Consolidated Financial Highlights 2020-2021

(₹ in crore)

FINANCIAL HIGHLIGHTS	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Advances	167,125	205,997	243,462	249,879	252,188
Investments*	49,974	68,741	76,858	81,334	116,565
Total Assets	276,188	337,720	395,171	443,173	478,873
Net Profit	4,940	6,201	7,204	8,593	9,990
KEY FINANCIAL INDICATORS					
Net Interest Margin (NIM)^	4.5%	4.3%	4.2%	4.6%	4.5%
Return on Average Assets (RoAA)	2.0%	2.0%	2.0%	2.1%	2.2%
Book Value Per Share (₹)	209	265	303	348	426
Earnings Per Share (EPS) Face Value ₹ 5 per share	26.9	32.7	37.6	44.7	50.5
Return on Equity (RoE)	13.8%	13.5%	13.3%	13.7%	12.8%
Capital Adequacy Ratio	17.2%	18.4%	17.9%	19.8%	23.4%
Gross NPA (₹ crore)	3,804	4,071	4,789	5,488	8,276
Net NPA (₹ crore)	1,814	1,769	1,696	1,745	3,106
Gross NPA Ratio	2.2%	2.0%	1.9%	2.2%	3.2%
Net NPA Ratio	1.1%	0.9%	0.7%	0.7%	1.2%

** Excludes Policyholders' investments*

^ From FY 2017-18, excluding dividend and interest on income tax refunds. Adjusted for reclassification of prepayment interest and account foreclosure charges from interest income to other income.

MARKET RELATED RATIOS	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Market Price (₹)	872	1,048	1,335	1,296	1,753
Market Capitalisation (₹ crore)	160,563	199,674	254,723	247,939	347,416
Price to Book Ratio	4.2	4.0	4.4	3.7	4.1
Price to Earnings Ratio	32.5	32.1	35.5	29.0	34.7

Consolidation at a Glance

(₹ in crore)

	2020-21		2019-20		March 31, 2021	March 31, 2020
	Profit before Tax	Profit after Tax	Profit before Tax	Profit after Tax	Capital & Reserves and Surplus*	Capital & Reserves and Surplus*
Kotak Mahindra Bank Limited	9,302.99	6,964.84	7,804.67	5,947.18	63,726.97	49,015.30
Subsidiaries						
Kotak Mahindra Prime Limited	720.40	534.71	923.36	673.12	6,622.88	6,088.39
Kotak Securities Limited	1,057.43	792.64	738.36	550.01	5,321.42	4,528.77
Kotak Mahindra Capital Company Limited	110.94	82.28	107.62	79.08	688.83	622.01
Kotak Mahindra Life Insurance Company Limited	897.47	691.93	839.14	608.18	4,045.47	3,353.54
Kotak Mahindra General Insurance Company Limited	1.63	1.63	(28.12)	(28.12)	191.34	164.71
Kotak Mahindra Investments Limited	345.84	257.75	368.49	270.13	2,117.39	1,859.64
Kotak Mahindra Asset Management Company Limited	395.99	294.83	394.11	291.84	1,003.35	708.52
Kotak Mahindra Trustee Company Limited	69.14	51.45	60.24	44.99	229.37	177.92
Kotak Mahindra (International) Limited	92.29	86.42	25.51	23.81	767.58	706.33
Kotak Mahindra (UK) Limited	38.24	31.32	63.64	50.83	372.88	353.67
Kotak Mahindra, Inc.	5.62	5.58	(2.27)	(2.31)	10.56	5.24
Kotak Investment Advisors Limited	50.50	40.03	12.35	9.67	404.85	364.81
Kotak Mahindra Trusteeship Services Limited	3.40	2.56	3.43	2.54	23.46	20.90
Kotak Infrastructure Debt Fund Limited	33.10	33.10	33.99	33.99	416.87	383.82
Kotak Mahindra Pension Fund Limited	0.45	0.21	0.07	0.06	25.64	25.42
Kotak Mahindra Financial Services Limited	(0.69)	(0.69)	(1.06)	(1.06)	7.11	8.07
Kotak Mahindra Asset Management (Singapore) Pte. Limited	34.89	31.51	52.98	47.58	181.86	156.25
IVY Product Intermediaries Limited	0.32	0.12	0.37	0.26	5.98	5.85
BSS Microfinance Limited	30.87	23.17	78.88	59.26	246.60	223.44
Total	**13,190.82**	**9,925.39**	**11,475.76**	**8,661.04**	**86,410.41**	**68,772.60**
Add: Associates		87.30		(13.72)	1,028.89	941.59
Less: Dividend, Inter company and other adjustment		22.49		53.96	2,602.85	2,580.07
Consolidated Profit After Tax / Capital & Reserves and Surplus*		**9,990.20**		**8,593.36**	**84,836.45**	**67,134.12**
Consolidated Earnings per Share (₹)		50.49		44.68		
Consolidated Book Value per Share (₹)					425.55	348.32

* 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, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2021, 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 ('Act') and circulars and guidelines issued by the Reserve Bank of India in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the consolidated state of affairs of the Group and its associates as at 31 March 2021, 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 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 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 19 and 20 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Schedule 17 Note 2(A)(ii) of the accompanying consolidated financial statements which describes the uncertainties associated due to the outbreak of Coronavirus (COVID-19). The impact of these uncertainties on the Group's consolidated financial statements is dependent on the future developments.

   Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information 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.

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

Identification and provisioning of non-performing assets ('NPAs') including implementation of RBI COVID-19 Relief Measures in relation to the Bank

As at 31 March 2021, the Bank reported total advances (net of provisions) of ₹ 223,689 crores, gross NPAs of ₹ 7,426 crores and provision for non-performing assets of ₹ 4,720 crores. The provision coverage ratio after considering technical write-off as at 31 March 2021 is 70.23%. (Refer Schedule 17 Note C(2) for the accounting policy, Schedule 9, Schedule 18A Note 9 and Note 11 of standalone financial statements of the Bank)

Key audit matter	How our audit addressed the key audit matter
The Reserve Bank of India's ('RBI') guidelines on Income Recognition and Asset Classification prescribes the prudential norms for identification and classification of NPAs ('IRAC norms') 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 by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision for identified NPAs is estimated based on ageing and classification of NPAs, value of security, recovery estimates and other qualitative factors and is also subject to the minimum provisioning norms specified by RBI. Due to the ongoing COVID-19 pandemic, the Bank has implemented 'COVID-19 Regulatory Package-Asset Classification and Provisioning' ('Regulatory Package') issued by the RBI on 17 April 2020 and 23 May 2020 and 'Resolution Framework for COVID-19 related Stress' and 'MSME sector - Restructuring of advances' ('Resolution Framework') issued by RBI on 6 August 2020 (Collectively 'RBI COVID-19 Relief Measures'), which has been duly considered by the Bank in identification and measurement of provision for advances. Since the identification of NPAs and provisioning for such advances requires considerable level of estimation and given its significance to the overall audit, we have identified this as a key audit matter.	Our audit procedures included but were not limited to the following: • Understood the process and controls and tested the design and operating effectiveness of key controls, including IT based controls, focusing on the following: - Approval of new lending facilities in accordance with the Bank's credit policies and the performance of annual loan assessments; - Controls over the monitoring of credit quality which amongst other things includes the monitoring of overdue reports, drawing power limit, pending security creation; - Identification and classification of NPAs in accordance with RBI IRAC norms and certain qualitative aspects; and - Assessment of adequacy of NPA provisions. • To test the identification of loans with default events and other qualitative factors, selected a sample of performing loans and independently assessed as to whether there was a need to classify such loans as NPAs. • On 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'). • Held discussion with the management of the Bank on sectors wherein there has been stress and the steps taken by the Bank to mitigate such sectorial risks. • With respect to provisions recognised towards NPAs, we reperformed the provision calculations on sample basis taking into consideration the value of security, where applicable, RBI 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. • Obtained an understanding of implementation of the Regulatory Package and with respect to borrowers to whom moratorium was granted, on a sample basis, we tested that such moratorium was granted in accordance with the board approved policy. • We ensured that the Bank's board approved policy is in line with the Resolution Framework. On a sample basis tested that restructuring was carried out in accordance with the Resolution Framework and re-computed the provision made in accordance with the Resolution Framework. • With respect to provision made by the Bank on account of the impact of COVID-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for such provision. • We read the RBI Annual Financial Inspection report for the financial year ended 31 March 2020 and other communication with regulators. • We assessed the appropriateness and adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs including the additional disclosures required in accordance with the Regulatory Package and Resolution Framework.

Information Technology ("IT") Systems and controls impacting financial reporting in relation to the Bank

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 at numerous locations. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Bank. Appropriate IT general controls and 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. The accuracy and reliability of the financial reporting process depends on the IT systems and the related control environment, including: • IT general controls over user access management and change management across applications, networks, database, and operating systems. • IT application controls. Due to the pervasive nature, complexity and importance of the impact of the IT systems and related control environment on the Bank's financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter.	In assessing the integrity of the IT systems, we involved our IT specialist to obtain an understanding of the IT infrastructure and IT systems relevant to the Bank's financial reporting process for evaluation and testing of relevant IT general controls and IT application controls. Tested the controls over user access management for applications, operating systems, networks, and databases, which are relied upon for financial reporting. We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested segregation of duties, including preventive controls to ensure that access to change applications, the operating system or databases in the production environment were granted only to authorized personnel. Other areas that were assessed under the IT control environment, included password policies, business continuity and controls around change management. We also evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing the integrity of system interfaces, the completeness and accuracy of data feeds, system reconciliation controls and automated calculations, as applicable. Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

7. The auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, of Kotak Securities Limited, vide their audit report dated 29 April 2021, have expressed an unmodified opinion on the special purpose financial statements. Based on consideration of their report and information submitted by them, we have reproduced the matter described below to be the key audit matters to be communicated in our report:

Key information technology (IT) systems used in financial reporting process relating to Kotak Securities Limited

Key audit matter	How the matter was addressed in our audit
The Company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. The Company uses Oracle system as the General Ledger for overall financial reporting which is interfaced with other systems that process transactions, which impacts significant account balances. The Company relies on automated processes and controls for recording of its transactions and accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the financial statements.	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. 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: • We obtained an understanding of the entity's IT environment and key changes if any during the audit period that may be relevant to the audit; • We tested the design, implementation and 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; • We tested key automated business cycle controls, related interfaces and logics for system generated reports relevant to the audit for evaluating completeness and accuracy; • We also tested the controls over network segmentation, restriction of remote access to the entity's network, controls over firewall configurations and mechanisms implemented by the entity to prevent, detect and respond to network security incidents; and we tested compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Financial Statements.

8. The joint auditors, S. R. Batliboi & Associates LLP, Chartered Accountants, and Haribhakti & Co. LLP, Chartered Accountants, of Kotak Mahindra Life Insurance Company Limited, vide their audit report dated 27 April 2021, have expressed an unmodified opinion on the financial statements. Based on consideration of their report and information submitted by them, we have reproduced the matters described below to be the key audit matters to be communicated in our report:

IT systems and controls relating to Kotak Mahindra Life Insurance Company Limited

Key audit matter	How the matter was addressed in our audit
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: • 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. • Tailoring our audit approach based on the financial significance of the system and whether there were automated procedures supported by that system. • 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. • 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 the matter was addressed in our audit
The Company's investment portfolio represents substantial portion of the Company's total assets as at March 31, 2021 which are valued in accordance with accounting policy framed as per the extent of the regulatory guidelines. Investment in Non-linked and shareholders' portfolio is ₹ 27,080.39 crores: 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. Investment in unit linked portfolio is ₹ 19,373.39 crores: 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. 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: • 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 authorisation and data input controls; • 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; • 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 • 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.

9. The auditors, Price Waterhouse Chartered Accountants LLP, Chartered Accountants, of Kotak Mahindra Prime Limited, vide their audit report dated 30 April 2021, have expressed an unmodified opinion on the special purpose financial statements. Based on consideration of their report and information submitted by them, we have reproduced the matter described below to be the key audit matters to be communicated in our report:

Assessment of Provision for Non-Performing Assets (NPA) in respect of Loans and Advances relating to Kotak Mahindra Prime Limited

Key audit matter	How the matter was addressed in our audit
The loan balances (including credit substitutes) towards Vehicle Finance, Loans against Securities / Collaterals, Structured Loans, Personal and other Loans aggregates to ₹ 2,221,583 lakhs, which also include Gross Non-Performing Assets ₹ 78,873 lakhs. These balances are significant to the special purpose financial statements and involves judgement around the calculation of the NPA provision.	The audit procedures performed by us on the NPA provision included the following – • We understood and evaluated the design effectiveness and tested the operating effectiveness of the key controls over the assessment and computation of NPA provision.

Key audit matter	How the matter was addressed in our audit
NPA provision represents management's estimate of losses incurred within the loan portfolios at the balance sheet date and are inherently judgmental. 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 in relation to moratorium granted to borrowers as a relief measure for the Covid-19 pandemic as explained in Notes forming part of the special purpose financial statements. 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. Given the significant judgment and the complexity of audit procedures involved, we determined this to be a key audit matter.	• We independently assessed the appropriateness of NPA provisioning policies and methodologies followed by the Management. • 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 Company's special purpose financial statements. • We evaluated the adequacy of presentation and disclosures in relation to NPA provisions in the special purpose financial statements. Based on the above procedures performed, the management's assessment of provision for NPA in respect of loans and advances is considered to be reasonable.

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

10. The Holding Company's Board of Directors is 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.

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

11. 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 of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance) and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India from time to time. The 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 subsidiary companies included in the Group and its associate companies, which are 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 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 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 Directors of the Holding Company, as aforesaid.

12. In preparing the consolidated financial statements, the respective Board of Directors of the subsidiary 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.

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

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

14. 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 Standards on Auditing 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.

15. As part of an audit in accordance with Standards on Auditing specified under Section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements / financial information of the entities within the Group and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information 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.

16. 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.

17. 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.

18. 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

19. We did not audit the financial statements of 19 subsidiaries, whose financial statements reflect total assets of ₹101,398.52 crores and net assets of ₹ 22,683.44 crores as at 31 March 2021, total revenues of ₹ 25,263.95 crores and net cash outflows amounting to ₹ (3,876.05) 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 ₹ 87.24 crores for the year ended 31 March 2021, 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, and matters identified and disclosed under key audit matters section above, 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, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

20. The consolidated financial statements also include the Group's share of net profit of ₹ 0.06 crore for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of 1 associate, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid associate, are 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.

21. As stated in the 'Other matter' paragraph of the audit report dated 27 April 2021 issued by the joint auditors of Kotak Mahindra Life Insurance Company Limited, ('KLIFE'), the actuarial valuation of liabilities of KLIFE for life policies in force and for policies in respect of which the premium has been discontinued but liability exists as at 31 March 2021, is the responsibility of KLIFE's Appointed Actuary (the 'Appointed Actuary of KLIFE'). The actuarial valuation of these liabilities has been duly certified by the Appointed Actuary of KLIFE and in his opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The joint auditors of KLIFE have relied upon the certificate issued by the Appointed Actuary of KLIFE in this regard for forming their 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 the financial statements of KLIFE.

    Our opinion is not modified in respect of this matter.

22. As stated in the 'Other matter' paragraph of the audit report dated 28 April 2021 issued by the joint auditors of Kotak Mahindra General Insurance Company Limited, ('KMGICL'), pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities of KMGICL in respect of claims Incurred But Not Reported ('IBNR'), Incurred But Not Enough Reported ('IBNER') claims and Premium Deficiency Reserve ('PDR') as at 31 March 2021, have been duly certified by the KMGICL's Appointed Actuary (the 'Appointed Actuary of KMGICL'), and in his opinion, the assumptions for such valuation are appropriate and in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The joint auditors have relied upon the certificate issued by the Appointed Actuary of KMGICL in this regard for forming their opinion on the financial statements of the KMGICL.

    Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

23. The provisions of section 197 read with Schedule V of the Act are not applicable to the Bank for the year ended 31 March 2021. However, the remuneration to whole-time directors of the Bank during the year ended 31 March 2021 has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949.

    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 2021 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 2021 was in accordance with the provision of section 197 of the Act, however, approval of remuneration paid to the Managing Director under Section 34A of the Insurance Act, 1938 from the IRDAI is awaited. Further, based on the consideration of audit reports of the statutory auditors of five subsidiaries, Kotak Securities Limited, Kotak Mahindra Trusteeship Services Limited, Kotak Mahindra Capital Company Limited, Kotak Mahindra Trustee Company Limited and Kotak Mahindra Pension Fund Limited, the remuneration paid to their directors during the year ended 31 March 2021 was in accordance with the provisions of section 197 of the Act.

    Further, for one associate not audited during the year as described in paragraph 20 of our report, and for seven 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 2021, 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.

24. 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, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) the consolidated Balance Sheet, the consolidated Profit and Loss Account, and the consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014(as amended);

    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 2021 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, its subsidiary companies and associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II'; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates:

        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(W) and Schedule 17 Note 11 to the consolidated financial statements;

ii. provision has been made in the consolidated financial statements as at 31 March 2021, as required under the applicable law or the Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as detailed in Schedule 12.II, Schedule 17 – Note 2(G), Schedule 17 – Note 2(W) and Schedule 17 – Note 8 and Note 11 to the consolidated financial statements; and

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 2021.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Murad D. Daruwalla
Partner
Membership No.: 043334
UDIN: 21043334AAAABZ4133

Place : Mumbai
Date : 03 May 2021

Annexure I

List of entities

Domestic Subsidiaries

Kotak Mahindra Prime Limited

Kotak Mahindra Investments Limited

Kotak Securities Limited

Kotak Mahindra Capital Company Limited

Kotak Mahindra Life Insurance Company Limited

Kotak Mahindra General Insurance Company Limited

Kotak Mahindra Asset Management Company Limited

Kotak Mahindra Trustee Company Limited

Kotak Mahindra Pension Fund Limited

Kotak Investment Advisors Limited

Kotak Mahindra Trusteeship Services Limited

Kotak Infrastructure Debt Fund Limited

IVY Product Intermediaries Limited

BSS Microfinance Limited

International Subsidiaries

Kotak Mahindra (UK) Limited

Kotak Mahindra (International) Limited

Kotak Mahindra Inc.

Kotak Mahindra Financial Services Limited

Kotak Mahindra Asset Management (Singapore) Pte. Limited

Associate Companies

Infina Finance Private Limited

Phoenix ARC Private Limited

ECA Trading Services Limited

Annexure II 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 2021

Independent Auditor's Report on the internal financial controls with reference to 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 2021, we have audited the internal financial controls with reference to 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 Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

3. Our responsibility is to express an opinion on the internal financial controls with reference to 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 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 with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 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 financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to 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 company's internal financial controls with reference to 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 company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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 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 financial statements and such controls were operating effectively as at 31 March 2021, 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. The joint auditors of Kotak Mahindra Life Insurance Company Limited ('KLIFE'), in forming their opinion as stated in the 'Other matter' paragraph of their Annexure 'A' to the auditors report dated 27 April 2021 have reported, "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 31 March 2021. 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.

10. The Joint auditors of Kotak Mahindra General Insurance Company Limited, ('KMGICL'), in forming their opinion as stated in the 'Other matter' paragraph of their Annexure 'B' to the auditors report dated 28 April 2021 have reported, "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 Deficient Reserve ("PDR") as at 31 March 2021, 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 31 March 2021. 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 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.

11. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 14 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 99,446.84 crores and net assets of ₹ 21,343.45 crores as at 31 March 2021, total revenues of ₹ 24,969.62 crores and net cash outflows amounting to ₹ (3,554.35) 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 ₹ 87.24 crores for the year ended 31 March 2021, in respect of 2 associate companies, which are companies covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to 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 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.

12. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 1 associate company, which is company covered under the Act, in respect of which, the Group's share of net profit of ₹ 0.06 crore for the year ended 31 March 2021 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statement of this associate company, which is company covered under the Act, is unaudited and our opinion under Section 143(3)(i) of the Act insofar as it relates to the aforesaid associate company, which is company covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements report certified by the management of such company. In our opinion and according to the information and explanations given to us by the management, this financial statement are not material to the Group. Our report on adequacy and operating effectiveness of the internal financial controls with reference to financial statements of the Group does not include the internal financial controls with reference to financial statement assessment in respect of the aforesaid company. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Murad D. Daruwalla
Partner
Membership No.: 043334
UDIN: 21043334AAAABZ4133

Place : Mumbai
Date : 03 May 2021

Consolidated Balance Sheet

as at 31st March, 2021

(₹ in thousands)

	Schedule	As at 31st March, 2021	As at 31st March, 2020
CAPITAL AND LIABILITIES			
Capital	1	14,909,178	14,565,192
Employees' Stock Options (Grants) Outstanding		21,588	28,654
Reserves and Surplus	2	833,455,267	656,776,002
Deposits	3	2,788,714,108	2,604,002,077
Borrowings	4	477,389,014	655,767,168
Policyholders' Funds		420,715,151	315,088,169
Other Liabilities and Provisions	5	253,522,553	185,499,855
Total		**4,788,726,859**	**4,431,727,117**
ASSETS			
Cash and Balances with Reserve Bank of India	6	125,280,021	95,132,346
Balances with Banks and Money at Call and Short Notice	7	351,886,180	545,666,137
Investments	8	1,569,455,494	1,111,969,130
Advances	9	2,521,882,213	2,498,789,578
Fixed Assets	10	17,401,626	18,609,626
Other Assets	11	194,683,795	153,422,770
Goodwill on Consolidation		8,137,530	8,137,530
Total		**4,788,726,859**	**4,431,727,117**
Contingent Liabilities	12	2,022,900,524	1,901,590,851
Bills for Collection		412,727,990	395,189,768
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

Mumbai
3rd May, 2021

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
Group President and
Group Chief Financial Officer

Avan Doomasia
Senior Executive Vice President and
Company Secretary

Consolidated Profit and Loss Account

for the year ended 31st March, 2021

(₹ in thousands)

		Schedule	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I.	**INCOME**			
	Interest Earned	13	328,198,306	334,741,610
	Other Income	14	239,949,375	168,915,750
	Total		**568,147,681**	**503,657,360**
II.	**EXPENDITURE**			
	Interest Expended	15	129,665,484	159,006,795
	Operating Expenses	16	274,201,888	204,851,517
	Provisions and Contingencies (Refer Note 8 - Schedule 17)		65,251,352	53,728,199
	Total		**469,118,724**	**417,586,511**
III.	**PROFIT**			
	Net Profit for the year		99,028,957	86,070,849
	Add: Share in profit / (loss) of Associates		873,082	(137,239)
	Consolidated Profit for the year attributable to the Group		**99,902,039**	**85,933,610**
	Add: Balance in Profit and Loss Account brought forward from previous year		364,358,501	304,070,411
	Total		**464,260,540**	**390,004,021**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		17,412,100	14,868,000
	Transfer to Special Reserve u/s 45 IC of RBI Act, 1934		1,651,709	1,958,227
	Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		1,100,000	800,000
	Transfer to Debenture Redemption Reserve		118,000	34,000
	Transfer to Capital Reserve		145,000	1,148,400
	Transfer to / (from) Fraud Provision		-	(13,971)
	Transfer to / (from) Investment Reserve Account		-	(310,622)
	Transfer to Investment Fluctuation Reserve Account		8,206,596	4,831,336
	Dividend		405,000	1,932,583
	Corporate Dividend Tax		-	397,567
	Balance carried over to Balance Sheet		435,222,135	364,358,501
	Total		**464,260,540**	**390,004,021**
V.	**EARNINGS PER SHARE [Refer Note 12 - Schedule 17]**			
	Basic (₹)		50.53	44.73
	Diluted (₹)		50.49	44.68
	Face value per share (₹)		5.00	5.00
Significant Accounting Policies and Notes to Accounts forming part of the Consolidated Financial Statements		17		
The schedules referred to above form an integral part of this Consolidated Profit and Loss Account				

As per our report of even date attached

For and on behalf of the Board of Directors

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Murad D. Daruwalla
Partner
Membership No. 043334

Mumbai
3rd May, 2021

Prakash Apte
Chairman

Uday Kotak
Managing Director and
Chief Executive Officer

Dipak Gupta
Joint Managing Director

Uday Khanna
Director

Jaimin Bhatt
Group President and
Group Chief Financial Officer

Avan Doomasia
Senior Executive Vice President and
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2021

(₹ in thousands)

	Year Ended 31st March, 2021	Year Ended 31st March, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before share in profit / (loss) of Associates	99,028,957	86,070,849
Add: Provision for tax	32,654,415	28,147,161
Net Profit before taxes	**131,683,372**	**114,218,010**
Adjustments for :-		
Employee Stock Options Expense	18,223	27,688
Depreciation on Group's property	4,610,504	4,648,883
Amortisation of Premium on Investments	4,275,065	3,141,827
Diminution in the value of Investments	3,792,695	1,809,321
(Profit) / Loss on revaluation of Investments (net)	(36,122,100)	22,050,283
Profit on sale of Investments (net)	(17,677,747)	(15,477,482)
Provision for Non Performing Assets, Standard Assets and Other Provisions	28,804,242	23,771,717
Profit on sale of Fixed assets	(386,560)	(294,242)
	118,997,694	**153,896,005**
Adjustments for :-		
(Increase) / Decrease in Investments - Available for Sale, Held for Trading and Stock-in-Trade	(302,721,243)	39,101,737
(Increase) in Advances	(43,715,739)	(79,832,985)
(Increase) in Other Assets	(39,444,597)	(9,828,238)
Increase in Deposits	184,712,031	355,759,471
Increase in Policyholders' Funds	105,626,982	40,910,049
Increase / (Decrease) in Other Liabilities and Provisions	57,616,962	(5,154,941)
Sub-total	**(37,925,604)**	**340,955,093**
Direct Taxes Paid (net of refunds)	**(32,260,778)**	**(28,662,809)**
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	**48,811,312**	**466,188,289**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(3,685,902)	(4,526,218)
Proceeds from sale of Fixed assets	684,491	399,331
Proceeds from Sale of Shares in Associates	-	142,615
(Increase) in Other Investments (including investments in HTM securities)	(108,159,952)	(128,004,464)
NET CASH FLOW (USED IN) INVESTING ACTIVITIES (B)	**(111,161,363)**	**(131,988,736)**

Consolidated Cash Flow Statement

for the year ended 31st March, 2021

(₹ in thousands)

	Year Ended 31st March, 2021	Year Ended 31st March, 2020
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid including corporate dividend tax	(405,000)	(2,330,150)
Money received on issue of Equity Shares / exercise of stock options	78,437,487	3,606,107
Share issue expenses	(374,794)	(3,700)
(Decrease) in borrowings	(178,378,154)	(8,622,215)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)	**(100,720,461)**	**(7,349,958)**
Increase / (Decrease) in Foreign Currency Translation Reserve (D)	**(561,770)**	**1,304,275**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**(163,632,282)**	**328,153,870**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**640,798,483**	**312,644,613**
(Refer Note below)		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**477,166,201**	**640,798,483**
(Refer Note below)		
Note:		
Balance with banks in India in Other Deposit Accounts (As per Schedule 7 I (i) (b))	50,273,554	66,211,387
Balance with banks in India in Current Account (As per Schedule 7 I (i) (a))	2,969,795	4,685,818
Money at call and short notice in India with Banks (As per Schedule 7 I (ii) (a))	25,858,793	31,458,390
Money at call and short notice in India with Other Agencies (As per Schedule 7 I (ii) (b))	153,000,000	403,000,000
Cash in hand (As per Schedule 6 I)	14,895,619	17,297,985
Balance with RBI in Current Account (As per Schedule 6 II)	110,384,402	77,834,361
Balance with banks Outside India:		
(i) In Current Account (As per Schedule 7 II (i))	15,909,393	7,573,611
(ii) In Other Deposit Accounts (As per Schedule 7 II (ii))	103,874,645	32,736,931
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**477,166,201**	**640,798,483**

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

Mumbai
3rd May, 2021

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
Group President and
Group Chief Financial Officer

Avan Doomasia
Senior Executive Vice President and
Company Secretary

Schedules

Forming part of Consolidated Balance Sheet as at 31st March, 2021

SCHEDULE 1 - CAPITAL

(₹ in thousands)

	As at 31st March, 2021	As at 31st March, 2020
Authorised Capital		
2800,000,000 Equity Shares of ₹ 5/- each	14,000,000	14,000,000
(31st March, 2020: 2800,000,000)		
1000,000,000 Perpetual Non Cumulative Preference Shares of ₹ 5/- each	5,000,000	5,000,000
(31st March, 2020: 1000,000,000)		
	19,000,000	**19,000,000**
Issued, Subscribed and Paid-up Capital		
1981,835,668 Equity Shares of ₹ 5/- each (31st March, 2020: 1913,038,338) fully paid-up		
(Refer Note 3 - Schedule 17)	9,909,178	9,565,192
1000,000,000 Perpetual Non Cumulative Preference Shares of ₹ 5/- each	5,000,000	5,000,000
(31st March, 2020: 1000,000,000) fully paid-up		
Total	**14,909,178**	**14,565,192**

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
I.	**Statutory Reserve**		
	Opening Balance	82,125,783	67,257,783
	Add: Transfer from Profit and Loss Account	17,412,100	14,868,000
	Total	**99,537,883**	**82,125,783**
II.	**Capital Reserve**		
	Opening Balance	3,282,286	2,133,886
	Add: Transfer from Profit and Loss Account	145,000	1,148,400
	Total	**3,427,286**	**3,282,286**
III.	**General Reserve**		
	Opening Balance	6,540,937	6,540,937
	Total	**6,540,937**	**6,540,937**
IV.	**Securities Premium Account**		
	Opening Balance	169,001,781	165,401,030
	Add: Received during the year (Refer Note 3 - Schedule 17)	78,118,790	3,604,451
	Less: Utilised for Share Issue Expenses	374,794	3,700
	Total	**246,745,777**	**169,001,781**
V.	**Special Reserve under Section 45IC of the RBI Act, 1934**		
	Opening Balance	14,069,937	12,111,710
	Add: Transfer from Profit and Loss Account	1,651,709	1,958,227
	Total	**15,721,646**	**14,069,937**

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
VI.	**Capital Reserve on Consolidation**		
	Opening Balance	1,475,671	1,475,671
	Total	**1,475,671**	**1,475,671**
VII.	**Foreign Currency Translation Reserve**		
	(Refer Note 2(G)(viii) and (xii) - Schedule 17)		
	Opening Balance	3,278,506	1,974,231
	Increase / (Decrease) during the year	(561,770)	1,304,275
	Total	**2,716,736**	**3,278,506**
VIII.	**Investment Reserve Account**		
	Opening Balance	-	310,622
	Add: Transfer from Profit and Loss Account	-	(310,622)
	Total	**-**	**-**
IX.	**Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961**		
	Opening Balance	5,742,000	4,942,000
	Add: Transfer from Profit and Loss Account	1,100,000	800,000
	Total	**6,842,000**	**5,742,000**
X	**Investment Fluctuation Reserve**		
	Opening Balance	5,540,254	708,918
	Add: Transfer from Profit and Loss Account	8,206,596	4,831,336
	Total	**13,746,850**	**5,540,254**
XI.	**Capital Redemption Reserve**		
	Opening Balance	101,800	101,800
	Total	**101,800**	**101,800**
XII.	**Amalgamation Reserve**		
	Opening Balance	1,224,046	1,224,046
	Total	**1,224,046**	**1,224,046**
XIII.	**Investment Allowance (Utilised) Reserve**		
	Opening Balance	500	500
	Total	**500**	**500**
XIV.	**Debenture Redemption Reserve**		
	Opening Balance	34,000	-
	Add: Transfer from Profit and Loss Account	118,000	34,000
	Total	**152,000**	**34,000**
XV.	**Balance in the Profit and Loss Account**	435,222,135	364,358,501
	Total (I to XV)	**833,455,267**	**656,776,002**

SCHEDULE 3 - DEPOSITS

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
A. I.	**Demand Deposits**		
	i. From Banks	3,560,326	1,995,282
	ii. From Others	510,655,843	419,489,116
	Total	**514,216,169**	**421,484,398**
II.	**Savings Bank Deposits**	1,172,257,389	1,046,085,934
III.	**Term Deposits**		
	i. From Banks	2,697,369	14,293,589
	ii. From Others	1,099,543,181	1,122,138,156
	Total	**1,102,240,550**	**1,136,431,745**
	Total Deposits (I to III)	**2,788,714,108**	**2,604,002,077**
B. I.	Deposits of Branches in India	2,786,443,226	2,601,895,700
II.	Deposits of Branches Outside India	2,270,882	2,106,377
	Total Deposits (I + II)	**2,788,714,108**	**2,604,002,077**

SCHEDULE 4 - BORROWINGS

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
I.	**Borrowings in India**		
	(i) Reserve Bank of India	-	3,870,000
	(ii) Other Banks	182,840,744	312,963,756
	(iii) Other Institutions and Agencies (Refer Note 14 - Schedule 17)	236,979,489	270,299,274
	Total	**419,820,233**	**587,133,030**
II.	**Borrowings outside India**		
	Banks and Other Institutions	57,568,781	68,634,138
	Total	**57,568,781**	**68,634,138**
	Total Borrowings (I + II)	**477,389,014**	**655,767,168**
	Secured Borrowings (other than CBLO and Repo Borrowings included in I above)	**141,685,340**	**188,174,786**

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
I.	Bills Payable	23,965,426	10,134,781
II.	Interest Accrued	14,082,634	16,880,596
III.	Provision for tax (net of advance tax and tax deducted at source)	5,285,393	2,289,670
IV.	Standard Asset provision	11,321,066	10,734,626
V.	Others (including provisions) (Refer Note 4, 7 and 23 - Schedule 17)	198,868,034	145,460,182
	Total	**253,522,553**	**185,499,855**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
I.	Cash in hand (including foreign currency notes)	14,895,619	17,297,985
II.	Balances with RBI in Current Account	110,384,402	77,834,361
	Total	**125,280,021**	**95,132,346**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
I.	**In India**		
	(i) Balances with Banks		
	(a) In Current Accounts	2,969,795	4,685,818
	(b) In Other Deposit Accounts (Refer Note 5 - Schedule 17)	50,273,554	66,211,387
	Total	**53,243,349**	**70,897,205**
	(ii) Money at Call and Short Notice		
	(a) With Banks	25,858,793	31,458,390
	(b) With Other Agencies	153,000,000	403,000,000
	Total	**178,858,793**	**434,458,390**
	Total (i + ii)	**232,102,142**	**505,355,595**
II.	**Outside India**		
	(i) In Current Accounts	15,909,393	7,573,611
	(ii) In Other Deposit Accounts	103,874,645	32,736,931
	Total (i + ii)	**119,784,038**	**40,310,542**
	Total (I + II)	**351,886,180**	**545,666,137**

SCHEDULE 8 - INVESTMENTS

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
I.	**Investments in India in [Refer Note 6 - Schedule 17]**		
	i. Government Securities	1,121,204,894	784,432,833
	ii. Other approved Securities	-	-
	iii. Shares	141,064,596	78,361,628
	iv. Debentures and Bonds	213,333,739	170,956,734
	v. Associates*	11,534,446	10,661,364
	vi. Others [Units, Certificate of Deposits (CD), Commercial Paper (CP), Security Receipts, Pass Through Certificates (PTC), Alternate Asset and Other similar funds]	71,324,769	62,979,129
	Total	**1,558,462,444**	**1,107,391,688**
II.	**Investments Outside India in**		
	i. Government Securities	3,069,277	3,755,167
	ii. Shares	12,471	16,534
	iii. Debentures and Bonds	7,326,076	1,383
	iv. Others [Venture, Private Equity and other similar funds]	585,226	804,358
	Total	**10,993,050**	**4,577,442**
	Total Investments (I + II)	**1,569,455,494**	**1,111,969,130**
	***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	3,906	3,906
	Less: Capital reserve on Consolidation (Share of pre-acquisition profits)	3,375	3,375
	Cost of Investment in Associates	**1,245,458**	**1,245,458**
	Add: Post-acquisition profit / (loss) and Reserve of Associates (Equity method)	10,288,988	9,415,906
	Total	**11,534,446**	**10,661,364**

SCHEDULE 9 - ADVANCES

(₹ in thousands)

			As at 31st March, 2021	As at 31st March, 2020
A.	(i)	Bills purchased and discounted #	85,500,483	77,781,325
	(ii)	Cash Credits, Overdrafts and Loans repayable on demand	550,041,661	586,908,005
	(iii)	Term Loans	1,886,340,069	1,834,100,248
	Total		**2,521,882,213**	**2,498,789,578**
	# Bills purchased and discounted is net of bills rediscounted Nil (previous year Nil)			
B.	(i)	Secured by tangible assets *	1,880,774,908	1,907,348,766
	(ii)	Covered by Bank / Government guarantees	121,577,208	15,146,253
	(iii)	Unsecured	519,530,097	576,294,559
	Total		**2,521,882,213**	**2,498,789,578**
	** including advances secured against book debts*			
C.	I	**Advances in India**		
		(i) Priority Sector	903,648,990	733,388,522
		(ii) Public Sector	3,184,858	25,027,953
		(iii) Banks	6,597	37
		(iv) Others	1,582,096,055	1,697,085,056
	II	**Advances outside India**		
		(i) Due from banks	-	-
		(ii) Due from others		
		a) Bills purchased and discounted	-	-
		b) Syndicated and term loans	32,945,713	43,288,010
		c) Others	-	-
	Total		**2,521,882,213**	**2,498,789,578**

SCHEDULE 10 - FIXED ASSETS

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
A.	**Premises (Including Land)**		
	Gross Block		
	At cost on 31st March of the preceding year	11,629,873	11,666,777
	Add: Additions during the year	-	11,803
	Less: Deductions during the year	297,723	48,707
	Total	**11,332,150**	**11,629,873**
	Depreciation		
	As at 31st March of the preceding year	2,065,478	1,898,314
	Add: Charge for the year	188,885	192,552
	Less: Deductions during the year	72,611	25,388
	Depreciation to date	**2,181,752**	**2,065,478**
	Net Block	**9,150,398**	**9,564,395**
B.	**Other Fixed Assets (including furniture and fixtures)**		
	Gross Block		
	At cost on 31st March of the preceding year	31,827,490	30,756,211
	Add: Additions during the year	3,700,435	4,514,705
	Less: Deductions during the year	2,014,247	3,443,426
	Total	**33,513,678**	**31,827,490**
	Depreciation		
	As at 31st March of the preceding year	22,939,243	21,844,568
	Add: Charge for the year	4,421,619	4,456,331
	Less: Deductions during the year	1,941,428	3,361,656
	Depreciation to date	**25,419,434**	**22,939,243**
	Net Block (Refer Note 24 - Schedule 17)	**8,094,244**	**8,888,247**

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
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)	**17,401,626**	**18,609,626**

SCHEDULE 11 - OTHER ASSETS

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
I.	Interest accrued	43,421,443	38,867,775
II.	Advance tax (net of provision for tax)	255,827	400,974
III.	Stationery and stamps	78,651	33,500
IV.	Cheques in course of collection	8,018	13,431
V.	Non Banking assets acquired in satisfaction of claims	-	-
VI.	Others (Refer Note 4 and 23 - Schedule 17)	150,919,856	114,107,090
	Total	**194,683,795**	**153,422,770**

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in thousands)

		As at 31st March, 2021	As at 31st March, 2020
I.	Claims not acknowledged as debts	17,309,832	16,946,551
II.	Liability on account of outstanding forward exchange contracts	1,014,448,537	975,904,924
III.	Guarantees on behalf of constituents		
	i) In India	229,843,917	241,207,375
	ii) Outside India	109,695	107,636
IV.	Acceptances, Endorsements and Other Obligations	158,797,456	166,071,440
V.	Other items for which the Group is contingently liable:		
	i) Liability in respect of interest rate, currency swaps and forward rate agreements	510,085,899	438,038,079
	ii) Liability in respect of other derivative contracts	71,162,179	41,730,300
	iii) Capital commitments not provided	18,538,126	19,322,111
	iv) Unclaimed customer balances *	2,604,883	2,262,435
	Total	**2,022,900,524**	**1,901,590,851**

** includes amount transferred to RBI DEAF Scheme*

Schedules

Forming part of Consolidated Profit and Loss Account for the year ended 31st March, 2021

SCHEDULE 13 - INTEREST EARNED

(₹ in thousands)

		For the year ended 31st March, 2021	For the year ended 31st March, 2020
I.	Interest / discount on advances / bills (Refer Note 9 - Schedule 17)	216,205,291	248,771,053
II.	Income on investments	92,749,669	73,273,089
III.	Interest on balances with RBI and other inter-bank funds	14,809,129	8,276,449
IV.	Others	4,434,217	4,421,019
	Total	**328,198,306**	**334,741,610**

SCHEDULE 14 - OTHER INCOME

(₹ in thousands)

		For the year ended 31st March, 2021	For the year ended 31st March, 2020
I.	Commission, exchange and brokerage	56,917,075	58,738,209
II.	Profit on sale of Investments (net)	17,677,747	15,477,482
III.	Profit / (Loss) on revaluation of investments of Insurance business	36,122,100	(22,050,283)
IV.	Profit on sale of building and other assets (net)	386,560	294,242
V.	Profit on exchange on transactions (net) (including derivatives)	9,796,802	6,954,813
VI.	Premium on Insurance business	113,673,954	105,660,337
VII.	Profit on recoveries of non-performing assets acquired	1,720,909	1,487,580
VIII.	Miscellaneous Income	3,654,228	2,353,370
	Total	**239,949,375**	**168,915,750**

SCHEDULE 15 - INTEREST EXPENDED

(₹ in thousands)

		For the year ended 31st March, 2021	For the year ended 31st March, 2020
I.	Interest on Deposits	100,853,643	120,285,321
II.	Interest on RBI / Inter-Bank Borrowings	12,714,372	12,619,109
III.	Others (Refer Note 15 - Schedule 17)	16,097,469	26,102,365
	Total	**129,665,484**	**159,006,795**

SCHEDULE 16 - OPERATING EXPENSES

(₹ in thousands)

		For the year ended 31st March, 2021	For the year ended 31st March, 2020
I.	Payments to and provision for employees (Refer Note 4 and 13 - Schedule 17)	58,556,999	57,559,662
II.	Rent, taxes and lighting (Refer Note 18 - Schedule 17)	7,701,167	7,685,789
III.	Printing and Stationery	820,355	1,155,955
IV.	Advertisement, Publicity and Promotion	3,395,948	3,834,907
V.	Depreciation on Group's property	4,610,504	4,648,883
VI.	Directors' fees, allowances and expenses	54,302	45,950
VII.	Auditors' fees and expenses *		
	Statutory Audit fees	85,276	87,166
	Other Matters	13,929	13,901
VIII.	Law Charges	550,548	584,232
IX.	Postage, telephones etc.	2,335,411	2,315,135
X.	Repairs and maintenance	6,495,436	5,810,209
XI.	Insurance	3,233,275	2,338,461
XII.	Travel and Conveyance	829,425	1,649,133
XIII.	Professional Charges	7,722,302	9,126,469
XIV.	Brokerage	6,439,496	7,702,307
XV.	Stamping Expenses	1,267,849	1,554,798
XVI.	Policyholders' Reserves	106,806,165	41,880,957
XVII.	Insurance Business Expenses (claims and benefits paid)	43,567,503	37,700,852
XVIII.	Other Expenditure	19,715,998	19,156,751
	Total	**274,201,888**	**204,851,517**

** The audit fees is aggregate of statutory audit fees of Kotak Mahindra Bank Limited and its subsidiaries. Of the above ₹ 2.48 crore (previous year ₹ 2.05 crore) has been paid to the statutory auditors of the Bank, of which ₹ 0.24 crore is subject to shareholder's approval in AGM. This does not include ₹ 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 Retail 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. 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, 2021.

a. The list of subsidiaries is as under:

Name of the Subsidiary	Country of Origin	% Shareholding of Group (31st March, 2021)	% Shareholding of Group (31st March, 2020)
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, 2021)	% Shareholding of Group (31st March, 2020)
Infina Finance Private Limited	India	49.99	49.99
Phoenix ARC Private Limited	India	49.90	49.90
ECA Trading Services Limited (Unaudited) $	India	20.00	20.00
Matrix Business Services India Private Limited (Unaudited) (till 26th April, 2019)	India	-	-

$ The Group has reduced its stake by 20% on 18th March, 2020.

2. ACCOUNTING METHODOLOGY AND SIGNIFICANT ACCOUNTING POLICIES:

A. i. ACCOUNTING METHODOLOGY

The Financial Statements have been prepared on historical cost basis of accounting. The Group adopts the accrual method of accounting and historical cost convention except derivatives. The Group has prepared these 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.

ii. COVID – 19 PANDEMIC

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the previous year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures including lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Bank and its subsidiaries continue to closely monitor the situation and in response to this health crisis and has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients. The pandemic has impacted lending business, distribution of third party products, fee income from services or usage of debit/ credit cards, collection efficiency etc. and has resulted in increase in customer defaults and consequently increase in provisions. The Bank and its subsidiaries, however, have not experienced any significant disruptions in the past one year and have considered the impact on carrying value of assets based on the external or internal information available up to the date of approval of consolidated financial statements. The direct and indirect impact of COVID-19 on Bank and its subsidiary business, results of operations, financial position and cash flows remains uncertain. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

B. 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 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 for a subsidiary, Kotak Mahindra Prime Limited (KMPL)} is accounted for by using the internal rate of return method on the outstanding on the contract.

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 auto finance income (including service charges and incentives) 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 except as indicated in para iv above. 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 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 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 for. 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 and reinstatement premium) 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 same 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. Portfolio management fees are accounted on accrual basis as follows:

- In case of fees based on fixed percentage of the corpus / fixed amount, income is accrued over the period of the agreement.
- In case of fees based on the returns of the portfolio, income is accounted on the termination of the portfolio agreement / on each anniversary as per the agreement, whichever is earlier.
- In case of upfront non-refundable fee, income is accounted in the year of receipt.

v. 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 (net of indirect tax) on an accrual basis after deducting actual and estimated expenses from total expense accruals in scheme books (adjusted for exclusions as required by the Securities and Exchange Board of India (SEBI) guidelines), such that the total expenses, including management fees do not exceed the rates prescribed within the provision of - the 'SEBI (Mutual Funds) Regulations, 1996' on an annual basis.

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 (net of indirect tax) on accrual basis in accordance with the terms of agreement.

v. 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.

vi. The Group receives fees for providing research to clients and records the income at the time services are provided.

D. FIXED ASSETS (PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS)

Property, Plant and Equipment and Intangible assets have been stated at cost less accumulated depreciation and amortisation and adjusted for impairment, if any. Cost includes cost of purchase inclusive of freight, duties and other incidental expenses and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to put to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Gain or loss arising from the retirement or disposal of a Property, Plant and Equipment and Intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the profit and loss account. Profit on sale of premises of the Bank, net of taxes and transfer to statutory reserve is appropriated to capital reserve as per the RBI guidelines.

DEPRECIATION / AMORTISATION

Depreciation / amortisation is provided on a pro-rata basis on a straight line method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. The estimated useful lives of assets based on technical evaluation by management are as follows:

Asset Type	Useful life in years
Premises	58
Leasehold land	Over the lease period
Improvement to leasehold premises	Over the period of lease subject to a maximum of 6 years
Office equipments (High capacity chillers, Transformers, UPS, DG set, Fire Suppression, HVAC, PAC & Elevators)	10
Office equipments (other than above)	5
Computers	3
Furniture and Fixtures	6
Motor Vehicles	4
ATMs	5
Software (including development) expenditure	3
Goodwill (Other than on consolidation)	5
Membership Card of the Bombay Stock Exchange Limited	20
Asset Management Rights	5

Used assets purchased are depreciated over the residual useful life from the date of purchase.

Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

E. EMPLOYEE BENEFITS

i. Defined Benefit Plans:

Gratuity:

The Group provides for gratuity covering employees in accordance with the Payment of Gratuity Act, 1972, service regulations and service awards as the case may be. The Group's liability is actuarially determined using projected unit credit method at the balance sheet date. The Bank and seven of its subsidiaries make contributions to a gratuity fund administered by trustees and managed by Life Insurance companies. In other subsidiaries gratuity obligation is wholly unfunded. The contribution made to the trusts is recognised as planned assets.

Pension:

In respect of pension payable to certain employees of erstwhile ING Vysya Bank Limited (eIVBL) under Indian Banks' Association (IBA) structure, the Bank contributes 10% of basic salary to a pension fund and the difference between the contribution and the amount actuarially determined by an independent actuary is trued up based on actuarial valuation conducted as at the balance sheet date. The pension fund is managed by a Life Insurance company. The present value of the Bank's defined pension obligation is determined using the projected unit credit method as at the balance sheet date.

Employees covered by the pension plan are not eligible for employer's contribution under the provident fund plan.

The contribution made to the pension fund is recognised as planned assets.

The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains or losses in respect of all defined benefit plans are recognised immediately in the profit and loss account in the year in which they are incurred.

ii. Defined Contribution Plans:

Provident Fund:

Contribution as required by the statute made to the government provident fund or to a fund set up by the Bank and administered by a board of trustees is debited to the profit and loss account when an employee renders the related service. The Group has no further obligations.

Superannuation Fund:

The Group makes contributions in respect of eligible employees, subject to a maximum of ₹ 0.01 crore per employee per annum to a fund administered by trustees and managed by Life Insurance companies. The Group recognises such contributions as an expense in the year when an employee renders the related service.

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 "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 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 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 quotations 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 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 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, the share price of Bombay Stock Exchange Limited (BSE) 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 previous day's closing 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 and 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 and associates 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.

Securities lending and borrowing

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.

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 forwards, 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 on 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, specific provisions, interest in suspense for non-performing advances and claims received from Export Credit Guarantee Corporation, 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 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 these over dues are in excess of 90 days, the Group classifies such assets into sub-standard, doubtful or loss as required by the RBI guidelines on purchase of non-performing assets.

iii. The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

Provisioning:

For Bank:

iv. Provision for non-performing assets 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 provisions 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.

v. The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of installments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made.

In 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 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 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. As at 31st March, 2021, the Bank and its NBFC subsidiaries hold provisions on the customers affected by COVID-19 pandemic which is higher than the regulatory requirements. 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 RBI on 6th August, 2020, 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.

In accordance with RBI guidelines, the Bank creates general provision on standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, and gold at levels stipulated by RBI from time to time - farm credit to agricultural activities, individual housing loan and SME at 0.25%, commercial real estate at 1.00%, restructured standard advances and MSME borrowers registered under GST who have been granted relief from NPA recognition at 5.00%, teaser rate housing loans at 2.00%, commercial real estate-residential housing at 0.75% and for other sectors at 0.40%. Additional 2% standard asset provision is made for overseas step down subsidiaries of Indian corporates. Standard provision is also made at higher than the prescribed rates in respect of advances to stressed sectors as per the framework approved by Board of Directors. In case of frauds, the Bank makes provision for amounts it is liable for in accordance with the guidelines issued by RBI. A general provision at 10% on the entire amount outstanding from borrowers who had an overdue on 29th February, 2020 and to whom moratorium was given is also made by Bank and its NBFC subsidiaries.

vi. Further to provisions required as per the asset classification status, provisions are held for individual country exposure (except for home country) as per the RBI guidelines. Exposure is classified in the seven risk categories as mentioned in the Export Credit Guarantee Corporation of India Limited (ECGC) guidelines and provisioning is done for that country if the net funded exposure is one percent or more of the Bank's total assets based on the rates laid down by the RBI.

vii. Provisions for Unhedged Foreign Currency Exposure of borrowers are made as per the RBI guidelines.

For other entities:

viii. NBFC subsidiaries provide general provision on standard assets at 0.40% in accordance with the RBI guidelines.

ix. Life insurance subsidiary provides general provision on standard assets at 0.40% in accordance with the IRDAI guidelines.

x. Receivables/ Sundry Debtors (included in Schedule 11-Other assets) are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

I. STRUCTURED LIABILITIES

The Group has issued structured liabilities wherein the return on these liabilities is linked to non-interest benchmarks. Such structured liabilities have an embedded derivative which is the non-interest related return component. The embedded derivative is separated from the host contract and accounted separately {Refer Note 2 (G)(xiii)}.

The resultant debt component of such structured liabilities is recognised in the balance sheet under borrowings and is measured at amortised cost on a yield to maturity basis.

J. LIABILITY FOR POLICIES

i. Provision is made for policy liabilities in respect of all "in force" policies and "lapsed policies" that are likely to be revived in future based on actuarial valuation done by the appointed actuary in accordance with generally accepted actuarial practices, requirements of IRDAI and the Institute of Actuaries of India.

ii. Liabilities in respect of unit-linked policies which have lapsed and are not likely to be revived, are shown as Policyholders' liabilities until expiry of the revival period.

iii. Linked liabilities comprise of unit liability representing the fund value of policies 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 has received COVID-19 claims in the previous year. On the basis of past available COVID-19 death experience and current pandemic situation along with vaccination drive across the country, additional reserves are held 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. BULLION

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale and retail 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.

P. 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.

Q. SEGMENT REPORTING

In accordance with guidelines issued by the RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated 18th April, 2007 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: (1) Lending Commercial vehicle finance, personal loans, home loans, agriculture finance, other loans / services and exposures which fulfill the four criteria for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework". (2) Branch Banking Retail borrowings covering savings, current and term deposit accounts and Branch Banking network and services including distribution of financial products. (3) Credit cards Receivables / loans relating to credit card business.
Corporate / Wholesale Banking	Wholesale borrowings and lendings and other related services to the corporate sector which are not included in Retail Banking.
Vehicle Financing	Retail vehicle finance and wholesale trade finance to auto dealers from its Subsidiary Company.
Other Lending Activities	Financing against securities, securitisation and other loans / services not included under Retail Banking and Corporate / Wholesale Banking from its Subsidiary Companies.
Broking	Brokerage income on market transactions done on behalf of clients, interest on delayed payments, distribution of financial products from its Subsidiary Company.
Advisory and Transactional Services	Providing financial advisory and transactional services such as mergers and acquisition advice and equity / debt issue management services from its Subsidiary Companies.
Asset Management	Management of funds and investments on behalf of clients and funds 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.

R. EMPLOYEE SHARE BASED PAYMENTS

Equity-settled:

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014. 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.

In accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 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. 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 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 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) is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This intrinsic 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 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.

S. 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.

T. 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.

U. SECURITISATION

The Group enters into arrangements for sale of loans through 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, the profit 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 and is amortised over the tenure of the securities issued. The loss on account of securitisation is recognised immediately in the profit and loss account.

V. 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.

W. 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.

X. 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.

Y. 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.

Z. 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.

AA. SHARE ISSUE EXPENSES

Share issue expenses are adjusted from securities premium account as permitted by section 52 of the Companies Act, 2013.

AB. 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.

AC. 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.

AD. 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, 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, 2021	31st March, 2020
Provident Fund	207.67	196.95
Superannuation Fund	1.71	1.79
New Pension Fund	8.17	7.98
DIFC Employee Workplace Savings Scheme (DEWS)	0.61	0.12

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, 2021		As at 31st March, 2020	
	Funded	Unfunded	Funded	Unfunded
Change in benefit obligations				
Liability as at the beginning of the year	552.47	6.60	473.45	15.66
Transfer from Unfunded to Funded	-	-	10.71	(10.71)
Current Service cost	73.37	1.14	58.33	0.94
Interest cost	36.45	0.46	34.16	0.40
Actuarial (gain) / loss on obligations	21.50	0.56	55.57	0.58
Past Service cost	-	-	-	-
Liabilities assumed on acquisition / (settled on divestiture)	0.22	(0.26)	0.06	(0.13)
Benefits paid	(73.85)	(0.52)	(79.81)	(0.14)
Liability as at the end of the year	**610.16**	**7.98**	**552.47**	**6.60**
Change in plan assets				
Fair value of plan assets as at the beginning of the year	498.16	-	470.41	-
Expected return on plan assets	36.69	-	35.08	-
Actuarial Gain / (loss)	65.24	-	(43.73)	-
Benefits paid	(73.85)	(0.52)	(79.81)	(0.14)
Employer contributions	140.49	0.52	116.21	0.14
Fair value of plan assets as at the end of the year	**666.73**	**-**	**498.16**	**-**

Reconciliation of present value of the obligation and the fair value of the plan assets

(₹ in crore)

	As at 31st March, 2021		As at 31st March, 2020	
	Funded	Unfunded	Funded	Unfunded
Fair value of plan assets as at the end of the year	666.73	-	498.16	-
Liability as at the end of the year	610.16	7.98	552.47	6.60
Net Asset / (Liability) included in "Others" under "Other Assets"/ "Other Liabilities"	**56.57**	**(7.98)**	**(54.31)**	**(6.60)**
Expenses recognised for the year				
Current service cost	73.37	1.14	58.33	0.94
Interest cost	36.45	0.46	34.16	0.40
Expected return on plan assets	(36.69)	-	(35.08)	-
Actuarial (gain) / loss	(43.74)	0.56	99.30	0.58
Past Service Cost	-	-	-	-
Effect of the limit in Para 59(b)	-	-	-	-
Net gratuity expense recognised in Schedule 16.I	**29.39**	**2.16**	**156.71**	**1.92**
Actual return on plan assets	**101.92**	**-**	**(8.65)**	**-**

Reconciliation of the Liability recognised in the Balance Sheet

(₹ in crore)

	As at 31st March, 2021		As at 31st March, 2020	
	Funded	Unfunded	Funded	Unfunded
Net (Asset) / Liability as at the beginning of the year	54.31	6.60	3.04	15.66
Transfer from Unfunded to Funded	-	-	10.71	(10.71)
Expense recognized	29.39	2.16	156.71	1.92
Liabilities assumed on acquisition / (settled on divestiture)	0.22	(0.26)	0.06	(0.13)
Employer contributions	(140.49)	(0.52)	(116.21)	(0.14)
Effect of the limit in Para 59(b)	-	-	-	-
Net (Asset) / Liability included in "Others" under "Other Assets" or "Other Liabilities"	**(56.57)**	**7.98**	**54.31**	**6.60**

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, 2021 %	As at 31st March, 2020 %
Equity shares	43.24	27.46
Government securities	36.73	31.63
Bonds, debentures and other fixed income instruments	8.72	29.84
LIC managed funds#	6.47	2.02
Money market instruments and other assets	4.84	9.05
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, 2021	As at 31st March, 2020
Discount rate	5.65% to 6.37% p.a.	5.60% to 6.59% p.a.
Salary escalation rate	5.50% (IBA) and 7.00% - 8.00% (Others) p.a.	5.50% (IBA) and 0.00% until year 1 inclusive, then 7.00% - 8.00% (Others) p.a.
Expected rate of return on plan assets	5.65% - 7.00% p.a.	5.60% - 8.00% 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,				
	2021	2020	2019	2018	2017
Defined benefit obligation	618.14	559.07	489.11	450.12	335.84
Plan assets	666.73	498.16	470.41	342.00	344.32
Surplus / (deficit)	48.59	(60.91)	(18.70)	(108.12)	8.48
Experience adjustments on plan liabilities	12.38	42.40	20.25	13.28	4.18
Experience adjustments on plan assets	65.23	(43.65)	11.25	(0.90)	14.74

The Group expects to contribute ₹ 50.29 crore to gratuity fund in financial year 2021-22.

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.

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, 2021 Funded	As at 31st March, 2020 Funded
Change in benefit obligations		
Liability as at the beginning of the year	1,600.48	1,156.33
Current Service cost	58.49	42.26
Interest cost	98.39	69.32
Actuarial (gain) / loss on obligations	349.45	541.37
Past Service cost	-	-
Benefits paid	(214.87)	(208.80)
Liability as at the end of the year	**1,891.94**	**1,600.48**
Change in plan assets		
Fair value of plan assets as at the beginning of the year	1,514.34	1,159.16
Expected return on plan assets	130.32	106.94
Actuarial Gain / (loss)	(1.52)	(12.11)
Benefits paid	(214.87)	(208.80)
Employer contributions	444.22	469.15
Fair value of plan assets as at the end of the year	**1,872.49**	**1,514.34**

Reconciliation of present value of the obligation and the fair value of the plan assets

(₹ in crore)

	As at 31st March, 2021 Funded	As at 31st March, 2020 Funded
Fair value of plan assets as at the end of the year	1,872.49	1,514.34
Liability as at the end of the year	1,891.94	1,600.48
Net Asset/ (Liability) included in "Others" under "Other Assets" or "Other Liabilities"	**(19.45)**	**(86.14)**
Expenses recognised for the year		
Current service cost	58.49	42.26
Interest cost	98.39	69.32
Expected return on plan assets	(130.32)	(106.94)
Actuarial (gain) / loss	350.97	553.48
Effect of the limit in Para 59(b)	-	-
Net pension expense recognized in Schedule 16.I	**377.53**	**558.12**
Actual return on plan assets	**128.80**	**94.83**

Reconciliation of the Liability recognised in the Balance Sheet

(₹ in crore)

	As at 31st March, 2021 Funded	As at 31st March, 2020 Funded
Net (Asset) / Liability as at the beginning of the year	86.14	(2.83)
Expense recognized	377.53	558.12
Employer contributions	(444.22)	(469.15)
Effect of the limit in Para 59(b)	-	-
Net (Asset)/ Liability included in "Others" under "Other Assets" or "Other Liabilities"	**19.45**	**86.14**

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, 2021	As at 31st March, 2020
Discount rate	6.37% p.a.	6.59% p.a.
Salary escalation rate	5.50% p.a.	5.50% p.a.
Expected rate of return on plan assets	6.50% p.a.	8.00% p.a.
Inflation	10.00% p.a.	8.00% 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, 2021	Year ended 31st March, 2020	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2017
Defined benefit obligation	1,891.94	1,600.48	1,156.33	1,057.85	950.14
Plan assets	1,872.49	1,514.34	1,159.16	1,063.69	924.91
Surplus / (deficit)	(19.45)	(86.14)	2.83	5.84	(25.23)
Experience adjustments on plan liabilities	199.72	440.57	102.64	208.24	178.79
Experience adjustments on plan assets	(1.52)	(7.85)	(6.46)	(0.72)	(7.02)

The Bank expects to contribute ₹ 234.65 crore to pension fund in financial year 2021-2022.

Compensated absences

The actuarially determined liability for compensated absences (accumulated leave) of the employees of the Group is given below:

(₹ in crore)

	As at 31st March, 2021	As at 31st March, 2020
Total actuarial liability	288.46	253.06
Assumptions:		
Discount rate	5.65% to 6.37% p.a. 1.72% p.a. (DIFC)	5.60% to 6.59% p.a. 0.74% p.a. (DIFC)
Salary escalation rate	5.50% (IBA) and 7.00%-8.00% (others) p.a. and 3% p.a. (DIFC)	5.50% (IBA) and 0.00% until year 1 inclusive, then 7.00%-8.00% (others) p.a. 0% in year 1 and 3% p.a. thereafter (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, 2021	As at 31st March, 2020
Total actuarial liability	19.52	15.80
Assumptions:		
Discount rate	6.20% p.a	6.37 - 6.59% p.a.

5. DEPOSIT UNDER LIEN:

Balance with Banks in other deposit accounts include ₹ 4,987.36 crore (previous year ₹ 4,878.31 crore) which are under lien.

6. SECURITIES PLEDGED AND ENCUMBERED:

(a) Investments include Government Securities with face value of ₹ 10,024.63 crore (previous year ₹ 20,800.70 crore) pledged and encumbered for availment of fund transfer facility, clearing facility, margin requirements and with RBI for liquidity adjustment facility (LAF).

(b) Investments pledged with National Securities Clearing Corporation Limited towards exposure in derivatives segment as at 31st March, 2021 ₹ 829.72 crore (previous year ₹ 210.77 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.

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)

Particulars	Year Ended	
	31st March, 2021	31st March, 2020
Opening provision for reward points	17.97	14.93
Provision for reward points made during the year	35.19	31.35
Utilisation/write-back of provision for reward points	(33.38)	(28.31)
Closing provision for reward points*	19.78	17.97

** This amount will be utilized towards redemption of the credit card accounts reward points.*

Provision for Other Contingencies:

(₹ in crore)

Description	Balance as at 1st April, 2020	Addition during the year	Reversed/ paid during the year	Balance as at 31st March, 2021
Customer claims with respect to repossessed vehicles	0.10	-	0.08	0.02
Previous year	0.10	-	-	0.10

8. **PROVISIONS AND CONTINGENCIES:**

Breakup of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account:

(₹ in crore)

Year ended 31st March,	2021	2020
Provision for Taxation (Refer Note 10 below)	3,265.44	2,814.72
Provision for Non-performing Assets (including write-offs and net of recoveries)	2,062.31	1,566.34
Provision for Standard Assets	46.28	42.78
General Provision – COVID-19 Deferment Cases*	682.40	713.68
Provision for Unhedged Foreign Currency Exposure	3.14	(5.07)
Provision for Diminution in value of Investments	379.27	180.93
Other Provision and Contingencies	86.29	59.44
Total	**6,525.13**	**5,372.82**

** Provision in respect of borrowers for which moratorium is granted by the Bank ₹ 629 crore (previous year ₹ 650 crore) and its NBFC subsidiaries ₹ 53.40 crore (previous year ₹ 63.68 crore) in accordance with RBI guidelines.*

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 are in the process of implementing this methodology and pending finalization has created a liability towards estimated interest relief of ₹ 128.63 crore and has reduced the same from Interest / discount on advances / bills in Schedule 13 – Interest Earned.

10. **PROVISION MADE FOR TAXES DURING THE YEAR:**

(₹ in crore)

Year ended 31st March,	2021	2020
Current tax	3,540.16	2,958.87
Deferred tax	(274.72)	(144.15)
Total	**3,265.44**	**2,814.72**

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. The Group is a party to various legal proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, result of operations or cash flows. In respect of appeals filed by the Income Tax department with higher authorities, where the matter was settled in favour of the Group at the first appellate stage, and where in view of the Management, it gives rise to an item of timing difference, no contingent liability is envisaged by the Group.
2.	Liability on account of outstanding forward exchange contracts	The Group enters into foreign exchange contracts with inter-bank participants and with its customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.
3.	Guarantees on behalf of constituents in and outside India	Primarily as part of its banking activities, the Group issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Group will make payments in the event of customer failing to fulfill its financial or performance obligations.
4.	Acceptances, endorsements and other obligations	These include: • Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Group • Bills re-discounted by the Group and cash collateral provided by the Group on assets which have been securitised. • Underwriting commitments in respect of Debt Syndication
5.	Other items for which the Group is contingently liable	These include: • Liabilities in respect of interest rate swaps, currency swaps, forward rate agreements, futures, options and other derivative contracts. The Bank enters into these transactions with inter Bank participants and its customers. Currency Swaps are commitments to exchange cash flows by way of interest/ principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as contingent liabilities are amounts used as a benchmark for the calculation of interest component of the contracts. • Liability in respect of capital commitments relating to fixed assets and undrawn commitments in respect of investments. • Amount transferred to RBI under the Depositor Education and Awareness Fund ('DEAF').

** Also refer Schedule 12 – Contingent Liabilities*

12. EARNINGS PER EQUITY SHARE:

Particulars	Year Ended	
	31st March, 2021	31st March, 2020
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	1,969,046,454	1,910,200,383
Effect of potential equity shares for stock options outstanding	1,391,770	2,095,276
Weighted average number of equity shares used in computation of diluted earnings per share	1,970,438,224	1,912,295,659
Following is the reconciliation between basic and diluted earnings per share:		
Nominal value per share (₹)	5.00	5.00
Basic earnings per share (₹)	50.53	44.73
Effect of potential equity shares for stock options (₹)	0.04	0.05
Diluted earnings per share (₹)	50.49	44.68
Profit for the year after tax (₹ in crore)	9,990.20	8,593.36
Less : Preference dividend including tax (₹ in crore)	40.50	48.82
Earnings used in the computation of basic and diluted earnings per share (₹ in crore)	9,949.70	8,544.54

13. EMPLOYEE SHARE BASED PAYMENTS:

At the General Meetings, the shareholders of the Bank had unanimously 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 ESOP Schemes of the eIVBL, 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.

Consequent to the above, the Bank has granted stock options to the employees of the Group. The Bank under its various plan / schemes, has granted in aggregate 157,606,163 options as at 31st March, 2021 (Previous year 155,907,323).

In aggregate 6,159,212 options are outstanding as at 31st March, 2021 (Previous year 8,587,012) under the aforesaid schemes.

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, 2021, the following schemes were in operation:

	Plan 2007	Plan 2015
Date of grant	Various Dates	Various Dates
Date of Board Approval	Various Dates	Various Dates
Date of Shareholder's approval	5th July, 2007 as amended on 21st August, 2007	29th June, 2015
Number of options granted	68,873,000	17,292,509
Method of Settlement (Cash / Equity)	Equity	Equity
Vesting Period	1.00 – 4.14 years	1.00 – 4.02 years
Exercise Period	0.30 – 1.08 years	0.03 – 0.55 years
Vesting Conditions	Graded / Cliff vesting	Graded / Cliff vesting

	KMBL(IVBL) Plan 2007	KMBL (IVBL) Plan 2010	KMBL (IVBL) Plan 2013
Number of options granted (addition on amalgamation)	1,245,010	5,773,046	4,642,198
Method of Settlement (Cash / Equity)	Equity	Equity	Equity

The details of activity under Plan 2007 have been summarised below:

	Year ended 31st March, 2021		Year ended 31st March, 2020	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**-**	**-**	**329,686**	**660.00**
Granted during the year	-	-	-	-
Forfeited during the year	-	-	1,124	665.00
Exercised during the year	-	-	323,742	659.90
Expired during the year	-	-	4,820	665.00
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)		-		-
Weighted average fair value of options granted		-		-

The details of activity under Plan 2015 have been summarised below:

	Year ended 31st March, 2021		Year ended 31st March, 2020	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**8,278,402**	**1,236.30**	**8,721,262**	**1,046.44**
Granted during the year	1,698,840	1,307.48	3,381,530	1,452.50
Forfeited during the year	259,074	1,300.95	524,887	1,193.96
Exercised during the year	3,488,720	1,116.54	3,273,139	962.31
Expired during the year	70,236	1,193.09	26,364	1,021.70
Outstanding at the end of the year	**6,159,212**	**1,321.54**	**8,278,402**	**1,236.30**
Out of the above exercisable at the end of the year	960,009	1,145.12	734,570	896.90
Weighted average remaining contractual life (in years)		1.36		1.51
Weighted average fair value of options granted during the year		378.71		352.79

The details of activity under KMBL (IVBL) Plan 2007 have been summarised below:

	Year ended 31st March, 2021		Year ended 31st March, 2020	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**-**	**-**	**150,802**	**416.00**
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	150,802	416.00
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 details of activity under KMBL (IVBL) Plan 2010 have been summarised below:

	Year ended 31st March, 2021		Year ended 31st March, 2020	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**-**	**-**	**339,792**	**302.90**
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	339,792	302.90
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 details of activity under KMBL (IVBL) Plan 2013 have been summarised below:

	Year ended 31st March, 2021		Year ended 31st March, 2020	
	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**	**504,646**	**384.87**
Forfeited during the year	-	-	-	-
Exercised during the year	308,610	379.72	196,036	392.98
Expired during the year	-	-	-	-
Outstanding at the end of the year	**-**	**-**	**308,610**	**379.72**
Out of the above exercisable at the end of the year	-	-	308,610	379.72
Weighted average remaining contractual life (in years)		-		0.08

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,638.05 (Previous year ₹ 1,543.92).

The details of exercise price for stock options outstanding at the end of the year are:

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

31st March, 2020

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
301-400	306,730	0.08	379.50
401-500	1,880	-	416.00
601-700	28,428	0.97	700.00
701-800	528,510	0.56	773.80
801-900	41,174	1.51	900.00
901-1,000	1,812,138	0.77	955.00
1,001-1,100	91,220	1.51	1,058.93
1,201-1,300	2,603,162	1.60	1,270.68
1,401-1,500	3,173,770	2.02	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 has been formulated and adopted. Subsequently, the SARs have been granted under this scheme. The SARs granted and outstanding prior to approval of this scheme will continue.

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 1.07 to 4.11 years.

Detail of activity under SARs is summarised below:

	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Outstanding at the beginning of the year	**2,253,629**	**2,322,185**
Granted during the year	990,190	1,075,906
Settled during the year	(1,046,905)	(1,062,731)
Forfeited during the year	(61,242)	(81,731)
Outstanding at the end of the year	**2,135,672**	**2,253,629**

Fair value of Employee stock options

The fair value of the equity-settled and cash-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,	2021		2020	
	Equity-settled	Cash-settled	Equity-settled	Cash-settled
Exercise Price ₹	1,000-1,341	0-1,460	1,050-1,460	0-1,460
Weighted Average Share Price ₹	1,375.80	1,385.00	1,462.72	1,333.67
Expected Volatility	27.95%-43.21%	21.40%-45.71%	21.10%-31.00%	26.44%-113.47%
Historical Volatility	27.95%-43.21%	21.40%-45.71%	21.10%-31.00%	26.44%-113.47%
Life of the options granted (Vesting and exercise period)				
- At the grant date	1.25-3.87		1.02-3.87	
- As at 31st March		0.06-3.46		0.06-3.37
Risk-free interest rate	3.61%-5.22%	3.32%-5.51%	5.63%-7.03%	4.16%-5.59%
Expected dividend rate	0.05%-0.07%	0.04%	0.05%-0.06%	0.06%

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, corresponding with the expected life of the options 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,	2021	2020
Total Employee compensation cost pertaining to share-based payment plans	161.08	119.12
Compensation cost pertaining to equity-settled employee share-based payment plan included above	1.82	2.77
Liability for employee stock options outstanding as at year end	14.92	5.71
Deferred Compensation Cost	12.76	2.84
Closing balance of liability for cash-settled options	154.61	123.55
Expense arising from increase in intrinsic value of liability for cash stock appreciation plan	184.40	91.03

14. TIER II BONDS

Lower Tier II Bonds outstanding as at 31st March, 2021 ₹ 536.60 crore (previous year ₹ 561.60 crore).

15. Interest Expended - Others (Schedule 15.III) includes interest on subordinated debt (Lower and Upper Tier II) ₹ 53.86 crore (previous year ₹ 54.85 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 ₹ 80.21 crore (previous year ₹ 84.92 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, 2021 are as given below:

(₹ in crore)

31st March,	2021	2020
Segment Revenues:		
Treasury, BMU and Corporate Centre	9,993.60	7,184.98
Retail Banking	13,815.72	15,057.84
Corporate / Wholesale Banking	13,016.78	13,918.46
Vehicle Financing	1,921.37	2,334.43
Other Lending Activities	1,438.39	1,974.16
Broking	1,901.36	1,459.32
Advisory and Transactional Services	386.25	417.78
Asset Management	1,122.05	1,121.48
Insurance	18,231.45	11,063.09
Sub-total	**61,826.97**	**54,531.54**
Add: Unallocated Income	-	-
Less: inter-segment revenues	(5,012.20)	(4,165.80)
Total Income	**56,814.77**	**50,365.74**

(₹ in crore)

31st March,	2021	2020
Segment Results:		
Treasury, BMU and Corporate Centre	3,609.56	2,283.73
Retail Banking	577.41	1,553.19
Corporate / Wholesale Banking	5,698.86	4,384.22
Vehicle Financing	239.30	444.01
Other Lending Activities	534.33	651.93
Broking	787.75	509.32
Advisory and Transactional Services	123.74	168.69
Asset Management	698.44	615.37
Insurance	898.95	811.34
Sub-total	**13,168.34**	**11,421.80**
Add: Unallocated Income / (Expense)	-	-
Total Profit before tax, minority interest and associates	13,168.34	11,421.80
Provision for tax	3,265.44	2,814.72
Net Profit before share of Associates and Minority	**9,902.90**	**8,607.08**
Segment Assets:		
Treasury, BMU and Corporate Centre	150,098.25	137,136.12
Retail Banking	240,506.83	216,234.38
Corporate / Wholesale Banking	162,450.23	153,443.88
Vehicle Financing	16,459.07	19,505.92
Other Lending Activities	14,399.41	15,340.95
Broking	8,679.90	5,753.97
Advisory and Transactional Services	297.20	319.06
Asset Management	3,753.21	2,975.43
Insurance	48,785.22	37,133.30
Sub-total	**645,429.32**	**587,843.01**
Less: inter-segment assets	(168,138.28)	(145,997.82)
Total	**477,291.04**	**441,845.19**
Add: Unallocated Assets	1,581.65	1,327.52
Total Assets as per Balance Sheet	**478,872.69**	**443,172.71**
Segment Liabilities:		
Treasury, BMU and Corporate Centre	121,065.38	122,215.01
Retail Banking	226,380.72	200,770.56
Corporate / Wholesale Banking	145,580.04	137,983.86
Vehicle Financing	9,400.28	14,185.38
Other Lending Activities	6,028.30	7,610.77
Broking	7,795.01	4,860.90
Advisory and Transactional Services	95.72	74.52
Asset Management	739.49	576.71
Insurance	44,558.81	33,526.74
Sub-total	**561,643.75**	**521,804.45**
Less: inter-segment liabilities	(168,138.28)	(145,997.82)
Total	**393,505.47**	**375,806.63**
Add: Unallocated liabilities	530.77	231.96
Add: Share Capital, Reserves and Surplus and Minority Interest	84,836.45	67,134.12
Total Capital and Liabilities as per Balance Sheet	**478,872.69**	**443,172.71**
Capital Expenditure:		
Treasury, BMU and Corporate Centre	52.14	79.56
Retail Banking	217.11	242.08
Corporate / Wholesale Banking	22.07	29.11
Vehicle Financing	2.14	3.72
Other Lending Activities	4.79	1.20
Broking	15.98	29.15
Advisory and Transactional Services	2.25	9.78
Asset Management	9.05	11.93
Insurance	44.51	46.12
Total	**370.04**	**452.65**

(₹ in crore)

31st March,	2021	2020
Depreciation / Amortisation:		
Treasury, BMU and Corporate Centre	86.29	99.63
Retail Banking	253.95	246.15
Corporate / Wholesale Banking	27.40	27.04
Vehicle Financing	4.67	4.90
Other Lending Activities	2.30	1.08
Broking	23.75	23.09
Advisory and Transactional Services	5.11	5.79
Asset Management	10.48	12.13
Insurance	47.10	45.08
Total	**461.05**	**464.89**

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 ₹ 621.43 crore (previous year ₹ 601.92 crore).

(ii) The future minimum lease payments under non-cancelable operating lease not later than one year is ₹ 543.68 crore (previous year ₹ 517.10 crore), later than one year but not later than five years is ₹ 1,621.45 crore (previous year ₹ 1,564.24 crore) and later than five years ₹ 912.70 crore (previous year ₹ 959.80 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 ₹ 0.70 crore).

The future minimum lease payments expected to be received under non-cancelable operating lease – not later than one year is Nil (previous year ₹ 0.76 crore), later than one year but not later than five years is Nil (previous year ₹ 1.89 crore) and later than five years 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,	2021	2020
Gross Investments (A):		
(i) Not later than 1 year	60.74	71.25
(ii) Between 1-5 years	94.31	114.96
Total	**155.05**	**186.21**
Unearned Finance Income (B):		
(i) Not later than 1 year	13.09	16.01
(ii) Between 1-5 years	12.86	16.72
Total	**25.95**	**32.73**
Present Value of Rentals (A-B):		
(i) Not later than 1 year	47.65	55.24
(ii) Between 1-5 years	81.45	98.24
Total	**129.10**	**153.48**
Accumulated provision on the Gross Investments	**1.38**	**1.56**

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, 2021 (previous year ₹ 201.87 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 ₹ 16.75 crore (previous year ₹ 15.19 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, 2021

As at 31st March, Particulars of Derivatives	2021 Quantity	2020 Quantity	Purpose
Futures			
S&P CNX Nifty Futures Short	23,100	750	Trading
Bank Nifty Futures Short	200	-	Trading
Stock Futures Long	1,227,750	396,000	Trading
Stock Futures Short	62,396,313	1,579,012	Trading
Options			
S&P CNX Nifty Options Long	759,975	9,150	Trading
S&P CNX Nifty Options Short	674,100	9,225	Trading
Stock Options Long	37,925	-	Trading
Stock Options Short	40,050	-	Trading
Bank Nifty Option Long	34,300	-	Trading
Bank Nifty Option Short	29,200	-	Trading
Forward Exchange Contracts			
USD-INR Long	USD 1,000,000	USD 6,000,000	Hedging
USD-INR Short	-	USD 2,000,000	Hedging
Interest Rate Swap	USD 16,000,000	USD 26,000,000	Hedging
Total Return Swap	USD 25,128,219	USD 25,128,219	Trading
Forward Rate Agreement (₹ crore)#	3,161.94	1,411.86	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, 2021	As at 31st March, 2020
Amount receivable in foreign currency	3.10 (USD 424,690) 0.66 (EURO 77,237) 0.26 (GBP 25,610)	29.76 (USD 3,932,810) 0.04 (EURO 4,444) 0.36 (GBP 38,835)
Amount payable in foreign currency	2.59 (USD 353,877) 0.75 (SGD 138,632)	2.09 (USD 276,638) -

22. Additional information to consolidated accounts at 31st March, 2021, (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, 2021		As at 31st March, 2020		For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	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	75.12%	63,726.97	73.01%	49,015.30	69.72%	6,964.84	69.21%	5,947.18
Indian Subsidiaries:								
Kotak Mahindra Prime Limited	7.81%	6,622.88	9.07%	6,088.39	5.35%	534.71	7.83%	673.12
Kotak Securities Limited	6.27%	5,321.42	6.75%	4,528.77	7.93%	792.64	6.40%	550.01
Kotak Mahindra Capital Company Limited	0.81%	688.83	0.93%	622.01	0.82%	82.28	0.92%	79.08
Kotak Mahindra Life Insurance Company Limited	4.77%	4,045.47	5.00%	3,353.54	6.93%	691.93	7.08%	608.18
Kotak Mahindra General Insurance Company Limited	0.23%	191.34	0.25%	164.71	0.02%	1.63	(0.33%)	(28.12)

(₹ in crore)

Name of the Entity	Net Assets*				Share in Profit or Loss			
	As at 31st March, 2021		As at 31st March, 2020		For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	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 Investments Limited	2.50%	2,117.39	2.77%	1,859.64	2.58%	257.75	3.14%	270.13
Kotak Mahindra Asset Management Company Limited	1.18%	1,003.35	1.06%	708.52	2.95%	294.83	3.40%	291.84
Kotak Mahindra Trustee Company Limited	0.27%	229.37	0.27%	177.92	0.52%	51.45	0.52%	44.99
Kotak Investment Advisors Limited	0.48%	404.85	0.54%	364.81	0.40%	40.03	0.11%	9.67
Kotak Mahindra Trusteeship Services Limited	0.03%	23.46	0.03%	20.90	0.03%	2.56	0.03%	2.54
Kotak Infrastructure Debt Fund Limited	0.49%	416.87	0.57%	383.82	0.33%	33.10	0.40%	33.99
Kotak Mahindra Pension Fund Limited	0.03%	25.64	0.04%	25.42	0.00%	0.21	0.00%	0.06
IVY Product Intermediaries Limited	0.01%	5.98	0.01%	5.85	0.00%	0.12	0.00%	0.26
BSS Microfinance Limited	0.29%	246.60	0.33%	223.44	0.23%	23.17	0.69%	59.26
Foreign Subsidiaries:								
Kotak Mahindra (International) Limited	0.90%	767.58	1.05%	706.33	0.87%	86.42	0.28%	23.81
Kotak Mahindra (UK) Limited	0.44%	372.88	0.53%	353.67	0.31%	31.32	0.59%	50.83
Kotak Mahindra, Inc.	0.01%	10.56	0.01%	5.24	0.06%	5.58	(0.03%)	(2.31)
Kotak Mahindra Financial Services Limited	0.01%	7.11	0.01%	8.07	(0.01%)	(0.69)	(0.01%)	(1.06)
Kotak Mahindra Asset Management (Singapore) Pte. Limited	0.21%	181.86	0.23%	156.25	0.32%	31.51	0.55%	47.58
Minority Interests in subsidiary	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Associates:								
Infina Finance Private Limited	-	-	-	-	0.76%	75.43	(0.10%)	(8.43)
Phoenix ARC Private Limited	-	-	-	-	0.12%	11.81	(0.07%)	(5.81)
ECA Trading Services Limited	-	-	-	-	0.00%	0.06	0.01%	0.44
Matrix Business Services India Private Limited	-	-	-	-	-	-	0.00%	0.08
Inter-company and Other adjustments	(1.86%)	(1,573.96)	(2.46%)	(1,638.48)	(0.24%)	(22.49)	(0.62%)	(53.96)
Total	**100.00%**	**84,836.45**	**100.00%**	**67,134.12**	**100.00%**	**9,990.20**	**100.00%**	**8,593.36**

** 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, 2021	Year ended 31st March, 2020
Deferred Tax Assets		
Provision for non-performing and doubtful debts, general provisions and contingencies	708.05	435.35
Depreciation on assets	71.86	64.73
Provision for investments	5.31	4.57
Unamortised Income	1.83	1.00
Expenditure allowed on payment basis and others	143.96	125.30
Total Deferred Tax Assets	**931.01**	**630.95**
Deferred Tax Liabilities		
Deferred expenses	21.66	22.92
Depreciation on assets	-	1.75
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	163.48	135.80
Others	4.41	3.74
Total Deferred Tax Liabilities	**189.55**	**164.21**
Net Deferred Tax Assets / (Liabilities)	**741.46**	**466.74**

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, 2021	Year ended 31st March, 2020
PURCHASED SOFTWARE AND SYSTEM DEVELOPMENT EXPENDITURE		
Gross Block		
At cost on 31st March of the preceding year	819.54	756.75
Add: Additions during the year	116.66	106.56
Less: Deductions during the year	37.75	43.77
Total	**898.45**	**819.54**
Amortisation		
As at 31st March of the preceding year	642.48	561.38
Add: Charge for the year	130.16	124.92
Less: Deductions during the year	36.54	43.82
Amortisation to date	**736.10**	**642.48**
Net Block	**162.35**	**177.06**
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	4.55
Add: Charge for the year	-	0.11
Less: Deductions during the year	-	-
Amortisation to date	**4.66**	**4.66**
Net Block	**-**	**-**

(₹ in crore)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
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	13.24
Add: Charge for the year	-	2.66
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 26.02% of the equity share capital and 17.29% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2021.
B	**Other Related Parties:**	
	Associates /Others	ECA Trading Services Limited Infina Finance Private Limited Matrix Business Services India Private Limited (upto 26th April, 2019) Phoenix ARC Private Limited ING Vysya Foundation Kotak Education Foundation (upto 27th December, 2019)
	Key Management Personnel	Mr. Uday S. Kotak, Managing Director and CEO - KMBL Mr. Dipak Gupta - Joint Managing Director – KMBL Mr. Gaurang Shah - Whole-time Director (w.e.f 1st November, 2019) – KMBL Mr. KVS Manian - Whole-time Director (w.e.f 1st November, 2019) – KMBL
	Enterprises over which KMP / relatives of KMP have control / significant influence	Aero Agencies Limited Asian Machinery & Equipment Private Limited Allied Auto Accessories Private Limited Business Standard Private Limited Business Standard Online Private Limited Cumulus Trading Company Private Limited Doreen Realty Private Limited Harisiddha Trading and Finance Private Limited Helena Realty Private Limited Insurekot Sports Private Limited Kotak and Company Private Limited Kotak Commodity Services Private Limited Komaf Financial Services Private Limited Kotak Trustee Company Private Limited Kotak Chemicals Limited Kotak Ginning & Pressing Industries Private Limited (upto 28th December, 2020) Kotak Family Foundation Laburnum Adarsh Trust (w.e.f 28th August, 2019) Meluha Developers Private Limited Palko Properties Private Limited Puma Properties Private Limited Pine Tree Estates Private Limited Renato Realty Private Limited Suresh A Kotak HUF USK Benefit Trust II Uday S Kotak HUF Quantyco Realty Private Limited Xanadu Properties Private Limited Brij Disa Parthav Trust (w.e.f 30th March, 2020) Brij Disa Arnav Trust (w.e.f 30th March, 2020) Brij Disa Foundation (w.e.f 6th January, 2021) True North Enterprises (w.e.f 1st November, 2019) Manian Family Trust (w.e.f 1st November, 2019)

Nature of relationship	Name of Related Party
Relatives of Key Management Personnel	Ms. Pallavi Kotak Mr. Suresh Kotak Ms. Indira Kotak Mr. Jay Kotak Mr. Dhawal Kotak Ms. Aarti Chandaria Ms. Anita Gupta Ms. Urmila Gupta Mr. Arnav Gupta Mr. Parthav Gupta Mr. Prabhat Gupta Ms. Jyoti Banga Ms. Asha Shah (w.e.f. 1st November, 2019) Ms. Divya Shah (w.e.f. 1st November, 2019) Ms. Manasi Shah (w.e.f. 1st November, 2019) Ms. Mahima Shah (w.e.f. 1st November, 2019) Mr. Chetan Shah (w.e.f. 1st November, 2019) Ms. Chetna Shah (w.e.f. 1st November, 2019) Ms. Seetha Krishnan (w.e.f. 1st November, 2019) Ms. Lalitha Mohan (w.e.f. 1st November, 2019) Ms. Shruti Manian (w.e.f. 1st November, 2019) Mr. Shashank Manian (w.e.f. 1st November, 2019)

Details of related party transactions as at / for the year ended 31st March, 2021:

(₹ 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	0.53	#	3.82	#	4.35
	(5.60)	(0.81)	(0.01)	(#)	(6.42)
Deposits	89.57	3,501.12	81.91	208.60	3,881.20
	(179.94)	(566.84)	(74.40)	(154.45)	(975.63)
Interest Payable	0.21	0.55	0.56	0.02	1.34
	(0.21)	(0.11)	(0.22)	(0.46)	(1.00)
II. Assets					
Investments –Gross	199.62	-	#	-	199.62
	(201.05)	(-)	(#)	(-)	(201.05)
Diminution on Investments	0.39	-	#	-	0.39
	(0.39)	(-)	(#)	(-)	(0.39)
Advances	-	5.07	2.88	4.86	12.81
	(-)	(7.14)	(3.27)	(5.67)	(16.08)
Other Assets	1.74	0.03	0.07	0.02	1.86
	(0.08)	(0.05)	(0.03)	(0.02)	(0.18)
Non Fund/ Commitments					
Bank Guarantees	-	-	1.00	-	1.00
	(-)	(-)	(1.00)	(-)	(1.00)
III. Expenses					
Salaries (Include ESOP cost)* / fees	-	15.90	-	0.29	16.19
	(-)	(12.56)	(-)	(0.29)	(12.85)
Interest Paid	2.57	154.38	5.10	8.05	170.10
	(11.32)	(35.37)	(6.97)	(11.58)	(65.24)
Other Expenses	0.03	0.08	0.86	#	0.97
	(16.20)	(0.08)	(5.97)	(-)	(22.25)

(₹ 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					
Income	6.32	7.74	1.55	0.51	16.12
	(9.53)	(0.38)	(1.46)	(0.24)	(11.61)
V. Other Transactions					
Dividend Paid	-	-	-	-	-
	(-)	(45.45)	(0.06)	(0.30)	(45.81)
Reimbursement from companies	-	-	-	-	-
	(0.07)	(-)	(-)	(-)	(0.07)
Purchase of Investments	25.00	-	22.35	-	47.35
	(-)	(-)	(-)	(-)	(-)
Sale of Investments	-	345.05	53.78	-	398.83
	(-)	(-)	(-)	(-)	(-)
Deposits taken during the year	-	-	-	-	-
	(#)	(-)	(0.03)	(-)	(0.03)
Deposits repaid during the year	-	-	-	-	-
	(-)	(-)	(0.01)	(-)	(0.01)

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	0.53	-	-	-	0.53
	(5.60)	(-)	(-)	(-)	(5.60)
Others	-	#	#	#	#
	(-)	(0.81)	(0.01)	(#)	(0.82)
II. Assets:					
Investments					
Phoenix ARC Private Limited	174.75	-	-	-	174.75
	(176.18)	(-)	(-)	(-)	(176.18)
Others	24.87	-	#	-	24.87
	(24.87)	(-)	(#)	(-)	(24.87)
Diminution on investments					
ECA Trading Services Limited	0.39	-	-	-	0.39
	(0.39)	(-)	(-)	(-)	(0.39)
Others	-	-	#	-	#
	(-)	(-)	(#)	(-)	(#)
Other Assets					
Kotak Commodity Services Private Limited	-	-	#	-	#
	(-)	(-)	(0.01)	(-)	(0.01)
Phoenix ARC Private Limited	1.56	-	-	-	1.56
	(0.06)	(-)	(-)	(-)	(0.06)

(₹ 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
True North Enterprises	-	-	0.01	-	0.01
	(-)	(-)	(0.02)	(-)	(0.02)
Brij Disa Parthav Trust	-	-	0.03	-	0.03
	(-)	(-)	(-)	(-)	(-)
Brij Disa Arnav Trust	-	-	0.03	-	0.03
	(-)	(-)	(-)	(-)	(-)
Others	0.17	0.03	#	0.02	0.22
	(0.02)	(0.05)	(0.01)	(0.02)	(0.10)
Non Fund Commitments					
Bank Guarantees					
Aero Agencies Limited	-	-	1.00	-	1.00
	(-)	(-)	(1.00)	(-)	(1.00)
III. Expenses:					
Salaries (Includes ESOP cost)					
Mr. Uday S. Kotak*	-	1.55	-	-	1.55
	(-)	(2.97)	(-)	(-)	(2.97)
Mr. Dipak Gupta*	-	5.76	-	-	5.76
	(-)	(5.69)	(-)	(-)	(5.69)
Mr. KVS Manian*	-	4.29	-	-	4.29
	(-)	(1.92)	(-)	(-)	(1.92)
Mr. Gaurang Shah*	-	4.29	-	-	4.29
	(-)	(1.98)	(-)	(-)	(1.98)
Mr. Jay Kotak	-	-	-	0.29	0.29
	(-)	(-)	(-)	(0.29)	(0.29)
Interest Paid					
Infina Finance Private Limited	1.25	-	-	-	1.25
	(9.99)	(-)	(-)	(-)	(9.99)
Phoenix ARC Private Limited	0.57	-	-	-	0.57
	(0.32)	(-)	(-)	(-)	(0.32)
ECA Trading Services Limited	0.63	-	-	-	0.63
	(0.75)	(-)	(-)	(-)	(0.75)
Laburnum Adarsh Trust	-	-	2.93	-	2.93
	(-)	(-)	(-)	(-)	(-)
USK Benefit Trust II	-	-	1.24	-	1.24
	(-)	(-)	(4.41)	(-)	(4.41)
Others	0.12	154.38	0.93	8.05	163.48
	(0.26)	(35.37)	(2.56)	(11.58)	(49.77)
Other Expenses					
Infina Finance Private Limited	0.03	-	-	-	0.03
	(0.05)	(-)	(-)	(-)	(0.05)
Aero Agencies Limited	-	-	0.38	-	0.38
	(-)	(-)	(5.72)	(-)	(5.72)
Business Standard Private Limited	-	-	0.47	-	0.47
	(-)	(-)	(0.24)	(-)	(0.24)
Others	#	0.08	-	#	0.08
	(16.15)	(0.08)	(#)	(-)	(16.23)

(₹ 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, Fee and Other Income					
Phoenix ARC Private Limited	5.34	-	-	-	5.34
	(7.50)	(-)	(-)	(-)	(7.50)
Kotak Commodity Services Private Limited	-	-	0.14	-	0.14
	(-)	(-)	(0.23)	(-)	(0.23)
USK Benefit Trust II	-	-	0.85	-	0.85
	(-)	(-)	(0.85)	(-)	(0.85)
True North Enterprises	-	-	0.25	-	0.25
	(-)	(-)	(0.12)	(-)	(0.12)
Others	0.11	0.46	0.08	0.44	1.09
	(0.12)	(0.33)	(0.01)	(0.22)	(0.68)
Premium Income					
Phoenix ARC Private Limited	0.01	-	-	-	0.01
	(0.01)	(-)	(-)	(-)	(0.01)
Infina Finance Private Limited	0.01	-	-	-	0.01
	(0.01)	(-)	(-)	(-)	(0.01)
Komaf Financial Services Limited	-	-	0.03	-	0.03
	(-)	(-)	(0.03)	(-)	(0.03)
Kotak Commodity Services Private Limited	-	-	0.01	-	0.01
	(-)	(-)	(0.01)	(-)	(0.01)
Business Standard Private Limited	-	-	0.01	-	0.01
	(-)	(-)	(#)	(-)	(#)
Others	-	0.18	0.01	0.02	0.21
	(0.19)	(0.01)	(#)	(0.02)	(0.22)
Brokerage Income					
Infina Finance Private Limited	0.85	-	-	-	0.85
	(1.70)	(-)	(-)	(-)	(1.70)
Kotak Commodity Services Private Limited	-	-	0.12	-	0.12
	(-)	(-)	(0.21)	(-)	(0.21)
Kotak Trustee Company Private Limited	-	-	0.05	-	0.05
	(-)	(-)	(-)	(-)	(-)
Mr. Uday S. Kotak	-	7.06	-	-	7.06
	(-)	(-)	(-)	(-)	(-)
Others	-	0.04	-	0.05	0.09
	(-)	(0.04)	(-)	(#)	(0.04)
V. Other Transactions:					
Dividend Paid					
Mr. Uday S. Kotak	-	-	-	-	-
	(-)	(45.35)	(-)	(-)	(45.35)
Ms. Pallavi Kotak	-	-	-	-	-
	(-)	(-)	(-)	(0.09)	(0.09)
Ms. Indira Kotak	-	-	-	-	-
	(-)	(-)	(-)	(0.18)	(0.18)
Suresh A Kotak HUF	-	-	-	-	-
	(-)	(-)	(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
USK Benefit Trust II	-	-	-	-	-
	(-)	(-)	(0.05)	(-)	(0.05)
Others	-	-	-	-	-
	(-)	(0.09)	(-)	(0.03)	(0.12)
Reimbursements received					
Infina Finance Private Limited	-	-	-	-	-
	(0.07)	(-)	(-)	(-)	(0.07)
Phoenix ARC Private Limited	-	-	-	-	-
	(#)	(-)	(-)	(-)	(#)
Purchase of Investments					
Phoenix ARC Private Limited	25.00	-	-	-	25.00
	(-)	(-)	(-)	(-)	(-)
Kotak Trustee Company Private Limited	-	-	22.35	-	22.35
	(-)	(-)	(-)	(-)	(-)
Sale of Investments					
Kotak Trustee Company Private Limited	-	-	53.78	-	53.78
	(-)	(-)	(-)	(-)	(-)
Mr. Uday S. Kotak	-	345.05	-	-	345.05
	(-)	(-)	(-)	(-)	(-)
Deposits taken during the year					
Infina Finance Private Limited	-	-	-	-	-
	(#)	(-)	(-)	(-)	(#)
Kotak Commodity Services Limited	-	-	-	-	-
	(-)	(-)	(0.03)	(-)	(0.03)
Deposits repaid during the year					
Kotak Commodity Services Limited	-	-	-	-	-
	(-)	(-)	(0.01)	(-)	(0.01)
Swaps/Forwards/Options Contracts					
Others	-	-	-	1.88	1.88
	(-)	(-)	(-)	(-)	(-)

**includes incentive paid during the year*

 # In the above table denotes amounts less than ₹ 50,000

Note: Figures of previous year (FY 2020) are given in bracket.

Maximum balance outstanding

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprise over which KMP/relative of KMP have control / significant influence	Relatives of Key Management Personnel
I. Liabilities				
Deposits	360.60	7,506.70	271.90	234.36
	(3,906.75)	(648.04)	(282.34)	(184.84)
Other Liabilities*	5.60	0.81	3.82	#
	(5.60)	(0.81)	(0.02)	(#)
II. Assets				
Investments-Gross*	201.05	-	#	-
	(226.76)	(-)	(#)	(-)
Advances*	-	7.14	3.27	5.67
	(-)	(7.14)	(3.27)	(5.67)
Other Assets*	1.74	0.05	0.07	0.02
	(0.08)	(0.05)	(0.30)	(0.02)
Non Funded Commitments				
Bank Guarantees*	-	-	1.00	-
	(0.05)	(-)	(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 (FY2020) are given in bracket.

26. With regard to a Supreme Court judgement on PF there are various interpretative issues including applicability. The Group has based on a legal opinion taken the view that the judgement was applicable from March 2019.

27. 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

Mumbai
3rd May, 2021

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
Group 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	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	IVY Product Intermediaries Limited	BSS Microfinance Limited
Share Capital	3.50	1.60	3.44	510.29	330.00	5.62	29.80	0.05	16.16	7.01	0.07	5.44	0.09	310.70	28.00	8.45	9.40	2.21	26.73
Reserves & Surplus	6,619.39	5,319.82	685.39	3,535.18	(138.66)	2,111.77	973.55	229.32	751.42	365.87	10.49	399.41	23.37	106.17	(2.36)	(1.33)	172.46	3.77	219.87
Total Assets	25,332.49	13,153.67	734.95	48,271.22	1,004.05	7,968.06	1,106.87	233.34	1,126.04	584.63	37.93	581.55	25.98	939.76	26.53	9.38	199.69	6.03	352.09
Total Liabilites	18,709.61	7,832.25	46.13	44,225.75	812.71	5,850.67	103.52	3.96	358.46	211.75	27.36	176.70	2.52	522.89	0.89	2.26	17.83	0.06	105.49
Investments (excluding investment in subsidiaries)	3,449.77	1,476.34	310.07	46,453.78	931.86	1,531.17	1,008.15	225.21	896.98	180.75	-	441.35	-	368.17	26.02	-	87.43	-	62.00
Turnover	2,655.33	2,019.65	202.22	17,692.96	455.68	749.37	602.29	71.83	113.53	122.66	32.82	140.84	9.77	76.20	3.81	0.04	62.06	0.35	205.81
Profit before taxation	720.40	1,057.43	110.94	897.47	1.63	345.84	395.99	69.14	92.29	38.24	5.62	50.50	3.40	33.10	0.45	(0.69)	34.89	0.32	30.87
Provision for taxation	185.70	264.79	28.66	205.54	-	88.09	101.16	17.69	5.87	6.92	0.04	10.46	0.84	-	0.23	-	3.39	0.20	7.71
Profit after taxation	534.71	792.64	82.28	691.93	1.63	257.75	294.83	51.45	86.42	31.32	5.58	40.03	2.56	33.10	0.21	(0.69)	31.51	0.12	23.17
Proposed Dividend (Equity)	NIL	NIL	NIL	81.65	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
% of Shareholding	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Note:

(1) *Share Capital includes Preference Share capital.*

(2) *Investments include investments and stock-in-trade reported by the above entities and also include investments held to cover policyholders' 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 for issue.*

(5) *% of Shareholding includes direct and indirect holding through subsidiaries.*

(6) *The figures in respect of Kotak Mahindra, Inc., Kotak Mahindra (UK) Limited, Kotak Mahindra (International) Limited, Kotak Mahindra Financial Services Limited and Kotak Mahindra Asset Management (Singapore) Pte. Limited are based on the accounts prepared under Generally Accepted Accounting Principles in India ('Indian GAAP'). The reporting currency of these subsidiaries is USD and exchange rate as on the last day of the financial year ending 31st March, 2021 is 1 USD = 73.11 INR.*

(7) *On April 27, 2021, the Board of Directors of Kotak Mahindra Life Insurance Company Limited have proposed a final dividend of ₹ 1.60 per share amounting to ₹ 81.65 crore in respect of the year ending March 31, 2021 subject to the approval of shareholders at the Annual General Meeting.*

(8) *The financial statements of the subsidiaries and associates used for preparation of the consolidated financial statements are in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under Section 133 and relevant provision of Companies Act, 2013. 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.*

PART "B" : Associates

(₹ in crore)

Particulars	Infina Finance Private Limited	Phoenix ARC Private Limited	ECA Trading Services Limited [1, 3 & 4]
Latest Audited Balance Sheet date	31-Mar-21	31-Mar-21	31-Dec-20
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	23.77
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	925.41	224.66	3.54
Profit for the year	150.89	23.67	0.32
i) Considered in the Consolidation	75.43	11.81	0.06
ii) Not considered in the Consolidation	75.46	11.86	0.26

Note:

(1) *For the purpose of preparation of consolidated financial statements, the Group has considered unaudited financial statement as of 31st March, 2021.*

(2) *Significant influence has been determined as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements".*

(3) *Share of audited Networth based on share holding of 20.00% as on 31st March, 2020 is ₹ 3.48 crore.*

(4) *Includes adjustments for share of difference between audited and unaudited financial results for the year ended 31st March, 2020.*

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
Group President and
Group Chief Financial Officer

Avan Doomasia
Senior Executive Vice President and
Company Secretary

Mumbai
3rd May, 2021

Basel III (Pillar 3) Disclosures (Consolidated) as at 31st March, 2021

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 and liquidity coverage ratio 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.