segment, comprising staff/ school bus transportation, tour and travel and public transport operation, has seen some recovery in Q4FY22 and is poised for stronger recovery going forward. The overall delinquency percentage of the CV portfolio has come down along with reduction in GNPA numbers.

### Agri Business

The Agribusiness continued to show growth despite a first quarter halt to business activities due to the COVID wave 2. The year saw inflationary rise in commodity prices and a significant demand rise for all agro commodities resulting into request for incremental funding needs by all customers. This year, the Bank also completed the digitisation of the onboarding and renewal experience for the customer, thus requiring very limited physical contact/presence of the customer for their banking activities. The business focus towards priority sector assets resulted in further increase in PSL qualifying assets in the division's portfolio. PSL assets now account for 80% of the division's portfolio. A spurt in demand, recommencement of eateries and increased travel also saw an improvement in the turnover and business activities of its clients. The recoveries could have been higher but for the late commencement of the courts. The business however faced interest rate pressure due to intense competition.

The division also focussed on a couple of new initiatives like the Agri Infra Fund / AMI, a biometric oriented retail farmer onboarding app and empanelment with govt. agencies for FPO lending. The business also witnessed increasing traction on the e-NAM platform.

### Micro Finance

The microfinance segment saw a significant resurgence, growing at over 60% on advances on YoY basis. The portfolio quality also saw improved collection efficiency to over 95% on a monthly basis and a return to almost normal status of fresh loan disbursements. This segment had been severely impacted by the lockdowns and stoppage of business due to COVID for the past two years.

### Tractor Finance

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

### Crop Loan

The Bank has Crop Loan business presence in Punjab, Haryana and Western states of India. Portfolio quality has improved in last year due to better resolution and collection focused manpower structure .Better monsoon and good crop yields have also helped in resolution.

### Gold Loan

In last year, the Bank expanded Gold loan branches to 400, now 24% of its branches are active for Gold loan processing.

### 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 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-sell of the varied products and services.

This year too, due to the 2nd and the 3rd wave, the Wholesale Banking business faced Covid related challenges. As economic activity rebounded, the Bank navigated this period by judiciously balancing growth and prudent risk management. Working capital utilisations remained muted during the year led by the general approach of corporates to deleverage and bring better efficiency in their working capital management. Robust equity capital markets helped many of these corporates to also bolster their balance sheets and keep leverage at comfortable levels. Companies were, by and large, agile in increasing productivity and reducing costs. Even as companies kept a tight leash on their balance sheets, the Bank continued its proactive approach towards risk and sought to rebalance its portfolio in response to the economic situation.

The Bank addressed these growth challenges by remaining focussed on both adding new customers in a profitable manner as well as increasing wallet share with existing customers and ended the year with well-diversified growth across all customer segments.

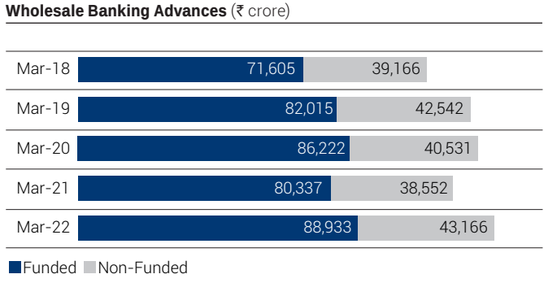
A focussed approach towards priority sector lending led to healthy growth in priority sector advances. A significant ramp up was seen in SME during the year through focussed acquisition strategy and several initiatives to reduce response times. The Bank also increased its exposures to NBFC customers and loans to this segment witnessed a strong growth.

Liquidity returned to the debt capital markets and this led to a significant uptick in corporates raising funds through these markets. Larger corporates started replacing their bank borrowings from funds raised in the capital markets through listed debentures and other instruments. In line with this trend, the Bank also significantly ramped up its investment portfolio in these debt instruments enabling it to gain a higher share of a shrinking wallet of such large corporates. The Bank assisted several customers in raising debt through these markets; thus, significantly growing its Debt Capital Market and Loan Syndication revenue stream.

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

The mix between funded and non-funded (Letter of Credit and Bank Guarantees) for last five years is as follows:

**Wholesale Banking Advances** (₹ crore)




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 position of the Bank 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.

There has also been greater focus on increasing the liability side of our business, mainly core current account and other non-risk income streams. Assets under custody grew substantially, given IPO traction and huge PE inflows. 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, 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 over the past few years. Improvement in productivity helped ensure costs were kept under control.

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 Singapore, Hong Kong, Italy, Germany, Switzerland and Austria. The two-way co-operation agreement has also helped the Bank deliver cross border products to its clients in India. The Bank has also set up 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 momentum in Global Transaction Services (GTS). With its long-term strategy of providing an integrated portal across all its product suites, the Bank continued its focus on innovation, digitisation, structured solutions and fee income.

The Bank endeavours to provide its clients with a comprehensive product-suite to help their businesses grow in a sustainable and holistic manner. The Bank was also agile in implementing digital signatures and other online platform solutions for execution of customer documentation. During the year, the Cash Management Portal was upgraded, the online trade portal went live, and digital on-boarding of custody end clients was launched. The Bank launched Kotak FYN, its new enterprise portal exclusively for Business Banking and Corporate clients. Kotak FYN aims to provide customers with a seamless experience and a unified view across all product platforms. The portal enables paperless transactions and the facility to track transactions end-to-end. The Bank also continued on its journey towards providing a unified portal for all of its transaction banking customers by investing in new technologies and upgrading its processing engines.

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 grow its profitability and maintain a healthy After Tax Return on Equity (ATROE) despite the challenges faced during the year.

The Bank continues to focus on strengthening its organisation platform and placing the Corporate Bank in a strong position in the market.

### 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 wealth management firms, managing wealth over half of India's top 100 families (Source: Forbes India Rich List 2021), with clients range from entrepreneurs to business families and professionals.

It provides an open architecture proposition to its customers, offering a plethora of wealth products. This business has a strong distribution capability for private clients through distribution/referral model across equities, fixed income & alternates catering to Ultra HNI and HNI (High Networth Individual) investors. In addition to comprehensive financial solutions, the division provides a strategic consolidated view on the client's overall portfolio, in addition to comprehensive financial solutions that go beyond investments. These also include banking and credit, consolidated reporting, referral for estate planning services etc. With an in-depth understanding of client requirements and expertise across various asset classes, this business offers the widest range of financial solutions.

In addition, the Bank has also built a large Priority Banking business, assisting mass affluent customers with products and solutions developed to meet their financial requirements. The total relationship value of Private Banking, Priority Banking and Investment Advisory offerings is ~ ₹ 641,000 crore (as of 31st March, 2022). It has added ~700 new families in 2022.

- Focus on Digital & Technology has resulted in enhanced productivity and improved customer experience from onboarding and transaction processing to servicing perspective. The continuous engagement and feedback mechanism with all stakeholders has led to sustained process improvement.
- Customer centricity and bespoke development are the two key pillars of Kotak Private banking:
  - Kotak Private banking implemented low-code platform and cloud-based solutions to ensure quick time to execution and scalability
  - It works with both fintechs and wealthtechs to ensure that it can fulfil both bespoke developments as well as adapt to technological trends and functionalities
- It services wealth clients and provides them with soft skills and functional trainings.

Kotak Private banking Management has been consistently featured as the Best Private Bank, India across multiple Global and Domestic Surveys, in 2020. Some of the recent accolades include:

- Best for Serving Business Owners, India by Euromoney Private Banking and Wealth Management Survey, 2022
- Best Private Bank for Entrepreneurs – Global by Global Finance Private Bank Awards 2022
- Best Private Bank, India by FinanceAsia Country Awards, 2021
- Best for High Net Worth Clients, Asia by Asiamoney Private Banking Awards, 2021
- Best Private Bank - Digital Innovation & Services, India by Asian Private Banker Awards for Distinction, 2021

### GIFT CITY

The GIFT City branch commenced operations in FY 2017. The GIFT Branch caters to the banking needs – including requirements of managing currency and interest rate risks, of the Bank's overseas customers and import funding as per extant guidelines. Additionally, the branch also caters to the account and clearing requirements for the Exchange & its members at GIFT IFSC.

International Financial Services Centres Authority [IFSCA] - a unified regulator, augments the landscape with its vision to provide a world-class regulatory environment and fostering ease of doing business at IFSC. The branch is regulated by the IFSCA.

The Branch operates from the domestic operations of the Bank, building on the infrastructure of support services basis a formal SLA. Global excess liquidity and relatively stable global rates provided the Branch with an opportunity to build a short tenor investment portfolio. The Branch has established transactional relationships with leading players in the Asia Pacific region. In addition to the building of the bond portfolio, the Branch also built on its Advances portfolio - growing at about 25% YoY in USD terms (~ 30% in INR terms), while maintaining prudence in credit & underwriting standards.

The Branch is also working on extending its product & client reach in consultation with the regulator at GIFT. For FY 2021-22, the Branch operated efficiently, seamlessly [with only intermittent disruptions on account of COVID] – maintaining high standards of operational efficiency, prudence and heightened vigil.

### DIFC BRANCH

DIFC Branch – the Bank's first overseas branch at Dubai International Financial Centre [DIFC], Dubai, started operations in October 2019; in addition to providing clients a choice of international destination for offshore banking services, DIFC Branch also complements the Bank with ability to advise and arrange global investment products, provide loans and accept deposits with overseas customers that qualify the professional client criteria of the DFSA.

The Branch, during FY 2021-22, embarked its journey to enable integrate India services for offshore customers – enlarging the canvas for operations. The Branch also initiated its client lending operations in FY 2021-22 while strengthening its Private banking offering by way of product diversification and international tie ups. Given a transient business environment in the global markets, the Branch is calibrating its scaling up of operations with a cautious and prudent approach.

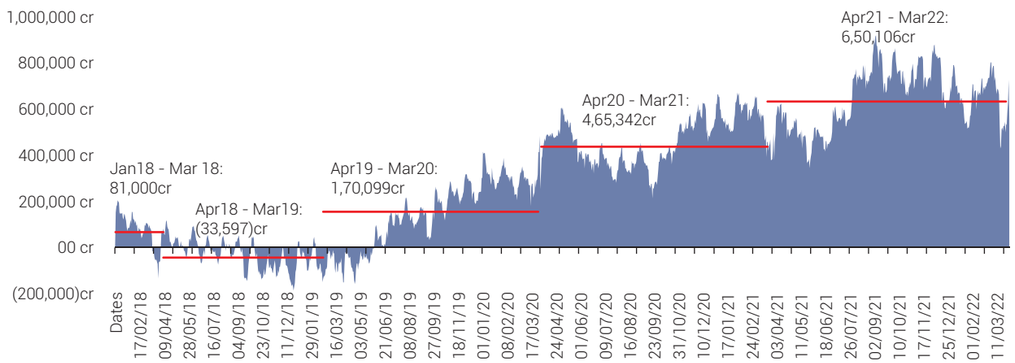
### Treasury

FY 2021-22 may be best characterised as the year of preparing to transition from COVID related disruptions towards normalisation and pangs of global realignments. The year saw the inertia of extra accommodative central bank policies starting to give way to phased normalisation - global liquidity [as also in India] presaging to wane; global interest rates heralding ascension; impact of return of demand but supply yet to be restored manifesting in threat of inflation.

| | Open | High | Low | Close | Net Move | Range |
|---|---|---|---|---|---|---|
| Yield on 10yr Indian Govt Bond | 6.20 | 6.96 | 5.96 | 6.84 | 0.64 ↑ | 1.00 |
| Yield on 10yr US Treasury Bond | 1.74 | 2.56 | 1.13 | 2.35 | 0.61 ↑ | 1.43 |
| Indian Rupee | 73.17 | 77.16 | 72.31 | 75.90 | 2.73 ↑ | 4.85 |
| EUR / USD | 1.1730 | 1.2266 | 1.0804 | 1.1065 | (0.07) ↓ | 0.15 |
| GOLD (USD/Troy ounce) | 1,708 | 2,070 | 1,684 | 1,937 | 229 ↑ | 386 |
| BRENT Crude | 63.12 | 139.13 | 61.25 | 107.91 | 45 ↑ | 77.88 |
| NIFTY | 14,798 | 18,604 | 14,151 | 17,465 | 2,666 ↑ | 4,453 |

*Horizon: FY2022; Source: Refinitiv*

Markets in India also swayed with global cues. The adjoining table gives the extent of movement in key market benchmarks for FY 2021-22. The range [difference between the High and Low] is indicative of the volatility during the year.




*Net System Liquidity [incl.MSS]; Source: Kotak Mahindra Bank Research*

FY 2021-22 witnessed a cruel second COVID wave and a milder third wave, with makings of gradual opening up post unprecedented disruptions. Through most of FY 2021-22, the regulators globally continued with the accommodative and supportive policies. In India too, the systemic liquidity grew from levels of the previous year. However, by the end of FY 2021-22, the early signs of withdrawal of the liquidity and 'ultra'-accommodation appeared on the horizon. Benchmark yields started pulling up and tenor flattening also started becoming more conspicuous. Lag in recovery of supply lines manifested in rising inflation globally. In this context, the Ukraine – Russia flare only set back the supply chain recovery. Led by spiking of commodity prices – inflation started to morph into a stickier mire. The MPC and RBI - used the available policy tools to effectively anchor the markets for most part of the year, wrapping up a large government borrowing program with élan.

Segmental disconnects, turning tides and volatility were the central theme of the markets in FY 2021-22. Pockets of opportunity required agility and alacrity. The Bank's Treasury fared well in this period, delivering high revenues – second year in a row. Marred by pandemic disruptions, the Treasury teams – matched colleagues at other parts of the Bank, in displaying grit, determination; rising above personal struggles, joining hands to deliver a seamless and efficient outcomes.

The Bank's Treasury began the year on a conservative tone and progressively built upon strategy of aligning customer flows and managing surplus liquidity. As per prudence norms, the Treasury maintained more than adequate liquidity in preparedness for any eventuality. Across various desks, Treasury's investment strategy aligned with emerging liquidity situation - maintained higher investments of short duration liquid assets.

Fixed Income Trading Desk, with a positive outlook, careful data backed analysis and a cautious approach, anticipated & managed the trading portfolio durations optimally and with agility. Well-thought and composed positions yielded desired outcomes. The Primary Dealer (PD) desk at Treasury, in addition to gainful positioning on the Trading portfolio, improved upon the distribution and retailing of sovereign securities. The PD desk also successfully met its regulatory obligations of bidding and success ratios in primary auctions and trading volumes in the secondary market for Government Securities.

FY 2021-22 was characterised by domestic demand led buoyancy in the equity markets and healthy amount of capital raising in form of IPOs. Treasury Equity desk took measured calls on the market with a modest portfolio - a profitable mix of primary and secondary markets, delivering value to the Bank.

In a market interspersed with events, bouts of volatility mirroring global currency movements and accompanied by RBI's efforts to smoothen volatility - FX Trading desk continued its measured stance with calibrated position taking, delivering remarkable outcomes. The FX desk also facilitated customer flows and market requirements of the Bank's customers.

As the economy re-opened through the year, the customer FX flows recouped – almost to the pre-pandemic levels. The Treasury FX Sales team reached out to Bank's customers - helping in understanding of the markets, efficient channelling of flows through the Bank with the help of array of products, pricing efficacy and efficient servicing. The FX Sales desk continued on its efforts on technology based solutions, pricing efficiency, process optimisation and fine-tuning of desk organisation to deliver experiential service to its customers.

The Bullion desk continued building the annuity book of Gold Loans – providing stability and sustained profitability.

Higher systemic liquidity with a waning bias, budding credit demand & appetite resulted in better deployment of surplus liquidity. The Balance Sheet Management Unit (BMU) managed the liquidity needs of nascent credit growth and liquidity buffers along with deployment at optimal yields. The duration of combined investments of Fixed Income Prop Desk & BMU Desk stood at about 1.2 years at the end of FY 2021-22. The BMU maintained heightened vigil while managing Liquidity and Interest Rate Risks and regulatory investments of the Bank. Regulatory requirements on reserves and liquidity ratios were maintained well above the stipulated thresholds.

The Technology team within the Treasury contributed by not only maintaining Treasury applications through the year, but also by delivering enhanced technology solutions towards increased efficiency, enhanced computational, monitoring and reporting capabilities. Amidst choppy markets and intermittent pandemic disruptions, seamless continuation of operations at the Bank Treasury is a testimony of the Bank's agility, preparedness and resilience of its systems and processes.

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, counterparty and country exposures.

## Subsidiaries Highlights

### Kotak Mahindra Prime Limited (KMP)

KMP is primarily engaged in vehicle financing; financing of retail customers of passenger cars, Multi-Utility Vehicles (MUVs) and term 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 and other lending.

### Financial Highlights

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Net Interest Income | 1,456.68 | 1,211.69 |
| Other Income | 330.77 | 220.38 |
| **Total Income** | **1,787.45** | **1,432.08** |
| PBT | 1,179.79 | 720.40 |
| PAT | 885.51 | 534.71 |

(₹ In crore)

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---|---|
| Net Customer Assets | 24,250.76 | 21,803.91 |
| - Car advances | 18,157.35 | 15,800.81 |
| Net NPA % | 1.56% | 1.66% |
| RoAA % | 3.32% | 1.99% |
| Capital Adequacy Ratio % | 30.07% | 29.39% |
| Tier I % | 29.24% | 28.44% |

The passenger car market in India grew by 12.68% for FY 2021-22 compared to 1.58% de-growth in FY 2020-21. The sale of cars and MUVs crossed 30.60 lakh units in FY 2021-22 compared to 27.16 lakh units in FY 2020-21. KMP added 76,956 contracts in FY 2021-22 compared to 61,878 contracts in FY 2020-21.

In Q2FY22, the Company acquired standard car finance portfolio of ~ ₹ 1,100 crore from Volkswagen Finance Private Limited (VWFPL). Further, in Q3FY22, the Company acquired standard car finance portfolio of ₹ 425 crore from Ford Credit India Private Limited (FCIPL).

PBT for FY 2021-22 at ₹ 1,179.79 crore was higher than ₹ 720.40 crore for FY 2020-21 primarily due to higher disbursements, income from acquisition of portfolio from VWFPL and FCIPL, covid provision reversal, lower loss provisions and higher investment profits. NIM for FY 2021-22 was 5.65% compared to 4.96% for FY 2020-21.

Gross NPA was ₹ 797.44 crore (3.56% of gross advances) while net NPA was ₹ 377.24 crore (1.71% of net advances) as on 31st March, 2022.

### 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 one of the most trusted 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 2021-22 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 the non-LAS part of its Corporate Lending book. M&A, PE exits / acquisitions / leveraged buyouts across sectors with a focus on senior secured performing credit at holding / operating company level. 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 2021-22 | FY 2020-21 |
|---|---|---|
| Net Interest Income | 427.27 | 354.49 |
| Other Income | 141.22 | 73.96 |
| **Total Income** | **568.49** | **428.45** |
| PBT | 498.57 | 345.84 |
| PAT | 371.15 | 257.76 |

(₹ In crore)

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---|---|
| Net Customer Assets | 7,170.33 | 6,795.44 |
| Net NPA % | 0.55% | 0.62% |
| RoAA % | 4.13% | 3.54% |
| Capital Adequacy Ratio % | 34.59% | 33.16% |
| Tier I % | 32.19% | 30.07% |

PBT for FY 2021-22 at ₹ 498.57 crore was higher than ₹ 345.84 crore for FY 2020-21 primarily due to higher disbursements, covid provision reversal and higher investment profits.

Customer assets Increased to ₹ 7,170.33 crore as on 31st March, 2022 as compared to ₹ 6,795.44 crore as on 31st March, 2021. Increase of 43.9% in PAT to ₹ 371.15 crore for FY 2021-22 from ₹ 257.76 crore in FY 20202-21. NIM for FY 2021-22 was 6.10% compared to 6.02% for FY 2020-21.

Gross NPA and Net NPA as on 31st March, 2022 was at ₹ 66.87 crore (1.05% of Advances) and ₹ 34.76 crore (0.55% of Advances) respectively.

### Kotak Securities Limited (KS)

Kotak Securities Limited (KSL) provides broking services in equity cash and derivatives segments, commodity derivatives, currency derivatives, depository and primary market distribution services. KSL is a member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), National Commodity & 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 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 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 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 2501.66 | 2021.05 |
| PBT | 1,333.50 | 1,057.43 |
| PAT | 1,001.33 | 792.64 |

PBT for FY 2021-22 at ₹ 1,333.50 crore was higher than ₹ 1,057.43 crore for FY 2020-21 primarily due to higher brokerage income supported by market volumes, higher interest income on margin funding, higher IPO income, offset, in part, by increase in borrowings cost, employee cost and technology costs.

The financial year FY 2021-22 witnessed a volume growth in cash market, equity derivative, currency segment and volume de-growth in commodity segment over FY 2020-21. Market average daily volumes (excluding proprietary segment) for FY 2021-22 increased from ₹ 1,529,679 crore for FY 2020-21 to ₹ 3,552,488 crore for FY 2021-22.

Kotak Securities average daily volumes (excluding proprietary segment) for FY 2021-22 has increased to:

- ₹ 5,428 crore from ₹ 4,518 crore for FY 2020-21 for cash segment
- ₹ 91,642 crore from ₹ 22,331 crore for FY 2020-21 for NSE equity options segment
- ₹ 8,036 crore from ₹ 6,214 crore for FY 2020-21 for NSE equity futures segment

Kotak Securities market share (excluding proprietary segment) for FY 2021-22 increased to:

- 10.58% compared to 9.31% in FY 2020-21 for cash segment
- 2.69% compared to 1.59% in FY 2020-21 for NSE options segment
- 9.03% compared to 7.80% in FY 2020-21 for NSE futures segment

Note: Market share excludes BSE derivatives and proprietary segment volumes

With the help of seamless digital account opening, KS witnessed an increase in its client acquisition by 79% (YoY) and the NSE active client base increased from ₹ 7.43 lakh in FY 2020-21 to ₹ 12.56 lakh in FY 2021-22. Kotak Securities' Trade Free Plan (TFP) accounted for 65% of the total acquisitions during FY 2021-22. Due to the continued thrust on digital, mobile trading application of KS, registered a massive adoption resulting in 380% growth in the trading volume through the Kotak Securities Mobile app.

Multiple initiatives were adopted to improve KS value proposition. Provided below are the key initiatives:

- A subscription based 'No Brokerage Plan' was launched to encourage youth to experience the markets without worrying about brokerage
- Trade Free Max Plan was introduced that offered Margin Trading Facility at 7.75% per annum i.e. one of the most competitive rates in the industry
- Launched 'Ace Portfolios' that offers curated portfolios from Registered Investment Advisors to our clients
- Set up an investment fund to partner with Fin-Techs through product collaborations, investments and acquihires. Acquired TradeGyani and investments done in Kredent Infoline Ltd and Flipitmoney
- Research reports are made available in video and crisp PDF documents, to enable better access and improved understanding
- Revamped and migrated the entire platform stack – Mobile app, Web platform and Desktop platform to enhance user trading experience
- To be future ready, launched a second platform stack Neo in March 2022. This is a cloud-based platform built on latest technologies and practices. It is aimed to pivot Kotak Securities Limited as a leader in digital offerings
- Enhanced online journey to facilitate seamless account opening under six minutes. 44% of DIY accounts opened in Q4FY22, are completely digital i.e. opened without any assistance. The application process was further enriched with the ability to offer multiple pricing plans and customize basis user profile
- To enhance customer inbound call experience, migrated telephony to cloud with multilingual IVR capability
- Launched multi-lingual chat-bot in 9 languages for 15 self-service options
- Digital servicing has been made available to self-update Nominee, bank, mobile, email-id, address and activate trading segment

As on 31st March, 2022, KS had a national footprint of 1,476 branches, franchisees and referral co-ordinators across 376 cities in India serving its customers. The cumulative number of registered authorised persons stood at 2,152 for NSE and 1,744 for BSE.

The Institutional Equities division of KS registered a stellar growth in revenues and showed very strong performance in distribution of IPOs, QIPs, open offers and execution of block trades. The Institutional Equities research team is highly rated by institutional clients across sectors and it continues to add new sectors and companies to its coverage list. KS continues to upgrade its IT infrastructure through investment in cutting-edge technology in order to further improve the quality of trade execution for its institutional clients and enhance overall operational efficiency.

Awards and Recognitions

- The Best Stock Broking Company of The Year (By Quantic India)
- Best Cloud Initiative – Stock Broking category (By Quantic India)

### 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

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 439.91 | 202.22 |
| PBT | 315.70 | 110.94 |
| PAT | 244.75 | 82.28 |

### Equity Capital Markets

In FY 2021-22, the Indian Equity Capital Markets continued to witness strong momentum in fundraising completing 53 IPOs, 1 FPO, 29 QIPs, 22 OFS and 10 Rights Issues. A total of ₹ 2,03,327 crore (vs ₹ 2,70,139 crore in FY 2020-21) was raised across Initial Public Offerings (IPOs), Qualified Institutional Placements (QIPs), Further Public Offering (FPO), Rights Issues and Offers for Sale (OFS). FY 2021-22 saw exceptional response in IPOs and ensured successful completion of some of the marquee IPOs in the New Age Tech sector such as Zomato, FSN E-commerce (Nykaa), PB Fintech and Sona BLW Precision Forgings among others. Other sectors such as Consumer, Financials, Healthcare, Real estate and Speciality Chemicals also witnessed strong investor response. Domestic Institutional Investors continued to support the markets with an inflow of USD 29 billion vs an outflow of USD 17 billion from FIIs.

KMCC successfully completed 36 transactions, including 19 IPOs, 4 QIPs, 9 Block Deals, 2 Rights Issues, 1 OFS and 1 InVIT raising a total of ₹ 1,16,556 crore in FY 2021-22. KMCC continued to be the Left Lead Banker of Choice having led large IPO transactions like Zomato. Star Health, FSN E-Commerce Ventures Ltd, PB Fintech, Sona BLW Precision Forgings etc.

KMCC was ranked No. 1 in IPOs more than ₹ 1,500 crore having led 16 out of 20 such IPOs. KMCC had a 55% market share in FY 2021-22 across all ECM transactions. (Source: Prime Database). Top Equity Deals that were concluded by KMCC during the year include:

IPO: Zomato - ₹ 9,375 crore, Star Health & Allied Insurance - ₹ 6,019 crore, PB Fintech - ₹ 5,710 crore, Sona BLW Precision Forgings - ₹ 5,500 crore, FSN E-Commerce Ventures Ltd - ₹ 5,350 crore, Adani Wilmar - ₹ 3,600 crore, Vedant Fashions - ₹ 3,149 crore, CarTrade Tech - ₹ 2,999 crore, Aptus Value Housing Finance - ₹ 2,780 crore, Aditya Birla Sun Life AMC - ₹ 2,768 crore, Macrotech Developers - ₹ 2,500 crore, Krishna Institute of Medical Sciences - ₹ 2,144 crore, Vijaya Diagnostic Center - ₹ 1,894 crore, Devyani International - ₹ 1,838 crore, Clean Science & Technology - ₹ 1,547 crore, Glenmark Lifesciences - ₹ 1,514 crore, Rategain Travel Technologies - ₹ 1,336 crore, C.E. Info Systems - ₹ 1,040 crore, GR Infraprojects - ₹ 962 crore.

Rights: Bharti Airtel Ltd - ₹ 20,987 crore, Indian Hotels Co. Ltd - ₹ 1,982 crore.

OFS: ONGC - ₹ 3,017 crore.

InVIT: NHAI InVIT - ₹ 5,046 crore.

QIP: Macrotech Developers LTD. - ₹ 4,000 crore, Aarti Industries - ₹ 1,200 crore, Route Mobile - ₹ 868 crore, Brigade Enterprises - ₹ 500 crore.

### Mergers & Acquisitions and Private Equity Advisory

The total M&A Advisory deal value in India for FY 2021-22 increased to USD 151 billion vis-à-vis USD 126 billion in FY 2020-21, while deal volumes increased to 3,700 in FY 2021-22 from 2,084 in FY 2020-21. (Source: Bloomberg, as on 13th April, 2022)

The Value of New Business (VNB) for FY 2022 was ₹ 895 crore and the VNB margin was 31.1%.

Networth of KLI increased by 8.50% to ₹ 4,389.20 crore as on 31st March, 2022 from ₹ 4,045.47 crore as on 31st March, 2021. KLI has solvency ratio of 2.73 against a regulatory requirement of 1.50.

PBT (Shareholders') of the Company for FY 2021-22 stood at ₹ 596.49 crore compared to ₹ 897.47 crore in FY 2020-21. The lower profit is primarily on account of higher death claims reported to the Company during the second wave of COVID-19 wherein there was an unprecedented increase in fatalities in the country. Overall death claims (net of reinsurance) increased from ₹ 1,013.41 crore in FY 2020-21 to ₹ 1,679.73 crore in FY 2021-22.

## Revenue Performance

KLI has recorded a growth of 17.25% on the gross written premium, mainly coming from renewal premium and Group New business. The summary of premiums is as under:

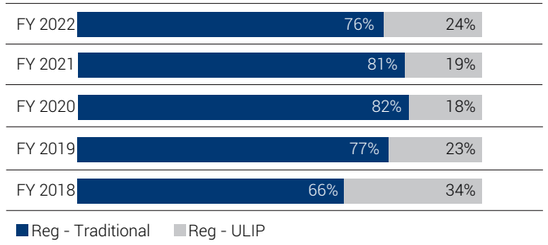
(₹ in crore)

| Particulars | During FY 2022 | During FY 2021 |
|---|---|---|
| Individual Regular | 1,980.81 | 1,693.35 |
| Individual Single | 1,320.28 | 1,251.25 |
| Group Premium | 2,841.68 | 2,311.91 |
| **Total New Business Premium** | **6,142.77** | **5,256.51** |
| Renewal | 6,872.35 | 5,843.71 |
| **Gross Premium** | **13,015.11** | **11,100.22** |

## Distribution Mix (Individual business APE (Single 1/10)

The distribution mix for Individual business APE (Single 1/10), is 51.40% for the Bancassurance channel and 48.60% for Agency & other channels.

**Individual Regular Product Mix**




This year product mix of KLI in individual regular premium inclines towards traditional business being 75.79% and 24.21% of ULIP.

## Protection Share

Protection share as % of Individual New Business and Total Group Business stood at 32.86%. Overall protection business for FY 2021-22 has grown by 45.40% from ₹

## Assets Under Management

KLI saw an increase in its AUM (including shareholders') by 19.44% YoY to ₹ 55,562.61 crore as on 31st March, 2022.

## Digital Initatives

**KLI focused on below 4 areas**

- Customer experience
  - Digital servicing deepened: >70% service requests through digital channels
  - Rapid issuance project: >36% cases saw one-day policy issuance in Feb-Mar 2022
- Distributor engagement
  - KLI Recruit – advisor onboarding platform with OCR, OTP-based consent, online payment – saw 100% adoption
  - Boost – advisor mobile app with full business visibility – saw >25,000 new registrations
- New business opportunities
  - Deepened integration with Policybazaar: 27% more same-month issuance in Mar 22 compared to Nov 21
  - D2C journeys covering Term, Health, ULIP and Annuity enabled and/or enhanced
  - D2C journeys for KMBL customers (in mobile or net banking platform) covering Term, Health, Savings and ULIP enabled and/or enhanced
- Data as an asset
  - Embarked on organization-wide Data Warehouse project: structured and unstructured data in a single repository
  - Propensity model for cross-sell utilized by sales channels

## Social and Rural Obligations

KLI has written rural policies 77,609 (FY 2021: 77,3Fr

## Investments

Investments of KGI as on 31st March, 2022 stood at ₹ 1,231.37 crore against the previous year amount of ₹ 932.11 crore, registering a growth of 32.11%.

## Distribution Network

KGI has a network of 19 branches catering to more than 300 locations. KGI has registered 22 Corporate Agents, 1712 Individual Agents, 2592 Point of Sale agents and 21 Micro Insurance Agents.

## Rural and Social Obligations

KGI has written a premium of ₹ 97.71 crore under rural obligation representing 13.16% of total premium. Further, KGI has covered 244,570 social lives against the regulatory requirement of 71,741.

## Claim Servicing

The number of claims settled by the Company has increased from ~ 56,000 in 2021 to ~ 89,000 in 2022, an increase of 58.92%. Also, during the year the Company has settled Covid-19 claims amounting to ₹ 31 crore.

## 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 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 771.13 | 602.29 |
| PBT | 455.51 | 395.99 |
| PAT | 338.94 | 294.83 |
| AAUM | 272,938 | 202,826 |

(₹ in crore)

| Kotak Mahindra Trustee Company Limited | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 148.49 | 71.83 |
| PBT | 145.18 | 69.14 |
| PAT | 115.18 | 51.45 |

The mutual fund industry registered a YoY growth of 20.0% YOY in Q4FY22 over Q4FY21 with the Quarterly Average Assets under Management (QAAUM) for Q4FY22 at ₹ 38.84 lakh crore.

During the same period, on the basis of percentage growth in QAAUM, KMAMC was the fifth fastest growing Mutual Fund House – and ranked no. 5 in industry. The QAAUM of KMMF which stood at ₹ 286,478 crore for Jan-Mar 2022 has seen growth of around 22% in Q4FY22 over Q4FY21. Market Share in QAAUM has grown to 7.37% in Q4FY22 from 7.25% in Q4FY21 and 6.86% in Q4FY20. The annual AAUM of KMAMC for FY 2021-22 was ₹ 272,938 crore against ₹ 202,826 crore FY 2020-21, a growth of 35%.

KMAMC has 39.2 lakh unique investors basis the RTA data against industry of 337 lakh, a market share of 11.7% in March 2022, against a share of 11.4% in March 2021.

KMAMC ended the year with discretionary AUM under the portfolio management business of ₹ 1,227 crore as on 31st March, 2022 against ₹ 1,645 as on 31st March, 2021.

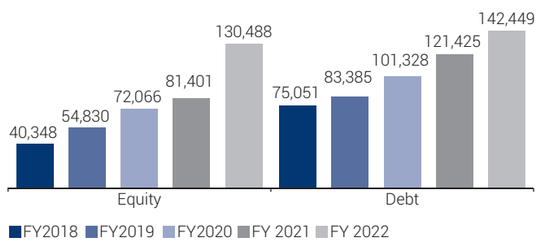
It launched its maidan Alternate Investment Fund – Kotak India Renaissance Fund 1 in Feb 2022 and the corpus as on 31st March was ₹ 204.45 crore.

There is an increase in revenue from operations to ₹ 768.41 crore from ₹ 599.29 crore largely on account of increase in AAUM. The overall costs increased to ₹ 315.62 crore in FY 2021-22 against ₹ 206.29 crore in FY 2020-21. Hence, the overall profit before tax has increased to ₹ 455.51 crore in FY 2021-22 compared to ₹ 395.99 crore in FY 2020-21.

The Funds managed by KMAMC continued to deliver consistent risk adjusted return to their investors over the long-term.

For KMTCL, the growth in PBT is also partially due to the Long term capital gain of ₹ 46 crore booked in FY 2021-22 on account of switch made of its long term investments in Kotak Mahindra Mutual Fund schemes , for better returns, other than the normal growth in trustee fees due to increase in AAUM.

**Average AUM** (₹ crore)



## Kotak Mahindra Pension Fund Limited (KMPFL)

### Financial Highlights

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 3.39 | 3.81 |
| PBT | (1.54) | 0.45 |
| PAT | (1.54) | 0.21 |
| AUM | 2,230 | 1,572 |

The Company manages nine schemes under the National Pension System. The Company had total assets under management (AUM) of ₹ 2,230 crore as at the end of the financial year, a growth of 42% over the previous year (₹ 1,572 crore). The overall pension fund industry AUM (including the private and public sector) has grown by over 27% year-on-year to ₹ 736,593 crore as on 31st March 2022.

The Government debt fund (NPS Tier 1) for FY 2021-22 and among the top two best performing Equity funds (NPS Tier 1) for the financial year. Besides, it was the top performing equity fund (NPS Tier 1) over 10-year period and among the top two the best performing equity funds (NPS Tier 1) over 3 and 7-year periods as on 31st March 2022.

PFRDA has, vide their letter dated 19th April, 2021, approved the transfer of 46.7% of equity shareholding of the Company held by KMAMC whereby the Bank will become co-sponsor of KMPFL with 51% shareholding along with KMAMC with 49% shareholding.

Further, in response to Request for Proposal (RFP) dated 23rd December, 2020 issued by Pension Fund Regulatory and Development Authority (PFRDA), a proposal was submitted by KMBL and KMAMC as co-sponsors on 20th January, 2021 for managing NPS Corpus through existing Pension Fund Company –KMPFL. PFRDA has approved the sponsors vide letter of appointment dated 19th May, 2021 and issued a Certificate of registration no. PFRDA/PF/2021/006 dated 1st June, 2021 which shall remain valid unless suspended or cancelled by the Authority. Under the terms of the RFP, the revised Investment Management Fees as applicable w.e.f. 1st June, 2021 is as follows (prior it was charged at 0.01% p.a for Tier I and Tier II schemes and 0.0102% p.a. for NPS Lite Scheme – Govt Pattern);

| Slabs of AUM (₹ in crore) | Investment Management Fees |
|---|---|
| Upto 10,000 crore | 0.09% |
| 10,001-50,000 crore | 0.06% |
| 50,001- 150,000 crore | 0.05% |
| Above 1,50,000 crore | 0.03% |

There has been an increase in revenue from operation to ₹ 1.48 crore in FY 2021-22 as compared to ₹ 0.13 crore in FY 2020-21 primarily on account of increase in rate of Management fees from 0.01% to 0.09%. The overall costs increased to ₹ 4.93 crore in FY 2021-22 against ₹ 3.36 crore in FY 2020-21. Hence, there is a loss of ₹ 1.54 crore in FY 2021-22 as compared to PBT of ₹ 0.45 crore in FY 2020-21.

## 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 namely (a) Special Situations and Credit (b) Real Estate (c) Infrastructure (d) Listed Strategies (e) Private Equity and (f) Investment Advisory. It is amongst select alternate asset managers in India to be present across these six asset classes and managing large number of active funds in these asset classes. During the year, KIAL has also started the Investment Distribution services through Cherry platform.

### Financial Highlights

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 243.96 | 140.84 |
| PBT | 79.42 | 50.50 |
| PAT | 58.65 | 40.03 |
| AUM | 20,079 | 17,906 |

During the year, KIAL has received new capital commitments of around ₹ 2,940 crore. The aggregate alternate assets managed / advised (including undrawn commitments, wherever applicable) by KIAL as on 31st March, 2021 were ₹ 20,079 crore. It managed 19 domestic funds, advised 1 domestic fund and 6 offshore funds during the year.

Of the new capital commitments received during the year, the Kotak Pre-IPO Opportunities Fund completed its first and final close with commitments of ~ ₹ 2,000 crore. The Kotak Pre-IPO Opportunities Fund will target high-quality companies across sectors, especially with a strong technology focus, robust unit economics, scalable business models and exit visibility. The focus will be on technology oriented companies including technology-enabled companies in traditional industries. KIAL also raised further commitments in AIFs under the Optimus brand to garner ₹ 940 crore. KIAL also continues to actively deploy capital in the Indian special situations, credit and distressed space through Kotak Special Situations Fund (KSSF) and in the Indian real estate space through its existing real estate funds/mandates. KSSF has committed around 90% of the USD billion dollar corpus across real estate, chemicals, technology, cement, data center, roads and pharmaceuticals space

KIAL also has Investment Advisory business for Private Clients with ₹ 63,005 crore assets under Advice as on 31st March, 2022.

## Kotak Mahindra Trusteeship Services Limited (KMTSL)

KMTSL acts as a trustee to estate planning trusts set up by high net worth individuals to achieve their succession and financial planning. It also acts as a trustee to domestic venture capital, private equity and alternate investment funds.

### Financial Highlights

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 11.93 | 9.77 |
| PBT | 3.99 | 3.40 |
| PAT | 3.04 | 2.56 |

## Kotak International Subsidiaries

### Financial Highlights

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 324.05 | 331.11 |
| PBT | 154.94 | 170.36 |
| PAT | 118.13 | 154.14 |

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 (KMFSL)

The international subsidiaries have offices in Singapore, UK, Mauritius, US and UAE. During FY 2021-22, KMFSL redomiciled from Dubai International Financial Centre to Abu Dhabi Global Markets in UAE. The Company has been granted a prudential "Category 4" license by the Financial Services Regulatory Authority (FSRA) in FY 2021-22.

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 and also the investment appetite of the global investors seeking to invest into India.

### Business update

The closing assets managed/ advised (AUM) by the International Subsidiaries increased from ₹ 28,236.97 crore (USD 3.86 billion) as on 31st March, 2021 to ₹ 29,448.23 crore (USD 3.89 billion) as on 31st March, 2022. The increase in AUM on account of positive movements in Indian capital markets was offset by redemptions witnessed in the funds. The redemptions were mainly because of profit taking and dividend payouts (as per the fund's dividend policy).

As regards the bond dealing business, FY 2021-22 remained subdued mainly due to lack of volatility across the globe and also concerns over real estate sector in China.

### Financial update

The total income earned by international subsidiaries marginally reduced from ₹ 331.11 crore during the FY 2020-21 to ₹ 324.05 crore during FY 2021-22, drop of ₹ 7.06 crore.

Global fixed income securities had witnessed panic selling and corresponding fall in prices during March 2020 after the World Health Organisation (WHO) declared COVID-19 as a global pandemic. The prices subsequently bounced back during FY 2020-21 which led to high revenue through recovery of marked-to-market losses on own investments recognised at the start of the pandemic in March 2020. Resultantly, the income from investments during FY 2021-22 was lower by ₹ 40.02 crore when compared with previous year.

This was partly offset by higher income from investment management, advisory and other services (₹ 35.33 crore) and higher interest income from investments and dividend income (₹ 7.57 crore). Income from dealing in securities was lower as mentioned above by ₹ 9.90 crore.

The overall expenses increased marginally from ₹ 163.18 crore during the previous year to ₹ 166.85 crore during the current year.

Resultantly, PBT for the year stood at ₹ 154.94 crore compared to a profit of ₹ 170.36 crore for the previous year.

### Kotak Infrastructure Debt Fund Limited (KIDFL)

KIDFL, is an Infrastructure Debt Fund, set up under NBFC route. It is engaged in providing finance for infrastructure projects, with more than one year of satisfactory operational history.

During the year, KIDFL has forged strong relationships with multiple infrastructure clients. It continues to be judicious about credit underwriting and selection of customers.

#### Financial Highlights

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 73.58 | 76.20 |
| PBT / PAT | 32.35 | 33.10 |

Customer Assets decreased to ₹ 620.35 crore as on 31st March, 2022 compared to ₹ 734.94 crore as on 31st March, 2021 mainly due to repayments.

### IVY Product Intermediaries Limited (IVYPIL)

At present, IVYPIL earns income from investment of its surplus money in fixed deposits.

#### Financial Highlights

(₹ in crore)

| Particulars | FY 2020-21 | FY 2019-20 |
|---|---|---|
| Total Income | 0.30 | 0.35 |
| PBT | 0.29 | 0.32 |
| PAT | 0.22 | 0.12 |

### 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 and having 400 branch offices across Karnataka, Maharashtra, Madhya Pradesh, Tamil Nadu and Bihar. Loans originated by BSS are eligible for priority sector advances of the Bank.

#### Financial Highlights

(₹ in crore)

| Particulars | FY 2020-21 | FY 2019-20 |
|---|---|---|
| Total Income | 268.25 | 205.81 |
| PBT | 109.51 | 30.87 |
| PAT | 82.81 | 23.17 |

It also provides first loss default guarantee to Bank on the loans originated by it. The PBT is higher compared to previous year, mainly on account of increase in AUM and decrease in provisions.

### Associates Highlights

### Infina Finance Private Limited

Infina Finance Private Limited is a non-banking financial company engaged in the business of investments, trading in securities and providing finance against securities.

#### Financial Highlights

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 494.97 | 276.60 |
| PBT | 307.36 | 202.26 |
| PAT | 223.82 | 150.89 |
| Share of Kotak Group | 111.89 | 75.43 |

The profit for the current year is higher due to increase in Loan against shares book as compared to previous year and Prop trading.

### Phoenix ARC Private Limited

Phoenix ARC Private Limited is into asset reconstruction business and provides stress asset recovery service to banks and NBFCs.





#### Financial Highlights

(₹ in crore)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---|---|
| Total Income | 226.00 | 166.29 |
| PBT | 130.37 | 38.68 |
| PAT | 91.62 | 23.67 |
| Share of Kotak Group | 45.72 | 11.81 |

PAT of the Company saw an increase due to substantially increase in revenue from fee income during FY 2021-22.

## RISK MANAGEMENT[2]

### 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 the profitability of business activity by ensuring control of the risk level and maintaining it within the risk tolerance. 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 & CEO and CRO in embedding strong risk management and risk culture. The ERM framework lays down 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 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 Bank's second line risk management function is responsible for monitoring the risk management and reviewing the risks that the bank is exposed to and ensures that the management and the Board is sufficiently informed of the risk exposure.

The third line of defence is the audit function that provides an independent assessment of the first and second line 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 & 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 process is the responsibility of the Board of Directors which approves risk policies and the delegation matrix. The Board is supported by an experienced executive management team and various management committees as part of the Risk Governance framework. 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, Board periodically. Such regular and transparent risk reporting and discussion at 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, 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.

[2] *GRI 102-15*

During the year, the Bank and major entities of the Group continued 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 & 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 a key building block of the Bank's risk management culture and risk management framework. Risk Appetite forms a key input to the business and capital planning process by linking risk strategy to the business strategy, through a set of comprehensive indicators. The Risk appetite statements are reviewed by senior management who recommend it 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 risk appetite. Performance against approved risk appetite is measured every quarter and reviewed by the Senior Management, RMC & 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 & 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. Credit rating models provide a consistent and structured assessment. 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, income, loan tenor, availability of guarantors etc.

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 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 Early Warning Signal (EWS) framework that considers various financial and non-financial parameters to identify signs of credit weakness at an early stage. 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.

## E. Collateral and Credit Risk Mitigation

Credit Risk mitigation, begins with proper customer selection through 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 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 like syndication, loan assignments as well as 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 & 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.

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.

## F. Credit Risk Concentration

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 & 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 & 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 & limit framework, the allocation of limits to business units & 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 & 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 & 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 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 & 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, which 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 & 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.

With a view to reduce counterparty and systemic risk, there are regulatory initiatives directing OTC trades to be cleared through Central Counterparties (CCPs). 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.

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 in 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 & 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 NSFR came into effect from October 1, 2021 and 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 initatives 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.

## N. 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.

## O. 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 & 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.

During the year, in the context of continuing impact of COVID-19, the Bank maintained its focus on customers and culture. The Bank implemented measures to support customers and ensure continuity of service. The Bank supported its employees in these unprecedented conditions, adapting its controls and risk management processes in view of the significant levels of remote working throughout the year.

## P. Risk Culture

Culture and values are a priority area for the Group. Risk culture refers to desired attitudes and behaviors 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 fulfill its mandate while ensuring the organization is financially sustainable.

## Q. 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 & Pillar II risks.

## R. 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.

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. COVID-19

The COVID-19 pandemic is the worst public health crisis in modern history. The Covid-19 outbreak and its effect on the global economy affected customers, and the future effects of the outbreak remain uncertain. Many business models and income were impacted by the economic downturn caused by the Covid-19 outbreak, requiring them to take support from both governments and banks. The government responded at unprecedented levels to protect public health, economy and livelihoods, through a combination of lockdowns to limit the spread of infection and to avoid overburdening the healthcare system. The lockdowns restricted public life and led to a significant decline in sales in many sectors, such as restaurants, hotels, recreation, transportation, tourism and retailing. Different areas of economic policy, such as monetary policy and fiscal policy have operated in synergy during the crisis. Going forward, the impact is expected to be less severe, with the expected normalisation and given that most economic sectors are allowed to operate. The ongoing vaccination programme as well as fiscal and monetary support, is expected to lift sentiment and growth. Throughout this period, the Bank has continued to support its customers and maintained its levels of service as its people, processes and systems responded to changes in the operating environment. The strong balance sheet and liquidity position also helped it to 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 SEBI / IRDAI / PFRDA. As prescribed by RBI, 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 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, 2022, the full time employee strength of the Group was over 90,000. The standalone Bank had over 66,000 full time employees as on 31st March, 2022.

In the FY 2021-22, 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:**

Bank has championed Health and Wellness drives with the initiative, **#HumFitKotakHit**. 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 such as Employee Outreach program, Covid test reimbursements for Kotakites and their families, Special Leave - COVID-19 positive and online wellness initiatives such as yoga, meditation, Zumba, quiz sessions, etc.
- Offering fitness allowance through the 'Health to the Power Infinity' programme (#HumFitKotakHit), thereby creating a culture of fitness for Kotakites by encouraging them to update their fitness goals online, driving focus on their health and wellbeing.
- Doctors, counsellors, psychiatrists, nutritionists are available online for all Kotakites. Online yoga, Zumba, meditation and mindfulness were conducted to help Kotakites combat physical and mental stress.
- All Kotakites are covered under **Term life + Personal accident policy** and also **Mediclaim** policy. The employee's share of the Mediclaim insurance premium is waived off.
- **Emotional Assistance Programme** was continued to support and guide Kotakites emotionally.

**B. Diversity and Inclusion:**

- Bank has created an opportunity for multi-generations with current average age of 31.1 years, creating an opportunity for younger talent across grades.
- Bank also framed the Diversity and Inclusion Statement. The statement is aligned with the principles laid out in its employee code of conduct, prevention of sexual harassment (POSH) policy, whistle blower policy, human rights and anti-discrimination policy, attendance and leave and equal employment opportunity policy.
- Launched policies such as New Mother Benefit Policy for Kotak Wonder Women to promote gender equity. The policy aims to provide assistance to Kotak Wonder Women returning to work, to help set up a reliable support system for them to take care of their infants.
- The Bank has been focussing on increasing the gender diversity with currently 1/4th base of women
- Regional **R&R events** were organised where Kotak Wonder Women (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.
- **Eureka:** The Bank has revamped the innovation, idea generation portal where Kotakites can submit open ideas or for a specific business problems. These ideas are evaluated and the best ideas are rewarded and implemented across the organization. The platform is also available on the Kotak Worklife Mobile app, on the go to all Kotakites.
- **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.
- **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 2nd time in August 2021, with an overall 76.15% response rate org wide. 77% of Kotakites today believe that Kotak is a Great Place to Work (Increased from 72 %in previous year). We have also been certified twice in a row by Great Place to work® Institute
- **K-Applaud Policy:** The Bank has launched K-Applaud, Rewards and Recognition platform. Through this platform, the Bank has been promoting a culture of appreciation via monetary and non-monetary reward programs. The platform is available to Kotakites on Kotak Worklife Mobile App/ Portal. Kotakites can appreciate their peers and can also avail discounts on various brands on the platform
- **Employee Volunteering Policy:** The Bank launched the Employee Volunteering Policy in FY 2021-2022 to enable and inspire Kotakites to utilize their time and skills in socially impactful volunteering activities, thereby, driving a positive change in our communities through physical/virtual volunteering and payroll giving.
- Besides, Kotakites at regional levels celebrated festivals and other occasions ensuring Covid Safety Protocols.

## BANK'S BUSINESS STRATEGY

There are nine key strategic drivers identified by the Bank, as set forth below, to ensure that it maintains its leadership position:

**1. Technology at the Core: Investing in cutting edge technology for both infrastructure and applications with a dual objective: 'run the Bank' and 'change the Bank'**

The Bank recognises the importance of building technology capabilities focused on providing improved customer experience, increasing employee productivity, improving operational performance, capabilities for superior regulatory compliance and proactive risk management. The Bank's investment in technology are focused towards following business imperatives:

1.1. Adoption of emerging technology
1.2. Automation in development and technology operations
1.3. Platform convergence
1.4. Strengthen capabilities in cyber security
1.5. Regulatory compliance
1.6. Analytics and reporting for decision making and improved customer interactions
1.7. Modernisation of legacy systems

Further, the Bank aims to expand its current deposits by providing lending solutions, a range of customised products including wealth products targeted at the owners, promoters and directors of corporate customers, salary accounts and cash management and liquidity management solutions.

The Bank believes that its customer-specific orientation will result in an increase in current accounts and retail deposits to the Bank, which will expand its pool of low-cost and stable funding.

## 5. Pursue advances growth ensuring right asset quality additions at risk adjusted pricing and appropriate risk management

### 5.1. Advances

The Bank's strategy is centred on risk adjusted returns with a sharp focus on 'Return of Capital' along with return on capital and sustainable balance sheet growth, led by retail advances and maintaining a high-quality diversified asset portfolio.

The Consumer Banking vertical is expected to remain a key driver of the Bank's overall growth strategy. The Bank aims to strengthen its data and analytics capability, leading to improved actionable customer insights. The Bank believes that such investments in advanced analytics shall improve product holding by anticipating customer needs and up tiering risk analytics on lending (both for smarter lending and portfolio management). The Bank is also focused on a 'Digital Everything' experience by providing end-to-end digital journeys with digital onboarding, straight through approvals with decision engines enabled by integrated core systems, digital disbursement, servicing though digital channels and collections driven by a digital platform. The Bank believes that this strategy will enable it to build relationships in areas far beyond its physical outreach.

The Bank aims to increase its focus on increasing the lending towards RBI defined priority sector lending through providing finance for Tractor, Crop loans, Small Enterprises, allied agricultural activities and microfinance for women borrowers.

- Lending in low income segments through government sponsored schemes and offering services such as Aadhar Enabled Payment Systems through its branch and BC network

The Bank will increase its focus on converting these activities into sustainable opportunities over the long run.

### 8. Attracting, retaining and building a team of talented, engaged and motivated employees in an agile structure

The Bank believes that one of the keys to its success is the ability to recruit, retain, motivate and develop talented and experienced professionals. Bank has been certified as 'One of India's Best Employers Among Nation-Builders' by Great Place to Work® Institute in 2021.

The Bank intends to continue its focus on recruitment and cultivation of a high-quality, professional, and empowered workforce through initiatives such as:

- training and development programmes for employees to enhance professional knowledge and upskilling of capabilities
- enhancing management and employee incentive programmes to align compensation with performance;
- creating an encouraging work atmosphere
- enhancing employee engagement
- investing in employee wellbeing

The Bank aims to design an organisation for the future by:

- reorganising leadership cadre to bring out higher focus on technology orientation and customer orientation
- creating an agile structure with
  - o younger talented employees on faster growth paths
  - o fewer and flatter reporting structures
- improving diversity in the workforce to have a variety of perspectives
- embracing digital workplace driving employee collaboration, productivity and innovation

This will help the Bank in becoming a product, technology and innovation led customer centric organisation.

### 9. Leverage strong standing to pursue inorganic opportunities

The Bank will actively seek inorganic growth opportunities in the Indian financial services space. These opportunities can take various forms, including acquisitions, mergers, joint ventures, strategic investments and asset purchases. The Bank will seek inorganic growth opportunities in businesses or assets that either enable it to expand its market share; allow entry into an industry, customer or geographic segment that it is currently not present in; or provide with new capabilities. In addition, the Bank will also actively seek opportunities of making minority investments in businesses where it would derive financial value from business models which are not managed by it. The Bank will pursue these inorganic growth opportunities where it sees the ability to add value for its stakeholders and customers.

#### Outlook

Some of the key opportunities and threats in the economic and financial environment are as follows:

#### Opportunities

- Power a digital growth engine in a fast growing digital economy including in rural India, , by building best in class digital processes and interface at speed
- Leverage talent and implement cutting edge technologies for business transformation
- Differentiate the Kotak Brand by keeping customer at the core in order to provide a positive experience and build long term relationship
- Approaching Financial Inclusion as an opportunity
- Leverage strong standing to pursue inorganic opportunities

#### Threats

- A volatile external and global environment, including uncertainty around inflation and interest rates
- Cyber and operational resiliency
- Data infrastructure and technology resilience
- Fintech players specializing in niche areas of banking, including payments and alternative credit, challenging traditional ways of accessing financial products and services
- Increasing level of integration with third parties and risk management thereof
- Talent management and training them for the right culture

Going forward, the Bank will need to move towards the mandated higher capital standards, stricter liquidity and leverage ratios, and a more cautious approach to risk. This implies that Indian banks will need to improve efficiency even as their costs of doing business increase. They will need to refine their risk management skills for enterprise-wide risk management. Also, banks need to have in place a fair and differentiated risk pricing of products and services, since capital comes at a cost. This involves costing, a quantitative assessment of revenue streams from each product and service, and an efficient transfer-pricing mechanism that would determine capital allocation.

#### Outlook for Kotak Group

Kotak Group's results for the financial year demonstrate the strong fundamental growth in India. However, concerns remain on twin global headwinds of high inflation and increasing interest rates. Federal Reserve increased its benchmark interest rates by 50bps in May 2022, which is the largest rate move since 2000 and is in response to burgeoning inflation pressure. Reserve Bank of India has also raised the repo rates by 90 bps (including 40 bps in an off cycle hike) and is expected to continue to further monetary policy measures to anchor inflation expectations. The Bank will continually evaluate its strategy against the macro-economic realities as they evolve, and will respond with a view to grow its business as a sustainable franchise. The Group believes that with sound risk management and a strong capital adequacy ratio, it is well positioned to capitalise on the growth opportunities offered by India of the future.

The Group aims to expand its market share in Indian financial services by increasing the customer base across the Group, and enhancing the customer experience, which will lead to higher cross-selling of products, thereby contributing to the future growth and profitability.

The Group will actively seek inorganic growth opportunities in the Indian financial services space. The Group will seek inorganic growth opportunities in businesses or assets that either enables it to expand its market share; allows entry into an industry, customer, or geographic segment that the Group is currently not present in; or provides it with new capabilities.

#### Safe Harbour

This document contains certain forward-looking statements based on current expectations of Kotak Mahindra 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 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, 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.

# Independent Auditor's Report

**To the Members of Kotak Mahindra Bank Limited**

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### Opinion

1. We have audited the accompanying standalone financial statements of **Kotak Mahindra Bank Limited** ('the Bank'), which comprise the Balance Sheet as at 31 March 2022, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 specified 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 2022 and its profit and its cash flows for the year ended on that date.

### Basis for Opinion

3. 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

4. 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 period. 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.

5. 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, 2022: ₹ 2,71,254 Crores Provision for NPAs as at March 31, 2022: ₹ 4,733 Crores

Provision Coverage Ratio (including technical write offs) as at March 31, 2022: 79.05%.

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 dated 1 October, 2021 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.<br><br>The identification of NPAs is also affected by factors like stress and liquidity concerns in certain sectors.<br><br>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.<br><br>In addition, the Bank is also required to implement "Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses" and "Resolution Framework – 2.0: Resolution of COVID-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" issued by the RBI on 5 May 2021 (collectively "Resolution Framework – 2.0"), and consider the same in identification of NPAs and measurement of provision against advances.<br><br>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:<br>• 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:<br>- Approval of new lending facilities in accordance with the Bank's credit policies<br>- Performance of annual review/renewal of loan accounts.<br>- Monitoring of credit quality which amongst other things includes the monitoring of overdue loan accounts, drawing power limit, pending security creation;<br>- Identification and classification of NPAs in accordance with IRAC norms, other regulatory guidelines issued by the RBI and consideration of qualitative aspects; and<br>- Assessment of adequacy of NPA provisions.<br>• 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.<br>• 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').<br>• 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.<br>• 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.<br>• Assessed whether the Bank's Board approved policy is in line with the Resolution Framework - 2.0. On a sample basis, tested that restructuring was carried out in accordance with the Resolution Framework – 2.0 and re-computed the provision made in accordance with the said framework.<br>• With respect to additional provisions held by the Bank on account of the impact of COVID-19 pandemic, we assessed the underlying assumptions and estimates used by the management for such provisions.<br>• Read the RBI Annual Financial Inspection report and management's response to the extent provided for the financial year ended 31 March 2021 and other communication with regulators and checked whether the observations therein so far as those relate to identification of NPAs and provisions made against advances, have been addressed by the Bank. |

**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.<br><br>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.<br><br>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 and its impact on the financial records and financial reporting process of the Bank. | Our audit procedures with respect to this matter included the following:<br><br>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.<br><br>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.<br><br>On such "in-scope" IT systems, we have tested key IT general controls with respect to the following domains:<br>a. Program change management, which includes that program changes are moved to production environment as per defined procedures and relevant segregation of environment is ensured.<br>b. 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.<br>c. Program development, which comprises IT operations and system development life cycle for relevant in-scope applications, operating systems, and databases, which are relied upon for financial reporting.<br>d. Other areas that were assessed under the IT control environment included backup management, business continuity, disaster recovery, incident management, batch processing and monitoring.<br><br>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.<br><br>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

6. The Bank's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report including the Pillar 3 Disclosure under the New Capital Adequacy Framework (Basel III disclosures) 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 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 Standalone Financial Statements

7. 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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. Those 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 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 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 period 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 2021, were audited by M/s Walker Chandiok & Co LLP, who vide their report dated 03 May 2021 expressed an unmodified opinion on those standalone financial statements.

    Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

16. 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.

17. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

    a) 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;

    b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

    c) We have visited 120 of branches to examine the books of accounts and other records maintained at the branches for the purpose of our audit. 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.

18. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a Banking Company as defined under the Banking Regulation Act, 1949, Section 197 is not applicable to the Bank by virtue of section 352B(2A) of the Banking Regulation Act, 1949. Accordingly, the reporting under Section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

19. 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 accompanying standalone financial statements;

    b) 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;

    c) 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;

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act read with the Companies (Accounting Standards) 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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 standalone financial statements of the Bank as on 31 March 2022 and operating effectiveness of such controls, refer to our separate Report in Annexure A wherein we have expressed an unmodified opinion; 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:

        i. the Bank, as detailed in Schedule 12 (I), Schedule 17C – Note 13 and Schedule 18B Note 15(1) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;

        ii. The Bank, as detailed in 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, has made provision as at 31 March 2022, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

        iii. 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 2022;

iv. a. The management has represented that, to the best of its knowledge and belief, other than 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 securities premium or any other sources or kind of funds) by the Bank to or in any person(s) or entity(ies), including foreign entities ('the 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 ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, other than as disclosed in Schedule 18B – Note 17to the standalone financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ('the 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

c. 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.

v. The dividend declared and paid during the year ended 31 March 2022 by the Bank is in compliance with Section 123 of the Act.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration Number: 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership Number: 043334
UDIN: 22043334AIJAKS4902

Place: Mumbai
Date: 04 May 2022

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

**Russell I Parera**
Partner
Membership Number: 042190
UDIN: 22042190AIJNDL3154

Place: Mumbai
Date: 04 May 2022





## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

**Referred to in paragraph 19(f) of the Independent Auditor's Report of even date to the members of Kotak Mahindra Bank Limited on the standalone financial statements for the year ended 31 March 2022**

### Independent Auditor's Report on the internal financial controls with reference to the 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 2022, 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 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 Standards 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 with reference to the standalone financial statements, 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 2022, 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 issued by ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration Number: 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership Number: 043334
UDIN: 22043334AIJAKS4902

Place: Mumbai
Date: 04 May 2022

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

**Russell I Parera**
Partner
Membership Number: 042190
UDIN: 22042190AIJNDL3154

Place: Mumbai
Date: 04 May 2022

# Balance Sheet

as at 31st March, 2022

(₹ in thousands)

| | Schedule | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | |
| Capital | 1 | 14,923,309 | 14,909,178 |
| Employee's Stock Options (Grants) Outstanding | | 313,063 | 21,588 |
| Reserves and Surplus | 2 | 709,641,409 | 622,360,530 |
| Deposits | 3 | 3,116,841,134 | 2,801,000,452 |
| Borrowings | 4 | 259,671,169 | 236,506,455 |
| Other Liabilities and Provisions | 5 | 192,893,870 | 159,903,367 |
| **Total** | | **4,294,283,954** | **3,834,701,570** |
| **ASSETS** | | | |
| Cash and Balances with Reserve Bank of India | 6 | 160,262,201 | 124,936,069 |
| Balances with Banks and Money at Call and Short Notice | 7 | 268,977,150 | 271,329,249 |
| Investments | 8 | 1,005,802,168 | 1,050,991,877 |
| Advances | 9 | 2,712,536,018 | 2,236,701,553 |
| Fixed Assets | 10 | 16,437,169 | 15,352,697 |
| Other Assets | 11 | 130,269,248 | 135,390,125 |
| **Total** | | **4,294,283,954** | **3,834,701,570** |
| Contingent Liabilities | 12 | 2,666,106,322 | 1,931,069,876 |
| Bills for Collection | | 387,092,819 | 412,727,990 |
| 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 Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No. 043334

**For Price Waterhouse LLP**
Chartered Accountants
Firm Registration No. 301112E/E300264

**Russell I Parera**
Partner
Membership No. 042190

Mumbai
4th May, 2022

**Prakash Apte**
Chairman

**Dipak Gupta**
Joint Managing Director

**Jaimin Bhatt**
President and
Group Chief Financial Officer

**Uday Kotak**
Managing Director and
Chief Executive Officer

**Uday Khanna**
Director

**Avan Doomasia**
Senior Executive Vice President and
Company Secretary





# Profit and Loss Account

for the year ended 31st March, 2022

(₹ in thousands)

| | | Schedule | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|---|---|---|---|
| **I.** | **INCOME** | | | |
| | Interest Earned | 13 | 270,388,194 | 268,402,677 |
| | Other Income | 14 | 63,543,537 | 50,065,125 |
| | **Total** | | **333,931,731** | **318,467,802** |
| **II.** | **EXPENDITURE** | | | |
| | Interest Expended | 15 | 102,209,122 | 115,006,207 |
| | Operating Expenses | 16 | 111,213,885 | 85,841,380 |
| | Provisions and Contingencies (Refer Note 10 -Schedule 18 B) | | 34,781,822 | 47,971,849 |
| | **Total** | | **248,204,829** | **248,819,436** |
| **III.** | **PROFIT** | | | |
| | Net Profit for the year (I - II) | | 85,726,902 | 69,648,366 |
| | Add: Balance in Profit and Loss Account brought forward from previous year | | 247,497,758 | 205,118,088 |
| | **Total** | | **333,224,660** | **274,766,454** |
| **IV.** | **APPROPRIATIONS** | | | |
| | Transfer to Statutory Reserve | | 21,431,800 | 17,412,100 |
| | Transfer to Capital Reserve | | 94,700 | 145,000 |
| | Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 | | 950,000 | 1,100,000 |
| | Transfer to Investment Reserve Account (Refer Note 32 - Schedule 18 A) | | - | - |
| | Transfer to Investment Fluctuation Reserve Account | | 4,000,000 | 8,206,596 |
| | Transfer to Fraud Provision | | - | - |
| | Dividend | | 2,189,625 | 405,000 |
| | Balance carried over to Balance Sheet | | 304,558,535 | 247,497,758 |
| | **Total** | | **333,224,660** | **274,766,454** |
| **V.** | **EARNINGS PER SHARE (Face value of ₹ 5/-)** | | | |
| | Basic | | 43.02 | 35.17 |
| | Diluted | | 43.01 | 35.14 |
| | (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 Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No. 043334

**For Price Waterhouse LLP**
Chartered Accountants
Firm Registration No. 301112E/E300264

**Russell I Parera**
Partner
Membership No. 042190

Mumbai
4th May, 2022

**Prakash Apte**
Chairman

**Dipak Gupta**
Joint Managing Director

**Jaimin Bhatt**
President and
Group Chief Financial Officer

**Uday Kotak**
Managing Director and
Chief Executive Officer

**Uday Khanna**
Director

**Avan Doomasia**
Senior Executive Vice President and
Company Secretary

(₹ in thousands)

| | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Profit after tax** | **85,726,902** | **69,648,366** |

# Schedules

Forming Part of Balance Sheet as at 31st March, 2022

## SCHEDULE 1 - CAPITAL

(₹ in thousands)

| | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| **Authorised Capital** | | |
| 2,800,000,000 Equity Shares of ₹ 5/- each | | |
| (31st March, 2021: 280,00,00,000 Equity Shares of ₹ 5/- each) | 14,000,000 | 14,000,000 |
| 1,000,000,000 (31st March, 2021: 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** | | |
| 1,984,661,760 (31st March, 2021: 1,981,835,668) Equity | | |
| Shares of ₹ 5/- each fully paid-up | 9,923,309 | 9,909,178 |
| 1,000,000,000 (31st March, 2021: 1,000,000,000) Perpetual Non Cumulative | | |
| Preference Shares of ₹ 5/- each fully paid-up | 5,000,000 | 5,000,000 |
| **Total** | **14,923,309** | **14,909,178** |

## SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | **Statutory Reserve** | | |
| | Opening Balance | 99,537,883 | 82,125,783 |
| | Add: Transfer from Profit and Loss Account | 21,431,800 | 17,412,100 |
| | **Total** | **120,969,683** | **99,537,883** |
| **II.** | **Capital Reserve** | | |
| | Opening Balance | 3,427,286 | 3,282,286 |
| | Add: Transfer from Profit and Loss Account | 94,700 | 145,000 |
| | **Total** | **3,521,986** | **3,427,286** |
| **III.** | **General Reserve** | | |
| | Opening Balance | 6,404,249 | 6,404,249 |
| | Add: Transfer from Profit and Loss Account | - | - |
| | **Total** | **6,404,249** | **6,404,249** |
| **IV.** | **Investment Reserve Account** | | |
| | Opening Balance | - | - |
| | Add: Transfer from/(to) Profit and Loss Account (Refer Note 32 - Schedule 18 A) | - | - |
| | **Total** | **-** | **-** |
| **V.** | **Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961** | | |
| | Opening Balance | 6,842,000 | 5,742,000 |
| | Add: Transfer from Profit and Loss Account | 950,000 | 1,100,000 |
| | **Total** | **7,792,000** | **6,842,000** |
| **VI.** | **Securities Premium Account** | | |
| | Opening Balance | 243,430,389 | 165,776,393 |
| | Add: Received during the year | 3,594,411 | 78,118,790 |
| | Less: Share Issue Expenses | 2 | 464,794 |
| | **Total** | **247,024,798** | **243,430,389** |
| **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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **IX.** | **Investment Fluctuation Reserve** | | |
| | Opening Balance | 13,746,850 | 5,540,254 |
| | Add: Transfer from Profit and Loss Account | 4,000,000 | 8,206,596 |
| | **Total** | **17,746,850** | **13,746,850** |
| **X.** | **Foreign Currency Translation Reserve** | | |
| | Opening Balance | 249,569 | 374,244 |
| | Add: (Decrease) / Increase during the year | 149,193 | (124,675) |
| | **Total** | **398,762** | **249,569** |
| **XI.** | **Balance in the Profit and Loss Account** | | |
| | Balance in the Profit and Loss Account | 304,558,535 | 247,497,758 |
| | **Total** | **304,558,535** | **247,497,758** |
| | **Total (I to XI)** | **709,641,409** | **622,360,530** |

## SCHEDULE 3 - DEPOSITS

(₹ in thousands)

| | | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|---|
| **A** | **I.** | **Demand Deposits** | | |
| | | i. From Banks | 3,504,995 | 3,560,326 |
| | | ii. From Others | 643,114,802 | 517,309,480 |
| | | **Total** | **646,619,797** | **520,869,806** |
| | **II.** | **Savings Bank Deposits** | 1,244,721,650 | 1,172,257,389 |
| | **III.** | **Term Deposits** | | |
| | | i. From Banks | 6,492,720 | 2,697,369 |
| | | ii. From Others | 1,219,006,967 | 1,105,175,888 |
| | | **Total** | **1,225,499,687** | **1,107,873,257** |
| | | **Total Deposits (I to III)** | **3,116,841,134** | **2,801,000,452** |
| **B.** | (i) | Deposits of branches in India | 3,115,212,753 | 2,798,729,570 |
| | (ii) | Deposits of branches outside India | 1,628,381 | 2,270,882 |
| | | **Total (i and ii)** | **3,116,841,134** | **2,801,000,452** |

## SCHEDULE 4 - BORROWINGS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | **Borrowings in India** | | |
| | (i) Reserve Bank of India | - | - |
| | (ii) Other Banks | 104,952,555 | 89,259,697 |
| | (iii) Other Institutions and Agencies (Refer Note 13 - Schedule 18 B) | 102,770,000 | 90,519,100 |
| | **Total** | **207,722,555** | **179,778,797** |
| **II.** | **Borrowings outside India** | | |
| | Banks & Other Institutions (Refer Note 13 - Schedule 18 B) | 51,948,614 | 56,727,658 |
| | **Total** | **51,948,614** | **56,727,658** |
| | **Total Borrowings (I and II)** | **259,671,169** | **236,506,455** |
| | Secured Borrowings other than CBLO and Repo Borrowings included in I above | - | - |
| | Tier II Bonds included in I (iii) above | 3,060,000 | 4,560,000 |
| | Tier II Bonds included in II above | - | - |

## SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| I. | Bills Payable | 33,086,059 | 23,965,426 |
| II. | Interest Accrued | 6,506,285 | 9,812,235 |
| III. | Provision for tax (net of advance tax and tax deducted at source) | 3,034,677 | 2,709,519 |
| IV. | Standard Asset provision | 13,927,544 | 10,051,303 |
| V. | Others (including provisions) (Refer Note 10 and 11 - Schedule 18 B) | 136,339,305 | 113,364,884 |
| | **Total** | **192,893,870** | **159,903,367** |

## SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| I. | Cash in hand (including foreign currency notes) | 17,410,650 | 14,551,667 |
| II. | Balances with RBI in Current Account | 142,851,551 | 110,384,402 |
| | **Total** | **160,262,201** | **124,936,069** |

## SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | **In India** | | |
| | **(i) Balances with Banks** | | |
| | (a) In Current Accounts | 3,722,024 | 2,488,716 |
| | (b) In Other Deposit Accounts | 11,733 | 31,732 |
| | **Total** | **3,733,757** | **2,520,448** |
| | **(ii) Money at Call and Short Notice** | | |
| | (a) With Banks | 9,996,166 | - |
| | (b) With Other Institutions | 200,000,000 | 153,000,000 |
| | **Total** | **209,996,166** | **153,000,000** |
| | **Total (i and ii)** | **213,729,923** | **155,520,448** |
| **II.** | **Outside India** | | |
| | (i) In Current Accounts | 47,743,769 | 13,089,251 |
| | (ii) In other Deposit Accounts | 7,503,458 | 102,719,550 |
| | (iii) Money at call and short notice | - | - |
| | **Total (i, ii and iii)** | **55,247,227** | **115,808,801** |
| | **Total (I and II)** | **268,977,150** | **271,329,249** |

## SCHEDULE 8 - INVESTMENTS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **I.** | **In India** | | |
| | (i) Government Securities | 747,192,240 | 850,379,436 |
| | (ii) Other Approved Securities | - | - |
| | (iii) Shares | 12,334,917 | 12,994,692 |
| | (iv) Debentures and Bonds | 168,018,093 | 113,315,790 |
| | (v) Subsidiaries and Joint Ventures | 29,445,894 | 26,164,237 |
| | (vi) Others [Units, Certificate of Deposits (CD), Commercial Paper (CP), Security Receipts, Pass Through Certificates (PTC)] | 25,179,091 | 37,500,436 |
| | **Total** | **982,170,235** | **1,040,354,591** |

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **II.** | **Outside India** | | |
| | (i) Government Securities | 4,158,642 | 3,069,277 |
| | (ii) Subsidiaries and Joint Ventures | 383,242 | 231,609 |
| | (iii) Other Investments | | |
| | (a) Shares | 12,460 | 12,460 |
| | (b) Debentures and Bonds | 19,077,589 | 7,323,940 |
| | **Total** | **23,631,933** | **10,637,286** |
| | **Total Investments (I and II)** | **1,005,802,168** | **1,050,991,877** |

## SCHEDULE 9 - ADVANCES

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **A.** | (i) Bills purchased and discounted# | 67,871,000 | 85,500,483 |
| | (ii) Cash Credits, Overdrafts and loans repayable on demand | 856,673,708 | 708,311,160 |
| | (iii) Term Loans | 1,787,991,310 | 1,442,889,910 |
| | **Total** | **2,712,536,018** | **2,236,701,553** |
| | *# Bills purchased and discounted is net of Bills Rediscounted ₹ 2,792.10 crore (Previous Year ₹ Nil)* | | |
| **B.** | (i) Secured by tangible assets* | 1,985,150,813 | 1,622,913,907 |
| | (ii) Covered by Bank / Government guarantees | 111,805,876 | 121,557,707 |
| | (iii) Unsecured | 615,579,329 | 492,229,939 |
| | **Total** | **2,712,536,018** | **2,236,701,553** |
| | ** including advances against book debts ₹ 3,508.02 crore (Previous year: ₹ 3,013.41 crore)* | | |
| **C.I.** | **Advances in India** | | |
| | (i) Priority Sector | 1,245,186,615 | 903,508,152 |
| | (ii) Public Sector | 1,431,818 | 3,184,858 |
| | (iii) Banks | 18,156 | 6,597 |
| | (iv) Others | 1,421,903,335 | 1,297,056,233 |
| | **Total** | **2,668,539,924** | **2,203,755,840** |
| **C.II.** | **Advances outside India** | | |
| | (i) Due from banks | - | - |
| | (ii) Due from others | | |
| | a) Bills purchased and discounted | - | - |
| | b) Syndicated and term loans | 43,996,094 | 32,945,713 |
| | c) Others | - | - |
| | **Total** | **43,996,094** | **32,945,713** |
| | **Grand Total (C.I. and C.II.)** | **2,712,536,018** | **2,236,701,553** |

## SCHEDULE 10 - FIXED ASSETS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **A.** | **Premises (Including Land)** | | |
| | **Gross Block** | | |
| | At cost on 31st March of the preceding year | 10,584,851 | 10,705,259 |
| | Additions during the year | 4,948 | - |
| | Less: Deductions during the year | 18,822 | 120,408 |
| | **Total** | **10,570,977** | **10,584,851** |
| | **Depreciation** | | |
| | As at 31st March of the preceding year | 2,025,601 | 1,881,769 |
| | Add: Charge for the year | 174,198 | 175,042 |
| | Less: Deductions during the year | 8,127 | 31,210 |
| | **Depreciation to date** | **2,191,672** | **2,025,601** |
| | **Net Block** | **8,379,305** | **8,559,250** |

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| **B.** | **Other Fixed Assets (including furniture and fixtures)** | | |
| | **Gross Block** | | |
| | At cost on 31st March of the preceding year | 25,735,805 | 24,517,070 |
| | Additions during the year | 4,966,935 | 2,912,240 |
| | Less: Deductions during the year | 1,939,666 | 1,693,505 |
| | **Total** | **28,763,074** | **25,735,805** |
| | **Depreciation** | | |
| | As at 31st March of the preceding year | 19,099,342 | 17,266,239 |
| | Add: Charge for the year | 3,635,731 | 3,492,676 |
| | Less: Deductions during the year | 1,872,879 | 1,659,573 |
| | **Depreciation to date** | **20,862,194** | **19,099,342** |
| | **Net Block** (Refer Note 6 - Schedule 18 B) | **7,900,880** | **6,636,463** |
| **C.** | **Leased Fixed Assets** | | |
| | **Gross Block** | | |
| | At cost on 31st 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 31st 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)** | **16,437,169** | **15,352,697** |

## SCHEDULE 11 - OTHER ASSETS

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| I. | Interest accrued | 34,584,948 | 32,831,520 |
| II. | Advance tax (net of provision for tax) | - | - |
| III. | Stationery and Stamps | 32,885 | 19,254 |
| IV. | Cheques in course of collection | 8,060 | 8,018 |
| V. | Non banking assets acquired in satisfaction of claims | - | - |
| VI. | Others (Refer Note 4 - Schedule 18 B)* | 95,643,355 | 102,531,333 |
| | **Total** | **130,269,248** | **135,390,125** |

** Includes Deferred Tax Asset ₹ 410.95 crore (Previous year ₹ 516.12 crore) and Deposits placed with NABARD/SIDBI ₹ 5,572.40 crore (Previous year ₹ 6,314.51 crore)*

## SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in thousands)

| | | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|---|
| I. | Claims not acknowledged as debts | 4,376,498 | 13,562,251 |
| II. | Liability on account of outstanding Forward Exchange Contracts | 1,574,946,334 | 1,014,375,427 |
| III. | Guarantees on behalf of Constituents | | |
| | i) In India | 226,981,863 | 227,839,413 |
| | ii) Outside India | - | - |
| IV. | Acceptances, Endorsements and other obligations | 232,694,713 | 158,797,456 |
| V. | Other Items for which the Bank is contingently liable : | | |
| | a. Liability in respect of interest rate and currency swaps and forward rate agreements | 588,821,128 | 464,529,888 |
| | b. Liability in respect of Options Contracts | 32,319,130 | 48,246,084 |
| | c. Capital commitments not provided | 2,936,661 | 1,114,474 |
| | d. Unclaimed Customer balances transferred to RBI DEAF Scheme | 3,029,995 | 2,604,883 |
| | **Total** | **2,666,106,322** | **1,931,069,876** |

## SCHEDULE 13 - INTEREST EARNED

(₹ in thousands)

| | | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|---|---|---|
| I. | Interest / discount on Advances / Bills (Refer Note 41 - Schedule 18 A) | 193,786,940 | 185,890,762 |
| II. | Income on Investments | 66,892,576 | 68,334,051 |
| III. | Interest on balances with RBI and other inter-bank funds | 7,234,223 | 11,747,359 |
| IV. | Others | 2,474,455 | 2,430,505 |
| | **Total** | **270,388,194** | **268,402,677** |

## SCHEDULE 14 - OTHER INCOME

(₹ in thousands)

| | | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|---|---|---|
| I. | Commission, exchange and brokerage | 45,547,903 | 33,840,806 |
| II. | Profit / (Loss) on sale of Investments (net) | (9,181) | 2,725,295 |
| III. | Profit / (Loss) on revaluation of Investments (net) | (9,339,470) | (4,526,766) |
| IV. | Profit / (Loss) on sale of building and other assets (net) | 234,285 | 302,666 |
| V. | Profit on exchange transactions (net) (including derivatives) | 18,594,651 | 12,334,100 |
| VI. | Income earned by way of dividend, etc. from Subsidiaries / Associates and / or Joint Venture in / outside India | 3,195,332 | 1,271,795 |
| VII. | Profit on recoveries of non-performing assets acquired | 1,636,762 | 1,720,909 |
| VIII. | Miscellaneous Income | 3,683,255 | 2,396,320 |
| | **Total** | **63,543,537** | **50,065,125** |

## SCHEDULE 15 - INTEREST EXPENDED

(₹ in thousands)

| | | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|---|---|---|
| I. | Interest on Deposits | 93,155,595 | 101,138,966 |
| II. | Interest on RBI / Inter-Bank Borrowings | 5,221,140 | 8,041,603 |
| III. | Others (Refer Note 13(c) - Schedule 18 B) | 3,832,387 | 5,825,638 |
| | **Total** | **102,209,122** | **115,006,207** |

## SCHEDULE 16 - OPERATING EXPENSES

(₹ in thousands)

| | | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|---|---|---|
| I. | Payments to and provision for employees (Refer Note 9 - Schedule 18 B) | 46,133,521 | 37,653,969 |
| II. | Rent, taxes and lighting (Refer Note 3 - Schedule 18 B) | 7,180,603 | 6,873,897 |
| III. | Printing and Stationery | 1,010,675 | 573,301 |
| IV. | Advertisement, Publicity and Promotion | 1,748,734 | 1,046,432 |
| V. | Depreciation on Bank's property | 3,809,929 | 3,667,718 |
| VI. | Directors' fees, allowances and expenses* | 28,245 | 20,465 |
| VII. | Auditors' fees and expenses (Refer Note 14 - Schedule 18 B) | 35,472 | 26,216 |
| VIII. | Law Charges | 267,859 | 463,238 |
| IX. | Postage, telephone etc. | 2,585,003 | 1,743,286 |
| X. | Repairs and maintenance | 6,254,278 | 5,088,565 |
| XI. | Insurance | 3,560,238 | 3,236,912 |
| XII. | Travel and Conveyance | 641,802 | 522,449 |
| XIII. | Professional Charges | 11,621,902 | 7,963,658 |
| XIV. | Brokerage | 4,858,702 | 1,934,079 |
| XV. | Stamping Expenses | 118,965 | 48,950 |
| XVI. | Other Expenditure (Refer Note 12 - Schedule 18 B) | 21,860,614 | 15,550,027 |
| | | **111,716,542** | **86,413,162** |
| Less: Reimbursement of Costs from Group Companies | | 502,657 | 571,782 |
| | **Total** | **111,213,885** | **85,841,380** |

** - 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 for non-performing advances and claims received from Export Credit Guarantee Corporation, claims received under the emergency credit line guarantee scheme (ECLGS) received from National Credit Guarantee Trustee Company Ltd., 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).

**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 borrowa l Qto d thecgal othatQ thanBank

**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 | Includes:<br>I Lending<br>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".<br>II Branch Banking<br>Retail borrowings covering savings, current, term deposit accounts and Branch Banking network / services including distribution of financial products.<br>III Credit Cards<br>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.

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth, employees' stock option (grants outstanding) and proposed dividend and dividend tax thereon.

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:

(₹ in crore)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| **Capital Ratios:** | | |
| (i) Common Equity Tier I Capital (CET 1) | 66,920.01 | 58,992.30 |
| (ii) Additional Tier I Capital | 500.00 | 500.00 |
| (iii) Tier I Capital (i + ii) | 67,420.01 | 59,492.30 |
| (iv) Tier II Capital | 3,167.44 | 2,441.02 |
| (v) Total Capital (Tier I+Tier II) | 70,587.45 | 61,933.32 |
| (vi) Total Risk Weighted Assets (RWAs) | 311,055.30 | 278,198.29 |
| (vii) CET 1 Ratio (CET 1 as a percentage of RWAs) | 21.51% | 21.21% |
| (viii) Tier I Ratio (Tier I capital as a percentage of RWAs) | 21.67% | 21.38% |
| (ix) Tier II Ratio (Tier II capital as a percentage of RWAs) | 1.02% | 0.88% |
| (x) Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs) | 22.69% | 22.26% |
| (xi) Leverage Ratio | 14.03% | 13.93% |
| (xii) Percentage of the shareholding of the Government of India | Nil | Nil |
| (xiii) Amount of paid-up equity capital raised during the year# | 360.85 | 7,799.80 |
| (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 on 31st May, 2020, had concluded a Qualified Institutions Placement (QIP) of 65,000,000 equity shares at a price of ₹1,145 per equity share aggregating ₹ 7,442.50 crore. Accordingly, the Share Capital increased by ₹ 32.50 crore and share premium increased by ₹ 7,410.00 crore, net of share issue expenses of ₹ 46.28 crore. Further, the Bank has allotted during the year 2,826,092 (previous year 3,797,330) equity shares consequent to exercise of ESOPs vested. Accordingly, the share capital further increased by ₹ 1.41 crore (previous year ₹ 1.90 crore) and share premium increased by ₹ 359.44 crore (previous year ₹ 401.88 crore), net of share issue expenses of ₹ 0.00 crore (previous year ₹ 0.20 crore).*

## 2. Composition of Investment Portfolio

(₹ in crore)

| As at 31st March, 2022 | 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 | 33,930.23 | - | - | - | 2,954.80 | - | 36,885.03 | - | 38.32 | - | 38.32 | 36,923.35 |
| Less: Provision for non-performing investments (NPI) | - | - | - | - | 10.21 | - | 10.21 | - | - | - | - | 10.21 |
| **Net** | **33,930.23** | **-** | **-** | **-** | **2,944.59** | **-** | **36,874.82** | **-** | **38.32** | **-** | **38.32** | **36,913.14** |
| **Available for Sale** | | | | | | | | | | | | |
| Gross | 41,464.44 | - | 1,275.36 | 15,917.35 | - | 2,956.19 | 61,613.34 | 415.86 | - | 1,945.74 | 2,361.60 | 63,974.94 |
| Less: Provision for depreciation and NPI | 1,173.64 | - | 41.87 | 152.92 | - | 438.28 | 1,806.71 | - | - | 36.73 | 36.73 | 1,843.44 |
| **Net** | **40,290.80** | **-** | **1,233.49** | **15,764.43** | **-** | **2,517.91** | **59,806.63** | **415.86** | **-** | **1,909.01** | **2,324.87** | **62,131.50** |
| **Held for Trading** | | | | | | | | | | | | |
| Gross | 498.20 | - | - | 1,037.38 | - | - | 1,535.58 | - | - | - | - | 1,535.58 |
| Less: Provision for depreciation and NPI | - | - | - | - | - | - | - | - | - | - | - | - |
| **Net** | **498.20** | **-** | **-** | **1,037.38** | **-** | **-** | **1,535.58** | **-** | **-** | **-** | **-** | **1,535.58** |
| **Total Investments** | 75,892.87 | - | 1,275.36 | 16,954.73 | 2,954.80 | 2,956.19 | 100,033.95 | 415.86 | 38.32 | 1,945.74 | 2,399.92 | 102,433.87 |
| Less: Provision for depreciation and NPI | 1,173.64 | - | 41.87 | 152.92 | 10.21 | 438.28 | 1,816.92 | - | - | 36.73 | 36.73 | 1,853.65 |
| **Net** | **74,719.23** | **-** | **1,233.49** | **16,801.81** | **2,944.59** | **2,517.91** | **98,217.03** | **415.86** | **38.32** | **1,909.01** | **2,363.19** | **100,580.22** |

** Includes securities with face Value of ₹ 13,349.35 crore pledged and encumbered for availment of fund transfer facility, clearing facility, margin requirements and with RBI for LAF.*



(₹ in crore)

| As at 31st March, 2021 | 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 | 33,725.36 | - | - | - | 2,626.54 | - | 36,351.90 | - | 23.16 | - | 23.16 | 36,375.06 |
| Less: Provision for non-performing investments (NPI) | - | - | - | - | 10.12 | - | 10.12 | - | - | - | - | 10.12 |
| **Net** | **33,725.36** | **-** | **-** | **-** | **2,616.42** | **-** | **36,341.78** | **-** | **23.16** | **-** | **23.16** | **36,364.94** |
| **Available for Sale** | | | | | | | | | | | | |
| Gross | 51,044.13 | - | 1,419.04 | 10,680.81 | - | 4,113.32 | 67,257.30 | 306.93 | - | 736.32 | 1,043.25 | 68,300.55 |
| Less: Provision for depreciation and NPI | 387.51 | - | 119.57 | 126.54 | - | 363.28 | 996.90 | - | - | 2.68 | 2.68 | 999.58 |
| **Net** | **50,656.62** | **-** | **1,299.47** | **10,554.27** | **-** | **3,750.04** | **66,260.40** | **306.93** | **-** | **733.64** | **1,040.57** | **67,300.97** |
| **Held for Trading** | | | | | | | | | | | | |
| Gross | 656.73 | - | | 777.41 | - | - | 1,434.14 | - | - | - | - | 1,434.14 |
| Less: Provision for depreciation and NPI | 0.76 | - | - | 0.10 | - | - | 0.86 | - | - | - | - | 0.86 |
| **Net** | **655.97** | **-** | **-** | **777.31** | **-** | **-** | **1,433.28** | **-** | **-** | **-** | **-** | **1,433.28** |
| **Total Investments** | 85,426.22 | - | 1,419.04 | 11,458.22 | 2,626.54 | 4,113.32 | 105,043.34 | 306.93 | 23.16 | 736.32 | 1,066.41 | 106,109.75 |
| Less: Provision for depreciation and NPI | 388.27 | - | 119.57 | 126.64 | 10.12 | 363.28 | 1,007.88 | - | - | 2.68 | 2.68 | 1,010.56 |
| **Net** | **85,037.95** | **-** | **1,299.47** | **11,331.58** | **2,616.42** | **3,750.04** | **104,035.46** | **306.93** | **23.16** | **733.64** | **1,063.73** | **105,099.19** |

** Includes securities with face Value of ₹ 10,024.63 crore pledged and encumbered for ava be 73 v mb 3 r b a*

### 3. Movement of Provisions for Depreciation and Investment Fluctuation Reserve:

(₹ in crore)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| i) Movement of provisions held towards depreciation on investments | | |
| a) Opening balance | 1,010.56 | 602.28 |
| b) Add: Provisions made during the year | 938.03 | 461.36 |
| c) Less: Write-back of provisions during the year | 94.94 | 53.08 |
| d) Closing balance | **1,853.65** | **1,010.56** |
| ii) Movement of Investment Fluctuation Reserve | | |
| a) Opening balance | **1,374.69** | **554.03** |
| b) Add: Amount transferred during the year | 400.00 | 820.66 |
| c) Less: Drawdown | - | - |
| d) Closing balance | **1,774.69** | **1,374.69** |
| iii) Closing balance in IFR as percentage of closing balance of investments in AFS and HFT/Current Category | **2.79%** | **2.00%** |

### 4. Details of Repo / Reverse Repo (excluding LAF and MSF transactions for the year) deals (in face value terms):

**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 31st 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 | - | - | - | - |

**Year ended 31st March, 2021:**

(₹ in crore)

| Particulars | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as on 31st March, 2021 |
|---|---|---|---|---|
| Securities sold under repos | | | | |
| i. Government securities | - | 35,413.55 | 24,282.35 | 8,835.30 |
| ii. Corporate debt securities | - | 200.00 | 5.21 | - |
| iii. Any other securities | - | - | - | - |
| Securities purchased under reverse repos | | | | |
| i. Government securities | - | 2,200.00 | 213.01 | - |
| ii. Corporate debt securities | - | 100.00 | 0.82 | - |
| iii. Any other securities | - | - | - | - |

### 5. Disclosure in respect of Non-SLR investments:

**(i) Non-performing Non-SLR investments:**

(₹ in crore)

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|---|---|
| Opening balance | 662.49 | 274.37 |
| Additions during the year | 3.08 | 838.37 |
| Reductions during the year | (511.47) | (450.25) |
| Closing balance | 154.10 | 662.49 |
| **Total provisions held** | **152.62** | **238.42** |

**(ii) 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.*

**Issuer composition of Non-SLR investments as at 31st March, 2021:**

(₹ 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 | 1,014.94 | 255.00 | - | - | - |
| 2 | FIs | 2,131.06 | 724.24 | - | - | 446.24 |
| 3 | Banks | 1,396.16 | 809.99 | - | 620.74 | 582.11 |
| 4 | Private Corporates | 10,636.58 | 8,302.24 | 14.29 | 907.22 | 2,155.94 |
| 5 | Subsidiaries, Associates and Joint Ventures | 2,649.70 | 1,295.08 | - | 2,649.70 | 2,649.70 |
| 6 | Others | 2,855.09 | 2,199.43 | 773.41 | 295.48 | 2,548.16 |
| 7 | Provision held towards depreciation | (622.29) | - | - | - | - |
| | **Total** | **20,061.24** | **13,585.98** | **787.70** | **4,473.14** | **8,382.15** |

*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, 2022 and year ended 31st March, 2021, 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 | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| The notional principal of swap agreements | 50,448.49 | 39,777.32 |
| Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements | 557.74 | 376.22 |
| Collateral required by the Bank upon entering into swaps | NA | NA |
| Concentration of credit risk arising from the swaps | 58.20% (Banks) | 58.08% (Banks) |
| The fair value of the swap book | 284.15 | (42.21) |

### B. Exchange Traded Interest Rate Derivatives:

(₹ in crore)

| Particulars | As at | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| 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 Market 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 Market Risk Management Department, 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 Market Risk Management Department 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 exposures 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 2022:**

(₹ in crore)

| Sr. No. | Particulars | Currency Derivatives | Interest rate Derivatives |
|---|---|---|---|
| 1 | **Derivatives (Notional Principal Amount)** | | |
| | a) For hedging | NA | NA |
| | b) For trading | 169,160.16 | 50,448.49 |
| 2 | **Marked to Market Positions**** | | |
| | a) Asset (+) | NA | 284.15 |
| | 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 | 0.00 | 0.00 |
| | b) On trading derivatives | 50.98 | 248.40 |
| 5 | **Maximum of 100*PV01 observed during the year#** | | |
| | a) On hedging derivatives | 0.00 | 0.00 |
| | b) On trading derivatives | 51.45 | 352.27 |
| 6 | **Minimum of 100*PV01 observed during the year#** | | |
| | a) On hedging derivatives | 0.00 | 0.00 |
| | b) On trading derivatives | 22.92 | 226.09 |

*Currency interest rate swaps have been included under currency derivatives.*

*# Excludes PV01 on options.*

*** The net position has been shown either under asset or liability, as the case may be, for each type of derivatives. .*

**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** | | |

The overnight Net open position as at 31st March, 2022 is ₹ 143.45 crore (previous year ₹ 325.15 crore).

**31st March 2021:**

(₹ in crore)

| Sr. No. | Particulars | Currency Derivatives | Interest rate Derivatives |
|---|---|---|---|
| **1** | **Derivatives (Notional Principal Amount)** | | |
| | a) For hedging | NA | NA |
| | b) For trading | 112,937.82 | 39,777.32 |
| **2** | **Marked to Market Positions**** | | |
| | a) Asset (+) | 83.50 | NA |
| | b) Liability (-) | NA | 42.20 |
| **3** | **Credit Exposure** | 3,999.01 | 524.08 |
| **4** | **Likely impact of one percentage change in interest rate (100*PV01)#** | | |
| | a) On hedging derivatives | 0.00 | 0.00 |
| | b) On trading derivatives | 47.31 | 348.37 |
| **5** | **Maximum of 100*PV01 observed during the year#** | | |
| | a) On hedging derivatives | 0.00 | 0.00 |
| | b) On trading derivatives | 47.31 | 399.75 |
| **6** | **Minimum of 100*PV01 observed during the year#** | | |
| | a) On hedging derivatives | 0.00 | 0.00 |
| | b) On trading derivatives | 9.83 | 207.17 |

*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, 2021 are set out below:**

(₹ in crore)

| Nature | No.* | Notional Principal | Benchmark | Terms |
|---|---|---|---|---|
| Trading | 63 | 2,324.12 | LIBOR | Receive Fixed Vs. Pay Floating |
| Trading | 153 | 9,284.71 | LIBOR | Receive Floating Vs. Pay Fixed |
| Trading | 1 | 146.22 | LIBOR | Receive Floating Vs. Pay Floating |
| Trading | 262 | 9,710.00 | MIFOR | Receive Fixed Vs. Pay Floating |
| Trading | 78 | 3,995.00 | MIFOR | Receive Floating Vs. Pay Fixed |
| Trading | 78 | 2,235.16 | MIBOR | Receive Fixed Vs. Pay Floating |
| Trading | 429 | 12,082.11 | MIBOR | Receive Floating Vs. Pay Fixed |
| **Total** | **1,064** | **39,777.32** | | |

**The nature and terms of the Cross Currency Swaps (CCS) as on 31st March, 2021 are set out below:**

(₹ in crore)

| Nature | No.* | Notional Principal | Benchmark | Terms |
|---|---|---|---|---|
| Trading | 1 | 1.67 | EURIBOR | Receive Fixed Vs. Pay Floating |
| Trading | 4 | 177.28 | EURIBOR Vs. LIBOR | Receive Floating Vs. Pay Floating |
| Trading | 8 | 58.47 | FIXED | Pay Fixed |
| Trading | 6 | 236.32 | FIXED | Receive Fixed |
| Trading | 53 | 2,129.57 | FIXED | Receive Fixed Vs. Pay Fixed |
| Trading | 21 | 2,018.20 | LIBOR | Receive Fixed Vs. Pay Floating |
| Trading | 3 | 1,944.84 | LIBOR | Receive Floating Vs. Pay Fixed |
| Trading | 3 | 109.32 | LIBOR Vs. LIBOR | Receive Floating Vs. Pay Floating |
| **Total** | **99** | **6,675.67** | | |

** 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, 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.*

**As at 31st March, 2021**

(₹ 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 | **218,175.66** | **1,934.24** | **2,783.36** | **309.29** | **5,026.89** | **223,202.55** |
| Add: Additions during the year | | | | | 5,488.32 | |
| Less: Reductions during the year (*) | | | | | (3,089.70) | |
| **Closing Balance** | **220,981.31** | **3,506.61** | **3,379.30** | **539.60** | **7,425.51** | **228,406.82** |
| (*) Reductions in Gross NPAs due to: | | | | | | |
| i) Upgradation | | | | | (1,307.10) | (1,307.10) |
| ii) Recoveries (excluding recoveries from upgraded accounts) | | | | | (1,154.56) | (1,154.56) |
| iii) Technical/Prudential Write-offs | | | | | (235.38) | (235.38) |
| iv) Write-offs other than those covered under (iii) above | | | | | (392.66) | (392.66) |
| **Provisions (excluding Floating Provisions)** | | | | | | |
| Opening balance of provisions held | **5.51** | **929.02** | **2,230.69** | **309.29** | **3,469.00** | **3,474.51** |
| Add: Fresh provisions made during the year | | | | | 2,803.31 | |
| Less: Excess provision reversed/Write-off loans | | | | | (1,551.97) | |
| **Closing balance of provisions held** | **16.33** | **1,521.36** | **2,659.38** | **539.60** | **4,720.34** | **4,736.67** |
| **Net NPAs** | | | | | | |
| Opening Balance | | 1,005.22 | 552.67 | 0.00 | 1,557.89 | |
| Add: Fresh additions during the year | | | | | 2,685.01 | |
| Less: Reductions during the year | | | | | (1,537.73) | |
| **Closing Balance** | | **1,985.25** | **719.92** | **0.00** | **2,705.17** | |
| **Ratios** | | | | | | |
| Gross NPA to Gross Advances (%) | | | | | | 3.25% |
| Net NPA to Net Advances (%) | | | | | | 1.21% |

*Above numbers do not include standard asset provision on Advances (other than provision for country risk and unhedged foreign currency exposures) amounting to ₹ 945.04 crore as at 31st March, 2021.*

## 10. Movement of Technical Write-offs and Recoveries:

(₹ in crore)

| Particulars | Year Ended | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Opening balance of Technical / Prudential written-off accounts as at 1st April | 1,660.35 | 1,547.25 |
| Add: Technical / Prudential write-offs during the year | 358.98 | 235.38 |
| Less: Recoveries / Reductions made from previously Technical / Prudential written-off accounts during the year | (200.53) | (122.28) |
| **Closing Balance as at 31st March** | **1,818.80** | **1,660.35** |

**11.** The Provision Coverage Ratio (PCR) of the Bank after considering technical write-off is 79.05% as at 31st March, 2022 (previous year 70.23 %).

## 12. Concentration of NPAs:

(₹ in crore)

| Particulars | As at | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Total Exposure to top twenty NPA accounts* | 817.02 | 1,232.82 |
| Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs | 12.63% | 16.60% |

*(*) 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 15 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 2020-21 (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 31st March, 2022 | | | As at 31st March, 2021 | | |
|---|---|---|---|---|---|---|---|
| | | 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 | 34,360.83 | 1,581.30 | 4.60% | 27,499.60 | 1,348.45 | 4.90% |
| 2 | Advances to Industries Sector eligible as Priority sector lending | 47,974.56 | 312.78 | 0.65% | 33,416.69 | 424.24 | 1.27% |
| 3 | Services | 41,653.20 | 575.87 | 1.38% | 29,165.84 | 692.27 | 2.37% |
| 4 | Personal Loans and others | 2,090.54 | 26.44 | 1.26% | 1,377.87 | 29.40 | 2.13% |
| | **Sub-Total (A)** | **126,079.13** | **2,496.39** | **1.98%** | **91,460.00** | **2,494.36** | **2.73%** |
| **B** | **Non Priority Sector** | | | | | | |
| 1 | Agricultural and Allied Activities | 575.50 | 44.72 | 7.77% | 1,222.15 | 41.15 | 3.37% |
| 2 | Industry | 49,489.06 | 1,346.77 | 2.72% | 46,998.35 | 1,534.03 | 3.26% |
| 3 | Services | 48,140.47 | 928.59 | 1.93% | 44,459.00 | 1,426.09 | 3.21% |
| 4 | Personal loans and others | 51,744.05 | 1,653.27 | 3.20% | 44,267.32 | 1,929.88 | 4.36% |
| | **Sub-Total (B)** | **149,949.08** | **3,973.35** | **2.65%** | **136,946.82** | **4,931.15** | **3.60%** |
| | **Total (A+B)** | **276,028.21** | **6,469.74** | **2.34%** | **228,406.82** | **7,425.51** | **3.25%** |

** 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, 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** |

**As at 31st March, 2021:**

(₹ in crore)

| Sl. No. | Type of PSLCs | Purchased | Sold |
|---|---|---|---|
| 1 | PSLC – Agriculture | 250.00 | - |
| 2 | PSLC - SF/MF | 11,050.00 | 1,200.00 |
| 3 | PSLC - Micro Enterprises | 8,630.75 | 7,700.00 |
| 4 | PSLC – General | - | 15,678.50 |
| | **TOTAL** | **19,930.75** | **24,578.50** |

## 16. Details of accounts subjected to restructuring*

(₹ in crore)

| Particulars | | Agriculture and allied activities | | Corporates (excluding MSME) | | Micro, Small and Medium Enterprises (MSME) | | Retail (excluding agriculture and MSME) | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As on 31st March, 2022 | As on 31st March, 2021 | As on 31st March, 2022 | As on 31st March, 2021 | As on 31st March, 2022 | As on 31st March, 2021 | As on 31st March, 2022 | As on 31st March, 2021 | As on 31st March, 2022 | As on 31st March, 2021 |
| Standard | Number of borrowers | 2,497 | 0 | 1 | 0 | 908 | 381 | 4,670 | 4,345 | 8,076 | 4,726 |
| | Gross Amount (₹ crore) | 20.22 | 0.00 | 8.50 | 0.00 | 799.96 | 249.42 | 392.78 | 146.44 | 1,221.46 | 395.86 |
| | Provision held# (₹ crore) | 2.20 | 0.00 | 1.26 | 0.00 | 95.39 | 27.82 | 62.66 | 17.89 | 161.51 | 45.71 |
| Substandard | Number of borrowers | 797 | 7 | 0 | 0 | 261 | 166 | 8,550 | 11,811 | 9,608 | 11,984 |
| | Gross Amount (₹ crore) | 2.60 | 0.75 | 0.00 | 0.00 | 82.65 | 105.16 | 200.28 | 146.95 | 285.53 | 252.86 |
| | Provision held (₹ crore) | 0.67 | 0.11 | 0.00 | 0.00 | 32.19 | 23.94 | 79.36 | 87.64 | 112.22 | 111.69 |
| Doubtful | Number of borrowers | 56 | 12 | 15 | 13 | 180 | 18 | 24,638 | 9,789 | 24,889 | 9,832 |
| | Gross Amount (₹ crore) | 21.62 | 18.02 | 302.41 | 221.77 | 231.76 | 127.49 | 328.76 | 108.32 | 884.55 | 475.60 |
| | Provision held (₹ crore) | 14.95 | 9.82 | 280.01 | 191.69 | 146.39 | 47.76 | 296.32 | 97.54 | 737.67 | 346.81 |
| Total | Number of borrowers | 3,350 | 19 | 16 | 13 | 1,349 | 565 | 37,858 | 25,945 | 42,573 | 26,542 |
| | Gross Amount (₹ crore) | 44.44 | 18.77 | 310.91 | 221.77 | 1,114.37 | 482.07 | 921.82 | 401.71 | 2,391.54 | 1,124.32 |
| | Provision held (₹ crore) | 17.82 | 9.93 | 281.27 | 191.69 | 273.97 | 99.52 | 438.34 | 203.07 | 1,011.40 | 504.21 |

** Restructuring as defined as per applicable regulations.*

*# - does not include provisions made over regulatory requirement as on 31st March, 2022 amounting to ₹120.00 crore (previous year - ₹ Nil).*





**Disclosure on the scheme for MSME sector – restructuring of advances**

**As at 31st March, 2022:**

(₹ in crore)

| No. of accounts restructured | Amount |
|---|---|
| 1,131* | 894.71 |

**As at 31st March, 2021:**

(₹ in crore)

| No. of accounts restructured | Amount |
|---|---|
| 443* | 313.45 |

** 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 2022, the Bank has implemented Resolution plan (RP) for 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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Total Assets | 7,668.62 | 4,755.84 |
| Total NPAs | Nil | Nil |
| Total Revenue | 67.62 | 128.72 |

## 18. Disclosure of transfer of loan exposures

Details of loans transferred/acquired for the year ended 31st March, 2022 & 31st March, 2021 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 | 31st March, 2022 | 31st March, 2021 |
|---|---|---|---|
| 1 | Aggregate amount of loans acquired | 194.22 | - |
| 2 | Aggregate consideration paid | 137.01 | - |
| 3 | Weighted average residual maturity | 2.03 years | - |
| 4 | Weighted average holding period of originator | 2.78 years | - |
| 5 | Retention of beneficial economic interest | Nil | - |
| 6 | Coverage of tangible security coverage | 100% | - |
| 7 | Rating-wise distribution of rated loans | 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 | | |
|---|---|---|---|
| | Aggregate Principal outstanding of loans acquired | Aggregate consideration paid | Weighted average residual tenor of loans acquired (in Years) |
| 31st March, 2022 | 28.15 | 8.80 | 2.39 |
| 31st March, 2021 | - | - | - |

(iv) Details of Non-performing Assets (NPAs) acquired:

₹ crore except tenor

| Portfolio acquired during the year ended | From lenders listed in Clause 3 | | |
|---|---|---|---|
| | Aggregate Principal outstanding of loans acquired | Aggregate consideration paid | Weighted average residual tenor of loans acquired (in Years)$ |
| 31st March, 2022 | 693.66 | 75.53 | 7.58 |
| 31st March, 2021 | 244.24 | 55.00 | 0.83 |

*$ - Weighted Average residual tenor of loans is excluding limit based facilities*

(v) Details of recovery ratings assigned for Security Receipts as at 31st March, 2022:

| Recovery Rating^ | Anticipated Recovery as per Recovery Rating | Book Value (₹ crore) |
|---|---|---|
| NR1/R1+/RR1+ | >150% | 37.78 |
| NR2/R1/RR1 | 100% - 150% | 347.01 |
| NR3/R2/RR2 | 75% - 100% | 42.51 |
| NR4/R3/RR3 | 50% - 75% | 217.38 |
| NR5/R4/RR4 | 25%-50% | 15.30 |
| NR6/R5/RR5 | 0% - 25% | 264.37 |
| Yet to be rated** | - | 46.80 |
| Unrated* | - | 111.45 |
| **Total** | | **1,082.60** |

*^ - Recovery Rating is as assigned by various external rating agencies*

** - Amount Outstanding for more than 8 years is ₹ 111.44 crs and is fully provided.*

*** - Recent purchases whose statutory period not yet elapsed.*

Details of recovery ratings assigned for Security Receipts as at 31st March, 2021:

| Recovery Rating^ | Anticipated Recovery as per Recovery Rating | Book Value (₹ crore) |
|---|---|---|
| NR1/R1+/RR1+ | >150% | 9.57 |
| NR2/R1/RR1 | 100% - 150% | 442.06 |
| NR3/R2/RR2 | 75% - 100% | 97.99 |
| NR4/R3/RR3 | 50% - 75% | 6.38 |
| NR5/R4/RR4 | 25%-50% | 264.37 |
| NR6/R5/RR5 | 0% - 25% | 4.51 |
| Yet to be rated** | - | 197.99 |
| Unrated* | - | 97.45 |
| **Total** | | **1,120.32** |

*^ - Recovery Rating is as assigned by various external rating agencies*

** - Amount Outstanding for more than 8 years is ₹ 97.41 crs and is fully provided.*

*** - Recent purchases whose statutory period not yet elapsed.*

## 19. Unsecured Advances

(₹ in crore)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Total unsecured advances of the bank | 61,557.93 | 49,222.99 |
| 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 | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Interest income as a percentage of working funds (A) | 6.73% | 7.13% |
| Non-Interest income as a percentage of working funds | 1.58% | 1.33% |
| Cost of deposits | 3.22% | 3.85% |
| Net Interest Margin (E) | 4.62% | 4.41% |
| Operating profit as a percentage of working funds (B) & (F) | 3.00% | 3.12% |
| Return on assets (average) (F) | 2.13% | 1.85% |
| Business (deposit plus advance) per employee (₹ in crore) (C) | 8.71 | 9.70 |
| Profit per employee (₹ in crore) | 0.14 | 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, 2022:**

(₹ in crore)

| Particulars | 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.

**31st March, 2021:**

(₹ in crore)

| Particulars | 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 | 252.18 | 2,667.03 | 3,021.88 | 6,542.66 | 11,489.44 | 11,677.90 | 14,799.99 | 28,253.33 | 89,436.50 | 28,305.20 | 27,224.05 | 223,670.16 |
| Investments* | 41,461.98 | 3,661.55 | 1,816.05 | 1,859.60 | 2,097.97 | 3,687.27 | 6,608.83 | 5,925.54 | 30,089.62 | 2,082.47 | 5,267.00 | 104,557.88 |
| Deposits | 18,571.00 | 18,236.84 | 8,101.29 | 6,914.79 | 10,150.13 | 11,224.33 | 35,443.88 | 27,415.88 | 142,668.87 | 1,069.92 | 303.12 | 280,100.05 |
| Borrowings | 402.88 | 9,353.91 | 460.18 | 405.37 | 2,547.67 | 287.75 | 1,981.91 | 3,667.72 | 4,210.48 | 182.78 | 150.00 | 23,650.65 |
| Foreign Currency Assets | 1,646.71 | 5,338.25 | 290.68 | 2,493.00 | 3,056.15 | 2,439.47 | 2,754.81 | 1,939.91 | 1,725.90 | 1,030.71 | 282.10 | 22,997.69 |
| Foreign Currency Liabilities | 912.51 | 570.44 | 226.75 | 321.06 | 1,372.95 | 238.51 | 1,213.06 | 1,334.64 | 3,512.04 | 192.84 | 18.59 | 9,913.39 |

** Listed equity investments in AFS have been considered at 50% (₹ 541.31 crore) haircut as per RBI directions.*

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*:

(₹ in crore)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| **a) Direct exposure** | 58,329.55 | 39,803.06 |
| 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 31st March, 2022 ₹ 1,449.50 crore and as at 31st March, 2021 ₹ 113.33 crore). Exposure also includes non-fund based (NFB) limits | 39,002.73 | 23,006.67 |
| 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 | 19,326.82 | 16,796.39 |
| iii Investments in Mortgage Backed Securities (MBS) and other securitised exposures- | - | - |
| - Residential, | - | - |
| - Commercial Real Estate | - | - |
| **b) Indirect Exposure** | 6,488.76 | 6,495.18 |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | 6,488.76 | 6,495.18 |
| **Total Exposure to Real Estate Sector (a+b)** | **64,818.31** | **46,298.24** |

** On limit basis or outstanding basis whichever is higher*

### (b) Exposure to Capital Market*:

(₹ in crore)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| 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;# | 1,231.34 | 1,298.39 |
| 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; | 667.96 | 432.17 |
| 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; | 2,439.83 | 846.72 |
| v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | 2,438.98 | 3,214.37 |
| 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; | - | - |
| ix. Financing to stockbrokers for margin trading; | 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) | 0.03 | 0.03 |
| xi. Others (Financial Guarantees) | 16.59 | 26.13 |
| **Total Exposure to Capital Market*** | **7,094.73** | **5,817.81** |

*# The above amount excludes shares/convertible bonds aggregating to ₹ 39.63 crore (Previous year ₹ 124.22 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 31st March, 2022 | Provision held as at 31st March, 2022 | Exposure (net) as at 31st March, 2021 | Provision held as at 31st March, 2021 |
|---|---|---|---|---|
| Insignificant | 8,901.77 | 4.79 | 8,991.83 | - |
| Low | 383.90 | - | 332.54 | - |
| Moderately Low | - | - | 9.14 | - |
| Moderate | - | - | - | - |
| Moderately High | - | - | - | - |
| High | - | - | - | - |
| Very High | - | - | - | - |
| **Total** | **9,285.67** | **4.79** | **9,333.51** | **-** |

*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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Total deposits of twenty largest depositors | 27,596.09 | 27,551.70 |
| Percentage of deposits of twenty largest depositors to total deposits of the Bank | 8.85% | 9.84% |

## 24. Concentration of advances*:

(₹ in crore)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Total advances to twenty largest borrowers | 38,737.34 | 33,748.40 |
| Percentage of advances to twenty largest borrowers to total advances of the bank | 7.96% | 8.31% |

** 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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Total exposure to twenty largest borrowers/customers | 45,190.68 | 39,935.94 |
| Percentage of exposures to twenty largest borrowers/customers to total exposure of the bank on borrowers/customers | 8.81% | 9.36% |

*** 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 2022 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 | 230.33 | 18.44 | 0.66 | 16.60 | 195.29 |
| Corporate persons* | 144.46 | 78.52 | - | 8.65 | 57.29 |
| Of which, MSMEs | 49.20 | 12.04 | - | 6.12 | 31.04 |
| Others | 146.86 | 13.86 | 0.08 | 7.46 | 125.54 |
| **Total** | **521.65** | **110.82** | **0.74** | **32.71** | **378.12** |

** As defined in section 3(7) of the Insolvency and Bankruptcy Code, 2016*

*** Includes cases where requests received till 30th September, 2021 and implemented subsequently*

*# 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*

There were no borrower accounts, where resolution plans had been implemented and now modified under Resolution Framework 2.0 announced by RBI on 5th May, 2021.

**27.** The factoring exposure of the Bank as at 31st March, 2022 is ₹ 1,838.31 crore (previous year: ₹ 984.56 crore).

**28.** During the year, the Reserve Bank of India has levied a penalty of ₹ Nil (previous year ₹ Nil) on the Bank.

**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 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|---|
| 1. | For selling life insurance policies | 290.71 | 250.13 |
| 2. | For selling non life insurance policies | 15.34 | 15.78 |
| 3. | For selling mutual fund products | 224.62 | 151.68 |
| 4. | Others | - | - |

*This Income has been reflected under Commission, exchange and brokerage under Other Income.*

## 31. Floating Provisions:

(₹ in crore)

| | Particulars | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|---|
| (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 on creation and utilisation of Investment reserve in respect of HFT and AFS investments, no amount has been utilised during the year (previous year Nil).

## 33. a) Status of Shareholder Complaints:

(₹ in crore)

| Sr. No. | Particulars | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|---|
| (a) | No. of complaints pending at the beginning of the year | 6 | 3 |
| (b) | No. of complaints received during the year | 49 | 35 |
| (c) | No. of complaints redressed during the year | 53 | 32 |
| (d) | No. of complaints pending at the end of the year | 2## | 6# |

*# The Pending investor grievances have been resolved as on 30th April, 2021.*

*## 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 | 31st March, 2022 | 31st March, 2021 |
|---|---|---|---|
| **Complaints received by the bank from its customers(*)** | | | |
| **1.** | Number of complaints pending at beginning of the year | 9,462 | 4,323 |
| **2.** | Number of complaints received during the year | 198,146 | 297,272 |
| **3.** | Number of complaints disposed during the year | 199,413 | 292,133 |
| 3.1 | Of which, number of complaints rejected by the bank | 85,347 | 66,141 |
| **4.** | Number of complaints pending at the end of the year | 8,195 | 9,462 |
| ** No of complaints reported for FY 21-22 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 | 5,737 | 8,893 |
| 5.1. | Of 5, number of complaints resolved in favour of the bank by BOs | 3,027 | 4,743 |
| 5.2 | Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs | 426 | 839 |
| 5.3 | Of 5, number of complaints resolved after passing of Awards by BOs against the bank | Nil | 2 |
| **6.** | Number of Awards unimplemented within the stipulated time (other than those appealed) | Nil | 1 |

*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.*

**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,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 |
| Account opening/difficulty in operation of accounts | 292 | 14,818 | -40% | 297 | 10 |
| Credit Cards | 644 | 11,736 | -38% | 302 | 13 |
| Mis-selling/Para-banking | 50 | 7,443 | 608% | 18 | 0 |
| Others | 1,143 | 41,776 | -65% | 989 | 163 |
| **Total** | **9,462** | **198,146** | **-33%** | **8,195** | **2,430** |
| **31st March,2021** | | | | | |
| ATM/Debit Cards | 993 | 78,431 | -37% | 3,476 | 1,216 |
| Internet Banking /Mobile Banking/E-Banking | 917 | 53,071 | -47% | 3,857 | 851 |
| Levy of charges without prior notice/ excessive charges/ foreclosure charges | 169 | 33,679 | 235% | 163 | 9 |
| Account opening/difficulty in operation of accounts | 176 | 24,862 | -2% | 292 | 14 |
| Credit Cards | 1,087 | 18,983 | -40% | 644 | 53 |
| Others | 981 | 88,246 | -29% | 1,030 | 250 |
| **Total** | **4,323** | **297,272** | **-29%** | **9,462** | **2,393** |

*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.PRD.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)

(₹ in crore)

| Sr. No. | Nature of Income | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|---|
| 1 | Referral Fees | 300.36 | 193.80 |
| 2 | Arrangers Fees | 261.62 | 162.35 |
| 3 | Income on distribution of Sovereign Gold Bond | 2.91 | 4.79 |
| 4 | Other Income | 6.62 | 3.34 |

*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 1st April, 2020 and further amendments thereafter (Last amendment in Aug'21)**

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 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 fixed 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 (Cash and Short term deferred 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 held by the Remuneration Committee during the financial year and remuneration paid to its members.**

During year ended 31st March, 2022, 6 meetings (previous year 7 meetings) of Nomination and Remuneration committee was held. Non-Executive Director of the Nomination and Remuneration committee is paid a sitting fee of ₹ 40,000 per meeting (previous year ₹ 40,000 per meeting).

**b) Number of employees having received a variable remuneration award during the financial year.**

**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.

**As per FY21 policy for the year ended 31st March 2021 ("FY2021 policy"):**

Quantitative disclosure restricted to CEO & three Whole Time Directors as Category I employees and Sixty One 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 FY2022 policy which is applicable from 1st April 2021.

c) **Number of employees and total amount of sign-on/joining bonus made during the financial year.**

| | | |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

## 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 ₹ 25 crore;
- 80 bps in cases where limits with banking system are ₹ 25 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, 2022 is ₹ 73.94 crore. (Previous year ₹ 54.48 crore). Incremental Risk weighted Assets value considered for the purpose of CRAR calculation in respect of currency induced credit risk as at 31st March, 2022 is ₹ 1,897.25 crore (Previous year ₹ 2,113.26 crore)

## 39. a) Liquidity Coverage Ratio

(₹ in crore)

| Particulars | Average Q1 2021-2022 | | Average Q2 2021-2022 | | Average Q3 2021-2022 | | Average Q4 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) | | **89,062** | | **95,031** | | **97,786** | | **86,081** |
| **Cash Outflows** | | | | | | | | |
| 2 Retail deposits and deposits from small business customers, of which: | | | | | | | | |
| (i) Stable deposits | 60,382 | 3,019 | 27,434 | 1,372 | 27,142 | 1,357 | 27,937 | 1,397 |
| (ii) Less stable deposits | 1,17,101 | 11,710 | 1,54,750 | 15,475 | 1,59,257 | 15,926 | 1,61,261 | 16,126 |
| 3 Unsecured wholesale funding, of which | | | | | | | | |
| (i) Operational deposits (all counterparties) | - | - | - | - | - | - | - | - |
| (ii) Non-operational deposits (all counterparties) | 87,643 | 50,285 | 95,989 | 57,616 | 99,715 | 60,123 | 92,215 | 53,352 |
| (iii) Unsecured debt | 1,177 | 1,177 | 575 | 575 | 577 | 577 | 1,215 | 1,215 |
| 4 Secured wholesale funding | | 1 | | 1 | | - | | - |
| 5 Additional requirements, of which | | | | | | | | |
| (i) Outflows related to derivative exposures and other collateral requirements | 18,531 | 18,531 | 18,679 | 18,679 | 21,770 | 21,770 | 19,047 | 19,047 |
| (ii) Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| (iii) Credit and liquidity facilities | 1,732 | 168 | 1,682 | 158 | 2,145 | 197 | 2,683 | 226 |
| 6 Other contractual funding obligations | 4,350 | 4,350 | 4,675 | 4,675 | 5,742 | 5,742 | 5,749 | 5,749 |
| 7 Other contingent funding obligations | 1,17,589 | 5,158 | 1,24,178 | 5,452 | 1,31,573 | 5,765 | 1,43,693 | 6,378 |
| 8 **Total Cash Outflows** | | **94,399** | | **1,04,003** | | **1,11,457** | | **1,03,490** |
| **Cash Inflows** | | | | | | | | |
| 9 Secured lending (e.g. reverse repos) | 16,568 | - | 23,338 | - | 21,784 | - | 17,943 | - |
| 10 Inflows from fully performing exposures | 45,939 | 40,149 | 47,269 | 41,082 | 48,580 | 41,510 | 40,925 | 33,489 |
| 11 Other cash inflows | 2,126 | 1,063 | 1,661 | 831 | 2,053 | 1,026 | 1,806 | 902 |
| 12 **Total Cash Inflows** | | 41,212 | | 41,913 | | 42,536 | | 34,391 |
| | | **Total Adjusted Value** | | **Total Adjusted Value** | | **Total Adjusted Value** | | **Total Adjusted Value** |
| 13 TOTAL HQLA | | 89,062 | | 95,031 | | 97,786 | | 86,081 |
| 14 Total Net Cash Outflows | | 53,187 | | 62,090 | | 68,921 | | 69,099 |
| 15 Liquidity Coverage Ratio (%) | | 167.45% | | 153.05% | | 141.88% | | 124.58% |

(₹ in crore)

| Particulars | Average Q3 2021-2022 | | Average Q2 2021-2022 | | Average Q1 2021-2022 | | Average Q4 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) | | **101,577** | | **100,930** | | **94,527** | | **97,950** |
| **Cash Outflows** | | | | | | | | |
| 2 Retail deposits and deposits from small business customers, of which: | | | | | | | | |
| (i) Stable deposits | 58,071 | 2,904 | 47,475 | 2,374 | 46,629 | 2,331 | 58,695 | 2,935 |
| (ii) Less stable deposits | 118,441 | 11,844 | 125,718 | 12,572 | 119,257 | 11,926 | 118,116 | 11,812 |
| 3 Unsecured wholesale funding, of which | | | | | | | | |
| (i) Operational deposits (all counterparties) | - | - | - | - | - | - | - | - |
| (ii) Non-operational deposits (all counterparties) | 72,885 | 41,141 | 74,037 | 41,227 | 80,743 | 44,230 | 84,775 | 48,527 |
| (iii) Unsecured debt | 1,765 | 1,765 | 1,041 | 1,041 | 1,098 | 1,098 | 948 | 948 |
| 4 Secured wholesale funding | | - | | - | | - | | - |
| 5 Additional requirements, of which | | | | | | | | |
| (i) Outflows related to derivative exposures and other collateral requirements | 12,013 | 12,013 | 10,762 | 10,762 | 9,618 | 9,618 | 15,260 | 15,260 |
| (ii) Outflows related to loss of funding on debt products | - | - | - | - | - | - | - | - |
| (iii) Credit and liquidity facilities | 1,977 | 196 | 2,122 | 206 | 1,979 | 192 | 1,848 | 189 |
| 6 Other contractual funding obligations | 3,526 | 3,526 | 2,843 | 2,843 | 2,520 | 2,520 | 4,967 | 4,967 |
| 7 Other contingent funding obligations | 112,242 | 4,919 | 112,591 | 5,003 | 110,879 | 4,926 | 112,850 | 4,921 |
| 8 **Total Cash Outflows** | | **78,308** | | **76,028** | | **76,841** | | **89,559** |
| **Cash Inflows** | | | | | | | | |
| 9 Secured lending (e.g. reverse repos) | 35,033 | 0 | 30,496 | 0 | 41,549 | 4 | 27,893 | 0 |
| 10 Inflows from fully performing exposures | 28,729 | 23,309 | 21,347 | 18,879 | 17,249 | 15,693 | 37,836 | 32,084 |
| 11 Other cash inflows | 1,827 | 913 | 1,789 | 894 | 1,947 | 974 | 1,914 | 957 |
| 12 **Total Cash Inflows** | | 24,222 | | 19,773 | | 16,671 | | 33,041 |
| | | **Total Adjusted Value** | | **Total Adjusted Value** | | **Total Adjusted Value** | | **Total Adjusted Value** |
| 13 TOTAL HQLA | | 101,577 | | 100,930 | | 94,527 | | 97,950 |
| 14 Total Net Cash Outflows | | 54,086 | | 56,255 | | 60,170 | | 56,518 |
| 15 Liquidity Coverage Ratio (%) | | 187.81% | | 179.42% | | 157.10% | | 173.31% |

**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, 2022 was 124.58% which is above the regulatory requirement of 100%. For the quarter ended 31st March, 2022 average Level 1 HQLA stood at 90.32% (77,748 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 8.85% of Bank's total deposits and top 10 lenders contributing 3.45% 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 899 (Previous year 894 cases) fraud cases involving fraud amount of one lakh and above during the financial year ended 31st March 2022 amounting to ₹ 169.55 crore (Previous year ₹ 656.44 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.

RBI circular dated 7th April, 2021 required banks to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 1st March, 2020 to 31st August, 2020 in conformity to the Honourable Supreme Court of India judgement on 23rd March 2021. Pursuant to the said order and as per the RBI circular, the methodology for calculation of the amount of such 'interest on interest' was finalised by the Indian Banks Association (IBA). The Bank had created a liability towards the estimated interest relief of ₹ 110 crore and had reduced the same from interest earned for the year ended 31st March 2021. Amount no longer required on crystallisation of such liability was credited to interest earned in the current financial year.

## 42. Dividend

The Board of Directors of the Bank have a proposed a dividend of ₹ 1.10 per share having a face value ₹ 5 for the year ended 31st March, 2022 (Previous Year ₹ 0.90 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.

## 43. Payment of DICGC Insurance Premium

| Sr. No. | Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---|---|---|
| i) | Payment of DICGC Insurance Premium | 343.84 | 313.50 |
| ii) | Arrears in payment of DICGC Premium | - | - |

## 44. 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:

I. 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.

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.

## 45. 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 ₹ 115.15 crore in the Profit and Loss Account during the year ended 31st March, 2022. There is no unamortised expenditure in the Balance Sheet on account of Family Pension.

## B. OTHER DISCLOSURES:

### 1. Earnings per Equity Share:

(₹ in crore)

| Particulars | Year Ended | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| 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 | 1,983,099,747 | 1,969,046,454 |
| Effect of potential equity shares for stock options outstanding | 8,52,749 | 1,391,770 |
| Weighted average number of equity shares used in computation of diluted earnings per share | 1,983,952,496 | 1,970,438,224 |
| Following is the reconciliation between basic and diluted earnings per share | | |
| Nominal value per share | 5.00 | 5.00 |
| Basic earnings per share | 43.02 | 35.17 |
| Effect of potential equity shares for stock options | 0.01 | 0.03 |
| Diluted earnings per share | 43.01 | 35.14 |
| Profit for the year after tax ( in crore) | 8,572.69 | 6,964.84 |
| 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) | 8,532.19 | 6,924.34 |

### 2. Segment Reporting:

The Summary of the operating segments of the Bank for the year ended 31st March, 2022 are as given below:

(₹ in crore)

| Sr. No. | Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---|---|---|
| **1.** | **Segment Revenue** | | |
| | a. Treasury, BMU and Corporate Centre | 8,479.37 | 9,095.89 |
| | b. Corporate / Wholesale Banking | 13,583.44 | 12,947.06 |
| | c. Retail Banking | 15,262.93 | 13,815.48 |
| | d. Other Banking business | - | - |
| | **Sub-total** | **37,325.74** | **35,858.43** |
| | Less : Inter-segmental revenue | 3,932.57 | 4,011.64 |
| | **Total** | **33,393.17** | **31,846.79** |
| **2.** | **Segment Results** | | |
| | a. Treasury, BMU and Corporate Centre | 4,135.64 | 3,026.72 |
| | b. Corporate / Wholesale Banking | 6,379.46 | 5,698.86 |
| | c. Retail Banking | 846.21 | 577.41 |
| | d. Other Banking business | - | - |
| | **Sub-total** | **11,361.31** | **9,302.99** |
| | **Total Profit Before Tax** | **11,361.31** | **9,302.99** |
| | **Provision for Tax** | **2,788.62** | **2,338.15** |
| | **Total Profit After Tax** | **8,572.69** | **6,964.84** |

(₹ in crore)

| Sr. No. | Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---|---|---|
| **3.** | **Segment Assets** | | |
| | a. Treasury, BMU and Corporate Centre | 136,339.52 | 145,793.98 |
| | b. Corporate / Wholesale Banking | 188,132.89 | 162,450.23 |
| | c. Retail Banking | 269,857.05 | 240,488.37 |
| | d. Other Banking business | - | - |
| | **Sub-total** | **594,329.46** | **548,732.58** |
| | Less : Inter-segmental Assets | 165,312.01 | 165,778.54 |
| | **Total** | **429,017.45** | **382,954.04** |
| | Add : Unallocated Assets | 410.95 | 516.12 |
| | **Total Assets as per Balance Sheet** | **429,428.40** | **383,470.16** |
| **4.** | **Segment Liabilities** | | |
| | a. Treasury, BMU and Corporate Centre | 98,943.19 | 113,306.32 |
| | b. Corporate / Wholesale Banking | 169,595.03 | 145,580.04 |
| | c. Retail Banking | 253,410.95 | 226,362.26 |
| | d. Other Banking business | - | - |
| | **Sub-total** | **521,949.17** | **485,248.62** |
| | Less : Inter-segmental Liabilities | 165,312.01 | 165,778.54 |
| | **Total** | **356,637.16** | **319,470.08** |
| | Add : Unallocated liabilities | 334.77 | 273.11 |
| | Add : Share Capital & Reserves & surplus | 72,456.47 | 63,726.97 |
| | **Total Capital & Liabilities as per Balance Sheet** | **429,428.40** | **383,470.16** |
| **5.** | **Capital Expenditure** | | |
| | a. Treasury, BMU and Corporate Centre | 67.80 | 52.04 |
| | b. Corporate / Wholesale Banking | 37.23 | 22.07 |
| | c. Retail Banking | 392.15 | 217.11 |
| | d. Other Banking business | - | - |
| | **Total** | **497.18** | **291.22** |
| **6.** | **Depreciation / Amortisation** | | |
| | a. Treasury, BMU and Corporate Centre | 81.30 | 85.42 |
| | b. Corporate / Wholesale Banking | 28.39 | 27.40 |
| | c. Retail Banking | 271.30 | 253.95 |
| | d. Other Banking business | - | - |
| | **Total** | **380.99** | **366.77** |

*Segmental Information is provided as per the MIS available for internal reporting purposes, which includes certain estimates and assumptions.*

### 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 ₹ 599.68 crore (previous year ₹ 562.07 crore). The sub-lease income recognised in the Profit and Loss Account is ₹ 8.61 crore (previous year ₹ 7.45 crore).

b. The future minimum lease payments under non-cancellable operating lease – not later than one year is ₹ 502.95 crore (previous year ₹ 495.16 crore), later than one year but not later than five years is ₹ 1,452.28 crore (previous year ₹ 1,486.50 crore) and later than five years ₹ 752.95 crore (previous year ₹ 892.30 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 ₹ 410.95 crore (previous year ₹ 516.12 crore). The components of the same are as follows:

(₹ in crore)

| Particulars of Asset/ (Liability) | Year Ended | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Provision for NPA and General provisions | 446.68 | 533.36 |
| Expenditure allowed on payment basis | 125.76 | 117.06 |
| Depreciation | 25.90 | 29.18 |
| Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961 | (187.39) | (163.48) |
| **Net Deferred Tax Asset** | **410.95** | **516.12** |

**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 | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Opening provision for reward points | 19.78 | 17.97 |
| Provision for reward points made during the year | 78.10 | 35.19 |
| Utilisation/write-back of provision for reward points | (69.37) | (33.38) |
| Closing provision for reward points* | 28.51 | 19.78 |

** This amount will be utilised towards redemption of the credit card accounts reward points.*

**b) Legal:**

(₹ in crore)

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---|---|
| Opening Provision | 30.80 | 34.01 |
| Add: Addition during the year | 13.23 | 1.32 |
| Less: Reduction during the year | (0.25) | (4.53) |
| Closing Provision | 43.78 | 30.80 |

**c) Fraud and Other Provisions:**

(₹ in crore)

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---|---|
| Opening Provision | 44.46 | 27.53 |
| Add: Addition during the year | 1.66 | 24.66 |
| Less: Reduction during the year | (3.93) | (7.73) |
| Closing Provision | 42.19 | 44.46 |

**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 | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| **Gross Block** | | |
| At cost on 31st March of the preceding year | 590.37 | 546.87 |
| Additions during the year | 145.27 | 75.90 |
| Deductions during the year | 22.21 | 32.40* |
| **Total** | **713.43** | **590.37** |
| **Depreciation / Amortisation** | | |
| As at 31st March of the preceding year | 474.75 | 407.28 |
| Charge for the year | 97.27 | 99.47 |
| Deductions during the year | 22.22 | 32.00 |
| **Depreciation to date** | **549.80** | **474.75** |
| **Net Block** | **163.63** | **115.62** |

*Capital commitments for purchase of software and system development expenditure are ₹ 111.82 crore (Previous year ₹ 53.95 crore).*

*( * ) Deductions include reclassification*

**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 25.98% of the equity share capital and 17.27% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2022. |
| Associates / Others | ECA Trading Services Limited (formerly known as ACE Derivatives & Commodity Exchange Limited) (upto 18th December, 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 |
| 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 (upto 28th December, 2020) |
| | Kotak Commodities 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 |

| Nature of Relationship | Related Party |
|---|---|
| | 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 |
| | Quantyco Realty Private Limited |
| | Xanadu Properties Private Limited |
| | Laburnum Adarsh Trust |
| | True North Enterprises |
| | Manian Family Trust |
| | Brij Disa Arnav Trust |
| | Brij Disa Parthav Trust |
| | Brij Disa Foundation (w.e.f 6th January, 2021) |
| | Kotak Mahindra Group Employee Welfare Trust |
| | Amrit Lila Enterprises Private Limited (w.e.f. 29th September, 2021) |
| | Manians Family Trust II (w.e.f. 10th February, 2022) |
| | USK Benefit Trust III (w.e.f. 14th October, 2021) |
| 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 |
| | Ms. Asha Shah |
| | Ms. Divya Shah |
| | Ms. Manasi Shah |
| | Ms. Mahima Shah |
| | Mr. Chetan Shah |
| | Ms. Chetna Shah |

(₹ 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 | 1,597.22 | 100.57 | 2,459.75 | 21.55 | 202.43 | 4,381.52 |
| | (1,228.63) | (89.57) | (3,501.12) | (81.91) | (208.60) | (5,109.83) |
| Borrowings | - | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Interest Payable | 1.13 | 0.30 | 0.01 | 0.07 | 0.13 | 1.64 |
| | (1.07) | (0.21) | (0.55) | (0.56) | (0.02) | (2.41) |
| Other Liabilities | 54.71 | - | - | # | - | 54.71 |
| | (131.71) | (-) | (-) | (#) | - | (131.71) |
| **Assets** | | | | | | - |
| Advances | 547.96 | 55.31 | 4.62 | 2.45 | 3.73 | 614.07 |
| | (828.57) | (-) | (5.07) | (2.88) | (4.86) | (841.38) |
| Investments-Gross | 4,625.31 | - | - | # | - | 4,625.31 |
| | (4,030.91) | (11.89) | (-) | (#) | (-) | (4,042.80) |
| Diminution on Investments | - | - | - | # | - | - |
| | (-) | (10.12) | (-) | (#) | (-) | (10.12) |
| Commission Receivable | 63.50 | - | - | - | - | 63.50 |
| | (50.72) | (-) | (-) | (-) | (-) | (50.72) |
| Others | 92.86 | 0.38 | 0.02 | 0.01 | 0.01 | 93.28 |
| | (118.77) | (0.01) | (0.03) | (0.01) | (0.02) | (118.84) |
| **Non Funded Commitments** | | | | | | |
| Bank Guarantees | 0.27 | - | - | 1.13 | - | 1.40 |
| | (11.55) | (-) | (-) | (1.00) | (-) | (12.55) |
| Swaps/Forward contracts (Notional) | 550.00 | - | - | - | 3.72 | 553.72 |
| | (550.00) | (-) | (-) | (-) | (1.88) | (551.88) |
| **Expenses** | | | | | | |
| Salaries/fees (Include ESOP) | - | - | 21.15 | - | 0.30 | 21.45 |
| | (-) | (-) | (15.90) | (-) | (0.29) | (16.19) |
| Interest Paid | 38.90 | 2.53 | 120.18 | 1.05 | 7.34 | 170.00 |
| | (28.54) | (2.57) | (154.38) | (5.10) | (8.05) | (198.64) |
| Others | 258.49 | 0.21 | - | 0.61 | - | 259.31 |
| | (200.54) | (-) | (-) | (0.46) | (-) | (201.00) |
| **Income** | | | | | | |
| Dividend | 201.76 | - | - | - | - | 201.76 |
| | (15.62) | (-) | (-) | (-) | (-) | (15.62) |
| Interest Received | 104.14 | 1.38 | 0.33 | 0.20 | 0.33 | 106.38 |
| | (76.13) | (-) | (0.46) | (0.25) | (0.44) | (77.28) |
| Others | 649.04 | 0.10 | # | 0.02 | 0.01 | 649.17 |
| | (565.01) | (0.10) | (#) | (0.02) | (#) | (565.13) |
| **Other Transactions** | | | | | | |
| Sale of Investment | 37.52 | - | - | - | - | 37.52 |
| | (251.66) | (-) | (-) | (-) | (-) | (251.66) |
| Purchase of Investment | 1,074.24 | - | - | - | - | 1,074.24 |
| | (1,424.11) | (-) | (-) | (-) | (-) | (1,424.11) |
| Loan Disbursed During the Year | 4,435.00 | 60.00 | - | - | - | 4,495.00 |
| | (3,375.00) | (-) | (-) | (-) | (-) | (3,375.00) |
| Loan Repaid During the Year | 4,735.00 | 4.69 | - | - | - | 4,739.69 |
| | (2,525.00) | (-) | (-) | (-) | (-) | (2,525.00) |
| Dividend paid | - | - | 46.16 | 0.07 | 0.32 | 46.55 |
| | (-) | (-) | (-) | (-) | (-) | (-) |

(₹ 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 |
|---|---|---|---|---|---|---|
| Reimbursement to companies | 21.36 | - | - | - | - | 21.36 |
| | (21.20) | (-) | (-) | (-) | (-) | (21.20) |
| Reimbursement from companies | 110.89 | # | - | - | - | 110.89 |
| | (100.45) | (#) | (-) | (-) | (-) | (100.45) |
| Purchase of Fixed assets | 0.41 | - | - | - | - | 0.41 |
| | (0.13) | (-) | (-) | (-) | (-) | (0.13) |
| Sale of Fixed assets | 0.94 | - | - | - | - | 0.94 |
| | (0.64) | (-) | (-) | (-) | (-) | (0.64) |
| Swaps/Forward contracts (Notional) | 233.17 | - | - | - | 3.72 | 236.89 |
| | (3,382.71) | - | - | - | - | (3,382.71) |
| Guarantees/Lines of credit | 25.17 | - | - | 0.13 | - | 25.30 |
| | (76.20) | (-) | (-) | (-) | (-) | (76.20) |
| QIP Issuance Expense adjusted against Share Premium | - | - | - | - | - | - |
| | (9.00) | (-) | (-) | (-) | (-) | (9.00) |
| **I. Liabilities:** | | | | | | |
| **Other liabilities** | | | | | | |
| **Other Payable** | | | | | | |
| Kotak Mahindra Prime Limited | 1.35 | - | - | - | - | 1.35 |
| | (0.68) | (-) | (-) | (-) | (-) | (0.68) |
| BSS Microfinance Limited | 29.17 | - | - | - | - | 29.17 |
| | (17.75) | (-) | (-) | (-) | (-) | (17.75) |
| Kotak Securities Limited | 0.94 | - | - | - | - | 0.94 |
| | (100.87) | (-) | (-) | (-) | (-) | (100.87) |
| Kotak Mahindra Capital Company Limited | 22.70 | - | - | - | - | 22.70 |
| | (12.20) | (-) | (-) | (-) | (-) | (12.20) |
| Others | 0.55 | - | - | # | - | 0.55 |
| | (0.21) | (-) | (-) | (#) | (-) | (0.21) |
| **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 | 994.88 | - | - | - | - | 994.88 |
| | (994.88) | (-) | (-) | (-) | (-) | (994.88) |
| BSS Microfinance Limited | 138.56 | - | - | - | - | 138.56 |
| | (138.56) | (-) | (-) | (-) | (-) | (138.56) |
| Kotak Mahindra Investments Limited | 587.33 | - | - | - | - | 587.33 |
| | (338.03) | (-) | (-) | (-) | (-) | (338.03) |
| Kotak Mahindra General Insurance Limited | 455.00 | - | - | - | - | 455.00 |
| | (330.00) | (-) | (-) | (-) | (-) | (330.00) |
| Kotak Infrastructure Debt Fund Limited | 492.19 | - | - | - | - | 492.19 |
| | (492.19) | (-) | (-) | (-) | (-) | (492.19) |
| ECA Trading Services Limited | - | - | - | - | - | - |
| | (-) | (11.89) | (-) | (-) | (-) | (11.89) |
| Others | 400.15 | - | - | # | - | 400.15 |
| | (180.05) | (-) | (-) | (#) | (-) | (180.05) |

(₹ 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 |
|---|---|---|---|---|---|---|
| **Diminution on investments** | | | | | | - |
| ECA Trading Services Limited | - | - | - | - | - | - |
| | (-) | (10.12) | (-) | (-) | (-) | (10.12) |
| Business Standard Private Ltd | - | - | - | # | - | # |
| | (-) | (-) | (-) | (#) | (-) | (#) |
| **Commission Receivable** | | | | | | - |
| Kotak Mahindra Life Insurance Company Limited | 62.06 | - | - | - | - | 62.06 |
| | (49.89) | (-) | (-) | (-) | (-) | (49.89) |
| Kotak Mahindra General Insurance Limited | 1.44 | - | - | - | - | 1.44 |
| | (0.83) | (-) | (-) | (-) | (-) | (0.83) |
| **Others Receivable** | | | | | | |
| Kotak Mahindra Prime Limited | 31.53 | - | - | - | - | 31.53 |
| | (44.79) | (-) | (-) | (-) | (-) | (44.79) |
| Kotak Securities Limited | 7.13 | - | - | - | - | 7.13 |
| | (11.72) | (-) | (-) | (-) | (-) | (11.72) |
| Kotak Investment Advisors Ltd | 6.48 | - | - | - | - | 6.48 |
| | (0.79) | (-) | (-) | (-) | (-) | (0.79) |
| Kotak Mahindra Investments Ltd | 7.05 | - | - | - | - | 7.05 |
| | (2.30) | (-) | (-) | (-) | (-) | (2.30) |
| Kotak Mahindra Life Insurance Company Limited | 7.86 | - | - | - | - | 7.86 |
| | (6.73) | (-) | (-) | (-) | (-) | (6.73) |
| Kotak Infrastructure Debt Fund Limited | 11.19 | - | - | - | - | 11.19 |
| | (10.05) | (-) | (-) | (-) | (-) | (10.05) |
| BSS Microfinance Limited | 7.38 | - | - | - | - | 7.38 |
| | (33.32) | (-) | (-) | (-) | (-) | (33.32) |
| Kotak Mahindra Asset Management Company Limited | 9.54 | - | - | - | - | 9.54 |
| | (4.23) | (-) | (-) | (-) | (-) | (4.23) |
| Kotak Mahindra General Insurance Limited | 3.58 | - | - | - | - | 3.58 |
| | (4.61) | (-) | (-) | (-) | (-) | (4.61) |
| Phoenix ARC Private Limited | - | 0.37 | - | - | - | 0.37 |
| | (-) | (#) | (-) | (-) | (-) | (#) |
| Others | 1.12 | 0.01 | 0.02 | 0.01 | 0.01 | 1.17 |
| | (0.23) | (0.01) | (0.03) | (0.01) | (0.02) | (0.30) |
| **Non Funded Commitments** | | | | | | |
| **Bank Guarantees** | | | | | | |
| Kotak Investment Advisors Limited | - | - | - | - | - | - |
| | (11.10) | (-) | (-) | (-) | (-) | (11.10) |
| Kotak Securities Limited | 0.02 | - | - | - | - | 0.02 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Aero Agencies Private Limited | - | - | - | 1.00 | - | 1.00 |
| | (-) | (-) | (-) | (1.00) | (-) | (1.00) |
| Others | 0.25 | - | - | 0.13 | - | 0.38 |
| | (0.45) | (-) | (-) | (-) | (-) | (0.45) |

(₹ 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 |
|---|---|---|---|---|---|---|---|
| | **Swaps/Forward contracts (Notional)** | | | | | | |
| | Kotak Mahindra Prime Limited | 550.00 | - | - | - | - | 550.00 |
| | | (550.00) | (-) | (-) | (-) | (-) | (550.00) |
| | Others | - | - | - | - | 3.72 | 3.72 |
| | | (-) | (-) | (-) | (-) | (1.88) | (1.88) |
| **III.** | **Expenses:** | | | | | | |
| | **Salaries/fees (Include ESOP)** | | | | | | |
| | Mr. Uday Kotak | - | - | # | - | - | # |
| | | (-) | (-) | (1.55) | (-) | (-) | (1.55) |
| | Mr. Gaurang Shah | - | - | 6.85 | - | - | 6.85 |
| | | (-) | (-) | (4.29) | (-) | (-) | (4.29) |
| | Mr. KVS Manian | - | - | 6.78 | - | - | 6.78 |
| | | (-) | (-) | (4.29) | (-) | (-) | (4.29) |
| | Mr. Dipak Gupta | - | - | 7.52 | - | - | 7.52 |
| | | (-) | (-) | (5.76) | (-) | (-) | (5.76) |
| | Mr. Jay Kotak | - | - | - | - | 0.30 | 0.30 |
| | | (-) | (-) | (-) | (-) | (0.29) | (0.29) |
| | **Other Expenses** | | | | | | |
| | **Brokerage** | | | | | | |
| | Kotak Securities Limited | 1.05 | - | - | - | - | 1.05 |
| | | (0.80) | (-) | (-) | (-) | (-) | (0.80) |
| | **Premium** | | | | | | |
| | Kotak Mahindra Life Insurance Company Limited | 11.02 | - | - | - | - | 11.02 |
| | | (5.06) | (-) | (-) | (-) | (-) | (5.06) |
| | Kotak Mahindra General Insurance Limited | 3.58 | - | - | - | - | 3.58 |
| | | (3.86) | (-) | (-) | (-) | (-) | (3.86) |
| | **Other Expenses:** | | | | | | |
| | Kotak Mahindra Prime Limited | 0.68 | - | - | - | - | 0.68 |
| | | (#) | (-) | (-) | (-) | (-) | (#) |
| | Aero Agencies Private Limited | - | - | - | 0.54 | - | 0.54 |
| | | (-) | (-) | (-) | (0.24) | (-) | (0.24) |
| | Business Standard Private Limited | - | - | - | 0.07 | - | 0.07 |
| | | (-) | (-) | (-) | (0.21) | (-) | (0.21) |
| | BSS Microfinance Limited | 242.11 | - | - | - | - | 242.11 |
| | | (190.78) | (-) | (-) | (-) | (-) | (190.78) |
| | Kotak Mahindra (UK) Limited | 0.05 | - | - | - | - | 0.05 |
| | | (0.04) | (-) | (-) | (-) | (-) | (0.04) |
| | Infina Finance Private Limited | - | 0.21 | - | - | - | 0.21 |
| | | (-) | (-) | (-) | (-) | (-) | (-) |
| | Others | # | - | - | - | - | # |
| | | (#) | (-) | (-) | (-) | - | (#) |
| **IV.** | **Income:** | | | | | | |
| | **Dividend** | | | | | | |
| | Kotak Mahindra Capital Company Limited | 48.11 | - | - | - | - | 48.11 |
| | | (15.46) | (-) | (-) | (-) | (-) | (15.46) |
| | Kotak Mahindra Life Insurance Company Limited | 62.87 | - | - | - | - | 62.87 |
| | | (-) | (-) | (-) | (-) | (-) | (-) |
| | Kotak Infrastructure Debt Fund Limited | 0.05 | - | - | - | - | 0.05 |
| | | (0.05) | (-) | (-) | (-) | (-) | (0.05) |

(₹ 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 |
|---|---|---|---|---|---|---|
| **Loan Disbursed During the Year** | | | | | | |
| Kotak Mahindra Prime Limited | 4,135.00 | - | - | - | - | 4,135.00 |
| | (2,520.00) | (-) | (-) | (-) | (-) | (2,520.00) |
| Kotak Mahindra Investments Limited | 300.00 | - | - | - | - | 300.00 |
| | (855.00) | (-) | (-) | (-) | (-) | (855.00) |
| Phoenix ARC Private Limited | - | 60.00 | - | - | - | 60.00 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| **Loan Repaid During the Year** | | | | | | |
| Kotak Mahindra Investments Limited | 600.00 | - | - | - | - | 600.00 |
| | (555.00) | (-) | (-) | (-) | (-) | (555.00) |
| Phoenix ARC Private Limited | - | 4.69 | - | - | - | 4.69 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Kotak Mahindra Prime Limited | 4,135.00 | - | - | - | - | 4,135.00 |
| | (1,970.00) | - | - | - | - | (1,970.00) |
| **Dividend Paid** | | | | | | |
| Mr. Uday Kotak | - | - | 45.98 | - | - | 45.98 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Mr. Dipak Gupta | - | - | 0.08 | - | - | 0.08 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Gaurang Shah | - | - | 0.08 | - | - | 0.08 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| KVS Manian | - | - | 0.02 | - | - | 0.02 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Ms. Pallavi Kotak | - | - | - | - | 0.10 | 0.10 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Ms. Indira Kotak | - | - | - | - | 0.18 | 0.18 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Others | - | - | - | 0.07 | 0.04 | 0.11 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| **Reimbursements to companies** | | | | | | |
| Kotak Mahindra Capital Company Limited | - | - | - | - | - | - |
| | (0.05) | (-) | (-) | (-) | (-) | (0.05) |
| Kotak Mahindra Prime Limited | 6.23 | - | - | - | - | 6.23 |
| | (5.52) | (-) | (-) | (-) | (-) | (5.52) |
| Kotak Securities Limited | 10.97 | - | - | - | - | 10.97 |
| | (9.56) | (-) | (-) | (-) | (-) | (9.56) |
| Kotak Mahindra Life Insurance Company Limited | 1.29 | - | - | - | - | 1.29 |
| | (0.45) | (-) | (-) | (-) | (-) | (0.45) |
| Kotak Investment Advisors Limited | 1.30 | - | - | - | - | 1.30 |
| | (4.87) | (-) | (-) | (-) | (-) | (4.87) |
| Kotak Mahindra Investments Limited | 0.83 | - | - | - | - | 0.83 |
| | (0.65) | (-) | (-) | (-) | (-) | (0.65) |
| Others | 0.74 | - | - | - | - | 0.74 |
| | (0.10) | (-) | (-) | (-) | (-) | (0.10) |
| **Reimbursements from companies** | | | | | | |
| Kotak Mahindra Capital Company Ltd | 4.83 | - | - | - | - | 4.83 |
| | (6.58) | (-) | (-) | (-) | (-) | (6.58) |
| Kotak Mahindra Prime Limited | 24.13 | - | - | - | - | 24.13 |
| | (19.74) | (-) | (-) | (-) | (-) | (19.74) |
| Kotak Mahindra Life Insurance Company Limited | 18.46 | - | - | - | - | 18.46 |
| | (16.42) | (-) | (-) | (-) | (-) | (16.42) |

(₹ 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 Securities Limited | 26.09 | - | - | - | - | 26.09 |
| | (20.24) | (-) | (-) | (-) | (-) | (20.24) |
| Kotak Mahindra Investments Limited | 7.28 | - | - | - | - | 7.28 |
| | (12.14) | (-) | (-) | (-) | (-) | (12.14) |
| Kotak Mahindra Asset Management Company Limited | 8.88 | - | - | - | - | 8.88 |
| | (7.23) | (-) | (-) | (-) | (-) | (7.23) |
| Kotak Investment Advisors Limited | 8.17 | - | - | - | - | 8.17 |
| | (6.95) | (-) | (-) | (-) | (-) | (6.95) |
| Kotak Mahindra Asset Management (Singapore) Pte Limited | 3.63 | - | - | - | - | 3.63 |
| | (3.03) | (-) | (-) | (-) | (-) | (3.03) |
| Kotak Mahindra General Insurance Limited | 2.91 | - | - | - | - | 2.91 |
| | (3.05) | (-) | (-) | (-) | (-) | (3.05) |
| Others | 6.51 | - | - | - | - | 6.51 |
| | (5.07) | (-) | (-) | (-) | (-) | (5.07) |
| **Purchase of Fixed Assets** | | | | | | |
| Kotak Mahindra Prime Limited | # | - | - | - | - | # |
| | (0.05) | (-) | (-) | (-) | (-) | (0.05) |
| Kotak Mahindra Investments Limited | 0.14 | - | - | - | - | 0.14 |
| | (0.08) | (-) | (-) | (-) | (-) | (0.08) |
| Kotak Mahindra Life Insurance Company Limited | 0.27 | - | - | - | - | 0.27 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Kotak Investment Advisors Limited | # | - | - | - | - | # |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Kotak Mahindra Pension Fund Limited | # | - | - | - | - | # |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| **Sale of Fixed Assets** | | | | | | |
| Kotak Mahindra General Insurance Company Limited | # | - | - | - | - | # |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Kotak Investment Advisors Ltd | 0.12 | - | - | - | - | 0.12 |
| | (0.42) | (-) | (-) | (-) | (-) | (0.42) |
| Kotak Mahindra Asset Management Company Limited | 0.17 | - | - | - | - | 0.17 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Kotak Mahindra Trusteeship Services Limited | 0.07 | - | - | - | - | 0.07 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Kotak Mahindra Investments Limited | 0.17 | - | - | - | - | 0.17 |
| | (0.05) | (-) | (-) | (-) | (-) | (0.05) |
| Kotak Mahindra Prime Limited | 0.19 | - | - | - | - | 0.19 |
| | (0.17) | (-) | (-) | (-) | (-) | (0.17) |
| Kotak Mahindra Life Insurance Company Limited | 0.22 | - | - | - | - | 0.22 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| **Swaps/Forwards/Options Contracts (Notional)** | | | | | | |
| Kotak Mahindra International Ltd | 233.17 | - | - | - | - | 233.17 |
| | (2,832.71) | (-) | (-) | (-) | (-) | (2,832.71) |
| Kotak Mahindra Prime Limited | - | - | - | - | - | - |
| | (550.00) | (-) | (-) | (-) | (-) | (550.00) |
| Others | - | - | - | - | 3.72 | 3.72 |
| | (-) | (-) | (-) | (-) | (-) | (-) |

(₹ 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 |
|---|---|---|---|---|---|---|
| **Guarantees/Lines of Credits** | | | | | | - |
| Kotak Investment Advisors Limited | 25.15 | - | - | - | - | 25.15 |
| | (76.10) | (-) | (-) | (-) | (-) | (76.10) |
| Kotak Mahindra Pension Fund Limited | - | - | - | - | - | - |
| | (0.10) | (-) | (-) | (-) | (-) | (0.10) |
| Kotak Securities Limited | 0.02 | - | - | - | - | 0.02 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| KF Trust | - | - | - | 0.13 | - | 0.13 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| **QIP Expense - debited to Share Premium A/c** | | | | | | |
| Kotak Mahindra Capital Company Ltd | - | - | - | - | - | - |
| | (9.00) | (-) | (-) | (-) | (-) | (9.00) |

**Note:**

1. *Figures in brackets represent previous year's figures.*
2. *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.*
3. *# in the above table denotes amounts less than ₹ 50,000*
4. *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 | 7,758.22 | 492.07 | 3,514.64 | 340.69 | 221.36 |
| | (5,191.13) | (360.60) | (7,506.70) | (271.90) | (234.36) |
| Borrowings | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Other Liabilities | 97.40 | 0.30 | 0.01 | 0.24 | 0.13 |
| | (138.62) | (0.57) | (0.71) | (1.88) | (0.40) |
| **Assets** | | | | | |
| Advances | 1,496.60 | 59.06 | 5.07 | 2.88 | 4.89 |
| | (1,639.56) | (-) | (7.14) | (3.27) | (5.78) |
| Investments-Gross | 4,825.31 | 11.89 | - | # | - |
| | (4,030.91) | (23.77) | (-) | (#) | (-) |
| Commission Receivable | 63.50 | - | - | - | - |
| | (50.72) | (-) | (-) | (-) | (-) |
| Other Assets | 359.80 | 0.39 | 0.02 | 0.01 | 0.02 |
| | (180.57) | (0.02) | (0.04) | (0.02) | (0.02) |
| **Non Funded Commitments** | | | | | |
| Bank Guarantees | 38.70 | - | - | 1.13 | - |
| | (68.55) | (-) | (-) | (1.00) | (-) |
| Swaps/Forwards | 618.62 | - | - | - | 3.72 |
| | (1,277.37) | (-) | (-) | (-) | (1.88) |

**Note:**

1. *Figures in brackets represent previous year's figures.*
2. *# in the above table denotes amounts less than ₹ 50,000*

**8. Employee Share Based Payments:**

At the General Meetings, the shareholders of the Bank had passed Special Resolutions on 28th July, 2000, 26th July, 2004, 26th July, 2005, 5th July, 2007, 21st August, 2007 and 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

(a) Kotak Mahindra Equity Option Scheme 2001-02;

(b) Kotak Mahindra Equity Option Scheme 2002-03;

(c) Kotak Mahindra Equity Option Scheme 2005;

(d) Kotak Mahindra Equity Option Scheme 2007; and

(e) Kotak Mahindra Equity Option Scheme 2015.

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank Limited with the Bank, the Bank has renamed and adopted the Employees Stock Option Scheme of the erstwhile IVBL, as given below:

- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2005;
- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2007;
- Kotak Mahindra Bank Limited (IVBL) Employee Stock Option Scheme 2010; and
- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2013.

In pursuance of the above referred Employee Stock Option Schemes, the Bank has granted, in aggregate 158,807,703 options as at 31st March, 2022 (Previous year 157,606,163) to the eligible employees of the Group.

Of the above referred Employee Stock Option Schemes, only the Kotak Mahindra Equity Option Scheme 2015 is in force presently and, in aggregate, 4,270,658 options are outstanding as at 31st March, 2022 (Previous year 6,159,212) under the Kotak Mahindra Equity Option Scheme 2015. Except this, no options are outstanding under any other Employee Stock Option Schemes of the Bank.

**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, 2022, 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 | 29th June, 2015 |
| Number of options granted | 18,494,049 |
| Method of Settlement (Cash / Equity) | Equity |
| Vesting Period | 0.01 – 4.09 years |
| Exercise Period | 0.03 – 1 year |
| Vesting Conditions | Graded / Cliff vesting |

| Particulars | KMBL (IVBL) Plan 2013 |
|---|---|
| Number of options granted (addition on amalgamation) | 4,642,198 |
| Method of Settlement (Cash / Equity) | Equity |

The details of activity under Plan 2015 have been summarised below:

| Particulars | Year ended 31st March, 2022 | | Year ended 31st March, 2021 | |
|---|---|---|---|---|
| | Number of Shares | Weighted Average Exercise Price(₹) | Number of Shares | Weighted Average Exercise Price(₹) |
| Outstanding at the beginning of the year | 6,159,212 | 1,321.54 | 8,278,402 | 1,236.30 |
| Granted during the year | 1,201,540 | 1,801.00 | 1,698,840 | 1,307.48 |
| Forfeited during the year | 217,852 | 1,443.90 | 259,074 | 1,300.95 |
| Exercised during the year | 2,826,092 | 1,268.76 | 3,488,720 | 1,116.54 |
| Expired during the year | 46,150 | 1,300.21 | 70,236 | 1,193.09 |
| Outstanding at the end of the year | 4,270,658 | 1,485.35 | 6,159,212 | 1,321.54 |
| Out of the above exercisable at the end of the year | 1,011,709 | 1,349.27 | 960,009 | 1,145.12 |
| Weighted average remaining contractual life (in years) | | 1.30 | | 1.36 |
| Weighted average fair value of options granted | | 495.45 | | 378.71 |

The details of activity under KMBL (IVBL) Plan 2013 have been summarised below:

| Particulars | Year ended 31st March, 2022 | | Year ended 31st March, 2021 | |
|---|---|---|---|---|
| | Number of Shares | Weighted Average Exercise Price(₹) | Number of Shares | Weighted Average Exercise Price(₹) |
| Outstanding at the beginning of the year | - | - | 308,610 | 379.72 |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | - | - | 308,610 | 379.72 |
| Expired during the year | - | - | - | - |
| Outstanding at the end of the year | - | - | - | - |
| Out of the above exercisable at the end of the year | - | - | - | - |
| Weighted average remaining contractual life (in years) | | - | | - |

The weighted average share price at the date of exercise for stock options exercised during the year was ₹1,819.07 (Previous year ₹1,638.05).

The details of exercise price for stock options outstanding at the end of the year are:

**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 |

**31st March, 2021**

| Range of exercise prices (₹) | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (₹) |
|---|---|---|---|
| 601-700 | 1,000 | 0.25 | 700.00 |
| 801-900 | 23,528 | 1.00 | 900.00 |
| 901-1,000 | 540,181 | 0.82 | 967.69 |
| 1,001-1,100 | 63,674 | 1.28 | 1,057.99 |
| 1,201-1,300 | 1,977,359 | 0.79 | 1,269.91 |
| 1,301-1,400 | 1,440,640 | 2.04 | 1,341.00 |
| 1,401-1,500 | 2,112,830 | 1.57 | 1,460.00 |

**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 1.04 to 4.13 years.

Detail of activity under SARs is summarised below:

| Particulars | Year Ended 31st March, 2022 | Year Ended 31st March, 2021 |
|---|---|---|
| Outstanding at the beginning of the year | 697,615 | 783,160 |
| Granted during the year | 234,170 | 353,370 |
| Additions/(Reduction) due to transfer of employees | (3,199) | (24,752) |
| Settled during the year | 278,435 | 397,233 |
| Forfeited during the year | 26,296 | 16,930 |
| Outstanding at the end of the year | 623,855 | 697,615 |

**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, | 2022 | | 2021 | |
|---|---|---|---|---|
| | Equity-settled | Cash-settled | Equity-settled | Cash-settled |
| Exercise Price ₹ | 1,341-1,801 | 0-1,801 | 1,000-1,341 | 0-1,460 |
| Weighted Average Share Price ₹ | 1,797.38 | 1,541.15 | 1,375.80 | 1,372.05 |
| Expected Volatility | 27.79%-43.76% | 26.92%-37.68% | 27.95%-43.21% | 21.40%-43.26% |
| Historical Volatility | 27.79%-43.76% | 26.92%-37.68% | 27.95%-43.21% | 21.40%-43.26% |
| ***Life of the options granted (Vesting and exercise period)*** | | | | |
| - At the grant date | 0.51-4.34 | | 1.25-3.87 | |
| - As at 31st March | | 0.25-3.71 | | 0.06-3.46 |
| Risk-free interest rate | 3.58%-5.94% | 3.97%-6.04% | 3.61%-5.22% | 3.32%-5.51% |
| Expected dividend rate | 0.05% | 0.05% | 0.05%-0.07% | 0.04% |

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 31st March, | 2022 | 2021 |
|---|---|---|
| Total Employee compensation cost pertaining to share-based payment plans | 65.48 | 67.13 |
| Compensation cost pertaining to equity-settled employee share-based payment plan included above | 21.00 | 1.74 |
| Liability for employee stock options outstanding as at year end | 71.28 | 14.92 |
| Deferred Compensation Cost | 39.97 | 12.76 |
| Closing balance of liability for cash-settled options | 56.00 | 63.13 |
| Expense arising from increase in intrinsic value of liability for cash stock appreciation plan | 45.47 | 77.90 |

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. Accordingly, the Bank have changed its accounting policy from intrinsic value method to fair value method for all share-linked instruments granted after 31st March, 2021 and accordingly, additional cost of ₹ 12.76 crore has been recognised in the financial statements under the head "Employee cost" for the year ended 31st March, 2022.

Had the Bank recorded the compensation cost for all share-linked instruments granted on or before 31st March, 2021 computed on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 20.52 crore (Previous year ₹ 42.93 crore) and the profit after tax would have been lower by ₹ 15.35 crore (Previous year ₹ 32.13 crore). Consequently the basic and diluted EPS would have been ₹ 42.95 (Previous year ₹ 35.00) and ₹ 42.93 (Previous year ₹ 34.98) 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:

(₹ in crore)

| Particulars | Year Ended | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Provident Fund | 184.73 | 142.86 |
| Superannuation Fund | 1.45 | 1.48 |
| New Pension Fund | 7.23 | 5.33 |
| DIFC Employee Workplace Savings Scheme (DEWS) | 0.67 | 0.61 |

**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.

(₹ in crore)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| ***Change in benefit obligations*** | | |
| Liability at the beginning of the year | 497.48 | 455.85 |
| Current Service cost | 61.84 | 57.68 |
| Interest cost | 31.55 | 29.82 |
| Actuarial Losses / (Gain) | 20.75 | 20.66 |
| Past Service Cost | - | - |
| Liability assumed on acquisition / (Settled on divestiture) | (0.83) | (0.88) |
| Benefits paid | (95.59) | (65.65) |
| Liability at the end of the year | 515.20 | 497.48 |
| ***Change in plan assets*** | | |
| Fair value of plan assets at the beginning of the year | 546.65 | 412.45 |
| Expected return on plan assets | 34.84 | 30.97 |
| Actuarial Gain / (Losses) | 34.10 | 60.28 |
| Benefits paid | (95.59) | (65.65) |
| Employer contributions | 52.43 | 108.60 |
| Fair value of plan assets at the end of the year | 572.43 | 546.65 |

(₹ in crore)

| Reconciliation of present value of the obligation and the fair value of the plan assets | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Fair value of plan assets at the end of the year | 572.43 | 546.65 |
| Liability at the end of the year | 515.20 | 497.48 |
| Net Asset included in "Others" under "Other Assets" | 57.23 | 49.17 |
| ***Expense recognised for the year*** | | |
| Current Service cost | 61.84 | 57.68 |
| Interest cost | 31.55 | 29.82 |
| Expected return on plan assets | (34.84) | (30.97) |
| Actuarial (Gain) / Loss | (13.35) | (39.62) |
| Past Service Cost | - | - |
| Net gratuity expense recognised in Schedule 16.I | 45.20 | 16.91 |
| Actual return on plan assets | 68.94 | 91.25 |

(₹ in crore)

| Reconciliation of the Liability recognised in the Balance Sheet | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Net (Asset) / Liability at the beginning of the year | (49.17) | 43.40 |
| Expense recognized | 45.20 | 16.91 |
| Liability assumed on acquisition / (Settled on divestiture) | (0.83) | (0.88) |
| Employer contributions | (52.43) | (108.60) |
| Net (Asset) / Liability | (57.23) | (49.17) |

***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:

| | 31st March, 2022 % | 31st March, 2021 % |
|---|---|---|
| LIC managed funds# | 0.23% | 7.89% |
| Government securities | 30.58% | 35.58% |
| Bonds, debentures and other fixed income instruments | 8.49% | 7.95% |
| Money market instruments | 10.41% | 3.49% |
| Equity shares | 50.29% | 45.09% |
| **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 | 6.70% - 6.79% p.a. (Previous Year 6.20% - 6.37% p.a.) |
| Salary escalation rate | 5.50% - IBA, 12% in year 1 inclusive and 7% thereafter – (others) p.a. (Previous Year 5.50% (IBA) and 7.00% (others) p.a.) |
| Expected return on plan assets | 7.00% - 7.25% p.a. (Previous Year 6.50% - 7.00% p.a.) |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

***Experience adjustments***

Amounts for the current and previous four years are as follows:

(₹ in crore)

| Gratuity | Year ended 31st March 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Defined benefit obligation | 515.20 | 497.48 | 455.85 | 400.06 | 373.13 |
| Plan assets | 572.43 | 546.65 | 412.45 | 401.99 | 289.56 |
| Surplus / (Deficit) | 57.23 | 49.17 | (43.40) | 1.93 | (83.57) |
| Experience adjustments on plan liabilities | 22.61 | 12.62 | 41.19 | 20.46 | 10.20 |
| Experience adjustments on plan assets | 34.10 | 60.28 | (36.81) | 9.63 | (0.83) |

The Bank expects to contribute ₹ 36.21 crore to gratuity fund in financial year 2022-2023.

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 31st March, 2022 Funded | As at 31st March, 2021 Funded |
|---|---|---|
| ***Change in benefit obligations*** | | |
| Liability at the beginning of the year | 1,891.94 | 1,600.48 |
| Transfer of liabilities funded during the year | - | - |
| Current Service cost | 69.14 | 58.49 |
| Interest cost | 109.56 | 98.39 |
| Actuarial (gain) / loss on obligations | 182.71 | 349.45 |
| Past Service cost | - | - |
| Benefits paid | (344.04) | (214.87) |
| Liability at the end of the year | 1,909.31 | 1,891.94 |
| ***Change in plan assets*** | | |
| Fair value of plan assets at the beginning of the year | 1,872.49 | 1,514.35 |
| Expected return on plan assets | 119.35 | 130.32 |
| Actuarial Gain / (loss) | 34.13 | (1.52) |
| Benefits paid | (344.04) | (214.87) |
| Employer contributions | 271.50 | 444.21 |
| Fair value of plan assets as at the end of the year | 1,953.43 | 1,872.49 |

(₹ in crore)

| Reconciliation of present value of the obligation and the fair value of the plan Assets | As at 31st March, 2022 Funded | As at 31st March, 2021 Funded |
|---|---|---|
| Fair value of plan assets as at the end of the year | 1,953.43 | 1,872.49 |
| Liability at the end of the year | 1,909.31 | 1,891.94 |
| Net Asset / (Liability) included in "Others" under "Other Assets" / "Other Liabilities" | 44.12 | (19.45) |
| ***Expenses recognised for the year*** | | |
| Current service cost | 69.14 | 58.49 |
| Interest cost | 109.56 | 98.39 |
| Expected return on plan assets | (119.35) | (130.32) |
| Actuarial (gain) / loss | 148.58 | 350.97 |
| Effect of the limit in Para 59(b) | - | - |
| Net pension expense recognized in Schedule 16.I | 207.93 | 377.53 |
| Actual return on plan assets | 153.48 | 128.80 |

(₹ in crore)

| Particulars | As at 31st March, 2022 Funded | As at 31st March, 2021 Funded |
|---|---|---|
| **Reconciliation of the Liability recognised in the Balance Sheet** | | |
| Net (Asset) / Liability at the beginning of the year | 19.45 | 86.13 |
| Expense recognized | 207.93 | 377.53 |
| Employer contributions | (271.50) | (444.21) |
| Effect of the limit in Para 59(b) | - | - |
| Net (Asset) / Liability is included in "Others" under "Other Assets" / "Other Liabilities" | (44.12) | 19.45 |

***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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Discount rate | 6.79% p.a. | 6.37% p.a. |
| Salary escalation rate | 5.50% p.a. | 5.50% p.a. |
| Expected rate of return on plan assets | 7.25% p.a. | 6.50% 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.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

***Experience adjustments***

Amounts for the current year are as follows:

(₹ in crore)

| Pension | Year ended 31st March, 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Defined benefit obligation | 1,909.31 | 1,891.94 | 1,600.48 | 1,156.33 | 1,057.85 |
| Plan assets | 1,953.43 | 1,872.49 | 1,514.35 | 1,159.16 | 1,063.69 |
| Surplus / (deficit) | 44.12 | (19.45) | (86.13) | 2.83 | 5.84 |
| Experience adjustments on plan liabilities | 248.33 | 199.72 | 440.57 | 102.64 | 208.24 |
| Experience adjustments on plan assets | 34.13 | (1.52) | (7.85) | (6.46) | (0.72) |

The Bank expects to contribute ₹ 248.38 crore to pension fund in financial year 2022-2023.

**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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Total actuarial liability | 227.61 | 236.42 |
| **Assumptions:** | | |
| Discount rate | 6.70% - 6.79% - 2.45% (DIFC) p.a. | 6.20% - 6.37% - 1.72% (DIFC) p.a. |
| Salary escalation rate | 5.50% (IBA), 12.00% until year 1 and 7.00% thereafter (Others) and 3% (DIFC) p.a. | 5.50% (IBA), 7.00% (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 31st March, 2022 | As at 31st March, 2021 |
|---|---|---|
| Total actuarial liability | 12.81 | 13.44 |
| **Assumptions:** | | |
| Discount rate | 6.70%-6.79% p.a. | 6.20% 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 | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Provisions for Investments (including NPI) | (91.37) | (44.40) |
| Provision towards NPA | 1,111.95 | 1,817.87 |
| Provision towards Unhedged Foreign Currency Exposure | 19.46 | 3.14 |
| Provision towards Standard Assets | 363.37 | 54.96 |
| General Provision – Covid-19 Deferment Cases | (732.00) | 629.00 |
| Provision for country risk exposure | 4.79 | - |
| Provision for Current Tax | 2,893.79 | 2,536.93 |
| Provision for Deferred Tax | (105.17) | (198.78) |
| Other Provision and Contingencies | 13.36 | (1.52) |
| **Total Provisions and Contingencies** | **3,478.18** | **4,797.20** |

**11.** COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world during the previous financial year. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to volatility in global and Indian financial markets and a decrease in global and local economic activities. The revival of economic activity has since improved supported by relaxation of restrictions due to administration of the COVID vaccines to a large population in the country. The extent to which any new wave of COVID-19 pandemic will impact the Bank results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

The Bank held an aggregate COVID-19 related provision of ₹ 1,279 crore as of 1st April, 2021. Based on the improved outlook, the Bank has reversed provisions amounting ₹ 732 crore during the year ended 31st March, 2022 respectively. On a prudent basis, the Bank continue to hold provisions aggregating to ₹ 547 crore as at 31st March, 2022 against the potential impact of COVID-19.

**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 | 31st March 2022 | 31st March 2021 |
|---|---|---|
| **Amount of expenditure incurred** | | |
| Contribution to Kotak Education Foundation | 16.41 | 21.00 |
| Contribution to Other Initiatives | 49.53** | 58.40** |
| **Accrual towards unspent obligations (Shortfall) in relation to:** | | |
| Ongoing project | 96.06 | 63.59* |
| Other than ongoing project | Nil | Nil |
| **Total** | **162.00** | **142.99** |
| Amount required to be spent as per Section 135 of the Act | 161.83 | 142.27 |
| Amount of cumulative unspent at the end of the year | 119.63 | 63.59 |
| ***Amount spent during the year on*** | | |
| (i) Construction / acquisition of any asset | 6.84# | 22.63# |
| (ii) On purposes other than (i) above | 59.10** | 56.77** |

** Includes ₹ 3.63 crore (previous year ₹ 9 crore) contributed to Kotak Education Foundation for Ongoing CSR projects.*

*** Includes Administrative expenses incurred of ₹ 3.87 crore (previous year ₹ 2.48 crore).*

*# For funding Capital assets which are held in the books of the implementing partner organisations / beneficiaries/public authorities..*

**Details of ongoing CSR projects under Section 135(6) of the Act:**

(₹ in crore)

| Financial Year | Balance as at 1st April | | Amount required to be spent during the year | Amount spent during the year | | Balance as at 31st 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 21-22 | - | - | 130.07 | 34.02 | - | 96.06# | - |
| FY 20-21 | 63.59* | - | - | - | 40.02 | - | 23.57** |

** The amount was transferred to Kotak Mahindra Bank Limited Unspent Account FY 2020-21 in April 2021.*

*** Includes adjustment of ₹ 3.59 crore of unutilised CSR payment, which was returned by an implementation partner after 31st March, 2022.*

*# The amount was transferred to Kotak Mahindra Bank Limited Unspent CSR Account FY2021-22 on 27th April, 2022.*

**Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects:**

(₹ in crore)

| Balance unspent as at 1st April 2021 | 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 31st March 2022 |
|---|---|---|---|---|
| - | - | 28.05* | 28.05* | Nil |

**Note**

*1. The amount required to be spent is Board approved CSR Project Budget for Annual CSR Projects for FY2021-22*

*2. The amount spent does not include CSR Administrative Overheads Expenditure of ₹3.87 crore.*

**Details of excess CSR expenditure under Section 135(5) of the Act:**

(₹ in crore)

| Balance excess spent as at 1st April 2021 | Amount required to be spent during the year | Amount spent during the year | Balance excess spent as at 31st March 2022 |
|---|---|---|---|
| 0.72 | 161.83 | 162.00* | 0.89 |

** includes unutilised CSR amount transferred to Kotak Mahindra Bank Unspent CSR Account for FY 2021-22*

**13. Tier II Bonds**

**a)** Lower Tier II Bonds outstanding as at 31st March, 2022 ₹ 306.00 crore (previous year ₹ 456.00 crore).

During the current year and previous year, the Bank had not issued any lower Tier II bonds. In accordance with the RBI requirements lower Tier II bonds of ₹ Nil (previous year ₹ 394.80 crore) are not considered as Tier II capital for the purposes of capital adequacy computation under Basel III guidelines.

**b)** Upper Tier II Bonds outstanding as at 31st March, 2022 and as at 31st March 2021 is ₹ Nil.

**c)** Interest Expended-Others (Schedule 15(III)) includes interest on subordinated debt (Lower and Upper Tier II) ₹ 30.52 crore (previous year ₹ 44.20 crore).

**14. Details of payments of audit fees**

(₹ in crore)

| Particulars | Year Ended | |
|---|---|---|
| | 31st March, 2022 | 31st March, 2021 |
| Statutory Audit fees | 3.25* | 2.26 |
| Other Matters | 0.29 | 0.36** |
| **Total** | **3.54** | **2.62** |

** ₹0.20 crore is subject to shareholder's approval at AGM*

*** Above amount does not include ₹0.72 crore pertaining to QIP issue expenses, adjusted against Share Premium Account.*

**15. Description of Contingent Liabilities:**

| Sr. | Contingent Liability* | Brief Description |
|---|---|---|
| 1. | Claims not acknowledged as debts | This includes liability on account of income tax, sales tax, property tax demands and legal cases filed against the Bank.<br>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:<br>• Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Bank.<br>• Bills re-discounted by the Bank and cash collateral provided by the Bank on assets which have been securitised.<br>• Underwriting commitments in respect of Debt Syndication. |
| 5. | Other items for which the Bank is contingently liable | These include:<br>• 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.<br>• Liability in respect of Capital commitments relating to fixed assets and undrawn commitments in respect of investments.<br>• Amount Transferred to RBI under the Depositor Education and Awareness Fund ('DEA Fund'). |

** Also refer Schedule 12 – Contingent Liability*

**16.** The Bank has received few intimations from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and there is no outstanding against those suppliers as on 31st March, 2022, hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

**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.** 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 Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Murad D. Daruwalla**
Partner
Membership No. 043334

**For Price Waterhouse LLP**
Chartered Accountants
Firm Registration No. 301112E/E300264

**Russell I Parera**
Partner
Membership No. 042190

Mumbai
4th May, 2022

For and on behalf of the Board of Directors

**Prakash Apte**
Chairman

**Dipak Gupta**
Joint Managing Director

**Jaimin Bhatt**
President and
Group Chief Financial Officer

**Uday Kotak**
Managing Director and
Chief Executive Officer

**Uday Khanna**
Director

**Avan Doomasia**
Senior Executive Vice President and
Company Secretary

**A brief on type of customers**
Please find details on the Bank's customers in the business overview section on page 10-17

## EMPLOYEES

Employees and workers (including differently abled):

Details as at the end of Financial Year:

**Employees and workers (including differently abled):**

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| EMPLOYEES | | | | | | |
| | Permanent (D) | | | | | |
| | Other than Permanent (E) | | | | | |
| 3. | Total employees (D + E) | 66,424 | 48,546 | 73% | 17,878 | 27% |

**Note: All on-roll contractual employees are classified as other than permanent. The data covers employees in the Bank's offices in India only. Hence the data excludes 49 employees based out of international locations.*

**Differently abled Employees and workers:**

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| | Permanent (D)* | | | | | |
| | Other than Permanent (E) | | | | | |
| 3. | Total differently abled employees (D + E) | 14 | 14 | 100% | - | - |

**The data is recorded based on the claims made by employees under section 80U of the Income Tax Act, wherein they declare their disability.*

**Participation/Inclusion/Representation of women**

| Particulars | Total (A) | No. and percentage of Females | |
|---|---|---|---|
| | | No. (B) | % (B / A) |
| Board of Directors | | | |
| Key Management Personnel* (excluding Board members) | | | |

**The bank has 6 KMPs of which 4 members are also executive Board members covered in Board of directors in the above table and hence excluded from KMPs*

**Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)**

| | FY 2021-22 | | | FY2020-21 | | | FY 2019-20 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | | | | | | | | | |

## HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

**(a) Names of holding / subsidiary / associate companies / joint ventures**
Details of subsidiary holding can be found in schedule 17- significant accounting policies and notes to the consolidated financial statements, 1A (basis of consolidation) under other disclosures of the consolidated financial statement.

| CSR Details | Response |
|---|---|
| | |

## TRANSPARENCY AND DISCLOSURES COMPLIANCES

**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 link of grievance redress policy) | Current Financial Year (FY 2021-22) | | | Previous Financial Year (FY 2020-21) | | |
|---|---|---|---|---|---|---|---|
| | | 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 |
| | | | | | | | |

**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 50-53 for details of our material topics. The risks, opportunities and management of the topics have been discussed at length in the respective chapters wherein the material topics have been covered. Please refer to the ESG overview section of the Report for further details.

*#GRI 406-1 | *GRI 102-34*

# SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

**Policy and management processes**

1. a. **Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)**
   b. **Has the policy been approved by the Board? (Yes/No)**
   c. **Web Link of the Policies, if available**
2. **Whether the entity has translated the policy into procedures. (Yes / No)**
3. **Do the enlisted policies extend to your value chain partners? (Yes/No)**
4. **Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trust) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.**
5. **Specific commitments, goals and targets set by the entity with defined timelines, if any.**
6. **Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.**

**Governance, leadership and oversight**

7. **Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements:**
8. **Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).**
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.**

Please find details in the MD and CEO's message on page 6-9 of this report.

**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) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
| relevance to the principles, and rectification | | | | | | | | | | | | | | | | | | |

| | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|
| **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.** | | | | | | | | | |





**12. If answer to question (1) above is 'No' i.e. not all Principles are covered by a policy, reasons to be stated:**

| Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|
| implement the policies on specified principles (Yes/No) | | | | | | | | | |
| The entity does not have the financial or/human and technical | | | | | | | | | |
| It is planned to be done in the next financial year (Yes/No) | | | | | | | | | |

| Sr. No. | Principle No. and Definition | List of Policies |
|---|---|---|
| | | New Mother Benefit Policy; Pandemic Benevolent Policy; Whistle Blower Policy; |
| | Principle 7: Businesses when engaging in influencing public and | |
| | | Fair Practice Code – Microfinance Loans; Customer's Compensation Policy; |

# SECTION C: PRINCIPLE WISE PERFORMANCE

## 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 | % of persons in respective category covered by the awareness programme |
|---|---|---|---|
| | | | |

**Only the pan bank programmes have been considered which are applicable to all the bank employees, employees undergo numerous role specific training programmes in addition to these programmes.*

**2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with**

### Leadership Indicators

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year**

We have not conducted any dedicated awareness building programmes for our value chain partners. However, we strive to engage with them periodically on ESG linked issues and are in the process of incorporating ESG linked commitments into vendor contracts undergoing renewal.

**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.***

We have put in place adequate measures and procedures to ensure that no conflict of interest arises involving members of the Board.

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 the Bank). 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. The Bank has also put in place necessary mechanism and has 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 the best interest of the Bank and its members.

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, the Bank does not extend any loans or advances on the security of its own shares, or commit to grant any loan or advance to or on behalf of its 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 R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

   As Kotak Mahindra Bank is a financial services company, capital expenditure and R&D expenses are not directed towards technologies that improve environmental and social impacts. However, the organisation has begun to proactively look for opportunities to direct its 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.

   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 which includes aspects on Human Rights, Health and Safety, Operational Eco-efficiency etc. Service contracts undergoing renewal in FY 2022-23 are proposed to include the Vendor Code of Conduct 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.**

   E-waste is recycled through authorised waste management vendors. Organic Waste Composters (OWCs) have been installed at six of our large offices to convert this wet waste to manure. This manure is utilised for captive use as well as for donation to our employees and surrounding housing societies. Please find further details of our approach to waste management of 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?**

   Since we operate in the services sector, this is not applicable to us.

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.**

   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).**

   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:**

   Not Applicable

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product 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 | Total (A) | % of employees covered by | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Health Insurance | | Accident Insurance | | 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 | | | | | | | | | | | |
| Other than Permanent employees | | | | | | | | | | | |

2. **Details of retirement benefits, for Current FY and Previous Financial Year.***

| Benefits | FY 2021-22 Current Financial Year | | | FY 2020-21 Previous Financial Year | | |
|---|---|---|---|---|---|---|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| | | | | | | |

*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.**

   Three of our largest offices, which have a combined capacity to house more than 8,000 employees, are equipped with disabled friendly infrastructure. Along with this, nearly 900 of our branches and ATMs are equipped with ramps to enable customers who are Persons with Disability (PwD). This helps facilitate access to differently abled employees, workers and visitors.

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 leave.**

| Gender | Permanent Employees | |
|---|---|---|
| | Return to work rate | Retention rate |
| | | |

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

| Gender | Yes/No (If Yes, then give details of the mechanism in brief) |
|---|---|
| | |

*Please find further details on page 71 of the empowering our employees section of this report.*

*#GRI 401-2 | *GRI 201-3*

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

| Category | FY 2021-22 (Current Financial Year) | | | FY 2020-21 (Previous Financial Year) | | |
|---|---|---|---|---|---|---|
| | 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 employee / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D)# | % (D / C) |
| | | | | | | |

** In FY21 this number was calculated as a percentage of all full-time employees (including contractual employees)*

*# These employees refer to the employees that are part of the Indian Banks Association.*

**8. Details of training given to employees and workers:#**

| Category | FY 2021-22 Current Financial Year | | | | | FY 2020-21 Previous Financial Year | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | On health and safety measures | | On skill upgradation | | Total (D) | On health and safety measures | | On skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Total | 65,554 | 13,395 | 20% | 65,505 | 99.93% | 50,923 | 8,458 | 17% | 42,747 | 84% |

*Please find further details on page 63-64 of the employees section of this report. This dataset includes training provided to employees who left the firm during FY 2021-22.*

**9. Details of performance and career development reviews of employees and worker:**

| Category | FY 2021-22 Current Financial Year | | | FY 2020-21 Previous Financial Year | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| Employees | | | | | | |
| | | | | | | |
| | | | | | | |
| Total | 48,842 | 37,196 | 76% | 41,609 | 32,505 | 78% |

*Find further details on page 63 of the 'Empowering our employees' section of this report. All employees who are eligible for performance appraisal underwent career development reviews. Newly joined 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 a health and safety management system which has been detailed on page 65 of the 'Empowering our employees' section.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Yes, we have processes in place to identify work-related hazards and assess risks on a routine and non-routine basis which has been detailed on page 65 of the 'Empowering our employees' section.

**c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Yes, we have a process for employees to report work related hazards and to remove themselves from such risks. This has been detailed on page 65 of the 'Empowering our employees' section.

**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, our employees are provided with periodic health checkups, proactive sessions focused on all round well-being and other initiatives which have been detailed on page 65 of the 'Empowering our employees' section.

*#GRI 403-5*

**11. Details of safety related incidents, in the following format:#**

| Safety Incident/Number# | Category | FY 2021-22 Current Financial Year | FY 2020-21 Previous Financial Year |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |

**The cause of all the fatalities and injuries were road accidents while travelling to work.*

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

The Bank has a holistic approach to safeguarding the health and well-being of its employees as detailed on page 65 of the 'Empowering our employees' section

**13. Number of Complaints on the following made by employees and workers:**

Nil. No complaints concerning health and safety or working condition have been reported.

**14. Assessments for the year:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| | 25% of our large offices underwent assessment on health and safety practices |

**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 have a health and safety management system which has been detailed on page 65 of the 'Empowering our employees' section. The approach is based on the concept of continuous improvement. Consequently, health hazards are catalogued and addressed by the health and safety team.

### Leadership Indicators

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Yes, we have implemented a Pandemic Benevolent Policy. This policy outlines our initiatives to financially support the families of the deceased employees. We also provide term life insurance, health insurance and group personal accident insurance to all our employees. Further details can be found in 'Empowering our employees' section of this report.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

As part of the service agreements we sign with the vendors, we communicate our expectation that all our business associates including vendors need to be in compliance with all relevant regulations.

**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 are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

The fatalities and injuries reported in Q11 are all road accidents while travelling to work. We have extended required support for medical expenses to these employees.

**4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes. Please refer to Page 63-64 of the 'Empowering our employees' chapter for further details.

**5. Details on 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. Further details can be found under 'ESG overview' section.

**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.

*#GRI 403-9*

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 |
| | | ₹ | | |
| | | ₹ | | ₹ |
| | | ₹ | | ₹ |

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?**

   The Human Resources function is responsible for the oversight of human rights issues as articulated in the Human Rights and Anti-discrimination Policy.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

   The mechanism for grievance redressal has been detailed on page 71 of the 'Empowering our employees' section.

6. **Number of Complaints on the following made by employees and workers:#**

| Category* | FY 2021-22 Current Financial Year | | | FY 2020-21 Previous Financial Year | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| | | | | | | |
| | | | | | | |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   The mechanism for preventing retaliation has been detailed on page 71 of the 'Empowering our employees' section.

8. **Do human rights requirements form part of your business agreements and contracts?**

   We are in the process of incorporating ESG linked commitments which also include human rights into vendor contracts above a certain value. This would be applicable for agreements that would undergo renewal in FY 2022-23.

9. **Assessments for the year:**

**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 offices are equipped with disabled friendly infrastructure, details of which can be found in 'Empowering our employees' section.

**4. Details on assessment of value chain partners.**

We have not undertaken an assessment of value chain partners

**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:**

All data given below is in Giga Joules (GJ)

| Parameter | FY 2021-22 (Current Financial Year) | FY 2020-21 (Previous Financial Year) |
|---|---|---|
| | | |
| | | |
| | | |
| **Total energy consumption (A+B+C)** | | |
| ₹ | | |

*FTEs are full-time employees including on-roll contractual employees. This data also includes energy consumed at Bank premises shared with a few subsidiaries.*

**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 indicators marked by *.*

**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 2021-22 (Current Financial Year) | FY 2020-21 (Previous Financial Year) |
|---|---|---|
| **Water withdrawal by source (in kiloliters)** | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)** | | |
| **Total volume of water consumption (in kiloliters)#** | | |
| **Water intensity per rupee of turnover** ₹ | | |

**The coverage of water consumption has been enhanced to include drinking water across the Bank's branches resulting in a steep increase in the water consumption data being reported. This data also includes water consumed at Bank premises that are shared with a few subsidiaries.*

***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.***

*#GRI 303-3, GRI 303-5*

*Yes, assurance undertaken by Price Waterhouse Chartered Accountants LLP for indicator marked as #*

**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. For instance, recycled water is used for flushing purposes in three of our largest corporate offices. Please find further details on our approach to water management on page 61 of the 'Managing our environmental footprint' section.

**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 in this Report.

**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 for other air emissions*

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:**

| Parameter | Unit | FY 2021-22 (Current Financial Year) | FY 2020-21 (Previous Financial Year) |
|---|---|---|---|
| **Total Scope 1 emissions** | | | |
| **Total Scope 2 emissions** | | | |
| **Total Scope 1 and Scope 2 emissions per Turnover in** ₹ | | | |
| **Total Scope 1 and Scope 2 emission intensity** | | | |

** Our scope 1 coverage expanded to include the chemicals used to fill fire extinguishers. These emissions also cover Bank premises that are shared with a few subsidiaries.*

***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 with #*

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Please refer to 'Managing our environmental footprint' section on page 61 of Integrated Annual Report

**8. Provide details related to waste management by the entity, in the following format:#**

| Parameter | FY 2021-22 (Current Financial Year) | FY 2020-21 (Previous Financial Year) |
|---|---|---|
| **Total Waste generated (in metric tonnes)** | | |
| **(A)** | | |
| **(B)** | | |
| **(C)** | | |
| **(D)** | | |
| **(E)** | | |
| **(F)** | | |
| **(G)** | | |
| **(H)** | | |
| **Total (A+B + C + D + E + F + G + H)** | | |
| **Details of total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)** | | |
| | | |
| | | |
| | | |
| **Total** | **78.29** | **-** |

*#GRI 306-3, GRI 306-4, GRI 306-5*

| Parameter | FY 2021-22 (Current Financial Year) | FY 2020-21 (Previous Financial Year) |
|---|---|---|
| **Details of total waste disposed by nature of disposal method (in metric tonnes)** | | |
| (ii) Landfilling | | |
| **Total** | **26.46** | **-** |

*This data also includes waste generated/ disposed at Bank premises that are shared with a few subsidiaries.*

***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*

**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.**

Please refer to page 61 of the 'Managing our environmental footprint' section. that covers waste management

**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 or around 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 |
|---|---|---|---|---|---|
| | | | | | |

**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:[#]**

Kotak Mahindra Bank Limited is 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 | FY 2021-22 (Current Financial Year) | FY 2020-21 (Previous Financial Year) |
|---|---|---|
| **From Renewable Sources (in GJ)** | | |
| **Total energy consumed from renewable sources (A+B+C)** | | |
| **From Non-Renewable Sources** | | |
| **Total energy consumed from non-renewable sources (D+E+F)** | | |

*This data also includes energy consumed at Bank premises that are shared with a few subsidiaries.*

***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, undertaken by Price Waterhouse Chartered Accountants LLP*

**2. Provide the following details related to water discharged:**

We currently do not monitor the amount of water discharged. The water discharged is treated through the respective municipal treatment facilities across geographies.

*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:**

*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 2021-22 | FY 2020-21 |
|---|---|---|---|
| | | | |

**The increase in scope 3 emissions in FY 2021-22 is primarily on account of inclusion of new sources of emissions and expansion of coverage in the GHG inventory, details of which are found in page 60 of 'Managing our environmental footprint' section. These emissions also cover Bank premises that are shared with a few subsidiaries.*

**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 [#]*

**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 |
|---|---|---|---|
| Please refer to 'Managing our environmental footprint' chapter on page 61 for details on energy efficiency initiatives. | | | |

**7. Does the entity have a business continuity and disaster management plan?**

We have a Business Continuity Management Systems Policy that provides guidance for proactively identifying and mitigating risks that may cause disruption, 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 adverse impacts to the environment arising from our borrower's business activities. Further details of the same have been provided in the ESG Overview section of this Report. We are also working to ensure that our vendors/ suppliers comply with our Code of Conduct (encompassing environmental standards) and do not impose any adverse negative impact to the environment.

**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.

*[#]GRI 307-1*

3. **Describe the mechanisms to receive and redress grievances of the community.**

To report any grievances with respect to the CSR projects implemented by our CSR partners, concerned individuals or groups can approach the respective NGO partner, who will either redress the queries/grievances/complaints or route it to the Bank on a case-to-case basis.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

| | FY 2021-22 Current Financial Year | FY 2020-21 Previous Financial Year |
|---|---|---|
| | As a financial services organisation we do | |

### Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments**

We plan to undertake Social Impact Assessments in the coming years.

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Please refer to the Directors' report for details on our CSR projects.

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

(b) **From which marginalized /vulnerable groups do you procure?**

(c) **What percentage of total procurement (by value) does it constitute?**

As a financial services organisation we do not require substantial input materials for our business. We strive to appoint local suppliers/ vendors from marginalised/ vendor groups to fulfil our requirements wherever feasible.

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:**

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.**

Not Applicable

6. **Details of beneficiaries of CSR Projects:**

Please refer to the Directors' report for details on our CSR projects.

## 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**

Please find details of consumer complaints management process on page 82 of the '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 |
|---|---|

**3. Number of consumer complaints in respect of the following:**

| | FY 2021-22 (Current Financial Year) | | Remarks | FY 2020-21 (Previous Financial Year) | | Remarks |
|---|---|---|---|---|---|---|
| | Received during the year | Pending resolution at end of year | | Received during the year | Pending resolution at end of year | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**The number of complaints reported for FY 21-22 exclude complaints redressed in 0 and 1 day.*

**4. Details of instances of product recalls on account of safety issues:**

This is not applicable to our products and services.

**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, details of our policy and approach to cybersecurity are detailed in the governance section of the report available on page 86-87.

**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.**

There have been no breaches in any of the above stated areas.

### Leadership Indicators

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information about Kotak Mahindra Bank's 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.**

Detailed information on initiatives taken towards promoting customers' financial literacy can be found on Page 77 of the Financial Literacy and Investor Education section in this Report

**3. Mechanisms in place to inform consumers of any risk of disruption or discontinuation of essential services.**

Details of potential and ongoing disruption to essential services are proactively communicated through e-mail, SMS, WhatsApp, website, push notifications, Mobile app. Detailed information on customer communication and engagement can be found on Page 81-82 of 'Generating value for our customers' section in this Report.

**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)**

We recognise the significance of provision of adequate, clear and transparent information to customers to enable informed decision-making. We train employees to practice ethical lending practices and refrain from mis-selling of financial products to consumers. Detailed information on customer satisfaction surveys can be found on Page 81-82 of 'Generating value for our customers' section in this Report.

**5. Provide the following information relating to data breaches:**

**a. Number of instances of data breaches along-with impact**

- Zero substantiated instances of data breaches

**b. Percentage of data breaches involving personally identifiable information of customers**

- Not Applicable





# ESG DATA TABLES

## WORKFORCE BREAK DOWN[1]

**KOTAK MAHINDRA BANK - Workforce breakdown for FY2021-22**

| Employee Category | Number | | Percentage | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | 25.2% |
| | | | | |
| **Total** | **48,546** | **17,878** | **73.1%** | **26.9%** |

**The boundary for the data has been considered as India. It hence excludes 49 employees based out of international locations.*

**KOTAK MAHINDRA GROUP - Workforce breakdown for FY2021-22***

| Employee Category | Number | | Percentage | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| **Total full-time employees*** | **68,491** | **22,102** | **75.6%** | **24.4%** |
| | | | | |
| **Total employees** | **87,083** | **34,399** | **71.7%** | **28.3%** |

**The boundary for HR data is India and hence excludes 114 employees based out of international locations, of these employees, 49 are Bank employees. The consolidated employee headcount figure reported in the Director's report is a summation of total full-time employees and the 114 employees based out of the international locations.*

***The data does not include one part-time employees of one of our insurance companies who identifies as LGBTQ+*

**KOTAK MAHINDRA BANK - Age-Wise Composition of Employees for FY 2021-22**

| Employee Category | Number | | | Percentage | | |
|---|---|---|---|---|---|---|
| | <30 years | 30 - 50 years | > 50 years | <30 years | 30 - 50 years | > 50 years |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| **Total employees** | **35,587** | **29,223** | **1,614** | **53.6%** | **44.0%** | **2.4%** |

**The boundary for the data has been considered as India and hence excludes 49 employees based out of international locations.*

*[1]GRI 102-8, GRI 405-1*

**KOTAK MAHINDRA GROUP - Age-Wise Composition of Employees for FY 2021-22**

| Employee Category | Number | | | Percentage | | |
|---|---|---|---|---|---|---|
| | <30 years | 30 - 50 years | > 50 years | <30 years | 30 - 50 years | > 50 years |
| Total full-time employees* | 47,180 | 41,471 | 1,942 | 52.1% | 45.8% | 2.1% |
| Total employees | 51,840 | 56,058 | 13,585 | 42.7% | 46.1% | 11.2% |

**The boundary for HR data is India and hence excludes 114 employees based out of international locations, of these employees, 49 are Bank employees. The consolidated employee headcount figure reported in the Director's report is a summation of total full-time employees and the 114 employees based out of the international locations.*

## NEW JOINEES[2]

**KOTAK MAHINDRA BANK - New Joinees by gender for FY 2021-22**

| Employee Category | Number | | Percentage | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| Total | 29,583 | 12,476 | 67.9% | 80.6% |

**KOTAK MAHINDRA GROUP - New Joinees by gender for FY 2021- 22**

| Employee Category | Number | | Percentage | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| Total | 41,280 | 14,819 | 66.7% | 76.5% |

**KOTAK MAHINDRA BANK - New Joinees by age* for FY 2021-22**

| Employee Category | Number | | | Percentage | | |
|---|---|---|---|---|---|---|
| | <30 years | 30 - 50 years | > 50 years | <30 years | 30 - 50 years | > 50 years |
| Total | 29,630 | 12,410 | 19 | 83.3% | 42.5% | 1.2% |

** 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, 2022.*

*[3]GRI 401-1*

**KOTAK MAHINDRA GROUP - New Joinees by age for FY 2021- 22[3]**

| Employee Category | Number | | | Percentage | | |
|---|---|---|---|---|---|---|
| | <30 years | 30 - 50 years | > 50 years | <30 years | 30 - 50 years | > 50 years |
| Total | 38,773 | 17,263 | 63 | 82.2% | 41.6% | 3.2% |

** 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, 2022.*

## WORKFORCE TURNOVER DATA#*

**KOTAK MAHINDRA BANK - Permanent Employee Turnover***

| Employee Category | FY 2019-20 | | | | FY 2020-21 | | | | FY 2021-22 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Men (No.) | Men (%) | Women (No.) | Women (%) | Men (No.) | Men (%) | Women (No.) | Women (%) | Men (No.) | Men (%) | Women (No.) | Women (%) |

**Turnover also includes attrition on account of death, superannuation, disciplinary action and non-regrettable exits by employees with low performance*

| Turnover | Numbers | | | Rate | | |
|---|---|---|---|---|---|---|
| | <30 years | 30 - 50 years | > 50 years | <30 years | 30 - 50 years | > 50 years |

**KOTAK MAHINDRA GROUP - Permanent Employee Turnover***

| Employee Category | FY 2019-20 | | | | FY 2020-21 | | | | FY 2021-22 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Men (No.) | Men (%) | Women (No.) | Women (%) | Men (No.) | Men (%) | Women (No.) | Women (%) | Men (No.) | Men (%) | Women (No.) | Women (%) |

**Turnover also includes attrition on account of death, superannuation, disciplinary action and non-regrettable exits by employees with low performance*

| Permanent Employees* | <30 years | | 30 - 50 years | | > 50 years | |
|---|---|---|---|---|---|---|
| | Number | Rate | Number | Rate | Number | Rate |

**Includes part-time employees*

*# 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.*

** GRI 401-1*

## WORKFORCE TRAINING

**KOTAK MAHINDRA BANK - Average hours of training per year per employee for FY 2021-22[4]**

| Employee Category | Total Hours |
|---|---|

**KOTAK MAHINDRA BANK - Average hours of training per year per employee for FY 2021-22[5]**

| Employee Category and Gender | Total Hours |
|---|---|

## PARENTAL LEAVE[6]

**KOTAK MAHINDRA BANK - Parental Leaves availed by Permanent employees during FY 2021-22**

| Employee Gender | Employees that took parental leave | Employees that returned to work after parental leaves | Number of employees who returned to work after parental leave ended that were still employed 12 months after their return |
|---|---|---|---|

**KOTAK MAHINDRA BANK - Gender Pay Ratio[7]**

| Employee Category | FY 21 | | FY 22 | |
|---|---|---|---|---|
| | Ratio of CTC Women: Men (Average CTC) | Ratio of Basic Women: Men (Average Basic) | Ratio of CTC Women: Men (Average CTC) | Ratio of Basic Women: Men (Average Basic) |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

[4]GRI 404-1 [5]GRI 404-1 [6]GRI 401-3 [7]GRI 405-2





## LIST OF POLICIES

| Sr. No | Name of the Policy | Description/link to publicly available policies |
|---|---|---|
| | | https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/code_of_conduct_ |
| | | https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/code_of_conduct_ |
| | | https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/code_of_fair_disclosure_of_UPSI.pdf |
| | | compliance. The Chief Compliance Officer and the compliance team have the responsibility to ensure |
| | | policy-ned-final.pdf |
| | | Please find details on page 66 of the 'Empowering our employees' section of this report<br>Please find details on page 55 of the 'ESG overview' section of this report |
| | | impact through resource efficiency measures, waste management and transitioning our operations to |
| | Fair Practice Code – Microfinance | of-Conduct/Fair-Practice-Code-Microfinance-Loans.pdf<br>The aim of this policy is to help the field functionaries strengthen their precautionary measures, which defines the fraud-prone areas of the business, fraud risk control measures, and the classification and |

| Sr. No | Name of the Policy | Description/link to publicly available policies |
|---|---|---|
| | | rights. This policy is applicable at every level of the organisation and to every aspect of the workplace salaries, benefits, and termination. It also covers fair wages, decent working hours, and performance |
| | | incident classification, containment, investigation and recovery. The policy also stipulates Cyber Crisis |
| | | Information Technology systems. The policy is based on The international standard & Framework ISO reliability and availability of the IT systems along with IT Change Management. It specifically articulates incidents. The policy also specifies training of employees of IT security and requires all employees and |
| | | to understand our customers or beneficial owners and their financial dealings, which in turn helps us to |
| | | terrorist financing and identify, review and monitor politically exposed persons. |
| | New Mother Benefit Policy | Please find details on page 68 of the 'Empowering our employees' section of this report |
| | | Please find details on page 65 of the 'Empowering our employees' section of this report |
| | | https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/KMBL_materiality_ |
| | | https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/dealing_with_related_party_transactions.pdf |
| | | Please find details on page 71 of the 'Empowering our employees' section of this report |
| | | https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/whistle_blower_ |
| | | employees to undertake external learning and certification programs. |





## GRI CONTENT INDEX#

| GRI Standard | Disclosure | Page Number/ Direct Response |
|---|---|---|
| **GRI 102: General Disclosures 2016** | | |
| **Organisational profile** | | |
| | Significant changes to the organisation and its supply chain | There were no significant |
| **Strategy** | | |
| **Ethics and integrity** | | |
| **Governance** | | |
| | Conflicts of interest | |

*#GRI 102-55*

| GRI Standard | Disclosure | Page Number/ Direct Response |
|---|---|---|
| **Stakeholder engagement** | | |
| | | |
| | | |
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| **Reporting practice** | | |
| | Entities included in the consolidated financial statements | |
| | Defining report content and topic Boundaries | |
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| **Topic-Specific Standard Disclosures** | | |
| **GRI 201: Economic Performance 2016** | | |
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| | | |
| | | |
| | 201-3 Defined benefit plan obligations and other retirement plans | |
| **GRI 205: Anti-corruption 2016** | | |
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| **GRI 206: Anti-Competitive Behavior 2016** | | |
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| | | Kotak has been identified as a |

| GRI Standard | Disclosure | Page Number/ Direct Response |
|---|---|---|
| **GRI 302: Energy 2016** | | |
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| **GRI 303: Water and Effluents 2018** | | |
| GRI 303: Water and Effluents | | |
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| GRI 303: Water and Effluents 2018 (Topic-specific | | |
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| GRI Standard | Disclosure | Page Number/ Direct Response |
|---|---|---|
| **GRI 403: Occupational Health and Safety 2018** | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | |
| | | |
| | and safety | |
| | | |
| | | |
| | linked by business relationships | |
| | | |
| specific Disclosures) | | |
| **GRI 404: Training and Education 2016** | | |
| | | |
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| | | |
| | | |
| | development reviews | |
| **GRI 405: Diversity and Equal Opportunity 2016** | | |
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| **GRI 406: Non-discrimination 2016** | | |
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| | | |
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| **GRI 412: Human Rights Assessment 2016** | | |
| | | |
| **GRI 413: Local Communities 2016** | | |
| | | |
| | | |
| | 413-2 Operations with significant actual and potential negative impacts on local | |

| GRI Standard | Disclosure | Page Number/ Direct Response |
|---|---|---|
| **GRI 418: Customer Privacy 2016** | | |
| | | |
| | | |
| | | |
| | | |
| **GRI 419: Socioeconomic Compliance 2016** | | |
| | | |
| | | |
| | | |
| | | fines or non-monetary sanctions |

## ALIGNMENT WITH THE TCFD RECOMMENDATIONS

| TCFD Pillar | Recommended Pillar | Section | Page |
|---|---|---|---|
| | | | |
| | | | |
| | has identified over the short, medium, and long term | | |
| | organisation's businesses, strategy, and financial planning. | | |
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**Price Waterhouse Chartered Accountants LLP**

**Independent practitioner's limited assurance report on Identified Sustainability Indicators in Kotak Mahindra Bank Limited's Integrated Report**

**To the Board of Directors of Kotak Mahindra Bank Limited**

We have undertaken to perform limited assurance engagement for Kotak Mahindra Bank Limited (KMBL or the "Company")

*GRI 102-56*

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants 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 behavior.

[redacted]

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

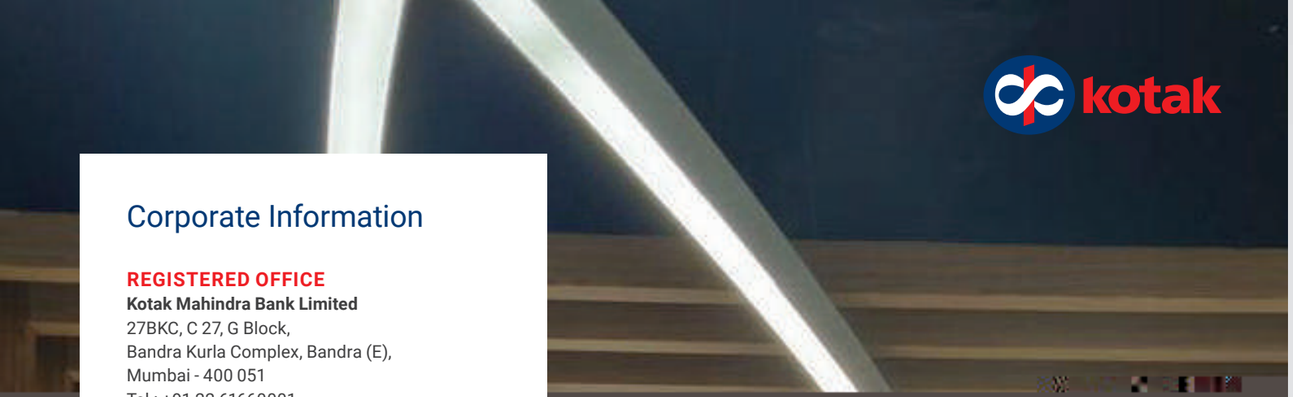
[redacted]

**Appendix 1**

**Identified Sustainability Indicators**

| S. No. | GRI Indicator Reference | Indicator Description |
|---|---|---|

[redacted]



# Corporate Information

## REGISTERED OFFICE

**Kotak Mahindra Bank Limited**
27BKC, C 27, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051
Tel.: +91 22 61660001
Website: www.kotak.com

## COMPANY SECRETARY

**Avan Doomasia**
Senior Executive Vice President and
Company Secretary

## JOINT STATUTORY AUDITORS

**Walker Chandiok & Co LLP**
11th Floor, Tower II,
One International Centre,
S B Marg, Prabhadevi (W),
Mumbai - 400 013
Maharashtra, India

**Price Waterhouse LLP**
252, Veer Savarkar Marg,
Shivaji Park, Dadar (W),
Mumbai - 400 028
Maharashtra, India

## REGISTRAR AND TRANSFER AGENT

**KFin Technologies Private Limited**
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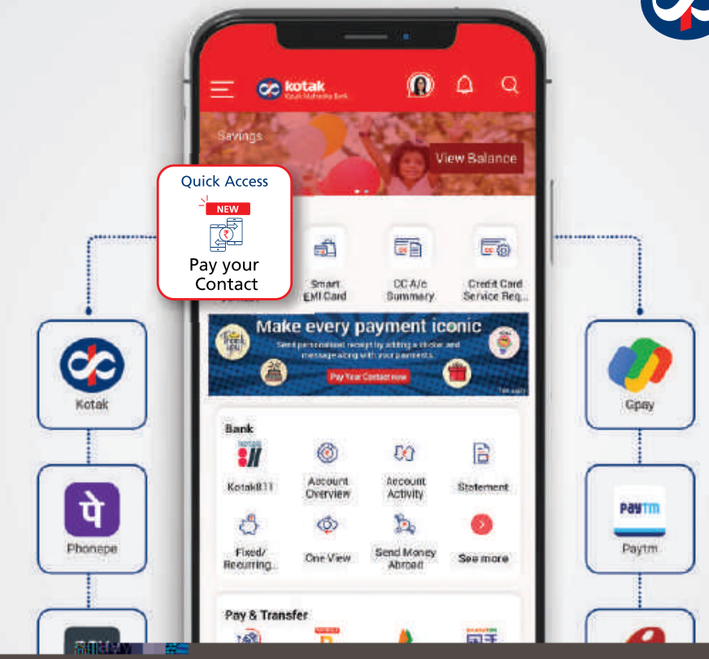
Financial District, Nanakramguda,
Serilingampally,
Hyderabad – 500 032, Telangana
E-mail: einward.ris@kfintech.com

24/B, Raja Bahadur Compound,
Ambalal Doshi Marg,
behind Phiroze Jeejeebhoy Towers,
Fort, Mumbai - 400 001
Maharashtra, India

kotak
Kotak Mahindra Bank

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