Consolidation at a Glance

(₹ in crore)

	2021-22		2020-2021		March 31, 2022	March 31, 2021
	Profit before Tax	Profit after Tax	Profit before Tax	Profit after Tax	Capital & Reserves and Surplus*	Capital & Reserves and Surplus*
Kotak Mahindra Bank Limited	11,361.31	8,572.69	9,302.99	6,964.84	72,456.47	63,726.97
Subsidiaries						
Kotak Mahindra Prime Limited	1,179.79	885.51	720.40	534.71	7,494.41	6,622.88
Kotak Securities Limited	1,333.50	1,001.33	1,057.43	792.64	6,290.75	5,321.42
Kotak Mahindra Capital Company Limited	315.70	244.75	110.94	82.28	885.47	688.83
Kotak Mahindra Life Insurance Company Limited	596.49	425.38	897.47	691.93	4,389.20	4,045.47
Kotak Mahindra General Insurance Company Limited	(82.98)	(82.98)	1.63	1.63	233.35	191.34
Kotak Mahindra Investments Limited	498.57	371.15	345.84	257.75	2,488.54	2,117.39
Kotak Mahindra Asset Management Company Limited	455.51	338.94	395.99	294.83	1,282.70	1,003.35
Kotak Mahindra Trustee Company Limited	145.18	115.18	69.14	51.45	344.56	229.37
Kotak Mahindra (International) Limited	69.40	44.03	92.29	86.42	840.18	767.58
Kotak Mahindra (UK) Limited	20.41	13.74	38.24	31.32	400.40	372.88
Kotak Mahindra, Inc.	25.85	25.43	5.62	5.58	67.13	10.56
Kotak Investment Advisors Limited	79.42	58.65	50.50	40.03	763.45	404.85
Kotak Mahindra Trusteeship Services Limited	3.99	3.04	3.40	2.56	26.49	23.46
Kotak Infrastructure Debt Fund Limited	32.35	32.35	33.10	33.10	449.17	416.87
Kotak Mahindra Pension Fund Limited	(1.54)	(1.54)	0.45	0.21	56.10	25.64
Kotak Mahindra Financial Services Limited	(1.14)	(1.14)	(0.69)	(0.69)	6.22	7.11
Kotak Mahindra Asset Management (Singapore) Pte. Limited	40.42	36.07	34.89	31.51	225.37	181.86
IVY Product Intermediaries Limited	0.29	0.22	0.32	0.12	6.19	5.98
BSS Microfinance Limited	109.51	82.81	30.87	23.17	329.42	246.60
Total	**16,182.03**	**12,165.61**	**13,190.82**	**9,925.39**	**99,035.57**	**86,410.41**
Add: Associates		157.52		87.30	1,186.23	1,028.89
Less: Dividend, Inter company and other adjustment		233.74		22.49	3,087.77	2,602.85
Consolidated Profit After Tax / Capital & Reserves and Surplus*		**12,089.39**		**9,990.20**	**97,134.03**	**84,836.45**
Consolidated Earnings per Share (₹)		60.73		50.49		
Consolidated Book Value per Share (₹)					486.90	425.55

** Capital & Reserves and Surplus includes Preference Share Capital*

Independent Auditor's Report

To the Members of Kotak Mahindra Bank Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying consolidated financial statements of Kotak Mahindra Bank Limited ('the Bank' or 'the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates, (refer Schedule 17 – note 1(a) and 1(b) to attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as Companies Act, 2013 (the 'Act') and circulars and guidelines issued by the Reserve Bank of India (the 'RBI') in the manner so required and give a true and fair view in conformity with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2022 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the "Auditors Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group and its associates, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 18 of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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

Total Loans and Advances (Net of Provision) as at March 31, 2022: ₹ 2,71,254 Crores

Provision for NPAs as at March 31, 2022: ₹ 4,733 Crores

Provision Coverage Ratio (including technical write offs) as at March 31, 2022: 79.05% (Refer Schedule 9, Schedule 17(C)(2), Schedule 18(A) note 9 and note 11 of Standalone financial statements of the Bank)

Key audit matter	How our audit addressed the key audit matter
The Bank is required to comply with the Master Circular dated 1 October 2021 issued by the Reserve Bank of India ("RBI") on "Prudential Norms for Income Recognition, Asset Classification and Provisioning pertaining to Advances" (the "IRAC norms") and amendments thereto which prescribes the guidelines for identification and classification of Non-performing Assets ("NPAs") and the minimum provision required for such assets. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs considering various quantitative as well as qualitative factors. The identification of NPAs is also affected by factors like stress and liquidity concerns in certain sectors. The provision for identified NPAs is estimated based on ageing and classification of NPAs, value of security, recovery estimates etc. and is also subject to the minimum provisioning norms specified by RBI. In addition, the Bank is also required to implement "Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses" and "Resolution Framework – 2.0: Resolution of COVID-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" issued by the RBI on 5 May 2021 (collectively "Resolution Framework – 2.0"), and consider the same in identification of NPAs and measurement of provision against advances. Since the identification of NPAs and provisioning for advances requires considerable level of management estimation, application of various regulatory requirements and its significance to the overall audit, we have identified this as a key audit matter.	Our audit procedures included the following: • Understood the process and controls, and tested the design and operating effectiveness of key controls, including Information Technology based controls, and focused on the following: - Approval of new lending facilities in accordance with the Bank's credit policies. - Performance of annual review/renewal of loan accounts. - Monitoring of credit quality which amongst other things includes the monitoring of overdue loan accounts, drawing power limit, pending security creation; - Identification and classification of NPAs in accordance with IRAC norms, other regulatory guidelines issued by the RBI and consideration of qualitative aspects; and - Assessment of adequacy of NPA provisions. • Tested the Bank's process for identification of loans with default events and/ or breach of other qualitative factors, and for a sample of performing loans, independently assessed as to whether there was a need to classify such loans as NPAs. • On a test check basis, verified the accounts classified by the Bank as Special Mention Accounts ('SMA') in RBI's Central Repository of Information on Large Credits ('CRILC'). • Inquired with the management of the Bank on sectors where there has been stress and the steps taken by the Bank to mitigate such sectorial risks. • With respect to provisions recognised towards NPAs, we reperformed the provision calculations on a sample basis taking into consideration the value of security, where applicable, the IRAC norms and NPA policy of the Bank, and compared our outcome to that prepared by the management and tested relevant assumptions and judgements which were used by the management. • Assessed whether the Bank's Board approved policy is in line with the Resolution Framework - 2.0. On a sample basis, tested that restructuring was carried out in accordance with the Resolution Framework – 2.0 and re-computed the provision made in accordance with the said framework. • With respect to additional provisions held by the Bank on account of the impact of COVID-19 pandemic, we assessed the underlying assumptions and estimates used by the management for such provisions. • Read the RBI Annual Financial Inspection report and management's response to the extent provided for the financial year ended 31 March 2021 and other communication with regulators and checked whether the observations therein so far as those relate to identification of NPAs and provisions made against advances, have been addressed by the Bank.

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

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

5. The following Key Audit Matters were included in the audit report dated 26 April 2022 containing an unmodified audit opinion on the special purpose financial statements of Kotak Mahindra Investments Limited, a subsidiary of the Holding Company issued by Kalyaniwalla & Mistry LLP, an independent firm of Chartered Accountants reproduced by us as under:

Provision for Non-Performing Assets (NPA) in respect of Loans and Advance (including credit substitutes) relating to Kotak Mahindra Investments Limited

Key audit matter	How our audit addressed the key audit matter
(Refer Notes 12, 13, 15, 18 and 24 of the special purpose financial statements) Advances (including credit substitutes) aggregating to ₹ 720,249.24 lakhs constitute a significant portion of the Company's assets. Gross Non•Performing Assets aggregating to ₹ 6,687.32 lakhs and the associated provision for non-performing assets ('NPA provision') aggregating to ₹ 3,211.03 lakhs are significant to the special purpose financial statements and involves judgement around the calculation of the NPA provision. The Reserve Bank of India's ("RBI") guidelines prescribe the prudential norms for identification and classification of NPAs and the minimum provision required for such assets. The Company is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI. The Company has detailed its accounting policy in this regard in Significant accounting policies disclosed in the special purpose financial statements. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit, we have ascertained identification and provisioning for NPAs as a key audit matter.	The audit procedures performed, among others, included • We understood and evaluated the design effectiveness and tested the operating effectiveness of the key controls over the identification of NPAs and computation of NPA provision. • We independently assessed the appropriateness of NPA provisioning methodologies and policies followed by the Management and verified the compliance of the same vis-à-vis RBI norms. • Performing other procedures including substantive audit procedures covering the identification of NPAs by the Company. These procedures included: Reviewing borrower accounts and other related information on a sample basis, selected based on quantitative and qualitative risk factors. • Review of the security pledged to the Company for a selected sample by verifying the valuation reports etc. for the collateral. • With respect to provisioning of advances, we recomputed the NPA provision to ensure arithmetical accuracy and compliance with RBI guidelines. • We performed look back analysis to assess the adequacy of NPA provision in terms of actual loss incurred in the past four years vis-à-vis the provision carried in the books as at the balance sheet date. Based on the above procedures performed, the management's assessment of provision for NPA in respect of loans and advances (including credit substitutes) is considered to be reasonable.

6. The following Key Audit Matters were included in the audit report dated 28 April 2022 containing an unmodified audit opinion on the special purpose financial statements of Kotak Securities Limited, a subsidiary of the Holding Company issued by Deloitte Haskins & Sells LLP, an independent firm of Chartered Accountants reproduced by us as under:

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

Key audit matter	How our audit addressed the key audit matter
The Company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. 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 focussed on key IT systems and controls due to the pervasive impact on the financial statements.	Principal Audit procedures: We involved our IT specialists to obtain an understanding of the entity's IT related control environment. Furthermore, we conducted a risk assessment 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 significant IT risks that would materially impact the Financial Statements.

7. The following Key Audit Matters were included in the audit report dated 29 April 2022 containing an unmodified audit opinion on the special purpose financial statements of Kotak Mahindra Prime Limited, a subsidiary of the Holding Company issued by joint auditors M M Nissim & Co LLP and Mukund M. Chitale & Co an independent firm of Chartered Accountants reproduced by us as under:

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

Key audit matter	How our audit addressed the key audit matter
(Refer Notes 13, 14, 16, 19 and 25 of the special purpose financial statements) The loan balances (including credit substitutes) towards Vehicle Finance, Loans against Securities / Collaterals, Structured Loans, Personal and other Loans aggregates to ₹ 24,69,131 lakhs, which also include Gross Non- Performing Assets ₹79,745 lakhs. These balances are significant to the special purpose financial statements and involves judgement around the calculation of the NPA provision. 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. 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.	Our audit procedures on the NPA provision included the following - i) We performed end to end process walkthroughs to identify the key systems, applications and controls used in the NPA provisioning processes. ii) We understood and evaluated the design effectiveness and tested the operating effectiveness of the key controls over the assessment and computation of NPA provision. iii) We independently assessed the appropriateness of NPA provisioning policies and methodologies followed by the Management. iv) For sample of loans across the portfolio, we recomputed the NPA provision to ensure arithmetical accuracy and compliance with the NPA policy as referred to in the Component's special purpose financial statements. v) We evaluated the adequacy of presentation and disclosures in relation to NPA provisions in the special purpose financial statements.

IT systems and controls relating to Kotak Mahindra Prime Limited

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

8. The following Key Audit Matters were reported to us by the joint auditors S. R. Batliboi & Associates LLP, Chartered Accountants and Haribhakti & Co. LLP, Chartered Accountants of Kotak Mahindra Life Insurance Company Limited, a subsidiary of the Holding Company vide their communication dated 02 May 2022 which are reproduced by us as under:

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

Key audit matter	How our audit addressed the key audit matter
We identified IT systems and controls over financial reporting as a key audit matter for the Group because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Of particular importance are system calculations, other IT application controls and interfaces between IT systems.	Our procedures in relation to the IT systems and controls included: • 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 our audit addressed the key audit matter
The Company's investment portfolio represents substantial portion of the Company's total assets as at March 31, 2022 which are valued in accordance with accounting policy framed as per the extent of the regulatory guidelines. Investment in Non-linked and shareholders' portfolio is ₹ 32,794.74 crore: 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 ₹ 22,693.90 crore: 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 authorization 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.

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

9. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report including the Pillar 3 Disclosure under the New Capital Adequacy Framework (Basel III disclosures) but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

13. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern;
   - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
   - Obtain sufficient appropriate audit evidence regarding the financial statements/ financial information of the entities or business activities within the Group and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statement of such entities included in the consolidated financial statements, of which we are the

independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

15. We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

18. We did not audit the financial statements of 18 subsidiaries, whose financial statements reflect total assets of ₹ 122,231.73 crores and net assets of ₹ 25,814.96 crores as at 31 March 2022, total revenues of ₹ 26,477.42 crores and net cash inflows amounting to ₹ 1,761.31 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 157.53 crores for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of 2 associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

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

   Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

19. The consolidated financial statements also include the Group's share of net loss of ₹ 0.01 crores for the period from 01 April 2021 to 18 December 2021, as considered in the consolidated financial statements, in respect of 1 associate, whose financial information have not been audited by us. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

   Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

20. One of the subsidiary company whose financial statement reflects total assets of ₹ 1,030.15 crores and net assets ₹ 763.45 crores as at 31 March 2022, total revenues of ₹ 237.36 crores and net cash inflows of ₹ 128.37 crores for the year ended 31 March 2022, as considered in the consolidated financial statement, has been audited by Price Waterhouse LLP, one of the joint auditor of the Holding Company. In respect of this subsidiary, Walker Chandiok and Co LLP, another Joint auditor of the holding company has placed reliance on the report of other joint auditor.

   Our opinion above on consolidated financial statements is not modified in respect of this matter.

21. The consolidated financial statements of the Bank for the year ended 31 March 2021, were audited by M/s Walker Chandiok & Co LLP, who vide their report dated 03 May 2021 expressed an unmodified opinion on those consolidated financial statements.

   Our opinion above on consolidated financial statements is not modified in respect of this matter.

22. The following other matter paragraph has been included in the audit report of Kotak Mahindra Life Insurance Company Limited ('KLIFE') the subsidiary of the Bank, issued by the joint auditors of KLIFE vide their report dated 29 April 2022:

   "The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2022 is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary") and has been duly certified by him. The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2022 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in financial statements of the Company."

   Our opinion is not modified in respect of this matter.

23. The following other matter paragraph has been included in the audit report of Kotak Mahindra General Insurance Company Limited ('KMGICL') the subsidiary of the Bank, issued by the joint auditors of KMGICL vide their report dated 25 April 2022.

"Pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims incurred But Not Reported ("IBNR"), claims incurred But Not Enough Reported ("IBNER") and Premium Deficiency Reserve ("PDR") as at March 31, 2022, has been duly certified by the Appointed Actuary. They have also certified that assumptions used for such valuation are appropriate and in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. Accordingly, we have relied upon the aforesaid certificate from the Appointed Actuary while forming our opinion on the financial statements of the Company".

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

24. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a Banking Company as defined under the Banking Regulation Act, 1949, Section 197 is not applicable to the Bank by virtue of section 352B(2A) of the Banking Regulation Act, 1949. Accordingly, the reporting under Section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

Based on the consideration of audit report of the statutory auditors of Kotak Mahindra Life Insurance Company Limited, a subsidiary company, the remuneration paid to their directors during the year ended 31 March 2022 was in accordance with the provisions of section 197 of the Act, read with section 34A of the Insurance Act, 1938, and based on the report of statutory auditors of Kotak Mahindra General Insurance Company Limited, another subsidiary company, the remuneration paid to their directors during the year ended 31 March 2022 was in accordance with the provision of section 197 of the Act read with Section 34A of the Insurance Act, 1938. Further, based on the consideration of audit reports of the statutory auditors of seven subsidiaries, Kotak Securities Limited, Kotak Mahindra Trusteeship Services Limited, Kotak Mahindra Capital Company Limited, Kotak Mahindra Trustee Company Limited, Kotak Mahindra Prime Limited, BSS Microfinance Limited and Kotak Mahindra Pension Fund Limited, the remuneration paid to their directors during the year ended 31 March 2022 was in accordance with the provisions of section 197 of the Act.

Further, for one associate as described in paragraph 19 of our report, whose financial information is not audited for the period 01 April 2021 to 18 December 2021, and for five subsidiaries and two associates in India, covered under the Act, in absence of reporting by statutory auditors of such entities with respect to compliance of the provisions of section 197 read with Schedule V of the Act, as applicable, during the year ended 31 March 2022, we are unable to comment on such compliance for the said entities as required to be reported by us under section 197(16) of the Act.

25. As required by section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

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

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

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

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2021, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies covered under the Act, none of the directors of the Group companies and its associate companies covered under the Act, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Holding Company, and its subsidiary companies and associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its associates as detailed in Schedule 12.I, Schedule 17 Note 2(X) and Schedule 17 Note 11 to the consolidated financial statements;

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, and associate companies as applicable, during the year ended 31 March 2022;

iv. (a) The respective Managements of the Holding Company and its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, other than as disclosed in Schedule 17 – Note 26 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Bank or any of such subsidiaries and associates to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries and associates (the "Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Holding Company, its subsidiaries and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively, to the best of their knowledge and belief, other than as disclosed in Schedule 17 – Note 26 to the consolidated financial statements, no funds have been received by the Company or any of such subsidiaries and associates from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank or any of such subsidiaries and associates shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The dividend declared and paid during the year ended 31 March 2022 by the Holding Company, its subsidiary companies, and associate companies, is in compliance with Section 123 of the Act.

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

Murad D. Daruwalla
Partner
Membership No:043334
UDIN:22043334AIJALU8188

Place: Mumbai
Date: 04 May 2022

For **Price Waterhouse LLP**
Chartered Accountants
Firm's Registration No:301112E/E300264

Russell I Parera
Partner
Membership No:042190
UDIN:22042190AIJNPZ1292

Place: Mumbai
Date: 04 May 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF KOTAK MAHINDRA Bank Limited on the consolidated financial statements for the year ended 31 March 2022

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Kotak Mahindra Bank Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

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

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

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

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI and the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

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

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

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to consolidated financial statements of the subsidiary companies and associate companies, the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. We did not audit the internal financial controls with reference to consolidated financial statements in so far as it relates to 13 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 120,404.48 crores and net assets of ₹ 24,275.65 crores as at 31 March 2022, total revenues of ₹ 26,154.71 crores and net cash inflows amounting to ₹ 1,736.70 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 157.53 crores for the year ended 31 March 2022, in respect of 2 associate companies, which are companies covered under the Act, whose internal financial controls with reference to consolidated financial statements have not been audited by us. The internal financial controls with reference to consolidated financial statements in so far as it relates to such subsidiary companies and associate companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies and associate companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

10. One of the subsidiary company, which is a company covered under the Act, whose financial statements reflects total assets of ₹ 1,030.15 crores and net assets of ₹ 763.45 crores as at 31 March 2022, total revenues of ₹ 237.36 crores and net cash inflows amounting to ₹ 128.37 crores for the year ended on that, as considered in the consolidated financial statements, has been audited by Price Waterhouse LLP, one of the joint auditor of the Holding Company. In respect of this subsidiary, Walker Chandiok and Co LLP, another Joint auditor of the holding company has placed reliance on the report of other joint auditor. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other joint auditor.

11. The following other matter paragraph has been included in the Annexure 'A' to the audit report of Kotak Mahindra Life Insurance Company Limited ('KLIFE') the subsidiary of the Bank, issued by the joint auditors of KLIFE vide their report dated 29 April 2022:

    "The actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), and has been relied upon by us, as mentioned in "Other Matter" para of our audit report on the financial statements of the Company as at and for the year ended March 31, 2022. Accordingly, the internal financial controls with reference to financial statements in respect of the valuation and accuracy of the aforesaid actuarial valuation is also certified by the Appointed Actuary and has been relied upon by us."

    Our opinion above is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors.

12. The following other matter paragraph has been included in the Annexure 'A' to the audit report of Kotak Mahindra General Insurance Company Limited, ('KMGICL') the subsidiary of the Bank, issued by the joint auditors of KMGICL vide their report dated 25 April 2022:

    "Pursuant to IRDAI (Appointed Actuary) Regulations 2017, the actuarial valuation of liabilities in respect of claims incurred But Not Reported ("IBNR"), claims Incurred But Not Enough Reported ("IBNER") and Premium Deficiency Reserve ("PDR") as at March 31, 2022, has been duly certified by the Appointed Actuary. They have also certified that assumptions used for such valuation are appropriate and in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the aforesaid certificate while forming our opinion on the financial statements of the Company as mentioned in Other Matter paragraph in our Audit Report on the financial statements for the year ended March 31, 2022. Accordingly, our opinion on the internal financial controls with reference to financial statements does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities. Our opinion is not modified in respect of the above matter".

    Our opinion above is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors.

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

Murad D. Daruwalla
Partner
Membership No:043334
UDIN:22043334AIJALU8188

Place: Mumbai
Date: 04 May 2022

For **Price Waterhouse LLP**
Chartered Accountants
Firm's Registration No:301112E/E300264

Russell I Parera
Partner
Membership No:042190
UDIN:22042190AIJNPZ1292

Place: Mumbai
Date: 04 May 2022

Consolidated Balance Sheet

as at 31st March, 2022

(₹ in thousands)

	Schedule	As at 31st March, 2022	As at 31st March, 2021
CAPITAL AND LIABILITIES			
Capital	1	14,923,309	14,909,178
Employees' Stock Options (Grants) Outstanding		313,063	21,588
Reserves and Surplus	2	956,416,988	833,455,267
Deposits	3	3,100,868,928	2,788,714,108
Borrowings	4	551,482,650	477,389,014
Policyholders' Funds		506,667,901	420,715,151
Other Liabilities and Provisions	5	334,306,239	253,337,867
Total		**5,464,979,078**	**4,788,542,173**
ASSETS			
Cash and Balances with Reserve Bank of India	6	160,491,782	125,280,021
Balances with Banks and Money at Call and Short Notice	7	366,163,061	351,886,180
Investments	8	1,645,294,067	1,569,455,494
Advances	9	3,044,735,955	2,521,697,527
Fixed Assets	10	19,096,314	17,401,626
Other Assets	11	221,060,369	194,683,795
Goodwill on Consolidation		8,137,530	8,137,530
Total		**5,464,979,078**	**4,788,542,173**
Contingent Liabilities	12	2,744,766,841	2,022,900,524
Bills for Collection		387,092,819	412,727,990
Significant Accounting Policies and Notes to Accounts forming part of the Consolidated Financial Statements	17		
The schedules referred to above form an integral part of this Consolidated Balance Sheet			

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Murad D. Daruwalla
Partner
Membership No. 043334

For Price Waterhouse LLP
Chartered Accountants
Firm Registration No. 301112E/E300264

Russell I Parera
Partner
Membership No. 042190

Mumbai
4th May, 2022

Prakash Apte
Chairman

Uday Kotak
Managing Director and
Chief Executive Officer

Dipak Gupta
Joint Managing Director

Uday Khanna
Director

Jaimin Bhatt
President and
Group Chief Financial Officer

Avan Doomasia
Senior Executive Vice President and
Company Secretary

Consolidated Profit and Loss Account

for the year ended 31st March, 2022

(₹ in thousands)

		Schedule	For the year ended 31st March, 2022	For the year ended 31st March, 2021
I.	**INCOME**			
	Interest Earned	13	337,403,960	328,198,306
	Other Income	14	253,106,094	235,876,764
	Total		**590,510,054**	**564,075,070**
II.	**EXPENDITURE**			
	Interest Expended	15	115,532,912	129,665,484
	Operating Expenses	16	307,777,684	274,201,888
	Provisions and Contingencies (Refer Note 8.B - Schedule 17)		47,880,723	61,178,741
	Total		**471,191,319**	**465,046,113**
III.	**PROFIT**			
	Net Profit for the year		119,318,735	99,028,957
	Add: Share in profit / (loss) of Associates		1,575,180	873,082
	Consolidated Profit for the year attributable to the Group		**120,893,915**	**99,902,039**
	Add : Balance in Profit and Loss Account brought forward from previous year		435,222,135	364,358,501
	Total		**556,116,050**	**464,260,540**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		21,431,800	17,412,100
	Transfer to Special Reserve u/s 45 IC of RBI Act, 1934		2,580,601	1,651,709
	Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		950,000	1,100,000
	Transfer to Debenture Redemption Reserve		65,000	118,000
	Transfer to Capital Reserve		94,700	145,000
	Transfer to Investment Fluctuation Reserve Account		4,000,000	8,206,596
	Dividend		2,189,625	405,000
	Balance carried over to Balance Sheet		524,804,324	435,222,135
	Total		**556,116,050**	**464,260,540**
V.	**EARNINGS PER SHARE [Refer Note 12 - Schedule 17]**			
	Basic (₹)		60.76	50.53
	Diluted (₹)		60.73	50.49
	Face value per share (₹)		5.00	5.00
Significant Accounting Policies and Notes to Accounts forming part of the Consolidated Financial Statements		17		
The schedules referred to above form an integral part of this Consolidated Profit and Loss Account				

As per our report of even date attached.

For and on behalf of the Board of Directors

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

Murad D. Daruwalla
Partner
Membership No. 043334

For Price Waterhouse LLP
Chartered Accountants
Firm Registration No. 301112E/E300264

Russell I Parera
Partner
Membership No. 042190

Mumbai
4th May, 2022

Prakash Apte
Chairman

Uday Kotak
Managing Director and
Chief Executive Officer

Dipak Gupta
Joint Managing Director

Uday Khanna
Director

Jaimin Bhatt
President and
Group Chief Financial Officer

Avan Doomasia
Senior Executive Vice President and
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2022

(₹ in thousands)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before share in profit / (loss) of Associates	119,318,735	99,028,957
Add: Provision for tax	40,164,275	32,654,415
Net Profit before taxes	**159,483,010**	**131,683,372**
Adjustments for :-		
Employee Stock Options Expense	314,383	18,223
Depreciation on Group's property	4,803,507	4,610,504
(Write back) in the value of Investments	(792,650)	(279,916)
(Profit) / Loss on revaluation of Investments (net)	2,700,205	(32,049,489)
Profit on sale of Investments (net)	(18,510,497)	(17,677,747)
Amortisation of Premium on Investments	5,613,196	4,275,065
Provision for Non Performing Assets, Standard Assets and Other Provisions	8,509,098	28,804,242
Profit on sale of Fixed assets	(264,297)	(386,560)
	161,855,955	**118,997,694**
Adjustments for :-		
(Increase) / Decrease in Investments - Available for Sale, Held for Trading and Stock-in-Trade	41,237,045	(302,721,243)
(Increase) in Advances	(535,265,591)	(43,732,780)
(Increase) in Other Assets	(27,904,685)	(39,444,597)
Increase in Deposits	312,154,820	184,712,031
Increase in Policyholders' Funds	85,952,750	105,626,982
Increase in Other Liabilities and Provisions	83,593,062	57,634,003
Sub-total	**(40,232,599)**	**(37,925,604)**
Direct Taxes Paid	**(37,443,422)**	**(32,260,778)**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**84,179,934**	**48,811,312**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(6,697,695)	(3,685,902)
Sale of Fixed assets	364,430	684,491
(Increase) in Other Investments (including investments in HTM securities)	(104,510,692)	(108,159,952)
NET CASH FLOW (USED IN) INVESTING ACTIVITIES (B)	**(110,843,957)**	**(111,161,363)**

Consolidated Cash Flow Statement

for the year ended 31st March, 2022

(₹ in thousands)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Dividend paid including corporate dividend tax	(2,189,625)	(405,000)
Money received on issue of Equity Shares / exercise of stock options	3,585,634	78,437,487
Share issue expenses	(533)	(374,794)
Increase/(Decrease) in borrowings	74,093,636	(178,378,154)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)	**75,489,112**	**(100,720,461)**
Increase / (Decrease) in Foreign Currency Translation Reserve (D)	**663,553**	**(561,770)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**49,488,642**	**(163,632,282)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	477,166,201	640,798,483
(Refer Note below)		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	526,654,843	477,166,201
(Refer Note below)		
Note:		
Balance with banks in India in Other Deposit Accounts (As per Schedule 7 I (i) (b))	60,497,233	50,273,554
Balance with banks in India in Current Account (As per Schedule 7 I (i) (a))	4,662,792	2,969,795
Money at call and short notice in India with Banks (As per Schedule 7 I (ii) (a))	41,523,088	25,858,793
Money at call and short notice in India with Other Agencies (As per Schedule 7 I (ii) (b))	200,000,000	153,000,000
Cash in hand (As per Schedule 6 I)	17,640,231	14,895,619
Balance with RBI in Current Account (As per Schedule 6 II)	142,851,551	110,384,402
Balance with banks Outside India:		
(i) In Current Account (As per Schedule 7 II (i))	50,554,242	15,909,393
(ii) In Other Deposit Accounts (As per Schedule 7 II (ii))	8,925,706	103,874,645
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**526,654,843**	**477,166,201**

As per our report of even date attached.

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

Murad D. Daruwalla
Partner
Membership No. 043334

For Price Waterhouse LLP
Chartered Accountants
Firm Registration No. 301112E/E300264

Russell I Parera
Partner
Membership No. 042190

Mumbai
4th May, 2022

For and on behalf of the Board of Directors

Prakash Apte
Chairman

Uday Kotak
Managing Director and Chief Executive Officer

Dipak Gupta
Joint Managing Director

Uday Khanna
Director

Jaimin Bhatt
President and Group Chief Financial Officer

Avan Doomasia
Senior Executive Vice President and Company Secretary

Schedules

Forming part of Consolidated Balance Sheet as at 31st March, 2022

SCHEDULE 1 - CAPITAL

(₹ in thousands)

	As at 31st March, 2022	As at 31st March, 2021
Authorised Capital		
2800,000,000 Equity Shares of ₹ 5/- each	14,000,000	14,000,000
(31st March, 2021: 2800,000,000)		
1000,000,000 Perpetual Non Cumulative Preference Shares of ₹ 5/- each	5,000,000	5,000,000
(31st March, 2021: 1000,000,000)		
	19,000,000	**19,000,000**
Issued, Subscribed and Paid-up Capital		
1984,661,760 Equity Shares of ₹ 5/- each (31st March, 2021: 1981,835,668) fully paid-up (Refer Note 3 - Schedule 17)	9,923,309	9,909,178
1000,000,000 Perpetual Non Cumulative Preference Shares of ₹ 5/- each	5,000,000	5,000,000
(31st March, 2021: 1000,000,000) fully paid-up		
Total	**14,923,309**	**14,909,178**

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in thousands)

		As at 31st March, 2022	As at 31st March, 2021
I.	**Statutory Reserve**		
	Opening Balance	99,537,883	82,125,783
	Add: Transfer from Profit and Loss Account	21,431,800	17,412,100
	Total	**120,969,683**	**99,537,883**
II.	**Capital Reserve**		
	Opening Balance	3,427,286	3,282,286
	Add: Transfer from Profit and Loss Account	94,700	145,000
	Total	**3,521,986**	**3,427,286**
III.	**General Reserve**		
	Opening Balance	6,540,937	6,540,937
	Total	**6,540,937**	**6,540,937**
IV.	**Securities Premium Account**		
	Opening Balance	246,745,777	169,001,781
	Add: Received during the year (Refer Note 3 - Schedule 17)	3,594,411	78,118,790
	Less: Utilised for Share Issue Expenses	533	374,794
	Total	**250,339,655**	**246,745,777**
V.	**Special Reserve under Section 45IC of the RBI Act, 1934**		
	Opening Balance	15,721,646	14,069,937
	Add: Transfer from Profit and Loss Account	2,580,601	1,651,709
	Total	**18,302,247**	**15,721,646**
VI.	**Capital Reserve on Consolidation**		
	Opening Balance	1,475,671	1,475,671
	Total	**1,475,671**	**1,475,671**
VII.	**Foreign Currency Translation Reserve**		
	(Refer Note 2(G)(viii) and (xii)- Schedule 17)		
	Opening Balance	2,716,736	3,278,506
	Increase / (Decrease) during the year	663,553	(561,770)
	Total	**3,380,289**	**2,716,736**
VIII.	**Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961**		
	Opening Balance	6,842,000	5,742,000
	Add: Transfer from Profit and Loss Account	950,000	1,100,000
	Total	**7,792,000**	**6,842,000**
IX.	**Investment Fluctuation Reserve**		
	Opening Balance	13,746,850	5,540,254
	Add: Transfer from Profit and Loss Account	4,000,000	8,206,596
	Total	**17,746,850**	**13,746,850**
X	**Capital Redemption Reserve**		
	Opening Balance	101,800	101,800
	Total	**101,800**	**101,800**
XI.	**Amalgamation Reserve**		
	Opening Balance	1,224,046	1,224,046
	Total	**1,224,046**	**1,224,046**
XII.	**Investment Allowance (Utilised) Reserve**		
	Opening Balance	500	500
	Total	**500**	**500**
XIII.	**Debenture Redemption Reserve**		
	Opening Balance	152,000	34,000
	Add: Transfer from Profit and Loss Account	65,000	118,000
	Total	**217,000**	**152,000**
XIV.	**Balance in the Profit and Loss Account**	524,804,324	435,222,135
	Total (I to XIV)	**956,416,988**	**833,455,267**

SCHEDULE 3 - DEPOSITS

(₹ in thousands)

	As at 31st March, 2022	As at 31st March, 2021
A.		
I. Demand Deposits		
i. From Banks	3,504,995	3,560,326
ii. From Others	631,711,381	510,655,843
Total	**635,216,376**	**514,216,169**
II. Savings Bank Deposits	1,244,721,650	1,172,257,389
III. Term Deposits		
i. From Banks	6,492,720	2,697,369
ii. From Others	1,214,438,182	1,099,543,181
Total	**1,220,930,902**	**1,102,240,550**
Total Deposits (I to III)	**3,100,868,928**	**2,788,714,108**
B.		
I. Deposits of Branches in India	3,099,240,547	2,786,443,226
II. Deposits of Branches Outside India	1,628,381	2,270,882
Total Deposits (I + II)	**3,100,868,928**	**2,788,714,108**

SCHEDULE 4 - BORROWINGS

(₹ in thousands)

	As at 31st March, 2022	As at 31st March, 2021
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	225,304,155	182,840,744
(iii) Other Institutions and Agencies (Refer Note 14 - Schedule 17)	274,229,881	236,979,489
Total	**499,534,036**	**419,820,233**
II. Borrowings outside India		
Banks and Other Institutions	51,948,614	57,568,781
Total	**51,948,614**	**57,568,781**
Total Borrowings (I + II)	**551,482,650**	**477,389,014**
Secured Borrowings (other than CBLO and Repo Borrowings included in I above)	**161,988,704**	**141,685,340**

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in thousands)

	As at 31st March, 2022	As at 31st March, 2021
I. Bills Payable	33,086,059	23,965,426
II. Interest Accrued	8,881,264	14,082,634
III. Provision for tax (net of advance tax and tax deducted at source)	6,820,943	5,285,393
IV. Standard Asset provision	15,516,212	11,321,066
V. Others (including provisions) (Refer Note 4, 7 and 23 - Schedule 17)	270,001,761	198,683,348
Total	**334,306,239**	**253,337,867**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in thousands)

	As at 31st March, 2022	As at 31st March, 2021
I. Cash in hand (including foreign currency notes)	17,640,231	14,895,619
II. Balances with RBI in Current Account	142,851,551	110,384,402
Total	**160,491,782**	**125,280,021**

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

(₹ in thousands)

	As at 31st March, 2022	As at 31st March, 2021
I. In India		
(i) Balances with Banks		
(a) In Current Accounts	4,662,792	2,969,795
(b) In Other Deposit Accounts (Refer Note 5 - Schedule 17)	60,497,233	50,273,554
Total	**65,160,025**	**53,243,349**
(ii) Money at Call and Short Notice		
(a) With Banks	41,523,088	25,858,793
(b) With Other Institutions	200,000,000	153,000,000
Total	**241,523,088**	**178,858,793**
Total (i + ii)	**306,683,113**	**232,102,142**
II. Outside India		
(i) In Current Accounts	50,554,242	15,909,393
(ii) In Other Deposit Accounts	8,925,706	103,874,645
Total (i + ii)	**59,479,948**	**119,784,038**
Total (I + II)	**366,163,061**	**351,886,180**

SCHEDULE 8 - INVESTMENTS

(₹ in thousands)

	As at 31st March, 2022	As at 31st March, 2021
I. Investments in India in [Refer Note 6 - Schedule 17]		
i. Government Securities	1,057,532,945	1,121,204,894
ii. Other approved Securities	-	-
iii. Shares	181,165,478	141,064,596
iv. Debentures and Bonds	286,881,055	213,333,739
v. Associates*	13,075,175	11,534,446
vi. Others [Units, Certificate of Deposits (CD), Commercial Paper (CP), Security Receipts, Pass Through Certificates (PTC), Alternate Asset and Other similar funds]	82,643,757	71,324,769
Total	**1,621,298,410**	**1,558,462,444**
II. Investments Outside India in		
i. Government Securities	4,158,642	3,069,277
ii. Shares	12,471	12,471
iii. Debentures and Bonds	19,078,782	7,326,076
iv. Others [Venture, Private Equity and other similar funds]	745,762	585,226
Total	**23,995,657**	**10,993,050**
Total Investments (I + II)	**1,645,294,067**	**1,569,455,494**
*** Investment in Associates**		
Equity Investment in Associates	1,247,777	1,247,777
Add: Goodwill on acquisition of Associates	4,962	4,962
Less: Provision for diminution	4,857	3,906
Less: Capital reserve on Consolidation (Share of pre-acquisition profits)	3,375	3,375
Less: Proceeds from Voluntary Liquidation (Refer Note 27 - Schedule 17)	33,500	-
Cost of Investment in Associates	**1,211,007**	**1,245,458**
Add: Post-acquisition profit / (loss) and Reserve of Associates (Equity method)	11,864,168	10,288,988
Total	**13,075,175**	**11,534,446**

SCHEDULE 9 - ADVANCES

(₹ in thousands)

		As at 31st March, 2022	As at 31st March, 2021
A.	(i) Bills purchased and discounted#	67,871,000	85,500,483
	(ii) Cash Credits, Overdrafts and Loans repayable on demand	930,012,423	767,945,275
	(iii) Term Loans	2,046,852,532	1,668,251,769
	Total	**3,044,735,955**	**2,521,697,527**
	# Bills purchased and discounted is net of bills rediscounted ₹ 2,792.10 crore (previous year Nil)		
B.	(i) Secured by tangible assets*	2,280,240,957	1,880,609,723
	(ii) Covered by Bank / Government guarantees	117,842,801	121,557,707
	(iii) Unsecured	646,652,197	519,530,097
	Total	**3,044,735,955**	**2,521,697,527**
	** including advances secured against book debts*		
C. I	**Advances in India**		
	(i) Priority Sector	1,245,186,615	903,508,152
	(ii) Public Sector	1,431,818	3,184,858
	(iii) Banks	18,156	6,597
	(iv) Others	1,754,103,272	1,582,052,207
	Total	**3,000,739,861**	**2,488,751,814**
C. II	**Advances outside India**		
	(i) Due from banks	-	-
	(ii) Due from others		
	a) Bills purchased and discounted	-	-
	b) Syndicated and term loans	43,996,094	32,945,713
	c) Others	-	-
	Total	**43,996,094**	**32,945,713**
	Grand Total (C.I and C.II)	**3,044,735,955**	**2,521,697,527**

SCHEDULE 10 - FIXED ASSETS

(₹ in thousands)

		As at 31st March, 2022	As at 31st March, 2021
A.	**Premises (including land)**		
	Gross Block		
	At cost on 31st March of the preceding year	11,332,150	11,629,873
	Add: Additions during the year	4,948	-
	Less: Deductions during the year	18,823	297,723
	Total	**11,318,275**	**11,332,150**
	Depreciation		
	As at 31st March of the preceding year	2,181,752	2,065,478
	Add: Charge for the year	187,047	188,885
	Less: Deductions during the year	8,127	72,611
	Depreciation to date	**2,360,672**	**2,181,752**
	Net Block	**8,957,603**	**9,150,398**
B.	**Other Fixed Assets (including furniture and fixtures)**		
	Gross Block		
	At cost on 31st March of the preceding year	33,513,678	31,827,490
	Add: Additions during the year	6,593,380	3,700,435
	Less: Deductions during the year	2,364,508	2,014,247
	Total	**37,742,550**	**33,513,678**
	Depreciation		
	As at 31st March of the preceding year	25,419,434	22,939,243
	Add: Charge for the year	4,616,460	4,421,619
	Less: Deductions during the year	2,275,071	1,941,428
	Depreciation to date	27,760,823	25,419,434
	Net Block (Refer Note 24 - Schedule 17)	**9,981,727**	**8,094,244**

(₹ in thousands)

		As at 31st March, 2022	As at 31st March, 2021
C.	**Leased Fixed Assets**		
	Gross Block		
	At cost on 31st March of the preceding year	1,540,585	1,540,585
	Add: Additions during the year	-	-
	Less: Deductions during the year	-	-
	Total	**1,540,585**	**1,540,585**
	Depreciation		
	As at 31st March of the preceding year	1,383,601	1,383,601
	Add: Charge for the year	-	-
	Less: Deductions during the year	-	-
	Depreciation to date	**1,383,601**	**1,383,601**
	Net Block	**156,984**	**156,984**
	Total (A) + (B) + (C)	**19,096,314**	**17,401,626**

SCHEDULE 11 - OTHER ASSETS

(₹ in thousands)

		As at 31st March, 2022	As at 31st March, 2021
I.	Interest accrued	46,216,479	43,421,443
II.	Advance tax (net of provision for tax)	206,426	255,827
III.	Stationery and stamps	114,328	78,651
IV.	Cheques in course of collection	8,060	8,018
V.	Non Banking assets acquired in satisfaction of claims	-	-
VI.	Others (Refer Note 4 and 23 - Schedule 17)*	174,515,076	150,919,856
	Total	**221,060,369**	**194,683,795**

** Deposits placed with NABARD / SIDBI ₹ 5,572.40 crore (previous year ₹ 6,314.51 crore)*

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in thousands)

		As at 31st March, 2022	As at 31st March, 2021
I.	Claims not acknowledged as debts	8,693,759	17,309,832
II.	Liability on account of outstanding forward exchange contracts	1,575,022,126	1,014,448,537
III.	Guarantees on behalf of constituents		
	i) In India	237,436,367	229,843,917
	ii) Outside India	112,972	109,695
IV.	Acceptances, Endorsements and Other Obligations	232,694,713	158,797,456
V.	Other items for which the Group is contingently liable:		
	i) Liability in respect of interest rate, currency swaps and forward rate agreements	636,652,131	510,085,899
	ii) Liability in respect of other derivative contracts	37,911,545	71,162,179
	iii) Capital commitments not provided	13,213,233	18,538,126
	iv) Unclaimed customer balances*	3,029,995	2,604,883
	Total	**2,744,766,841**	**2,022,900,524**

** includes amount transferred to RBI DEA Fund Scheme*

SCHEDULE 13 - INTEREST EARNED

(₹ in thousands)

		For the year ended 31st March, 2022	For the year ended 31st March, 2021
I.	Interest / discount on advances / bills (Refer Note 9 - Schedule 17)	226,033,185	216,205,291
II.	Income on investments	95,950,179	92,749,669
III.	Interest on balances with RBI and other inter-bank funds	10,043,788	14,809,129
IV.	Others	5,376,808	4,434,217
	Total	**337,403,960**	**328,198,306**

SCHEDULE 14 - OTHER INCOME

(₹ in thousands)

		For the year ended 31st March, 2022	For the year ended 31st March, 2021
I.	Commission, exchange and brokerage	77,191,461	56,917,075
II.	Profit on sale of Investments (net)	18,510,497	17,677,747
III.	Profit / (Loss) on revaluation of investments (net) (Refer Note 8.A - Schedule 17)	(2,700,205)	32,049,489
IV.	Profit on sale of building and other assets (net)	264,297	386,560
V.	Profit on exchange on transactions (net) (including derivatives)	19,042,447	9,796,802
VI.	Premium on Insurance business	133,393,885	113,673,954
VII.	Profit on recoveries of non-performing assets acquired	1,794,608	1,720,909
VIII.	Miscellaneous Income	5,609,104	3,654,228
	Total	**253,106,094**	**235,876,764**

SCHEDULE 15 - INTEREST EXPENDED

(₹ in thousands)

		For the year ended 31st March, 2022	For the year ended 31st March, 2021
I.	Interest on Deposits	92,766,562	100,853,643
II.	Interest on RBI / Inter-Bank Borrowings	10,472,868	12,714,372
III.	Others (Refer Note 15 - Schedule 17)	12,293,482	16,097,469
	Total	**115,532,912**	**129,665,484**

SCHEDULE 16 - OPERATING EXPENSES

(₹ in thousands)

		For the year ended 31st March, 2022	For the year ended 31st March, 2021
I.	Payments to and provision for employees (Refer Note 4 and 13 - Schedule 17)	71,409,320	58,556,999
II.	Rent, taxes and lighting (Refer Note 18 - Schedule 17)	8,088,815	7,701,167
III.	Printing and Stationery	1,297,870	820,355
IV.	Advertisement, Publicity and Promotion	4,844,577	3,395,948
V.	Depreciation on Group's property	4,803,507	4,610,504
VI.	Directors' fees, allowances and expenses	64,910	54,302
VII.	Auditors' fees and expenses*		
	Statutory Audit fees	103,671	85,276
	Other Matters	6,466	13,929
VIII.	Law Charges	397,042	550,548
IX.	Postage, telephones etc.	3,413,754	2,335,411
X.	Repairs and maintenance	8,151,752	6,495,436
XI.	Insurance	3,574,830	3,233,275
XII.	Travel and Conveyance	1,126,517	829,425
XIII.	Professional Charges	11,431,492	7,722,302
XIV.	Brokerage	10,303,052	6,439,496
XV.	Stamping Expenses	1,045,940	1,267,849
XVI.	Policyholders' Reserves	88,629,406	106,806,165
XVII.	Insurance Business Expenses (claims and benefits paid)	61,846,541	43,567,503
XVIII.	Other Expenditure	27,238,222	19,715,998
	Total	**307,777,684**	**274,201,888**

** The audit fees is aggregate of statutory audit fees of Kotak Mahindra Bank Limited and its subsidiaries. Of the above ₹ 3.87 crore (previous year ₹ 2.48 crore) has been paid to the statutory auditors of the Bank, of which ₹ 0.20 crore is subject to shareholder's approval at AGM. This does not include ₹ Nil (previous year ₹ 0.72 crore) paid towards QIP issuance, which has been adjusted against Securities Premium Account.*

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL:

OVERVIEW

Kotak Mahindra Bank Limited ('the Bank' or 'KMBL'), together with its subsidiaries (collectively, 'the Group'), is a diversified financial services group providing a wide range of banking and financial services including Consumer Banking, Commercial Banking, Treasury and Corporate Banking, Investment Banking, Stock Broking, Vehicle Finance, Advisory Services, Asset Management, Life Insurance and General Insurance. The Bank set up and commenced operations in May 2016, at its International Financial Services Center Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat. The Bank has commenced operations in October 2019 at its first overseas branch at the Dubai International Financial Centre (DIFC), Dubai, UAE.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 (AS-21), "Consolidated Financial Statements". Investment in Associates are accounted by the Group under the equity method in accordance with Accounting Standard 23 (AS-23), "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 and the relevant provisions of the Companies Act, 2013 as amended from time to time. The Bank consolidates entities in which it holds, directly or indirectly through subsidiaries, more than 50% of the voting rights or where it exercises control, on a line by line basis by adding together like items of assets, liabilities, income and expenses in accordance with AS-21. The Goodwill or Capital Reserve on consolidation represents the difference between the Group's share in the networth of the subsidiary and the cost of acquisition at the time of making investment in the subsidiary. Intragroup balances, intragroup transactions and resulting unrealised profits, if any, are eliminated in full. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered. Goodwill on consolidation is not amortised. Assessment is done at each balance sheet date as to whether there is any indication that goodwill may be impaired.

Minority interest representing the part of net results of operations and of the net assets of subsidiary attributable to interests not owned directly or indirectly through subsidiaries is presented separately from liabilities and the equity. Further, the Group accounts for investments in entities where it holds 20% to 50% of the voting rights or exercises significant influence by the equity method of accounting in accordance with AS-23. The financial statements of the subsidiaries and associates used in consolidation are drawn up to the same reporting date as that of the holding Company i.e. 31st March, 2022.

a. The list of subsidiaries is as under:

Name of the Subsidiary	Country of Origin	% Shareholding of Group (31st March, 2022)	% Shareholding of Group (31st March, 2021)
Kotak Mahindra Prime Limited	India	100.00	100.00
Kotak Securities Limited	India	100.00	100.00
Kotak Mahindra Capital Company Limited	India	100.00	100.00
Kotak Mahindra Life Insurance Company Limited	India	100.00	100.00
Kotak Mahindra Investments Limited	India	100.00	100.00
Kotak Mahindra Asset Management Company Limited	India	100.00	100.00
Kotak Mahindra Trustee Company Limited	India	100.00	100.00
Kotak Mahindra (International) Limited	Mauritius	100.00	100.00
Kotak Mahindra (UK) Limited	UK	100.00	100.00
Kotak Mahindra, Inc.	USA	100.00	100.00
Kotak Investment Advisors Limited	India	100.00	100.00
Kotak Mahindra Trusteeship Services Limited	India	100.00	100.00
Kotak Infrastructure Debt Fund Limited	India	100.00	100.00
Kotak Mahindra Pension Fund Limited	India	100.00	100.00
Kotak Mahindra Financial Services Limited	UAE	100.00	100.00
Kotak Mahindra Asset Management (Singapore) PTE. Limited	Singapore	100.00	100.00
Kotak Mahindra General Insurance Company Limited	India	100.00	100.00
IVY Product Intermediaries Limited	India	100.00	100.00
BSS Microfinance Limited	India	100.00	100.00

b. As per AS-23, the Consolidated Financial Statements incorporate the audited results of the following associates except as indicated.

Name of the Associate	Country of Origin	% Shareholding of Group (31st March, 2022)	% Shareholding of Group (31st March, 2021)
Infina Finance Private Limited	India	49.99	49.99
Phoenix ARC Private Limited	India	49.90	49.90
ECA Trading Services Limited (Unaudited) (upto 18th December, 2021) (Refer Note 27)	India	20.00	20.00

2. ACCOUNTING METHODOLOGY AND SIGNIFICANT ACCOUNTING POLICIES:

A. ACCOUNTING METHODOLOGY

The Consolidated Financial Statements have been prepared on historical cost basis of accounting. The Group adopts the accrual method of accounting and historical cost convention unless stated otherwise. The Group has prepared these consolidated financial statements to comply in all material respects with the Accounting Standards notified under Section 133 and the relevant provisions of the Companies Act, 2013, guidelines issued by the Reserve Bank of India (RBI), Insurance Regulatory and Development Authority of India (IRDAI) from time to time as applicable and the generally accepted accounting principles prevailing in India. In case the accounting policies followed by consolidating entities are different from those followed by Bank, the same have been disclosed separately.

B. USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as at the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

SIGNIFICANT ACCOUNTING POLICIES

C. REVENUE RECOGNITION

a. Banking / Investing:

i. Interest income is recognised on accrual basis.

ii. Interest income in respect of retail advances {except in case of Kotak Mahindra Prime Limited (KMPL)} is accounted for by using the internal rate of return method to provide a constant periodic rate of return.

iii. Interest income on investments in Pass-Through-Certificates (PTCs) and loans bought out through the direct assignment route is recognised at their effective interest rate.

iv. KMPL accounts for vehicle finance income by using the internal rate of return method to provide a constant periodic rate of return after adjustment of brokerage expenses on the net investment outstanding on the contract. The volume-based incentives and brokerage are accounted as and when the said volumes are achieved. Income also includes gains made on termination of contracts.

v. Service charges, fees and commission income are recognised when due. The guarantee commission and letter of credit commission is recognised over the period of the guarantee and letter of credit respectively. Syndication / arranger fee is recognised as income as per the terms of engagement.

vi. Interest income on discounted instruments is recognised over the tenure of the instruments so as to provide a constant periodic rate of return.

vii. Upon an asset becoming non-performing assets (NPAs) the income accrued gets reversed, and is recognised only on realisation, as per the RBI guidelines. Penal interest is recognised as income on realisation other than on running accounts where it is recognised when due.

viii. Gain on account of securitisation of assets is amortised over the life of the securities issued in accordance with the guidelines issued by the RBI. Loss on account of securitisation of assets is recognised immediately in profit and loss account.

ix. Gain on account of assignment of assets on bilateral basis is recognised based on the difference between the book value of the assigned assets and sale consideration received.

x. Dividend income is accounted on an accrual basis when the right to receive the dividend is established.

xi. In respect of non-performing assets acquired from other Banks / FIs and NBFCs, collections in excess of the consideration paid at each asset level or portfolio level is treated as income in accordance with the RBI guidelines and clarifications.

xii. Fees received on sale of Priority Sector Lending Certificates is considered as Miscellaneous Income, while fees paid for purchase is recognised as expense under other expenses in accordance with the guidelines issued by the RBI.

b. Investment Banking:

i. Issue management fees and placement fees, underwriting commission and financial advisory fees are accounted on completion of milestones specified in the contract.

c. Life Insurance:

i. Premium (net of indirect tax) is recognised as income when it is due from policyholders except on unit linked policies, where the premium is recognised when associated units are created.

ii. In accordance with the terms of insurance policies, uncollected premium on lapsed policies is not recognised as income until revived.

iii. Top Up / Lump sum contributions are accounted as a part of the single premium.

iv. Income from unit linked policies, which include fund management fees, policy administration charges, mortality charges and other charges, if any, are recovered from the linked fund in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.

v. Reinsurance premium ceded is accounted on due basis at the time when related premium income is accounted in accordance with the terms and conditions of the relevant treaties with the reinsurer. Profit commission on reinsurance ceded is accounted as income in the year of final determination of profit. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

d. General Insurance:

i. Interest income is recognised on accrual basis. Accretion of discount and amortisation of premium relating to debt securities is recognised over the maturity period of such securities on a constant yield.

ii. Premium net of indirect tax (including reinsurance accepted) is recognised on commencement of the risk. In case of policies where payments are received in installment, the revenue is recognized at the time of receipt of installment. Premium earnings are recognised over the period of the policy or period of risk. Any revisions in premium amount are recognised in the year in which they occur and over the remaining period of the policy. Any subsequent cancellations of policies are recognised in the period in which they occur.

iii. Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium. Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the reinsurer.

iv. Proportional Reinsurance premium ceded is accounted on due basis at the time when related premium income is accounted for. Non-proportional reinsurance cost is accounted as per terms of the reinsurance arrangements. Any revisions in reinsurance premium ceded are recognised in the period in which it occur. On cancellation of policies, related reinsurance premium ceded are recognised in the same period in which it occur. Reinsurance inward acceptances are accounted for on the basis of reinsurance slips, accepted from the reinsurer.

v. In respect of policies booked where risk inception date is subsequent to the balance sheet date, the premium collected is presented in balance sheet as premium received in advance.

vi. Premium deficiency is recognised when sum of expected claim cost, related expenses and maintenance cost (related to claims handling) exceed related reserve for unexpired risk. It is recognised on an annual basis and at segment level for the insurance company viz., fire, marine and miscellaneous. Premium deficiency reserve is estimated and certified by the appointed actuary.

e. Broking:

i. Placement and other fee based income are accounted for on the basis of the progress of the assignment.

ii. Brokerage Income (net of indirect tax):

- On primary market subscription / mobilisation is accounted on receipt of intimation of allotment.
- On secondary market transaction is recognised upon completion of brokerage services to customers.

iii. Depository Fees (net of indirect tax), is recognised on accrual basis and as per terms agreed with the customers. Other charges recovered from secondary broking customers are recognised upon completion of services.

iv. Securities lending or borrowing fees are recognised on pro-rata basis over the tenure of the contract.

f. Asset Management and Advisory Services:

i. Investment management fees are recognised on rendering of services and are dependent on the net asset value and expenses as recorded by the schemes of the funds.

ii. Management fee (net of indirect tax) from venture funds, private equity funds and other similar funds is recognised on accrual basis at the rates specified in the investment management agreement from the date of initial closing of funds under management. Advisory fees (net of indirect tax) is recognised on accrual basis as per the terms of contract.

iii. Revenue from rendering of investment advisory business is recognised on a straight line basis over the period when services are rendered, which is in accordance with the terms of the mandate letters entered between the company and the high networth individual client.

iv. Portfolio advisory service fees are recognised on accrual basis in accordance with the terms of agreement.

v. Portfolio management service fees are recognised on accrual basis in accordance with the terms of agreement between the Company and the respective clients.

vi. Income on account of distribution from venture capital funds/ alternate investment fund is recognised on the receipt of the distribution letter or when right to receive is established.

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

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

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

DEPRECIATION / AMORTISATION

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

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

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

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

E. EMPLOYEE BENEFITS

i. Defined Benefit Plans:

Gratuity:

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

Pension:

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

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

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

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

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

ii. Defined Contribution Plans:

Provident Fund:

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

Superannuation Fund:

The Group makes contributions in respect of eligible employees, subject to a maximum of ₹ 0.01 crore per employee per annum to a fund administered by trustees and managed by Life Insurance companies. The Group recognises such contributions as an expense in the year when an employee renders the related service. The Group has no further obligations.

New Pension Scheme:

The Group contributes upto 10% of eligible employees' salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Group recognises such contributions as an expense in the year when an employee renders the related service.

DIFC Employee Workplace Savings Scheme (DEWS):

The Bank's branch in DIFC contributes up to 8.33% of eligible branch employees' salary per annum to the DIFC Employee Workplace Savings Scheme (DEWS). The Bank recognises such contributions as an expense in the year when an employee renders the related service. The Bank has no further obligation.

iii. **Compensated Absences: Other Long-Term Employee Benefits:**

The Group accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Group's obligation is determined using the projected unit credit method as at the balance sheet date. Actuarial gains or losses are recognised in the profit and loss account in the year in which they arise.

iv. **Other Employee Benefits:**

As per the Group policy, employees are eligible for an award after completion of a specified number of years of service with the Group. The obligation is measured at the balance sheet date on the basis of an actuarial valuation using the projected unit credit method.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include performance incentives.

F. INVESTMENTS

For the Bank:

1. **Classification:**

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) categories (hereinafter called "categories"). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines at the lower of the acquisition cost or carrying value and market value on the date of the transfer and depreciation, if any, on such transfer is fully provided.

Under each of these categories, investments are further classified under six groups (hereinafter called "group/ groups") - government securities, other approved securities, shares, debentures and bonds, investments in associates and other investments for the purposes of disclosure in the balance sheet.

The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities, except in the case of equity shares where 'Trade Date' accounting is followed.

Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities as on that date. Investments which the Bank intends to hold till maturity are classified as HTM securities in accordance with the RBI regulations. Investments which are not classified in either of the above two categories are classified under AFS category.

2. **Acquisition Cost:**

The cost of investments is determined on a weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission etc. paid at the time of acquisition of investments are recognised in profit and loss account.

3. **Disposal of investments:**

- **Investments classified as HFT or AFS** - Profit or loss on sale or redemption is recognised in the profit and loss account.
- **Investments classified as HTM** - Profit on sale or redemption of investments is recognised in the profit and loss account and is appropriated to capital reserve after adjustments for tax and transfer to statutory reserve. Loss on sale or redemption is recognised in the profit and loss account.

4. **Short Sale:**

The Bank undertakes short sale transactions in central government dated securities in accordance with the RBI guidelines. The short position is categorised under HFT category and netted off from investments in the balance sheet. The short position is marked to market and loss, if any, is charged to the profit and loss account while gain, if any, is ignored. Gain or loss on settlement of the short position is recognised in the profit and loss account.

5. **Valuation:**

The valuation of investments is performed in accordance with the RBI guidelines as follows:

a. **Investments classified as HTM** – These are carried at their acquisition cost. Any premium on acquisition of debt instruments / government securities is amortised over the balance maturity of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided.

b. **Investments classified as HFT or AFS** – Investments in these categories are marked to market and the net depreciation, if any, within each group is recognised in the profit and loss account. Net appreciation, if any, is ignored. Further, provision for other than temporary diminution is made at the individual security level. Except in cases where provision for other than temporary diminution is made, the book value of the individual securities is not changed as a result of periodic valuations.

c. The market or fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the market price of the scrip as available from the trades or quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared on Fixed Income Money Market and Derivatives Association of India (FIMMDA) website by Financial Benchmark India Private Limited (FBIL) as at the year end.

d. Treasury bills, exchange funded bills, commercial paper and certificate of deposits being discounted instruments, are valued at carrying cost.

e. Market value of units of mutual funds is based on the latest net asset value declared by the mutual fund.

f. Market value of investments where current quotations are not available are determined as per the norms prescribed by the RBI as under:

- In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to maturity for Government Securities as published by FIMMDA/ FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA/ FBIL is adopted for this purpose;
- In case of bonds and debentures (including PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by the RBI. Interest on such securities is not recognised in the profit and loss account until received;
- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet. In case the latest balance sheet is not available, the shares are valued at ₹ 1 per investee company;
- Units of Venture Capital Funds (VCF) held under AFS category where current valuations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF. Investment in unquoted VCF made after 23rd August, 2006 are categorised under HTM category for an initial period of three years and valued at cost as per the RBI guidelines. Such investments are required to be transferred to AFS thereafter;
- Security receipts are valued as per the NAV obtained from the issuing Asset Reconstruction Company or Securitisation Company or estimated recoverable value, whichever is lower.

g. Non-performing investments are identified and provision is made thereon based on the RBI guidelines. The provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the profit and loss account until realised.

h. **Repurchase and reverse repurchase transactions** – Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) are accounted as collateralised borrowing and lending transactions respectively. The difference between the consideration amount of the first leg and the second leg of the repo is recognised as interest income or interest expense over the period of the transaction.

For the Life Insurance Company:

a. Investments are recorded at cost on trade date which includes brokerage, transfer charges, transaction taxes as applicable, etc. but excludes pre-acquisition interest, if any and indirect tax on brokerage where input tax credit is being claimed.

b. Bonus entitlements are recognised as investments on the 'ex-bonus date'. Rights entitlements are recognised as investments on the 'ex-rights date'.

c. Gain / Loss on transfer or sale of securities is the difference between the transfer or sale price and the net amortised cost / carrying value which is computed on a weighted average basis as on the date of transfer or sale. Sale consideration for the purpose of realised gain / loss is net of brokerage and taxes, if any.

Valuation – Shareholders' Investments and non-linked policy-holders' investments

d. All debt securities are classified as "HTM" for the purpose of valuation and are accordingly recorded at historical cost (excluding interest paid, if any). Debt securities including government securities are stated at net amortised cost. Money market instruments are valued at historical cost subject to accretion of discount. The premium or discount, if any, on purchase of debt securities is amortised or accreted over the period to maturity on an internal rate of return basis.

e. Listed equity shares as at the balance sheet dates are stated at fair value being the quoted closing price on National Stock Exchange Limited (NSE). If an equity share is not listed or traded on NSE, then closing share price on BSE (formerly known as Bombay Stock Exchange) is used. Unlisted shares or shares awaiting listing are stated at historical cost subject to provision for diminution, if any. In case of Infrastructure Investment Trusts (InvIT), where market quote is not available for the last 30 days, the units shall be valued as per the latest NAV (not more than 6 months old) of the units published by the trust. All redeemable unlisted preference shares are classified as held to maturity and stated at historical cost.

In case of diminution in the value of investment as at the balance sheet date which is other than temporary, the amount of such diminution is recognised as an expense in the profit and loss account to the extent of difference between the remeasured fair value of the investment and its acquisition cost as reduced by any previous impairment loss recognised in profit and loss account. Any reversal of impairment loss is recognised in the profit and loss account.

f. Investments in mutual funds are valued at the latest NAV of the funds in which they are invested. Investments in Alternative Investment Funds are valued at the latest NAV.

The investment in Additional Tier 1 Bonds are valued at an applicable market yield rates provided by Credit Rating Information Services of India Limited (CRISIL) on the basis of CRISIL Bond Valuer.

g. Unrealised gains due to change in the fair value of the investments is taken to a fair value change account and is adjusted in the carrying value of investment. The unrealised loss due to change in the fair value of investments, other than due to reversal of the gains recognised in fair value change account, is recognised in the profit and loss account. The gain or loss on sale of investments includes the accumulated changes in the fair value change account.

h. Real estate investment property represents building held for investment purpose to earn rental income or for capital appreciation and is not occupied. Such investment property is initially valued at cost including any direct attributable cost. Investment in the real estate investment property is valued at historical cost plus revaluation, if any. Revaluation of the investment property is done at least once in three years. Any change in the carrying amount of the investment property is accounted to revaluation reserve forming part of "Reserves and Surplus". Impairment loss, if any, exceeding revaluation reserve is recognised as expense in the profit and loss account.

Unlisted units of Real Estate Investment Trusts (REIT) awaiting listing are stated at historical cost subject to provision for diminution, if any. Investment in units of REIT are valued at market value (last quoted price should not be later than 30 days). Where market quote is not available for the last 30 days, the units shall be valued as per the latest NAV (not more than 6 months old) of the units published by the trust.

i. Certain guaranteed products offered by the Life Insurance subsidiary assure the policy holders a fixed rate of return for premiums to be received in the future and the Life Insurance subsidiary is exposed to interest rate risk on account of re-investment of interest & principal maturities at future date & guarantee risk on premiums from already written policies. The Life Insurance subsidiary is following hedge accounting for all derivative transactions.

For derivatives which are designated as a cash flow hedge in a hedging relationship, hedge effectiveness is ascertained at the time of inception of the hedge and periodically.

- The portion of fair value gain / loss on interest rate derivative that is determined to be an effective hedge is recognized directly in policyholders' funds.
- The ineffective portion of the change in fair value of such instruments is recognized in profit and loss account in the period in which they arise.
- If the hedging relationship ceases to be effective or it becomes probable that the expected forecasted transaction will no longer occur, hedge accounting is discontinued and the cumulative gains or losses that were recognized earlier in balance sheet shall be reclassified to the profit and loss account in the same period or periods during which the hedged forecasted cash flows affect the profit and loss account.

Recognition of Derivatives in Balance Sheet

- Initial Recognition: All derivatives are initially recognized in the Balance sheet at their fair value, which usually represents their cost.
- Subsequent Recognition: All derivatives are subsequently re-measured at their fair value, with change in fair value is recognized as per hedge accounting principles. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

j. All assets where the interest and/or instalment of principal repayment remain overdue for more than 90 days at the balance sheet date are classified as NPA and provided for in the manner required by the IRDAI regulations in this regard.

Valuation – Unit linked Business

k. All Government securities, except treasury bills, held in linked business are valued at prices obtained from CRISIL. Debt securities other than government securities are valued on the basis of CRISIL bond valuer. The discount on purchase of treasury bills, certificate of deposit, commercial papers and triparty repo is accreted over the period to maturity on an internal rate of return basis. Listed shares and Exchange Traded Funds (ETF) are valued at fair value, being the last quoted closing price on the NSE (In case of securities not listed on NSE, the last quoted closing price on the BSE is used). Equity shares awaiting listing are stated at historical cost subject to provision for diminution, if any, in the value of such investments. Such diminution is determined separately for each individual investment. Unrealised gains and losses are recognised in the profit and loss account.

l. Mutual fund units are valued at the latest NAV of the fund in which they are invested.

m. All unlisted redeemable preference shares are considered as held to maturity and stated at historical cost.

n. Transfer of investments (other than debt securities) from Shareholders' fund to the Policyholders' fund is at book value or market price, whichever is lower. Transfer of debt securities from Shareholders' to Policyholders' fund is transacted at the lower of net amortised cost or market value. Transfers of investments between unit-linked funds are done at prevailing market price.

For General Insurance Company:

a. Investments are recorded at cost and include brokerage, transfer charges, stamps etc., and exclude pre acquisition interest, if any.

b. Debt securities and non-convertible preference shares are considered as 'HTM' and stated at historical cost adjusted for amortisation of premium or accretion of discount determined on constant yield to maturity basis over the holding / maturity period.

c. Mutual fund units are stated at their NAV as at the balance sheet date. Any unrealised gain / loss is accounted for under fair value change account and is included in the carrying value of investment. In case of any net mark to market loss, the additional provision to the extent of the loss in fair value change account on the balance sheet date is recognised in profit and loss account.

d. Gain / loss on transfer or sale of securities is the difference between the transfer or sale price and the net amortised cost / carrying value which is computed on a weighted average cost basis as on the date of transfer or sale. Sale consideration for the purpose of realised gain / loss is net of brokerage and taxes, if any.

e. The realised gain or loss on mutual funds is the difference between sale consideration and carrying cost as on the date of sale, determined on a weighted average cost basis. Any unrealised gain or loss in respect of mutual funds are recognised in 'fair value change account' in balance sheet and are included in the carrying value of investment.

For other entities:

Investments, other than stock-in-trade are classified into long term investments and current investments in accordance with Accounting Standard 13 (AS-13) "Accounting for Investments". Investments, which are intended to be held for more than one year from the date, on which the investments are made, are classified as long term investments and investments, which are intended to be held for less than one year from the date, on which the investments are made, are classified as current investments. Long term investments are carried at cost and provision for diminution in value is made to recognise a decline other than temporary in the value of investment, such reduction being determined and made for each investment individually. The fair value of PTC is determined based on the yield to maturity for government securities as published by FIMMDA and suitably marked up for credit risk applicable to the credit rating of the instrument.

Current investments are valued at cost (calculated by applying weighted average cost method) or market/ fair value whichever is lower. In case of investments in units of a mutual fund, the NAV of units is considered as market or fair value. The securities acquired with the intention to trade are classified as Stock-in-Trade. Investments classified as "Stock-in-Trade" by some of the subsidiaries are valued at cost (calculated by applying weighted average cost method) or market price, whichever is lower determined by the category of investments. Brokerage, stamping and additional charges paid are included in the cost of investments. The profit or loss on sale of investments (including Stock-in-trade) is recognised on trade date in the profit and loss account.

G. FOREIGN CURRENCY AND DERIVATIVE TRANSACTIONS

For the Bank:

i. Foreign currency monetary assets and liabilities are translated as at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India (FEDAI) and the resultant gain or loss is accounted in the profit and loss account.

ii. Income and expenditure items are translated at the rates of exchange prevailing on the date of the transaction except for representative office (which are integral in nature) expenses, which are translated at the monthly average rate of exchange.

iii. Outstanding forward (other than deposit and placement swaps) and spot foreign exchange contracts outstanding at the balance sheet date are revalued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The forward profits or losses on the forward contracts are discounted using discount rates and the resulting profits or losses are recognised in the profit and loss account as per the regulations stipulated by the RBI.

iv. Foreign exchange swaps "linked" to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortised over the period of the swap and the same is recognised in the profit and loss account.

v. Contingent liabilities on account of letters of credit, bank guarantees and acceptances and endorsements outstanding as at the balance sheet date denominated in foreign currencies and other foreign exchange contracts are translated at year-end rates notified by FEDAI.

vi. Notional amounts of derivative transactions comprising of swaps, futures and options are disclosed as off balance sheet exposures. The Bank recognises all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the balance sheet date. Derivatives are classified as assets when the fair value is positive (positive marked to market) or as liabilities when the fair value is negative (negative marked to market). Changes in the fair value of derivatives other than those designated as hedges are recognised in the profit and loss account.

vii. Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument. Option premium paid or received is recognised in the profit and loss account on expiry of the option. Option contracts are marked to market on every reporting date.

viii. The financial statements of IBU and DIFC branch which are in the nature of non-integral overseas operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange during the year and (b) All assets and liabilities are translated at closing rate as at Balance sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus"

For other entities:

ix. On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount exchange rate between the reporting currency and the foreign currency at the date of the transaction.

x. Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate of exchange as at the balance sheet date.

xi. Exchange differences arising on settlement of the transaction and on account of restatement of monetary assets and liabilities are recognised in the profit and loss account. In case of items which are covered by forward exchange contracts entered to hedge the foreign currency risk, the difference between the year-end rate and the rate on the date of the contract is recognised as exchange difference in the profit and loss account and the premium paid or received on forward exchange contracts is amortised as expense or income over the life of the contract. Any profit or loss on cancellation or renewal of such a forward exchange contract is recognised in the profit and loss account.

xii. The financial statements of all subsidiaries incorporated outside India which are in the nature of non-integral foreign operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange applicable for the year and (b) All assets and liabilities are translated at the closing rate as at the balance sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus".

On the disposal / partial disposal of a non-integral foreign operation, the cumulative / proportionate amount of the exchange differences which has been accumulated in the foreign currency translation reserve and which relates to that operation are recognised as income or expenses in the same period in which gain or loss on disposal is recognised.

Currency/ Interest rate derivatives / Equity index / equity futures, equity index / equity options, embedded derivatives / other derivatives (Not designated as hedges):

xiii. Outstanding derivative contracts, including embedded derivatives, are measured at fair value as at each balance sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.

xiv. Initial Margin - Derivative Instrument representing the initial margin paid and / or additional margin paid over and above the initial margin, for entering into contracts for equity index / stock futures and equity index / stock options / other derivatives, which are released on final settlement / squaring–up of the underlying contracts, are disclosed under Other Assets. "Deposit for Marked to Market Margin - Derivative Instrument" representing the deposit paid in respect of marked to market margin is disclosed under other assets.

xv. On final settlement or squaring up of contracts for equity index / stock futures / other derivatives, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the profit and loss account and shown as profit on exchange transactions (net) (including derivatives).

xvi. On settlement or squaring up of equity index / stock options / other derivatives before expiry, the premium prevailing in option contracts on that date is recognised in the profit and loss account.

xvii. When more than one contract in respect of the relevant series of equity index / stock futures or equity index / stock options / other derivatives contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit or loss on squaring-up.

H. ADVANCES

Classification:

i. Advances are classified as performing and non-performing advances (NPAs) based on the RBI guidelines and are stated net of bills rediscounted, inter-bank participation with risk, specific provisions, interest in suspense for non-performing advances and claims received from Export Credit Guarantee Corporation, claims received under the emergency credit line guarantee scheme (ECLGS), provisions for funded interest term loan and provisions in lieu of diminution in the fair value of restructured assets. Also, NPAs are classified into sub-standard, doubtful and loss as required by the RBI guidelines. Interest on NPAs remaining uncollected is transferred to an interest suspense account and not recognised in the profit and loss account until received.

ii. Amounts paid for acquiring non-performing assets from other Banks and NBFCs are considered as advances. Actual collections received on such non-performing assets are compared with the cash flows estimated while purchasing the asset to ascertain over dues. If such over dues are in excess of 90 days, the Group classifies such assets into sub-standard, doubtful or loss as required by the RBI guidelines on purchase of non-performing assets.

For Bank and NBFC subsidiaries- Provisioning :

iii. Provision for non-performing assets comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines. In addition, the Bank and its NBFC subsidiaries consider accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provisions in respect of non-performing advances are charged to the profit and loss account. Any recoveries made in case of NPAs written off are recognised in the profit and loss account.

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

In accordance with the RBI guidelines, the Bank and its NBFC subsidiaries create general provision on standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, and gold at levels stipulated by the RBI from time to time. The Bank also creates additional standard asset provision for overseas step down subsidiaries of Indian corporates and standard provision at higher than the prescribed rates in respect of advances to stressed sectors as per the framework approved by Board of Directors. In case of frauds, the Bank and its NBFC subsidiaries makes provision for amounts it is liable for in accordance with the guidelines issued by the RBI.

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

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

vii. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020, 17th April, 2020 and 23rd May, 2020 and clarification issued by the RBI through Indian Bankers Association dated 6th May, 2020, the Bank and its NBFC subsidiaries have granted a moratorium on the payment of instalments and / or interest, as applicable, falling due between 1st March, 2020 and 31st August, 2020 ('moratorium period') to eligible borrowers classified as Standard, even if overdue, as on 29th February, 2020. In accordance with the RBI guidelines, the moratorium period, wherever granted, is excluded by the Bank and its NBFC subsidiaries from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. A general provision on the entire amount outstanding from borrowers who had an overdue on 29th February, 2020 and to whom moratorium was given is made by Bank and its NBFC subsidiaries. In accordance with the said guidelines, such accounts where moratorium has been granted are not considered as restructured.

Further in accordance with Resolution Framework for COVID-19 and Restructuring of Micro, Small and Medium Enterprises (MSME) sector advances both announced by the RBI on 6th August, 2020, 5th May 2021, the Bank and its NBFC subsidiaries have implemented one-time restructuring for certain eligible borrowers and such borrowers are classified as Standard in accordance with the above framework at the time of implementation.

In respect of borrowers restructured under the Resolution Framework – 1.0 and Resolution Framework 2.0 for COVID-19 related stress, the Bank and its NBFC subsidiaries holds provisions higher than the provisions as required by the RBI guidelines.

For other entities:

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

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

I. STRUCTURED LIABILITIES

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

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

J. LIABILITY FOR POLICIES

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

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

iii Linked liabilities comprise of unit liability representing fund value of policies and are shown as 'Policyholders' Funds'.

K. ACTUARIAL METHOD – LIFE INSURANCE

i Actuarial method and assumptions: The actuarial liabilities have been calculated by the appointed actuary in accordance with generally accepted actuarial principles, the requirements of the Insurance Act 1938 as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999 and the regulations framed thereunder, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2016, and other relevant regulations, orders/ directions issued by IRDAI in this regard and the prescribed guidance notes issued by the Institute of Actuaries of India. In respect of unit linked policies, a unit reserve equal to the value of units as at the balance sheet date and an additional non-unit reserve calculated on gross premium prospective valuation method is created. The method adopted for par policies (accumulation contracts) is the value of the accumulated fund and an additional non-unit reserve calculated on gross premium prospective valuation method. In respect of individual conventional business / Group business where premiums are guaranteed for more than one year, gross premium prospective method is used. Additional reserve on lapsed unit-linked policies is created and shown as 'Policyholders' Funds'.

ii The assumptions used in the gross premium valuation are based on best estimates together with appropriate margins for adverse deviations from experience. The principal assumptions are interest, inflation, return to policyholders' accounts, lapses, expenses, mortality and morbidity.

iii Reserves for group life one year renewable policies are calculated as the risk premium for the unexpired term with an allowance for expenses and a margin for adverse deviations. The actuarial liability for Group fund based is equal to account value as at valuation date plus a non-unit reserve to provide for expenses and mortality benefits.

iv Reserve for freelook cancellation is held to meet any premium refunds from policy freelook cancellations. The reserve held is equal to assumed probability of freelook cancellations.

v The Life Insurance subsidiary, on the basis of past available COVID-19 death experience and current pandemic situation along with vaccination drive across the country holds additional reserves which would be sufficient to meet any expected additional claims likely to emerge under the current COVID - 19 situation. Further, the Prudence in the Best Estimate (BE) mortality basis and Margins for Adverse deviation (MAD) will also help to meet expected additional claims due to COVID-19. The Life Insurance subsidiary reinsures mortality with an optimum level of retention on guaranteed premiums bases, with financially strong reinsurers. They also carry out resilience test on balance sheet and its impact on solvency margin.

L. RESERVE FOR UNEXPIRED RISK – GENERAL INSURANCE

Reserve for unexpired risk is recognised net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Group under contractual obligations over a contract period basis or period of risk, whichever is applicable. As per circular vide IRDA/F&A/CIR/CPM/056/03/2016 dated 4th April, 2016 such reserves are calculated on a pro-rata basis under 1/365 basis subject to 100% for marine hull business, on all unexpired policies at balance sheet date.

M. DISCOUNTED INSTRUMENTS

The liability is recognised at face value at the time of issuance of discounted instruments, less unexpired discount. The discount on the issue is amortised over the tenure of the instrument.

N. ACQUISITION COSTS OF INSURANCE CONTRACTS

Acquisition costs such as commission and medical fees are costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts. Such costs are recognised in the year in which they are incurred.

O. Securities lending and borrowing

The broking subsidiary enters into security lending and borrowing transaction which is accounted as below:

a. Initial margin and / or additional margin paid over and above the initial margin, for entering into contracts for equity shares which are released on final settlement / squaring – up of the underlying contracts, are disclosed under other assets.

b. On final settlement or squaring up of contracts for equity shares the realised profit or loss after adjusting the unrealised profit or loss already accounted, if any, is recognised in the profit and loss account.

P. BULLION

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale customers. The difference between the sale price to customers and actual price quoted by supplier is reflected under other income.

The Bank also borrows and lends gold, which is treated as borrowings or lending as the case may be in accordance with the RBI guidelines and the interest paid or received is classified as interest expense or income and is accounted on an accrual basis.

Q. TAXES ON INCOME

The income tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in India in respect of taxable income for the year in accordance with the Income Tax Act, 1961 enacted in India. Tax expenses relating to overseas subsidiaries are determined in accordance with the tax laws applicable in countries where such subsidiaries are domiciled.

Minimum Alternate Tax (MAT) paid in a year is charged to the profit and loss account as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e. the period over which MAT credit is allowed to be carried forward and is reviewed at each balance sheet date.

Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Deferred tax assets on account of timing differences are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of carry forward losses and unabsorbed depreciation, under tax laws, all the deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the profit and loss account in the period of the change. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Deferred tax assets and deferred tax liabilities are off set when there is legally enforceable right to set-off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws. Deferred tax assets and deferred tax liabilities across various entities are not set off against each other as the Group does not have a legal right to do so.

R. SEGMENT REPORTING

In accordance with guidelines issued by the RBI and Accounting Standard 17 (AS-17) on "Segment Reporting"; the Group's business has been segregated into the following segments whose principal activities are as under:

Segment	Principal activity
Treasury, BMU and Corporate centre	Money market, forex market, derivatives and investments and primary dealership of Government securities and Balance Sheet Management unit (BMU) responsible for Asset Liability Management and Corporate Centre which primarily comprises of support functions.
Retail Banking	Includes: **1. Lending** Commercial vehicle finance, personal loans, home loans, agriculture finance, other loans / services and exposures which fulfill the four criteria for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework". **2. Branch Banking** Retail borrowings covering savings, current and term deposit accounts and Branch Banking network and services including distribution of financial products. **3. Credit Cards** Receivables / loans relating to credit card business.
Corporate / Wholesale Banking	Wholesale borrowings and lendings and other related services to the corporate sector which are not included in Retail Banking.
Vehicle Financing	Retail vehicle finance and wholesale trade finance to auto dealers from its Subsidiary Company.
Other Lending Activities	Financing against securities, securitisation and other loans / services not included under Retail Banking and Corporate / Wholesale Banking from its Subsidiary Companies.
Broking	Brokerage income on market transactions done on behalf of clients, interest on delayed payments, distribution of financial products from its Subsidiary Company.
Advisory and Transactional Services	Providing financial advisory and transactional services such as mergers and acquisition advice and equity / debt issue management services from its Subsidiary Companies.
Asset Management	Management of funds and investments on behalf of clients and investment distribution (Cherry) from its Subsidiary Companies.
Insurance	Life and General Insurance business of its Subsidiary Companies.

A transfer pricing mechanism between segments has been established by Asset Liability Committee (ALCO) for allocation of interest cost to its segments based on borrowing costs, maturity profile of assets / liabilities etc. and which is disclosed as part of segment revenue.

Segment revenues consist of earnings from external customers and inter-segment revenue as stated above. Segment expenses consist of interest expenses including those allocated, operating expenses and provisions.

Segment results are net of segment revenue and segment expenses.

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth, minority interest and employees' stock option (grants outstanding), proposed dividend and dividend tax thereon.

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

S. EMPLOYEE SHARE BASED PAYMENTS

Equity-settled:

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The schemes provide for grant of options to employees of the Group to acquire the equity shares of the Bank that vest in cliff vesting or in a graded manner and that are to be exercised within a specified period.

RBI, vide its clarification dated 30th August, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments granted after the accounting period ending 31st March, 2021.

In accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the Guidance Note on "Accounting for Employee Share-based payments" issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method for all options granted on or before 31st March, 2021. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account.

The Bank and its subsidiaries have changed its accounting policy from intrinsic value method to fair value method for all share-linked instruments granted after 31st March, 2021 in accordance with the RBI guidance. The fair value of the option is estimated on the date of grant using Black-Scholes model and is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account.

The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense in "Payment to and provision for employee", equal to the amortised portion of the cost of lapsed option and credit to deferred employee compensation equal to the unamortised portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding account is transferred to General Reserve. The fair market price is the latest available closing price, preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

Where the terms of an equity–settled award are modified, the minimum expense recognised in 'Payments to and provision for employees' is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total intrinsic/ fair value of the share–based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Cash-settled:

The cost of cash-settled transactions, stock appreciation rights (SARs) having grant date on or before 31st March 2021 is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. Similar to Equity settled options, SARs granted after 31st March, 2021 are measured on fair value basis.

The intrinsic / fair value is amortised on a straight-line basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the vesting date with changes in intrinsic / fair value recognised in the profit and loss account in 'Payments to and provision for employees'.The SARs that do not vest because of failure to satisfy vesting conditions are reversed by a credit to employee compensation expense, equal to the amortised cost in respect of the lapsed portion.

T. CLAIMS / BENEFITS

In respect of Life Insurance subsidiary, benefits paid comprise of policy death benefit, maturity, surrenders, survival benefits, discontinuance and other policy related claims and change in the outstanding provision for claims at the year end. Claims by death and surrender are accounted when intimated. Survival benefits are accounted when due. Maturity claims are accounted on the date of maturity. Amounts recoverable from reinsurers are accounted for in the same period as the related claim. Repudiated claims disputed before judicial authorities are provided for, based on the best judgment of the management considering the facts and evidence in respect of each such claim. Withdrawals under unit-linked policies are accounted in respective schemes when the associated units are cancelled. Death claim benefit includes specific claim settlement costs wherever applicable.

In respect of General Insurance subsidiary, claims incurred includes claims paid net of reinsurance recovery and salvage value retained by the insured, change in loss reserve during the period, change in claims incurred but not reported (IBNR) & change in claims incurred but not enough reported (IBNER). Claims incurred also include survey fees, legal fees and other expenses directly attributable to claim cost. Claims are recognised as and when intimation of it is received and provision is determined (net of reinsurance recovery) by the management on the best estimate of claims likely to be paid based on survey reports, based on information received from various sources and from past experience.

Any subsequent information may result in revision of likely amount of final claim payment and accordingly provision for outstanding claims gets restated.

Estimated liability for IBNR and IBNER has been estimated by the appointed actuary in compliance with the relevant regulations and guidelines issued by IRDAI and the same is duly certified by the appointed actuary.

U. LOSS ON SALE OF ADVANCES TO ASSET RECONSTRUCTION COMPANY

Loss on sale of advances sold to Asset Reconstruction Company is recognised immediately in the profit and loss account.

V. SECURITISATION

The Group enters into purchase/ sale of corporate and retail loans through direct assignment/ Special Purpose Vehicles (SPVs). In most cases, post securitisation, the Group continues to service the loans transferred to the SPV. The Group also provides credit enhancement in the form of cash collaterals and / or by subordination of cash flows to senior PTCs holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Group, appropriate provision / disclosure is made at the time of sale in accordance with Accounting Standard 29, (AS-29) "Provisions, Contingent Liabilities and Contingent Assets".

In accordance with the RBI guidelines on Securitisation of Standard Assets dated 24th September 2021, the profit, loss or premium on account of securitisation of assets at the time of sale is computed as the difference between the sale consideration and the book value of the securitised asset. Any resultant profit, loss or premium realised on account of securitisation is recognised to the Profit and Loss Account in the period in which the sale is completed.

W. LEASES

As Lessee:

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

As Lessor:

Leases where the Group has substantially retained all the risks and rewards of ownership are classified as operating leases and included in fixed assets. Lease income is recognised in the profit and loss account on a straight-line basis over the lease term.

Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognised as expense immediately in the profit and loss account.

In respect of leases of tangible assets where the Group has substantially transferred all the risks and rewards incidental to legal ownership, such leases are classified as finance leases. Such assets are recognised as a receivable at an amount equal to the net investment in the lease. The lease payment is apportioned between finance income and the repayment of principle i.e. the net investment in the lease.

X. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Group recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are measured based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Group does not expect the outcome of these contingencies to have a materially adverse effect on its financial results. Contingent assets are neither recognised nor disclosed in the financial statements.

The Bank estimates the liability for credit card reward points and cost per point using actuarial valuation conducted by an independent actuary, which includes assumptions such as mortality, redemption and spends.

Y. SCHEME EXPENSES

New fund offer expenses and other expenses not chargeable to schemes, in accordance with applicable circulars and guidelines issued by SEBI and Association of Mutual Funds in India (AMFI) are borne by the Asset Management Company of the Group. Brokerage paid for close ended schemes before 22nd October, 2018 circular issued by SEBI in relation to upfront brokerage are amortised by the Asset Management Company of the Group over the tenor of each scheme on a straight line basis

Z. CONTRIBUTION TO TERRORISM POOL

In accordance with the requirements of IRDAI, the General Insurance subsidiary, together with other insurance companies, participated in the Terrorism Pool. This Pool is managed by General Insurance Corporation of India (GIC). In accordance with the terms of the agreement, GIC retro cedes, to the Group, terrorism premium to the extent of shares agreed to be borne by the Group in the risk which is recorded as reinsurance accepted. Such Insurance accepted is recorded based on quarterly confirmation received from GIC. Reinsurance accepted on account of Terrorism Pool is recorded based on statement received from GIC.

The entire amount of reinsurance accepted for the current year on this account, net of claims and expenses up to the above date, is carried forward to the subsequent accounting period as changes in unearned premium for subsequent risks, if any, to be borne by the Group.

AA. CONTRIBUTION TO SOLATIUM FUND

As per the requirements of IRDAI, the General Insurance subsidiary provides for contribution to solatium fund at 0.10% on the gross direct premium of motor third party policies.

AB. SHARE ISSUE EXPENSES

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

AC. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and stock split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

AD. IMPAIRMENT

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. Impairment loss, if any, is recognised in the profit and loss account to the extent carrying amount of assets exceeds their estimated recoverable amount.

AE. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise Cash in hand, Balances with Reserve Bank of India and Balances with Banks and Money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

NOTES TO ACCOUNTS

3. CAPITAL ISSUANCE

The Bank on 31st May, 2020, had concluded a Qualified Institutions Placement (QIP) of 65,000,000 equity shares at a price of ₹ 1,145 per equity share aggregating to ₹ 7,442.50 crore. Accordingly, share capital increased by ₹ 32.50 crore and share premium increased by ₹ 7,372.72 crore which is net of share issue expenses of ₹ 37.28 crore.

4. EMPLOYEE BENEFITS

a. The Group has recognised the following amounts in the profit and loss account towards contributions to provident fund and other funds.

(₹ in crore)

	Year Ended	
	31st March, 2022	31st March, 2021
Provident Fund	265.67	207.67
Superannuation Fund	1.63	1.71
New Pension Fund	10.47	8.17
DIFC Employee Workplace Savings Scheme (DEWS)	0.67	0.61

b. The gratuity plan provides a lumpsum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Group subject to a maximum of ₹ 0.20 crore. There is no ceiling on gratuity payable to directors and certain categories of employees subject to service regulations and service awards.

c. Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below.

(₹ in crore)

	As at 31st March, 2022		As at 31st March, 2021	
	Funded	Unfunded	Funded	Unfunded
Change in benefit obligations				
Liability as at the beginning of the year	610.16	7.98	552.47	6.60
Transfer from Unfunded to Funded	-	-	-	-
Current Service cost	78.30	1.35	73.37	1.14
Interest cost	38.96	0.54	36.45	0.46
Actuarial (gain) / loss on obligations	25.14	1.07	21.50	0.56
Past Service cost	-	-	-	-
Liabilities assumed on acquisition / (settled on divestiture)	(0.57)	0.48	0.22	(0.26)
Benefits paid	(110.65)	(1.06)	(73.85)	(0.52)
Liability as at the end of the year	**641.34**	**10.36**	**610.16**	**7.98**
Change in plan assets				
Fair value of plan assets as at the beginning of the year	666.73	-	498.16	-
Expected return on plan assets	42.98	-	36.69	-
Actuarial Gain / (loss)	38.57	-	65.24	-
Benefits paid	(110.65)	(1.06)	(73.85)	(0.52)
Employer contributions	67.16	1.06	140.49	0.52
Fair value of plan assets as at the end of the year	**704.79**	**-**	**666.73**	**-**

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

(₹ in crore)

	As at 31st March, 2022		As at 31st March, 2021	
	Funded	Unfunded	Funded	Unfunded
Fair value of plan assets as at the end of the year	704.79	-	666.73	-
Liability as at the end of the year	641.34	10.36	610.16	7.98
Net Asset / (Liability) included in "Others" under "Other Assets"/ "Other Liabilities"	**63.45**	**(10.36)**	**56.57**	**(7.98)**
Expenses recognised for the year				
Current service cost	78.30	1.35	73.37	1.14
Interest cost	38.96	0.54	36.45	0.46
Expected return on plan assets	(42.98)	-	(36.69)	-
Actuarial (gain) / loss	(13.43)	1.07	(43.74)	0.56
Past Service Cost	-	-	-	-
Effect of the limit in Para 59(b)	-	-	-	-
Net gratuity expense recognised in Schedule 16.I	**60.85**	**2.96**	**29.39**	**2.16**
Actual return on plan assets	**81.54**	**-**	**101.92**	**-**

Reconciliation of the Liability recognised in the Balance Sheet

(₹ in crore)

	As at 31st March, 2022		As at 31st March, 2021	
	Funded	Unfunded	Funded	Unfunded
Net (Asset) / Liability as at the beginning of the year	(56.57)	7.98	54.31	6.60
Transfer from Unfunded to Funded	-	-	-	-
Expense recognized	60.85	2.96	29.39	2.16
Liabilities assumed on acquisition / (settled on divestiture)	(0.57)	0.48	0.22	(0.26)
Employer contributions	(67.16)	(1.06)	(140.49)	(0.52)
Effect of the limit in Para 59(b)	-	-	-	-
Net (Asset) / Liability included in "Others" under "Other Assets" or "Other Liabilities"	**(63.45)**	**10.36**	**(56.57)**	**7.98**

Investment details of plan assets

The plan assets are invested in insurer managed funds. Major categories of plan assets as a percentage of fair value of total plan assets:

	As at 31st March, 2022 %	As at 31st March, 2021 %
Equity shares	48.35	43.24
Government securities	30.84	36.73
Bonds, debentures and other fixed income instruments	9.24	8.72
LIC managed funds#	0.19	6.47
Money market instruments and other assets	11.38	4.84
Total	**100.00**	**100.00**

 # The plan assets are invested in a fund managed by Life Insurance Corporation of India. In the absence of detailed information regarding plan assets of the fund, the composition of each major category of plan assets, the percentage or amount for each category of the fair value of plan assets has not been disclosed.

Actuarial assumptions used

	As at 31st March, 2022	As at 31st March, 2021
Discount rate	6.10% to 6.79% p.a.	5.65% to 6.37% p.a.
Salary escalation rate	5.50% (IBA) and 12.00% until year 1, then 7.00 %- 8.00% p.a. (Others)	5.50% (IBA) and 7.00% - 8.00% (Others) p.a.
Expected rate of return on plan assets	6.10% to 7.25% p.a.	5.65% - 7.00% p.a.

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Experience adjustments

Amounts for the current and previous four years are as follows:

(₹ in crore)

Gratuity	Year ended 31st March,				
	2022	2021	2020	2019	2018
Defined benefit obligation	651.68	618.14	559.07	489.11	450.12
Plan assets	704.80	666.73	498.16	470.41	342.00
Surplus / (deficit)	53.12	48.59	(60.91)	(18.70)	(108.12)
Experience adjustments on plan liabilities	28.32	12.38	42.40	20.25	13.28
Experience adjustments on plan assets	38.56	65.23	(43.65)	11.25	(0.90)

The Group expects to contribute ₹ 48.46 crore to gratuity fund in financial year 2022-23.

The above information is as certified by the actuaries of the respective companies and relied upon by the auditors.

Pension

Pension liability relates to employees of eIVBL.

Pursuant to the revision in family pension payable to employees of the Bank covered under 11th Bi-Partite settlement and Joint Note dated November 11, 2020, the Bank recognised the entire additional liability of ₹ 115.15 crore in the Profit and Loss Account during the year ended 31st March, 2022. There is no unamortised expenditure in the Balance Sheet on account of Family Pension.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for pension benefits is given below.

(₹ in crore)

	As at 31st March, 2022 Funded	As at 31st March, 2021 Funded
Change in benefit obligations		
Liability as at the beginning of the year	1,891.94	1,600.48
Current Service cost	69.14	58.49
Interest cost	109.56	98.39
Actuarial (gain) / loss on obligations	182.71	349.45
Past Service cost	-	-
Benefits paid	(344.04)	(214.87)
Liability as at the end of the year	**1,909.31**	**1,891.94**
Change in plan assets		
Fair value of plan assets as at the beginning of the year	1,872.49	1,514.34
Expected return on plan assets	119.35	130.32
Actuarial Gain / (loss)	34.13	(1.52)
Benefits paid	(344.04)	(214.87)
Employer contributions	271.50	444.22
Fair value of plan assets as at the end of the year	**1,953.43**	**1,872.49**

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

(₹ in crore)

	As at 31st March, 2022 Funded	As at 31st March, 2021 Funded
Fair value of plan assets as at the end of the year	1,953.43	1,872.49
Liability as at the end of the year	1,909.31	1,891.94
Net Asset/ (Liability) included in "Others" under "Other Assets" or "Other Liabilities"	**44.12**	**(19.45)**
Expenses recognised for the year		
Current service cost	69.14	58.49
Interest cost	109.56	98.39
Expected return on plan assets	(119.35)	(130.32)
Actuarial (gain) / loss	148.58	350.97
Effect of the limit in Para 59(b)	-	-
Net pension expense recognized in Schedule 16.I	**207.93**	**377.53**
Actual return on plan assets	**153.48**	**128.80**

Reconciliation of the Liability recognised in the Balance Sheet

(₹ in crore)

	As at 31st March, 2022 Funded	As at 31st March, 2021 Funded
Net (Asset) / Liability as at the beginning of the year	19.45	86.14
Expense recognized	207.93	377.53
Employer contributions	(271.50)	(444.22)
Effect of the limit in Para 59(b)	-	-
Net (Asset)/ Liability included in "Others" under "Other Assets" or "Other Liabilities"	**(44.12)**	**19.45**

Investment details of plan assets

The plan assets are invested in a fund managed by Life Insurance Corporation of India. In the absence of detailed information regarding plan assets of the fund, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Actuarial assumptions used

	As at 31st March, 2022	As at 31st March, 2021
Discount rate	6.79% p.a.	6.37% p.a.
Salary escalation rate	5.50% p.a.	5.50% p.a.
Expected rate of return on plan assets	7.25% p.a.	6.50 % p.a.
Inflation	**10.00 % p.a.**	**10.00 % p.a.**

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors like settlement with employee unions.

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Experience adjustments

Amounts for the current year and previous years are as follows:

(₹ in crore)

Pension	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2019	Year ended 31st March, 2018
Defined benefit obligation	1,909.31	1,891.94	1,600.48	1,156.33	1,057.85
Plan assets	1,953.43	1,872.49	1,514.34	1,159.16	1,063.69
Surplus / (deficit)	44.12	(19.45)	(86.14)	2.83	5.84
Experience adjustments on plan liabilities	248.33	199.72	440.57	102.64	208.24
Experience adjustments on plan assets	34.13	(1.52)	(7.85)	(6.46)	(0.72)

The Bank expects to contribute ₹ 248.38 crore to pension fund in financial year 2022-2023.

Compensated absences

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

	As at 31st March, 2022	As at 31st March, 2021
Total actuarial liability	282.18	288.46
Assumptions:		
Discount rate	6.10% to 6.79% p.a. 2.45% p.a. (DIFC)	5.65% to 6.37% p.a. 1.72% p.a. (DIFC)
Salary escalation rate	5.50% (IBA) and 12.00% until year 1, then 7.00% - 8.00% p.a. (Others); 3.00% p.a (DIFC)	5.50% (IBA) and 7.00% - 8.00% (others) p.a. and 3% p.a. (DIFC)

Long Service Award

The actuarially determined liability in respect of Long Service Award of the employees of the Group is given below:

(₹ in crore)

	As at 31st March, 2022	As at 31st March, 2021
Total actuarial liability	18.92	19.52
Assumptions:		
Discount rate	6.70% p.a	6.20% p.a.

5. DEPOSIT UNDER LIEN

Balance with Banks in other deposit accounts include ₹ 5,837.40 crore (previous year ₹ 4,987.36 crore) which are under lien.

6. SECURITIES PLEDGED AND ENCUMBERED

(a) Investments include Government Securities with face value of ₹ 13,349.35 crore (previous year ₹ 10,024.63 crore) pledged and encumbered for availment of fund transfer facility, clearing facility, margin requirements and with the RBI for liquidity adjustment facility (LAF).

(b) Investments pledged with National Securities Clearing Corporation Limited towards exposure in derivatives segment as at 31st March, 2022 ₹ 679.26 crore (previous year ₹ 829.72 crore).

7. "Others" in Other Liabilities and Provisions (Schedule 5) include the following items of provisions in respect of contingencies and other provisions, which have been recognised in the accounts in respect of obligations arising from past event, the settlement of which is expected to result in an outflow embodying economic benefits.

a) Provision for Credit Card Reward Points

The following table sets forth, for the periods indicated, movement in actuarially determined provision for credit card account reward points:

(₹ in crore)

	Year Ended	
	31st March, 2022	31st March, 2021
Opening provision for reward points	19.78	17.97
Provision for reward points made during the year	78.10	35.19
Utilisation/write-back of provision for reward points	(69.37)	(33.38)
Closing provision for reward points*	28.51	19.78

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

b) Legal:

(₹ in crore)

	Year Ended	
	31st March, 2022	31st March, 2021
Opening Provision	30.80	34.01
Add: Addition during the year	13.23	1.32
Less: Reduction during the year	(0.25)	(4.53)
Closing Provision	43.78	30.80

c) Fraud and Other Provisions:

(₹ in crore)

	Year Ended	
	31st March, 2022	31st March, 2021
Opening Provision	44.48	27.63
Add: Addition during the year	4.56	24.66
Less: Reduction during the year	(3.93)	(7.81)
Closing Provision	45.11	44.48

8. A. As per the Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated August 30, 2021, provision / (write-back) of mark-to-market depreciation on investments has been classified under Other Income. The Bank was classifying such Provisions / (write-back) under Provisions and Contingencies till the issuance of this Master Direction. Figures for the previous year have been regrouped to conform to current year presentation.

B. PROVISIONS AND CONTINGENCIES:

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

(₹ in crore)

Year ended 31st March,	2022	2021
Provision for Taxation (Refer Note 10 below)	4,016.43	3,265.44
Provision for Non-performing Assets (including write-offs and net of recoveries)	1,222.72	2,062.31
Provision for Standard Assets	382.27	46.28
General Provision – COVID-19 Deferment Cases*	(835.49)	682.40
Provision for Unhedged Foreign Currency Exposure	19.46	3.14
Provision for Diminution in value of Investments (Refer Note 8.A)	(79.27)	(27.99)
Provision for country risk exposure	4.79	-
Other Provision and Contingencies	57.16	86.29
Total	**4,788.07**	**6,117.87**

** Provision/ (write-back) in respect of borrowers for which moratorium is granted by the Bank (₹ 732.00) crore (previous year ₹ 629.00 crore) and its NBFC subsidiaries (₹ 103.49) crore (previous year ₹ 53.40 crore) in accordance with RBI guidelines.*

C. COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world during the previous financial year. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to volatility in global and Indian financial markets and a decrease in global and local economic activities. The uptake of economic activity has since improved supported by relaxation of restrictions due to administration of the COVID vaccines to a large population in the country. The extent to which any new wave of COVID-19 pandemic will impact the Bank and its subsidiaries' results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

The Bank and its subsidiaries held an aggregate COVID-19 related provision of ₹ 1,396.08 crore as of 1st April, 2021. Based on the improved outlook, the Bank and its subsidiaries have reversed provisions amounting to ₹ 835.49 crore during the year ended 31st March, 2022. On a prudent basis, the Bank and its subsidiaries continue to hold provisions aggregating to ₹ 560.59 crore as at 31st March, 2022 against the potential impact of COVID-19 based on the circumstances at this point in time.

9. RBI circular dated 7th April, 2021 required Banks and NBFC's to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 1st March, 2020 to 31st August, 2020 in conformity to the Honourable Supreme Court of India judgement on 23rd March 2021. Pursuant to the said order and as per the RBI circular, the methodology for calculation of the amount of such 'interest on interest' was finalised by the Indian Banks Association (IBA). The Bank and its subsidiaries had created a liability towards estimated interest relief of ₹ 128.63 crore and had reduced the same from Interest / discount on advances / bills in Schedule 13 – Interest Earned during the year ended 31st March, 2021. Amount no longer required on crystallisation of such liability was credited to interest earned during the year ended 31st March, 2022.

10. PROVISION MADE FOR TAXES DURING THE YEAR:

(₹ in crore)

Year ended 31st March,	2022	2021
Current tax	3,902.83	3,540.16
Deferred tax	113.60	(274.72)
Total	**4,016.43**	**3,265.44**

11. DESCRIPTION OF CONTINGENT LIABILITIES:

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

** Also refer Schedule 12 – Contingent Liabilities*

12. EARNINGS PER EQUITY SHARE:

Particulars	Year Ended	
	31st March, 2022	31st March, 2021
Reconciliation between weighted shares used in the computation of basic and diluted earnings per share:		
Weighted average number of equity shares used in computation of basic earnings per share	1,983,099,747	1,969,046,454
Effect of potential equity shares for stock options outstanding	852,749	1,391,770
Weighted average number of equity shares used in computation of diluted earnings per share	1,983,952,496	1,970,438,224
Following is the reconciliation between basic and diluted earnings per share:		
Nominal value per share (₹)	5.00	5.00
Basic earnings per share (₹)	60.76	50.53
Effect of potential equity shares for stock options (₹)	0.03	0.04
Diluted earnings per share (₹)	60.73	50.49
Profit for the year after tax (₹ in crore)	12,089.39	9,990.20
Less : Preference dividend including tax (₹ in crore)	40.50	40.50
Earnings used in the computation of basic and diluted earnings per share (₹ in crore)	12,048.89	9,949.70

13. EMPLOYEE SHARE BASED PAYMENTS:

At the General Meetings, the shareholders of the Bank had passed Special Resolutions on 28th July, 2000, 26th July, 2004, 26th July, 2005, 5th July, 2007, 21st August, 2007 and 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

(a) Kotak Mahindra Equity Option Scheme 2001-02;

(b) Kotak Mahindra Equity Option Scheme 2002-03;

(c) Kotak Mahindra Equity Option Scheme 2005;

(d) Kotak Mahindra Equity Option Scheme 2007; and

(e) Kotak Mahindra Equity Option Scheme 2015.

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank Limited with the Bank, the Bank has renamed and adopted the Employees Stock Option Scheme of the 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.

In pursuance of the above referred Employee Stock Option Schemes, the Bank has granted, in aggregate 158,807,703 options as at 31st March, 2022 (Previous year 157,606,163) to the eligible employees of the Group.

Of the above referred Employee Stock Option Schemes, only the Kotak Mahindra Equity Option Scheme 2015 is in force presently and, in aggregate, 4,270,658 options are outstanding as at 31st March, 2022 (Previous year 6,159,212) under the Kotak Mahindra Equity Option Scheme 2015. Except this, no options are outstanding under any other Employee Stock Option Schemes of the Bank.

Equity-settled options

The Bank has granted options to employees of the Group vide various employee stock option schemes. During the year ended 31st March, 2022, the following schemes were in operation:

	Plan 2015
Date of grant	Various Dates
Date of Board Approval	Various Dates
Date of Shareholder's approval	29th June, 2015
Number of options granted	18,494,049
Method of Settlement (Cash / Equity)	Equity
Vesting Period	0.01 – 4.09 years
Exercise Period	0.03 – 1 year
Vesting Conditions	Graded / Cliff vesting

	KMBL (IVBL) Plan 2013
Number of options granted (addition on amalgamation)	4,642,198
Method of Settlement (Cash / Equity)	Equity

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

	Year ended 31st March, 2022		Year ended 31st March, 2021	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**6,159,212**	**1,321.54**	**8,278,402**	**1,236.30**
Granted during the year	1,201,540	1,801.00	1,698,840	1,307.48
Forfeited during the year	217,852	1,443.90	259,074	1,300.95
Exercised during the year	2,826,092	1,268.76	3,488,720	1,116.54
Expired during the year	46,150	1,300.21	70,236	1,193.09
Outstanding at the end of the year	**4,270,658**	**1,485.35**	**6,159,212**	**1,321.54**
Out of the above exercisable at the end of the year	1,011,709	1,349.27	960,009	1,145.12
Weighted average remaining contractual life (in years)		1.30		1.36
Weighted average fair value of options granted		495.45		378.71

The details of activity under KMBL (IVBL) Plan 2013 have been summarised below:

	Year ended 31st March, 2022		Year ended 31st March, 2021	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**-**	**-**	**308,610**	**379.72**
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	308,610	379.72
Expired during the year	-	-	-	-
Outstanding at the end of the year	**-**	**-**	**-**	**-**
Out of the above exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)		-		-

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,819.07 (Previous year ₹1,638.05).

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

31st March, 2022

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
801-900	8,764	0.25	900.00
901-1,000	152,280	1.30	1,000.00
1,001-1,100	24,728	1.00	1,050.00
1,201-1,300	496,361	0.34	1,268.41
1,301-1,400	913,422	1.60	1,341.00
1,401-1,500	1,510,393	0.74	1,460.00
1,801-1,900	1,164,710	2.20	1,801.00

31st March, 2021

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
601-700	1,000	0.25	700.00
801-900	23,528	1.00	900.00
901-1,000	540,181	0.82	967.69
1,001-1,100	63,674	1.28	1,057.99
1,201-1,300	1,977,359	0.79	1,269.91
1,301-1,400	1,440,640	2.04	1,341.00
1,401-1,500	2,112,830	1.57	1,460.00

Stock appreciation rights

At the General Meeting on 29th June, 2015, the shareholders of the Bank had passed Special Resolution to grant SARs to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 had been formulated and adopted. Subsequently, the SARs have been granted under this scheme.

The SARs are settled in cash and vest on the respective due dates in a graded manner as per the terms and conditions of grant. The contractual life of the SARs outstanding range from 1.00 to 4.13 years.

Detail of activity under SARs is summarised below:

(₹ in crore)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Outstanding at the beginning of the year	**2,135,672**	**2,253,629**
Granted during the year	609,330	990,190
Settled during the year	924,303	1,046,905
Forfeited during the year	107,481	61,242
Outstanding at the end of the year	**1,713,218**	**2,135,672**

Fair value of Employee stock options

The fair value of the equity-settled options is estimated on the date of grant using Black-Scholes options pricing model taking into account the terms and conditions upon which the options were granted. The fair value of the cash-settled options is remeasured at each Balance Sheet date. The following table lists the inputs to the model used for equity-settled and cash-settled options:

Year ended 31st March,	2022		2021	
	Equity-settled	Cash-settled	Equity-settled	Cash-settled
Exercise Price ₹	1,341-1,801	0-1,801	1,000-1,341	0-1,460
Weighted Average Share Price ₹	1,797.38	1,538.28	1,375.80	1,385.00
Expected Volatility	27.79%-43.76%	26.92%-37.68%	27.95%-43.21%	21.40%-45.71%
Historical Volatility	27.79%-43.76%	26.92%-37.68%	27.95%-43.21%	21.40%-45.71%
Life of the options granted (Vesting and exercise period)				
- At the grant date	0.51-4.34		1.25-3.87	
- As at 31st March		0.08-3.71		0.06-3.46
Risk-free interest rate	3.58%-5.94%	3.82%-6.04%	3.61%-5.22%	3.32%-5.51%
Expected dividend rate	0.05%	0.05%	0.05%-0.07%	0.04%

The expected volatility was determined based on historical volatility data and the Bank expects the volatility of its share price may not differ from historical volatility. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant for equity settled options and remeasurement date for the cash settled options, corresponding with the expected / residual life of the share-linked instruments has been considered.

Effect of the employee share-based payment plans on the Profit and Loss Account and on the financial position:

(₹ in crore)

Year ended 31st March,	2022	2021
Total Employee compensation cost pertaining to share-based payment plans	139.48	161.08
Compensation cost pertaining to equity-settled employee share-based payment plan included above	31.44	1.82
Liability for employee stock options outstanding as at year end	71.28	14.92
Deferred Compensation Cost	39.97	12.76
Closing balance of liability for cash-settled options	130.51	154.61
Expense arising from increase in intrinsic value of liability for cash stock appreciation plan	149.45	184.40

RBI, vide its clarification dated 30th August, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments granted after the accounting period ending 31st March, 2021. Accordingly, the Bank have changed its accounting policy from intrinsic value method to fair value method for all share-linked instruments granted after 31st March, 2021 and accordingly, additional cost of ₹ 22.31 crore has been recognised in the financial statements under the head "Employee cost" for the year ended 31st March, 2022.

Had the Group recorded the compensation cost for all share-linked instruments granted on or before 31 March 2021 on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 41.64 crore (Previous year ₹ 83.07 crore) and the profit after tax would have been lower by ₹ 30.85 crore (Previous year ₹ 62.18 crore). Consequently the basic and diluted EPS would have been ₹ 60.60 (Previous year ₹ 50.11) and ₹ 60.58 (Previous year ₹ 50.07) respectively.

14. TIER II BONDS

Lower Tier II Bonds outstanding as at 31st March, 2022 ₹ 351.00 crore (previous year ₹ 536.60 crore).

15. Interest Expended - Others (Schedule 15.III) includes interest on subordinated debt (Lower and Upper Tier II) ₹ 35.57 crore for the year ended 31st March, 2022 (previous year ₹ 53.86 crore).

16. The Group charges off to the Profit and Loss Account all expenses related to acquisition costs of advances in the year in which they are incurred. Kotak Mahindra Prime Limited, a subsidiary of the Bank, charges off such costs based on the Internal Rate of Return of a contract. On account of this difference in accounting policy, unamortised brokerage amounting to ₹ 93.83 crore for the year ended 31st March, 2022 (previous year ₹ 80.21 crore) is carried forward in the Balance Sheet under "Other Assets".

17. SEGMENT REPORTING

The summary of the operating segments of the Group for the year ended 31st March, 2022 are as given below:

(₹ in crore)

31st March,	2022	2021
Segment Revenues:		
Treasury, BMU and Corporate Centre	8,926.16	9,604.66
Retail Banking	15,262.93	13,815.48
Corporate / Wholesale Banking	13,583.44	12,947.06
Vehicle Financing	2,004.04	1,921.37
Other Lending Activities	1,476.30	1,438.40
Broking	2,594.83	1,901.36
Advisory and Transactional Services	657.89	386.25
Asset Management	1,492.34	1,162.70
Insurance	18,180.68	18,242.43
Sub-total	**64,178.61**	**61,419.71**
Add: Unallocated Income	-	-
Less: inter-segment revenues	(5,127.60)	(5,012.20)
Total Income	**59,051.01**	**56,407.51**
Segment Results:		
Treasury, BMU and Corporate Centre	4,516.45	3,609.56
Retail Banking	846.21	577.41
Corporate / Wholesale Banking	6,379.46	5,698.86
Vehicle Financing	630.01	239.30
Other Lending Activities	763.56	534.33
Broking	1,082.52	787.75
Advisory and Transactional Services	375.73	123.74
Asset Management	840.81	698.44
Insurance	513.55	898.95
Sub-total	**15,948.30**	**13,168.34**
Add: Unallocated Income / (Expense)	-	-
Total Profit before tax, minority interest and associates	**15,948.30**	**13,168.34**
Provision for tax	4,016.43	3,265.44
Net Profit before share of Associates and Minority	**11,931.87**	**9,902.90**
Segment Assets:		
Treasury, BMU and Corporate Centre	1,43,527.02	150,098.25
Retail Banking	2,69,857.05	240,488.37
Corporate / Wholesale Banking	1,88,132.89	162,450.23
Vehicle Financing	18,463.33	16,459.07
Other Lending Activities	15,370.87	14,399.41
Broking	13,959.09	8,679.90
Advisory and Transactional Services	375.31	297.19
Asset Management	4,544.45	3,753.21
Insurance	58,662.31	48,785.22
Sub-total	**7,12,892.32**	**645,410.85**
Less: inter-segment assets	(1,67,856.71)	(168,138.28)
Total	**5,45,035.61**	**477,272.57**
Add: Unallocated Assets	1,462.30	1,581.65
Total Assets as per Balance Sheet	**5,46,497.91**	**478,854.22**
Segment Liabilities:		
Treasury, BMU and Corporate Centre	1,09,023.20	121,065.38
Retail Banking	2,53,410.95	226,362.26
Corporate / Wholesale Banking	1,69,595.03	145,580.04
Vehicle Financing	10,662.01	9,400.28
Other Lending Activities	6,652.31	6,028.30
Broking	12,839.45	7,795.01
Advisory and Transactional Services	100.99	95.71
Asset Management	515.77	739.49
Insurance	53,707.45	44,558.81
Sub-total	**6,16,507.16**	**561,625.28**
Less: inter-segment liabilities	(1,67,856.71)	(168,138.28)
Total	**4,48,650.45**	**393,487.00**
Add: Unallocated liabilities	713.43	530.77
Add: Share Capital, Reserves and Surplus and Minority Interest	97,134.03	84,836.45
Total Capital and Liabilities as per Balance Sheet	**5,46,497.91**	**478,854.22**

(₹ in crore)

31st March,	2022	2021
Capital Expenditure:		
Treasury, BMU and Corporate Centre	67.97	52.14
Retail Banking	392.15	217.11
Corporate / Wholesale Banking	37.23	22.07
Vehicle Financing	8.69	2.14
Other Lending Activities	0.71	4.79
Broking	76.49	15.98
Advisory and Transactional Services	2.39	2.25
Asset Management	16.12	9.05
Insurance	58.08	44.51
Total	**659.83**	**370.04**
Depreciation / Amortisation:		
Treasury, BMU and Corporate Centre	82.18	86.29
Retail Banking	271.30	253.95
Corporate / Wholesale Banking	28.39	27.40
Vehicle Financing	4.89	4.67
Other Lending Activities	2.32	2.30
Broking	25.91	23.75
Advisory and Transactional Services	3.12	5.11
Asset Management	11.41	10.48
Insurance	50.83	47.10
Total	**480.35**	**461.05**

Segment information is provided as per the management information system available for internal reporting purposes, which includes certain estimates and assumptions.

18. ASSETS TAKEN ON LEASE

(i) The Group has taken various premises and equipment under operating lease. The lease payments recognised in the Profit and Loss Account are ₹ 661.75 crore (previous year ₹ 621.43 crore).

(ii) The future minimum lease payments under non-cancelable operating lease not later than one year is ₹ 558.16 crore (previous year ₹ 543.68 crore), later than one year but not later than five years is ₹ 1,577.27 crore (previous year ₹ 1,621.45 crore) and later than five years ₹ 770.53 crore (previous year ₹ 912.70 crore).

The lease terms include renewal option after expiry of primary lease period. There are no restrictions imposed by lease arrangements. There are escalation clauses in the lease agreements.

19. ASSETS GIVEN ON LEASE

The lease income recognised in the Profit and Loss Account in respect of premises and equipment under operating lease is ₹ 0.01 crore (previous year ₹ 0.01 crore).

The future minimum lease payments expected to be received under non-cancelable operating lease – not later than one year is Nil (previous year Nil), later than one year but not later than five years is Nil (previous year Nil) and later than five years is Nil (previous year Nil).

Details of gross investments, unearned finance income and present value of rentals in respect of assets given under finance lease are as under:

(₹ in crore)

As at 31st March,	2022	2021
Gross Investments (A):		
(i) Not later than 1 year	52.99	60.74
(ii) Between 1-5 years	80.48	94.31
Total	**133.47**	**155.05**
Unearned Finance Income (B):		
(i) Not later than 1 year	10.95	13.09
(ii) Between 1-5 years	10.53	12.86
Total	**21.48**	**25.95**
Present Value of Rentals (A-B):		
(i) Not later than 1 year	42.04	47.65
(ii) Between 1-5 years	69.95	81.45
Total	**111.99**	**129.10**
Accumulated provision on the Gross Investments	**1.35**	**1.38**

20. In accordance with the IRDAI Financial Statements Regulations, the Life Insurance subsidiary revalues its investment property at least once in three years, the market value being the lower of valuations performed by two independent valuers. The real estate investment property is accordingly valued at ₹ 208.30 crore at 31st March, 2022 (previous year ₹ 208.30 crore). The historical cost of the property is ₹ 158.56 crore (previous year ₹ 158.56 crore). The revaluation gains have been included in policyholders' funds.

The life insurance subsidiary has entered into agreements for leasing out its real estate investment properties. These arrangement are in the nature of operating lease. There are no restrictions imposed by lease arrangement and the rent is not determined based on any contingency. The lease payments recognised in profit and loss account in the current year is ₹ 17.55 crore (previous year ₹ 16.75 crore).

21. The Group enters into various types of derivative contracts such as interest rate swaps, cross currency interest rate swaps, foreign currency swaps, forwards, forward rate agreements, index / equity futures and options. The details of such derivatives for subsidiaries (other than bank) are as under:

(i) Derivative instrument outstanding as at 31st March, 2022

As at 31st March, Particulars of Derivatives	2022 Quantity	2021 Quantity	Purpose
Futures			
S&P CNX Nifty Futures Short	-	23,100	Trading
Bank Nifty Futures Short	-	200	Trading
Stock Futures Long	215,600	1,227,750	Trading
Stock Futures Short	54,311,321	62,396,313	Trading
S&P CNX Nifty Futures Long	50	-	Trading
Options			
S&P CNX Nifty Options Long	185,000	759,975	Trading
S&P CNX Nifty Options Short	131,500	674,100	Trading
Stock Options Long	-	37,925	Trading
Stock Options Short	-	40,050	Trading
Bank Nifty option Long	2,025	34,300	Trading
Bank Nifty option Short	1,525	29,200	Trading
Forward Exchange Contracts			
USD-INR Long	USD 1,000,000	USD 1,000,000	Hedging
USD-INR Short	-	-	Hedging
Interest Rate Swap	USD 13,000,000	USD 16,000,000	Hedging
Total Return Swap	-	USD 25,128,219	Trading
Forward rate agreement (₹ crore)#	3,521.97	3,161.94	Hedging

 # Total outstanding notional principal amount of forward rate agreement entered by Life insurance subsidiary to hedge Interest rate risk on its liability side

Unhedged forex exposure outstanding as at the Balance Sheet date

(₹ in crore)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Amount Receivable in foreign currency	3.99 (USD 527,000) 0.34 (GBP 35,000)	3.10 (USD 424,690) 0.66 (EURO 77,237) 0.26 (GBP 25,610)
Amount Payable in foreign currency	8.35 (USD 1,102,000) 0.90 (SGD 161,000)	2.59 (USD 353,877) 0.75 (SGD 138,632)

22. Additional information to consolidated accounts at 31st March, 2022, (Pursuant to Schedule III of the Companies Act, 2013)

(₹ in crore)

Name of the Entity	Net Assets*				Share in Profit or Loss			
	As at 31st March, 2022		As at 31st March, 2021		For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Profit or Loss	Amount
Kotak Mahindra Bank Limited	74.59%	72,456.47	75.12%	63,726.97	70.91%	8,572.69	69.72%	6,964.84
Indian Subsidiaries:								
Kotak Mahindra Prime Limited	7.72%	7,494.41	7.81%	6,622.88	7.32%	885.51	5.35%	534.71
Kotak Securities Limited	6.48%	6,290.75	6.27%	5,321.42	8.28%	1,001.33	7.93%	792.64
Kotak Mahindra Capital Company Limited	0.91%	885.47	0.81%	688.83	2.02%	244.75	0.82%	82.28
Kotak Mahindra Life Insurance Company Limited	4.52%	4,389.20	4.77%	4,045.47	3.52%	425.38	6.93%	691.93

(₹ in crore)

Name of the Entity	Net Assets*				Share in Profit or Loss			
	As at 31st March, 2022		As at 31st March, 2021		For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Profit or Loss	Amount
Kotak Mahindra General Insurance Company Limited	0.24%	233.35	0.23%	191.34	(0.69%)	(82.98)	0.02%	1.63
Kotak Mahindra Investments Limited	2.56%	2,488.54	2.50%	2,117.39	3.07%	371.15	2.58%	257.75
Kotak Mahindra Asset Management Company Limited	1.32%	1,282.70	1.18%	1,003.35	2.80%	338.94	2.95%	294.83
Kotak Mahindra Trustee Company Limited	0.35%	344.56	0.27%	229.37	0.95%	115.18	0.52%	51.45
Kotak Investment Advisors Limited	0.79%	763.45	0.48%	404.85	0.49%	58.65	0.40%	40.03
Kotak Mahindra Trusteeship Services Limited	0.03%	26.49	0.03%	23.46	0.03%	3.04	0.03%	2.56
Kotak Infrastructure Debt Fund Limited	0.46%	449.17	0.49%	416.87	0.27%	32.35	0.33%	33.10
Kotak Mahindra Pension Fund Limited	0.06%	56.10	0.03%	25.64	(0.01%)	(1.54)	0.00%	0.21
IVY Product Intermediaries Limited	0.01%	6.19	0.01%	5.98	0.00%	0.22	0.00%	0.12
BSS Microfinance Limited	0.34%	329.42	0.29%	246.60	0.68%	82.81	0.23%	23.17
Foreign Subsidiaries:								
Kotak Mahindra (International) Limited	0.86%	840.18	0.90%	767.58	0.36%	44.03	0.87%	86.42
Kotak Mahindra (UK) Limited	0.41%	400.40	0.44%	372.88	0.11%	13.74	0.31%	31.32
Kotak Mahindra, Inc.	0.07%	67.13	0.01%	10.56	0.21%	25.43	0.06%	5.58
Kotak Mahindra Financial Services Limited	0.01%	6.22	0.01%	7.11	(0.01%)	(1.14)	(0.01%)	(0.69)
Kotak Mahindra Asset Management (Singapore) Pte. Limited	0.23%	225.37	0.21%	181.86	0.30%	36.07	0.32%	31.51
Minority Interests in subsidiary	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Associates:								
Infina Finance Private Limited	-	-	-	-	0.92%	111.81	0.76%	75.43
Phoenix ARC Private Limited	-	-	-	-	0.38%	45.72	0.12%	11.81
ECA Trading Services Limited (Refer Note 27)	-	-	-	-	0.00%	(0.01)	0.00%	0.06
Inter-company and Other adjustments	(1.96%)	(1,901.54)	(1.86%)	(1,573.96)	(1.91%)	(233.74)	(0.24%)	(22.49)
Total	**100.00%**	**97,134.03**	**100.00%**	**84,836.45**	**100.00%**	**12,089.39**	**100.00%**	**9,990.20**

** Total assets minus total liabilities*

23. "Others – Other Liabilities and Provisions" (Schedule 5.V) includes Deferred Tax Liability and " Others – Other Assets" (Schedule 11.VI) includes Deferred Tax Assets as follows:

(₹ in crore)

Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Deferred Tax Assets		
Provision for non-performing and doubtful debts, general provisions and contingencies	610.09	708.05
Depreciation on assets	67.63	71.86
Provision for investments	5.00	5.31
Unamortised Income	3.34	1.83
Expenditure allowed on payment basis and others	159.31	143.96
Total Deferred Tax Assets	**845.37**	**931.01**
Deferred Tax Liabilities		
Deferred expenses	25.51	21.66
Depreciation on assets	1.62	-
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	187.39	163.48
Others	2.98	4.41
Total Deferred Tax Liabilities	**217.50**	**189.55**
Net Deferred Tax Assets / (Liabilities)	**627.87**	**741.46**

24. Fixed Assets

Fixed Assets as per Schedule 10 include intangible assets, details of which are as follows:

(₹ in crore)

Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
PURCHASED SOFTWARE AND SYSTEM DEVELOPMENT EXPENDITURE		
Gross Block		
At cost on 31st March of the preceding year	898.45	819.54
Add: Additions during the year	238.82	116.66
Less: Deductions during the year	36.68	37.75
Total	**1,100.59**	**898.45**
Amortisation		
As at 31st March of the preceding year	736.10	642.48
Add: Charge for the year	137.69	130.16
Less: Deductions during the year	36.55	36.54
Amortisation to date	**837.24**	**736.10**
Net Block	**263.35**	**162.35**
MEMBERSHIP CARDS OF STOCK EXCHANGE		
Gross Block		
At cost on 31st March of the preceding year	4.66	4.66
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
Total	**4.66**	**4.66**
Amortisation		
As at 31st March of the preceding year	4.66	4.66
Add: Charge for the year	-	-
Less: Deductions during the year	-	-
Amortisation to date	**4.66**	**4.66**
Net Block	**-**	**-**

(₹ in crore)

Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
ASSET MANAGEMENT RIGHTS		
Gross Block		
At cost on 31st March of the preceding year	15.90	15.90
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
Total	**15.90**	**15.90**
Amortisation		
As at 31st March of the preceding year	15.90	15.90
Add: Charge for the year	-	-
Less: Deductions during the year	-	-
Amortisation to date	**15.90**	**15.90**
Net Block	**-**	**-**

25. RELATED PARTY DISCLOSURES:

	Nature of relationship	Name of Related Party
A	**Individual having significant influence over the enterprise**	Mr. Uday S. Kotak along with relatives and enterprises in which he has beneficial interest holds 25.98% of the equity share capital and 17.27% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2022.
B	**Other Related Parties:**	
	Associates /Others	ECA Trading Services Limited (upto 18th December, 2021) Infina Finance Private Limited Phoenix ARC Private Limited ING Vysya Foundation
	Key Management Personnel	Mr. Uday S. Kotak, Managing Director and CEO - KMBL Mr. Dipak Gupta - Joint Managing Director – KMBL Mr. Gaurang Shah - Whole-time Director – KMBL Mr. KVS Manian - Whole-time Director – KMBL
	Enterprises over which KMP / relatives of KMP have control / significant influence	Aero Agencies Private Limited (formerly known as Aero Agencies Limited) Allied Auto Accessories Private Limited Amrit Lila Enterprises Private Limited (w.e.f. 29th September 2021) Asian Machinery & Equipment Private Limited Brij Disa Arnav Trust Brij Disa Foundation (w.e.f. 6th January, 2021) Brij Disa Parthav Trust Business Standard Online Private Limited Business Standard Private Limited Cumulus Trading Company Private Limited Doreen Realty Private Limited Harisiddha Trading and Finance Private Limited Helena Realty Private Limited Insurekot Sports Private Limited KF Trust (formerly known as USK Benefit Trust II) Komaf Financial Services Private Limited Kotak and Company Private Limited Kotak Chemicals Limited Kotak Commodities Services Private Limited Kotak Family Foundation Kotak Ginning & Pressing Industries Private Limited (upto 28th December, 2020) Kotak Mahindra Group Employee Welfare Trust Kotak Trustee Company Private Limited Laburnum Adarsh Trust Manian Family Trust Manians Family Trust II (w.e.f. 10th February, 2022) Meluha Developers Private Limited Palko Properties Private Limited Pine Tree Estates Private Limited Puma Properties Private Limited Quantyco Realty Private Limited Renato Realty Private Limited Suresh A Kotak HUF True North Enterprises Uday S Kotak HUF USK Benefit Trust III (w.e.f. 14th October, 2021) Xanadu Properties Private Limited

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

Details of related party transactions as at / for the year ended 31st March, 2022:

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
I. Liabilities					
Other Liabilities	15.18	-	0.02	#	15.19
	(0.53)	(#)	(3.82)	(#)	(4.35)
Deposits	100.57	2,459.75	21.56	202.43	2,784.31
	(89.57)	(3,501.12)	(81.91)	(208.60)	(3,881.20)
Interest Payable	0.30	0.01	0.07	0.13	0.51
	(0.21)	(0.55)	(0.56)	(0.02)	(1.34)
II. Assets					
Investments –Gross	177.15	-	#	-	177.15
	(199.62)	(-)	(#)	(-)	(199.62)
Diminution on Investments	-	-	-	-	-
	(0.39)	(-)	(#)	(-)	(0.39)
Advances	55.31	4.62	2.45	3.73	66.11
	(-)	(5.07)	(2.88)	(4.86)	(12.81)
Other Assets	1.95	0.02	4.13	0.01	6.11
	(1.74)	(0.03)	(0.07)	(0.02)	(1.86)
Non Fund/ Commitments					
Bank Guarantees	-	-	1.13	-	1.13
	(-)	(-)	(1.00)	(-)	(1.00)
Forward/CIRS o/s	-	-	-	3.72	3.72
	(-)	(-)	(-)	(-)	(-)
III. Expenses					
Salaries (Include ESOP cost)* / fees	-	21.15	-	0.30	21.45
	(-)	(15.90)	(-)	(0.29)	(16.19)
Interest Paid	2.61	120.18	1.05	7.34	131.18
	(2.57)	(154.38)	(5.10)	(8.05)	(170.10)
Other Expenses	0.22	0.08	1.01	-	1.31
	(0.03)	(0.08)	(0.86)	(#)	(0.97)
IV. Income					
Interest Income	8.30	0.33	0.20	0.33	9.16
	(5.33)	(0.46)	(0.25)	(0.44)	(6.48)
Others	0.84	0.84	1.10	0.04	2.82
	(0.99)	(7.28)	(1.30)	(0.07)	(9.64)

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
V. Other Transactions					
Dividend Paid	-	46.16	0.07	0.32	46.54
	(-)	(-)	(-)	(-)	(-)
Loan Disbursed	60.00	-	-	-	60.00
	(-)	(-)	(-)	(-)	(-)
Loan Repaid	4.69	-	-	-	4.69
	(-)	(-)	(-)	(-)	(-)
Purchase of Investments	-	-	-	-	-
	(25.00)	(-)	(22.35)	(-)	(47.35)
Sale of Investments	-	43.03	-	-	43.03
	(-)	(345.05)	(53.78)	(-)	(398.83)
Swaps/Forwards/Options Contracts	-	-	-	3.72	3.72
	(-)	(-)	(-)	(1.88)	(1.88)

Material transactions/outstanding with related parties:

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
I. Liabilities:					
Other liabilities					
Kotak Commodity Services Limited	-	-	-	-	-
	(-)	(-)	(3.82)	(-)	(3.82)
Infina Finance Private Limited	15.17	-	-	-	15.17
	(0.53)	(-)	(-)	(-)	(0.53)
Others	#	-	0.02	#	0.02
	(-)	(#)	(#)	(#)	(0.01)
II. Assets:					
Investments					
Phoenix ARC Private Limited	176.05	-	-	-	176.05
	(174.75)	(-)	(-)	(-)	(174.75)
Others	1.10	-	#	-	1.10
	(24.87)	(-)	(#)	(-)	(24.87)
Advances					
Phoenix ARC Private Limited	55.31	-	-	-	55.31
	(-)	(-)	(-)	(-)	(-)
True North Enterprises	-	-	2.45	-	2.45
	(-)	(-)	(2.88)	(-)	(2.88)
Others	-	4.62	-	3.73	8.35
	(-)	(5.07)	(-)	(4.86)	(9.93)
Diminution on investments					
ECA Trading Services Limited	-	-	-	-	-
	(0.39)	(-)	(-)	(-)	(0.39)
Others	-	-	-	-	-
	(-)	(-)	(#)	(-)	(#)
Other Assets					
Kotak Commodity Services Private Limited	-	-	4.09	-	4.09
	(-)	(-)	(#)	(-)	(#)
Phoenix ARC Private Limited	1.93	-	-	-	1.93
	(1.56)	(-)	(-)	(-)	(1.56)
True North Enterprises	-	-	0.01	-	0.01
	(-)	(-)	(0.01)	(-)	(0.01)

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
Brij Disa Parthav Trust	-	-	0.01	-	0.01
	(-)	(-)	(0.03)	(-)	(0.03)
Brij Disa Arnav Trust	-	-	0.01	-	0.01
	(-)	(-)	(0.03)	(-)	(0.03)
Others	0.01	0.02	#	0.01	0.05
	(0.17)	(0.03)	(#)	(0.02)	(0.22)
Non Fund Commitments					
Bank Guarantees					
Aero Agencies Private Limited	-	-	1.00	-	1.00
	(-)	(-)	(1.00)	(-)	(1.00)
KF Trust (formerly known as USK Benefit Trust II)	-	-	0.13	-	0.13
	(-)	(-)	(-)	(-)	(-)
Forwards/CIRS o/s	-	-	-	3.72	3.72
	(-)	(-)	(-)	(-)	(-)
III. Expenses:					
Salaries (Includes ESOP cost)					
Mr. Uday S. Kotak*	-	#	-	-	#
	(-)	(1.55)	(-)	(-)	(1.55)
Mr. Dipak Gupta*	-	7.52	-	-	7.52
	(-)	(5.76)	(-)	(-)	(5.76)
Mr. KVS Manian*	-	6.78	-	-	6.78
	(-)	(4.29)	(-)	(-)	(4.29)
Mr. Gaurang Shah*	-	6.85	-	-	6.85
	(-)	(4.29)	(-)	(-)	(4.29)
Mr. Jay Kotak	-	-	-	0.30	0.30
	(-)	(-)	(-)	(0.29)	(0.29)
Interest Paid					
Infina Finance Private Limited	0.66	-	-	-	0.66
	(1.25)	(-)	(-)	(-)	(1.25)
Phoenix ARC Private Limited	1.23	-	-	-	1.23
	(0.57)	(-)	(-)	(-)	(0.57)
ECA Trading Services Limited	0.62	-	-	-	0.62
	(0.63)	(-)	(-)	(-)	(0.63)
Aero Agencies Private Limited	-	-	0.11	-	0.11
	(-)	(-)	(0.14)	(-)	(0.14)
Asian Machinery & Equipment Private Limited	-	-	0.13	-	0.13
	(-)	(-)	(0.15)	(-)	(0.15)
Harisiddha Trading & Finance Private Limited	-	-	0.16	-	0.16
	(-)	(-)	(0.19)	(-)	(0.19)
Amrit Lila Enterprises Private Limited	-	-	0.15	-	0.15
	(-)	(-)	(-)	(-)	(-)
Others Parties	0.10	120.18	0.50	7.34	128.12
	(0.12)	(154.38)	(4.62)	(8.05)	(167.17)
Other Expenses					
Infina Finance Private Limited	0.22	-	-	-	0.22
	(0.03)	(-)	(-)	(-)	(0.03)
Aero Agencies Private Limited	-	-	0.92	-	0.92
	(-)	(-)	(0.38)	(-)	(0.38)
Business Standard Private Limited	-	-	0.09	-	0.09
	(-)	(-)	(0.47)	(-)	(0.47)
Others	#	0.08	0.01	-	0.09
	(#)	(0.08)	(-)	(#)	(0.09)

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
IV. Income:					
Interest Income					
Phoenix ARC Private Limited	8.30	-	-	-	8.30
	(5.33)	(-)	(-)	(-)	(5.33)
True North Enterprises	-	-	0.20	-	0.20
	(-)	(-)	(0.25)	(-)	(0.25)
Others	-	0.33	-	0.33	0.66
	(-)	(0.46)	(-)	(0.44)	(0.90)
Others Income					
Fee & Other Income					
Phoenix ARC Private Limited	0.01	-	-	-	0.01
	(#)	(-)	(-)	(-)	(#)
Infina Finance Private Limited	0.09	-	-	-	0.09
	(0.08)	(-)	(-)	(-)	(0.08)
KF Trust (formerly known as USK Benefit Trust II)	-	-	0.30	-	0.30
	(-)	(-)	(0.85)	(-)	(0.85)
True North Enterprises	-	-	-	-	-
	(-)	(-)	(-)	(#)	(#)
Kotak Commodity Services Private Limited	-	-	0.25	-	0.25
	(-)	(-)	(0.14)	(-)	(0.14)
Others	0.02	0.63	0.16	0.02	0.82
	(0.03)	(#)	(0.08)	(#)	(0.11)
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	-	-	0.05	-	0.05
	(-)	(-)	(0.03)	(-)	(0.03)
Business Standard Private Limited	-	-	-	-	-
	(-)	(-)	(0.01)	-	(0.01)
Kotak Commodity Services Private Limited	-	-	0.01	-	0.01
	(-)	(-)	(0.01)	(-)	(0.01)
Others	-	0.18	0.01	0.02	0.21
	(-)	(0.18)	(0.01)	(0.02)	(0.21)
Brokerage Income					
Infina Finance Private Limited	0.71	-	-	-	0.71
	(0.85)	(-)	(-)	(-)	(0.85)
Kotak Commodity Services Private Limited	-	-	0.32	-	0.32
	(-)	(-)	(0.12)	(-)	(0.12)
Mr. Uday S. Kotak	-	-	-	-	-
	(-)	(7.06)	(-)	(-)	(7.06)
Kotak Trustee Company Private Limited	-	-	-	-	-
	(-)	(-)	(0.05)	(-)	(0.05)
Others	-	0.03	-	#	0.03
	(-)	(0.04)	(-)	(0.05)	(0.09)

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel	Total
V. Other Transactions:					
Dividend Paid					
Mr. Uday S. Kotak	-	45.98	-	-	45.98
	(-)	(-)	(-)	(-)	(-)
Ms. Pallavi Kotak	-	-	-	0.10	0.10
	(-)	(-)	(-)	(-)	(-)
Ms. Indira Kotak	-	-	-	0.18	0.18
	(-)	(-)	(-)	(-)	(-)
Others	-	0.18	0.07	0.04	0.28
	(-)	(-)	(-)	(-)	(-)
Purchase of Investments					
Phoenix ARC Private Limited	-	-	-	-	-
	(25.00)	(-)	(-)	(-)	(25.00)
Kotak Trustee Company Private Limited	-	-	-	-	-
	(-)	(-)	(22.35)	(-)	(22.35)
Loan Disbursed					
Phoenix ARC Private Limited	60.00	-	-	-	60.00
	(-)	(-)	(-)	(-)	(-)
Loan Repaid During the Year					
Phoenix ARC Private Limited	4.69	-	-	-	4.69
	(-)	(-)	(-)	(-)	(-)
Sale of Investments					
Kotak Trustee Company Private Limited	-	-	-	-	-
	(-)	(-)	(53.78)	(-)	(53.78)
Mr. Uday S. Kotak	-	43.03	-	-	43.03
	(-)	(345.05)	(-)	(-)	(345.05)
Swaps/Forwards/Options Contracts					
Others	-	-	-	3.72	3.72
	(-)	(-)	(-)	(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 2021) are given in bracket.

Maximum balance outstanding

(₹ in crore)

Items/Related Party	Associates/ Others	Key Management Personnel	Enterprises over which KMP /relatives of KMP have control / significant influence	Relatives of Key Management Personnel
I. Liabilities				
Deposits	492.07	3,514.64	340.69	221.36
	(360.60)	(7,506.70)	(271.90)	(234.36)
Other Liabilities*	15.18	#	3.82	#
	(5.60)	(0.81)	(3.82)	(#)
II. Assets				
Investments-Gross*	199.62	-	#	-
	(201.05)	(-)	(#)	(-)
Advances*	55.31	5.07	2.88	4.86
	(-)	(7.14)	(3.27)	(5.67)
Other Assets*	1.95	0.03	4.13	0.02
	(1.74)	(0.05)	(0.07)	(0.02)
Non Funded Commitments				
Bank Guarantees*	-	-	1.13	-
	(-)	(-)	(1.00)	(-)

** Based on maximum of opening and closing balances for the year.*

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

Note: Figures of previous year (FY2021) are given in bracket.

26. The Bank, as part of its normal banking business that is conducted ensuring adherence to all regulatory requirements, grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons.

Other than the transactions described above which are carried out in the normal course of business, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or deposits or any other sources or kinds of funds) by the Group to or in any other persons or entities, including foreign entities ("intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group ("Ultimate Beneficiaries"). The Group has also not received any funds from any parties (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

27. ECA Trading Services Limited ("ECA") is in the process of voluntary liquidation pursuant to resolution passed by its shareholders on 18th December, 2021 and hence it ceases to be an associate from that date. The Group has received interim distribution of ₹ 3.35 crore from the Official Liquidator of ECA. Investment in ECA is fully provided for, as on 31st March, 2022.

28. ADDITIONAL DISCLOSURE

Additional statutory information disclosed in the separate financial statements of the Bank and Subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statement.

Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current year's presentation.

As per our report of even date attached.

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

Murad D. Daruwalla
Partner
Membership No. 043334

For Price Waterhouse LLP
Chartered Accountants
Firm Registration No. 301112E/E300264

Russell I Parera
Partner
Membership No. 042190

Mumbai
4th May, 2022

For and on behalf of the Board of Directors

Prakash Apte
Chairman

Uday Kotak
Managing Director and
Chief Executive Officer

Dipak Gupta
Joint Managing Director

Uday Khanna
Director

Jaimin Bhatt
President and
Group Chief Financial Officer

Avan Doomasia
Senior Executive Vice President and
Company Secretary

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies

PART "A" : Subsidiaries

(₹ in crore)

Particulars	Kotak Mahindra Prime Limited	Kotak Securities Limited	Kotak Mahindra Capital Company Limited	Kotak Mahindra Life Insurance Company Limited[7]	Kotak Mahindra General Insurance Company Limited	Kotak Mahindra Investments Limited	Kotak Mahindra Asset Management Company Limited	Kotak Mahindra Trustee Company Limited	Kotak Mahindra (International) Limited	Kotak Mahindra (UK) Limited
Share Capital	3.50	1.60	3.44	510.29	455.00	5.62	29.80	0.05	16.16	7.01
Reserves & Surplus	7,490.92	6,289.15	882.03	3,878.91	(221.65)	2,482.92	1,252.90	344.51	824.02	393.39
Total Assets	27,986.96	19,702.25	964.13	57,761.01	1,371.89	9,751.97	1,453.71	350.11	991.66	512.80
Total Liabilities	20,492.55	13,411.50	78.67	53,371.81	1,138.53	7,263.42	171.02	5.56	151.47	112.40
Investments (excluding investment in subsidiaries)	3,944.62	2,444.18	375.85	55,488.64	1,231.13	2,928.84	1,332.51	339.71	820.23	186.03
Turnover	2,746.24	2,501.66	439.91	17,467.57	551.34	911.89	771.13	148.49	95.02	107.15
Profit before taxation	1,179.79	1,333.50	315.70	596.49	(82.98)	498.57	455.51	145.18	69.40	20.41
Provision for taxation	294.28	332.17	70.96	171.11	-	127.42	116.57	30.00	25.37	6.67
Profit after taxation	885.51	1,001.33	244.75	425.38	(82.98)	371.15	338.94	115.18	44.03	13.74
Proposed Dividend (Equity)	NIL	NIL	NIL	114.82	NIL	NIL	NIL	NIL	NIL	NIL
% of Shareholding	100	100	100	100	100	100	100	100	100	100

Particulars	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	0.14	8.97	0.09	310.70	60.00	8.45	9.40	2.21	26.73
Reserves & Surplus	66.99	754.48	26.40	138.47	(3.90)	(2.23)	215.97	3.98	302.69
Total Assets	72.06	1,032.57	30.36	971.81	57.79	8.71	247.49	6.25	394.57
Total Liabilities	4.93	269.12	3.87	522.64	1.69	2.49	22.11	0.06	65.15
Investments (excluding investment in subsidiaries)	21.21	739.49	12.00	472.97	57.25	-	80.53	-	47.03
Turnover	51.37	243.96	11.93	73.58	3.39	1.84	68.66	0.30	268.25
Profit before taxation	25.85	79.42	3.99	32.35	(1.54)	(1.14)	40.42	0.29	109.51
Provision for taxation	0.42	20.76	0.96	-	-	-	4.36	0.07	26.70
Profit after taxation	25.43	58.65	3.04	32.35	(1.54)	(1.14)	36.07	0.22	82.81
Proposed Dividend (Equity)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
% of Shareholding	100	100	100	100	100	100	100	100	100

Note:

(1) Share Capital includes Preference Share Capital.

(2) Investments include investments and stock-in-trade reported by the above entities and also include investments held to cover policy holders' liabilities and unit linked liabilities.

(3) Turnover is the total income reported by each of the entities in their financial statements.

(4) As per Accounting Standard 4 "Contingencies and Events Occurring After the Balance Sheet Date" ('AS 4(Revised)'), the Company is not required to create provision for dividend declared after the balance sheet date but before financial statements are approved by the shareholders.

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

(6) The financial statements of subsidiaries located outside India i.e. Kotak Mahindra, Inc., Kotak Mahindra (UK) Limited, Kotak Mahindra (International) Limited, Kotak Mahindra Financial Services Limited and Kotak Mahindra Asset Management (Singapore) Pte. Limited are prepared in accordance with accounting principles generally accepted in their respective countries. For the purpose of preparation of the consolidated financial results, the results of these subsidiaries are prepared under Generally Accepted Accounting Principles in India ('Indian GAAP'). The reporting currency of these subsidiaries is USD and exchange rate as on the last day of the financial year ending 31st March, 2022 is 1 USD = 75.79 INR.

(7) On 29th April, 2022, the Board of Directors of Kotak Mahindra Life Insurance Company Limited have proposed a final dividend of ₹ 2.25 per share amounting to ₹114.82 Cr in respect of the year ending 31st March, 2022 subject to the approval of shareholders at the Annual General Meeting.

(8) The financial statements of Indian subsidiaries (excluding insurance companies) and associates are prepared as per Indian Accounting Standards in accordance with the Companies (Indian Accounting Standards) Rules, 2015. For the purpose of preparation of the consolidated financial results, the results of subsidiaries and associates are in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') specified under Section 133 and relevant provision of Companies Act, 2013.

PART "B" : Associates

₹ in crore

Particulars	Infina Finance Private Limited	Phoenix ARC Private Limited	ECA Trading Services Limited [1, 3, 4 & 5]
Latest Audited Balance Sheet date	31-Mar-22	31-Mar-22	31-Mar-21
Shares of Associate held by the Group on the year end			
No. of Equity Shares	1,100,240	83,832,000	21,897,850
Amount of Investment in Associates	1.10	100.02	20.42
Extent of Holding %	49.99%	49.90%	20.00%
Description of how there is significance influence	Ownership of 20% or more of the voting power	Ownership of 20% or more of the voting power	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of less than 50% of the voting power and no control over the Board	Ownership of less than 50% of the voting power and no control over the Board	Ownership of less than 50% of the voting power and no control over the Board
Networth attributable to Shareholding as per latest audited Balance Sheet	1,037.30	270.38	0.16
Profit for the year	223.82	91.62	(0.16)
i) Considered in the Consolidation	111.82	45.71	(0.01)
ii) Not considered in the Consolidation	112.00	45.91	(0.15)

Note:

(1) *For the purpose of preparation of consolidated financial statements, the Group has considered unaudited financial statement as of 31st March, 2022.*

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

(3) *Includes adjustments for share of difference between audited and unaudited financial results for the year ended 31st March, 2021.*

(4) *Share of audited Networth based on share holding of 20.00% as on 31st March, 2021 is ₹ 3.55 Crore.*

(5) *ECA Trading Services Limited ("ECA") is in the process of voluntary liquidation pursuant to resolution passed by its shareholders on 18th December, 2021 and hence it ceases to be an associate from that date. The Group has received interim distribution of ₹ 3.35 crore from the Official Liquidator of ECA. Investment in ECA is fully provided for, as on 31st March, 2022.*

For and on behalf of the Board of Directors

Prakash Apte
Chairman

Uday Kotak
Managing Director and
Chief Executive Officer

Dipak Gupta
Joint Managing Director

Uday Khanna
Director

Jaimin Bhatt
President and
Group Chief Financial Officer

Avan Doomasia
Senior Executive Vice President and
Company Secretary

Mumbai
4th May, 2022

Basel III (Pillar 3) Disclosures (Consolidated) as at 31st March, 2022

RBI circular DBOD.No.BP.BC.1/21.06.201/2015-16 dated 1st July, 2015 on 'Basel III Capital Regulations' read together with the RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31st March, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards-Amendments' requires banks to make applicable Pillar 3 disclosures including leverage ratio, liquidity coverage ratio and Net Stable Funding Ratio (NSFR) under the Basel III Framework. These disclosures are available on the Bank's website at the following link: https://www.kotak.com/en/investor-relations/financial-results/regulatory-disclosure.html. These disclosures have not been subjected to audit or limited review.