

Balance Sheet

as at 31st March, 2020

(₹ in thousands)

	Schedule	As at 31 st March, 2020	As at 31 st March, 2019
CAPITAL AND LIABILITIES			
Capital	1	14,565,192	14,543,774
Employees' Stock Options (Grants) Outstanding		28,654	20,728
Reserves and Surplus	2	475,587,843	414,440,027
Deposits	3	2,628,205,199	2,258,803,630
Borrowings	4	379,933,112	322,482,914
Other Liabilities and Provisions	5	104,196,838	111,429,836
TOTAL		3,602,516,838	3,121,720,909
ASSETS			
Cash and Balances with Reserve Bank of India	6	95,050,501	108,775,243
Balances with Banks and Money at Call and Short Notice	7	437,872,490	137,980,161
Investments	8	750,515,457	711,890,850
Advances	9	2,197,481,867	2,056,948,097
Fixed Assets	10	16,231,305	16,515,501
Other Assets	11	105,365,218	89,611,057
TOTAL		3,602,516,838	3,121,720,909
Contingent Liabilities	12	1,872,773,593	2,120,822,671
Bills for Collection		395,189,768	318,522,336
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The schedules referred to above form an integral part of this Balance Sheet.

The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

Prakash Apte

Chairman

Uday Kotak

Managing Director and

Chief Executive Officer

Sudhir N. Pillai

Partner

Membership No. 105782

Dipak Gupta

Joint Managing Director

Uday Khanna

Director

Mumbai

13th May, 2020

Jaimin Bhatt

Group President and

Group Chief Financial Officer

Bina Chandarana

Joint President and

Company Secretary

Profit and Loss Account

for the year ended 31st March, 2020

(₹ in thousands)

	Schedule	Year ended 31 st March, 2020	Year ended 31 st March, 2019
I. INCOME			
Interest Earned	13	269,296,142	238,900,533
Other Income	14	53,721,077	46,571,813
TOTAL		323,017,219	285,472,346
II. EXPENDITURE			
Interest Expended	15	134,299,488	126,842,487
Operating Expenses	16	88,509,360	75,148,008
Provisions and Contingencies (Refer Note 11 -Schedule 18 B)		40,736,553	34,828,534
TOTAL		263,545,401	236,819,029
III. PROFIT			
Net Profit for the year (I - II)		59,471,818	48,653,317
Add: Balance in Profit and Loss Account brought forward from previous year		169,192,870	136,045,968
TOTAL		228,664,688	184,699,285
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		14,868,000	12,163,400
Transfer to Capital Reserve		1,148,400	69,900
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		800,000	400,000
Transfer to Investment Reserve Account (Refer Note 34 - Schedule 18 A)		(310,622)	310,622
Transfer to Investment Fluctuation Reserve Account		4,831,336	708,918
Transfer to Fraud Provision		(13,971)	13,971
Dividend		1,932,583	1,602,824
Corporate Dividend Tax		290,874	236,780
Balance carried over to Balance Sheet		205,118,088	169,192,870
TOTAL		228,664,688	184,699,285
V. EARNINGS PER SHARE (FACE VALUE OF ₹ 5/-)			
Basic		30.88	25.35
Diluted		30.84	25.32
(Refer Note 1 - Schedule 18 B)			
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The schedules referred to above form an integral part of this Profit and Loss Account.

The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

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Director

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13th May, 2020

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Group President and

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Bina Chandarana

Joint President and

Company Secretary

Cash Flow Statement

for the year ended 31st March, 2020

(₹ in thousands)

	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit after tax	59,471,818	48,653,317
Add: Provision for tax	18,574,926	25,204,623
Net Profit before taxes	78,046,744	73,857,940
Adjustments for :-		
Employee Stock Options Expense	27,502	17,961
Depreciation on Bank's Property	3,719,494	3,669,196
Loss on sale of investments in associates	84,262	-
Diminution / (write back) in the value of Investments	901,233	(137,350)
Dividend from Subsidiaries / Joint Ventures	(518,025)	(451,432)
Amortization of Premium on HTM Investments	3,066,456	2,688,983
Provision for Non Performing Assets, Standard Assets and Other Provisions	21,260,394	9,761,261
Profit on sale of Fixed Assets	(276,255)	(194,823)
	106,311,805	89,211,736
Adjustments for :-		
Decrease / (Increase) in Investments (other than Subsidiaries, Joint Ventures, Associates and Other HTM Investments)	29,263,442	(80,249,746)
(Increase) in Advances	(154,589,301)	(368,210,353)
(Increase) / Decrease in Other Assets	(14,402,739)	4,469,053
Increase in Deposits	369,401,569	332,370,921
(Decrease) / Increase in Other Liabilities and Provisions	(14,380,962)	12,973,094
	215,292,009	(98,647,031)
Direct Taxes Paid	(20,009,496)	(24,441,895)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	301,594,318	(33,877,190)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,467,018)	(4,200,748)
Sale of Fixed Assets	348,381	299,734
Proceeds from sale of Investment in Associates	16,747	-
Investments in Subsidiaries / Joint Ventures	(850,001)	(656,924)
(Increase) / Decrease in Investments in HTM securities	(71,106,746)	12,087,655
Dividend from Subsidiaries / Joint Ventures	518,025	451,432
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)	(74,540,612)	7,981,149

Cash Flow Statement

for the year ended 31st March, 2020

(₹ in thousands)

	Year Ended 31 st March, 2020	Year Ended 31 st March, 2019
CASH FLOW FROM FINANCING ACTIVITIES		
(Decrease) in Subordinated Debt	-	(5,995,882)
(Decrease) / Increase in Refinance	(11,636,200)	8,421,965
Increase in Borrowings [other than Refinance and Sub-ordinated debt]	69,086,398	68,515,300
Money received on exercise of Stock Options / Issue of Equity Shares	3,606,107	2,235,908
Issue of Perpetual Non Cumulative Preference Shares	-	5,000,000
Share Issue Expenses	(3,700)	(7,013)
Dividend paid including Corporate Dividend Tax	(2,223,457)	(1,839,604)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	58,829,148	76,330,674
Increase in Foreign Currency Translation Reserve (D)	284,733	119,691
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	286,167,587	50,554,324
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Refer Note below)	246,755,404	196,201,080
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note below)	532,922,991	246,755,404
Note:		
Balance with Banks in India in Fixed Deposit (As per Sch 7 I (i) (b))	65,032	21,625
Balance with Banks in India in Current Account (As per Sch 7 I (i) (a))	1,685,373	2,665,556
Money at Call and Short Notice in India (as per Sch 7 I (ii))	403,000,000	85,741,126
Cash in hand (including foreign currency notes) (As per Sch 6 I.)	17,216,140	12,211,056
Balance with RBI in Current Account (As per Sch 6 II.)	77,834,361	96,564,187
Balance with Banks Outside India:		
(i) In Current Account (As per Sch 7 II (i))	6,261,010	6,675,754
(ii) In other Deposit Accounts (As per Sch 7 II (ii))	26,861,075	42,876,100
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	532,922,991	246,755,404

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

Prakash Apte

Chairman

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Managing Director and
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Joint Managing Director

Uday Khanna

Director

Mumbai

13th May, 2020

Jaimin Bhatt

Group President and
Group Chief Financial Officer

Bina Chandarana

Joint President and
Company Secretary

Schedules

Forming part of Balance Sheet as at 31st March, 2020

SCHEDULE 1 - CAPITAL

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
Authorised Capital		
2,800,000,000 Equity Shares of ₹ 5/- each (31 st March, 2019: 2,800,000,000 Equity Shares of ₹ 5/- each)	14,000,000	14,000,000
1,000,000,000 (31 st March, 2019: 1,000,000,000) Perpetual Non Cumulative Preference Shares of ₹ 5/- each	5,000,000	5,000,000
	19,000,000	19,000,000
Issued, Subscribed and Paid-up Capital		
1,913,038,338 (31 st March, 2019: 1,908,754,827) Equity Shares of ₹ 5/- each fully paid-up	9,565,192	9,543,774
1,000,000,000 (31 st March, 2019: 1,000,000,000) Perpetual Non Cumulative Preference Shares of ₹ 5/- each fully paid-up	5,000,000	5,000,000
TOTAL	14,565,192	14,543,774

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
I. Statutory Reserve		
Opening Balance	67,257,783	55,094,383
Add: Transfer from Profit and Loss Account	14,868,000	12,163,400
TOTAL	82,125,783	67,257,783
II. Capital Reserve		
Opening Balance	2,133,886	2,063,986
Add: Transfer from Profit and Loss Account	1,148,400	69,900
TOTAL	3,282,286	2,133,886
III. General Reserve		
Opening Balance	6,404,249	6,404,249
Add: Transfer from Profit and Loss Account	-	-
TOTAL	6,404,249	6,404,249
IV. Investment Reserve Account		
Opening Balance	310,622	-
Add: Transfer from/(to) Profit and Loss Account (Refer Note 34 - Schedule 18 A)	(310,622)	310,622
TOTAL	-	310,622

	As at 31 st March, 2020	As at 31 st March, 2019
V. Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	4,942,000	4,542,000
Add: Transfer from Profit and Loss Account	800,000	400,000
TOTAL	5,742,000	4,942,000
VI. Securities Premium Account		
Opening Balance	162,175,642	159,943,364
Add: Received during the year	3,604,451	2,239,291
Less: Share Issue Expenses	3,700	7,013
TOTAL	165,776,393	162,175,642
VII. Amalgamation Reserve		
Opening Balance	1,224,046	1,224,046
Add: Additions	-	-
TOTAL	1,224,046	1,224,046
VIII. Investment Allowance (Utilised) Reserve		
Opening Balance	500	500
Add: Transfer from Profit and Loss Account	-	-
TOTAL	500	500
IX. Investment Fluctuation Reserve		
Opening Balance	708,918	-
Add: Transfer from Profit and Loss Account	4,831,336	708,918
TOTAL	5,540,254	708,918
X. Foreign Currency Translation Reserve		
Opening Balance	89,511	(30,180)
Add: Increase during the year	284,733	119,691
TOTAL	374,244	89,511
XI. Balance in the Profit and Loss Account		
Balance in the Profit and Loss Account	205,118,088	169,192,870
TOTAL	205,118,088	169,192,870
TOTAL (I to XI)	475,587,843	414,440,027

SCHEDULE 3 - DEPOSITS

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
A. I. Demand Deposits		
i. From Banks	1,995,282	3,685,256
ii. From Others	428,131,843	385,324,336
Total	430,127,125	389,009,592
II. Savings Bank Deposits	1,046,085,934	796,847,139
III. Term Deposits		
i. From Banks	14,293,589	630,768
ii. From Others	1,137,698,551	1,072,316,131
Total	1,151,992,140	1,072,946,899
Total Deposits (I to III)	2,628,205,199	2,258,803,630
B. i. Deposits of Branches in India	2,626,098,822	2,257,200,505
ii. Deposits of Branches Outside India	2,106,377	1,603,125
Total Deposits (i and ii)	2,628,205,199	2,258,803,630

SCHEDULE 4 - BORROWINGS

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
I. Borrowings in India		
(i) Reserve Bank of India	3,870,000	16,290,000
(ii) Other Banks	204,229,540	76,527,642
(iii) Other Institutions and Agencies (Refer Note 13 - Schedule 18 B)	105,022,200	116,658,400
Total	313,121,740	209,476,042
II. Borrowings outside India		
Banks & Other Institutions (Refer Note 13 - Schedule 18 B)	66,811,372	113,006,872
Total	66,811,372	113,006,872
Total Borrowings (I and II)	379,933,112	322,482,914
Secured Borrowings other than CBLO and Repo Borrowings included in I above	-	-
Tier II Bonds included in I (iii) above	4,560,000	4,560,000
Tier II Bonds included in II above	-	-

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
I. Bills Payable	10,134,781	18,481,653
II. Interest Accrued	10,436,933	11,750,424
III. Provision for tax (net of advance tax and tax deducted at source)	667,910	710,653
IV. Standard Asset provision (Refer Note 20 - Schedule 18 A)	9,470,324	8,817,797
V. Others (including provisions) (Refer Note 20 - Schedule 18 A)	73,486,890	71,669,309
Total	104,196,838	111,429,836

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
I. Cash in hand (including foreign currency notes)	17,216,140	12,211,056
II. Balances with RBI in Current Account	77,834,361	96,564,187
Total	95,050,501	108,775,243

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

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
I. In India		
(i) Balances with Banks		
(a) In Current Accounts	1,685,373	2,665,556
(b) In Other Deposit Accounts	65,032	21,625
Total	1,750,405	2,687,181
(ii) Money at Call and Short Notice		
(a) With Banks	-	42,741,126
(b) With Other Agencies	403,000,000	43,000,000
Total	403,000,000	85,741,126
Total (i and ii)	404,750,405	88,428,307
II. Outside India		
(i) In Current Accounts	6,261,010	6,675,754
(ii) In Other Deposit Accounts	26,861,075	42,876,100
Total	33,122,085	49,551,854
Total (I and II)	437,872,490	137,980,161

SCHEDULE 8 - INVESTMENTS

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
I. In India		
i. Government Securities	615,301,199	578,924,110
ii. Other approved Securities	-	-
iii. Shares	11,555,352	7,280,357
iv. Debentures and Bonds	53,925,605	56,807,827
v. Subsidiaries and Joint Ventures	25,931,223	25,087,090
vi. Others [Units, Certificate of Deposits (CD), Commercial Paper (CP), Security Receipts, Pass Through Certificates (PTC)]	39,798,779	41,837,365
Total	746,512,158	709,936,749
II. Outside India		
i. Government Securities	3,755,167	1,705,969
ii. Shares	16,523	16,523
iii. Subsidiaries and Joint Ventures	231,609	231,609
Total	4,003,299	1,954,101
Total Investments (I and II)	750,515,457	711,890,850

SCHEDULE 9 - ADVANCES

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
A.		
(i) Bills purchased and discounted #	77,781,325	91,420,925
(ii) Cash Credits, Overdrafts and Loans repayable on demand	582,358,809	587,758,751
(iii) Term Loans	1,537,341,733	1,377,768,421
Total	2,197,481,867	2,056,948,097
# Bills purchased and discounted is net of Bills Rediscounted ₹ Nil (previous year ₹ 491.21 crore)		
B.		
(i) Secured by tangible assets *	1,635,631,253	1,544,699,747
(ii) Covered by Bank / Government guarantees	15,146,253	20,844,952
(iii) Unsecured	546,704,361	491,403,398
Total	2,197,481,867	2,056,948,097
* including advances against book debts		
C. I Advances in India		
(i) Priority Sector	733,388,522	722,728,549
(ii) Public Sector	25,027,953	11,687,525
(iii) Banks	37	66
(iv) Others	1,395,777,345	1,281,108,590
II Advances outside India		
(i) Due from banks	-	-
(ii) Due from others		
a) Bills purchased and discounted	-	-
b) Syndicated and term loans	43,288,010	41,423,367
c) Others	-	-
Total	2,197,481,867	2,056,948,097

SCHEDULE 10 - FIXED ASSETS

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
A. Premises (Including Land)		
Gross Block		
At cost on 31 st March of the preceding year	10,742,163	10,671,851
Additions during the year	11,804	135,794
Less: Deductions during the year	48,708	65,482
Total	10,705,259	10,742,163
Depreciation		
As at 31 st March of the preceding year	1,730,504	1,573,804
Add: Charge for the year	176,653	177,589
Less: Deductions during the year	25,388	20,889
Depreciation to date	1,881,769	1,730,504
Net Block	8,823,490	9,011,659
B. Other Fixed Assets (including furniture and fixtures)		
Gross Block		
At cost on 31 st March of the preceding year	24,082,551	25,067,950
Additions during the year	3,495,620	4,882,212
Less: Deductions during the year	3,061,101	5,867,611
Total	24,517,070	24,082,551
Depreciation		
As at 31 st March of the preceding year	16,735,693	19,051,379
Add: Charge for the year	3,542,841	3,491,607
Less: Deductions during the year	3,012,295	5,807,293
Depreciation to date	17,266,239	16,735,693
Net Block (Refer Note 6 - Schedule 18 B)	7,250,831	7,346,858
C. Leased Fixed Assets		
Gross Block		
At cost on 31 st March of the preceding year	1,540,585	1,540,585
Additions during the year	-	-
Less: Deductions during the year	-	-
Total	1,540,585	1,540,585
Depreciation		
As at 31 st March of the preceding year	1,383,601	1,383,601
Add: Charge for the year	-	-
Less: Deductions during the year	-	-
Depreciation to date	1,383,601	1,383,601
Net Block	156,984	156,984
Total (A) + (B) + (C)	16,231,305	16,515,501

SCHEDULE 11 - OTHER ASSETS

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
I. Interest accrued	28,224,047	22,533,459
II. Advance tax (net of provision for tax)	-	-
III. Stationery and Stamps	31,136	14,606
IV. Cheques in course of collection	13,431	-
V. Non banking assets acquired in satisfaction of claims	-	-
VI. Others (Refer Note 4 - Schedule 18 B)*	77,096,604	67,062,992
Total	105,365,218	89,611,057

* Includes Deferred Tax Asset ₹ 317.34 crore (Previous year ₹ 178.16 crore)

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in thousands)

	As at 31 st March, 2020	As at 31 st March, 2019
I. Claims not acknowledged as debts	13,909,844	13,728,603
II. Liability on account of outstanding Forward Exchange Contracts	975,299,604	1,199,198,327
III. Guarantees on behalf of Constituents		
i) In India	239,242,871	264,990,195
ii) Outside India	-	-
IV. Acceptances, Endorsements and other obligations	166,071,440	167,730,488
V. Other Items for which the Bank is contingently liable :		
a. Liability in respect of interest rate, currency swaps and forward rate agreements	433,439,331	386,178,825
b. Liability in respect of Options Contracts	41,547,975	85,786,201
c. Capital commitments not provided	1,000,093	1,363,300
d. Unclaimed Customer balances transferred to RBI DEAF Scheme	2,262,435	1,846,732
Total	1,872,773,593	2,120,822,671

Schedules

Forming part of Profit and Loss Account for the year ended 31st March, 2020

SCHEDULE 13 - INTEREST EARNED

(₹ in thousands)

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
I. Interest / discount on Advances / Bills	209,992,372	183,180,924
II. Income on Investments	52,572,531	48,727,735
III. Interest on balances with RBI and other inter-bank funds	3,812,382	3,814,238
IV. Others	2,918,857	3,177,636
Total	269,296,142	238,900,533

SCHEDULE 14 - OTHER INCOME

(₹ in thousands)

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
I. Commission, exchange and brokerage	37,792,510	34,439,330
II. Profit / (Loss) on sale of Investments (net)	4,831,336	708,918
III. Profit / (Loss) on sale of building and other assets (net)	276,255	194,823
IV. Profit on exchange transactions (net) (including derivatives)	6,759,153	7,382,556
V. Income earned by way of dividend, etc. from Subsidiaries / Associates and / or Joint Venture in / outside India	1,414,320	1,275,131
VI. Profit on recoveries of non-performing assets acquired	1,484,725	1,796,826
VII. Miscellaneous Income	1,162,778	774,229
Total	53,721,077	46,571,813

SCHEDULE 15 - INTEREST EXPENDED

(₹ in thousands)

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
I. Interest on Deposits	120,609,423	110,126,352
II. Interest on RBI / Inter-Bank Borrowings	5,411,493	9,142,756
III. Others (Refer Note 13(c) - Schedule 18 B)	8,278,572	7,573,379
Total	134,299,488	126,842,487

SCHEDULE 16 - OPERATING EXPENSES

(₹ in thousands)

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
I. Payments to and provision for employees (Refer Note 10 - Schedule 18 B)	39,111,165	31,836,118
II. Rent, taxes and lighting (Refer Note 3 - Schedule 18 B)	6,778,875	6,280,940
III. Printing and Stationery	835,027	914,117
IV. Advertisement, Publicity and Promotion	1,212,178	1,194,763
V. Depreciation on Bank's property	3,719,494	3,669,196
VI. Directors' fees, allowances and expenses	18,220	16,201
VII. Auditors' fees and expenses (Refer Note 14 - Schedule 18 B)	23,646	24,107
VIII. Law Charges	517,393	505,108
IX. Postage, telephone etc.	1,740,121	1,686,942
X. Repairs and maintenance	4,442,253	3,996,147
XI. Insurance	2,333,507	2,012,459
XII. Travel and Conveyance	980,165	1,038,888
XIII. Professional Charges	9,164,051	7,935,896
XIV. Brokerage	2,921,287	2,800,034
XV. Stamping Expenses	127,106	127,983
XVI. Other Expenditure (Refer Note 12 - Schedule 18 B)	15,221,751	11,666,088
	89,146,239	75,704,987
Less: Reimbursement of Costs from Group Companies	636,879	556,979
TOTAL	88,509,360	75,148,008

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES**A BACKGROUND**

In February 2003, Kotak Mahindra Finance Limited was given a license to carry out banking business by the Reserve Bank of India (“RBI”). It was the first Non Banking Finance Company (NBFC) in India to be converted into a Bank. Kotak Mahindra Bank Limited (“Kotak Mahindra Bank”, “Kotak” or “the Bank”) provides a full suite of banking services to its customers encompassing Retail Banking, Treasury and Corporate Banking in India and also has a representative office in Dubai. The Bank set up and commenced operations in May 2016, at its International Financial Services Center Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat. The Bank has commenced operations in October 2019 at its first overseas branch at the Dubai International Financial Centre (DIFC), Dubai, UAE.

B BASIS OF PREPARATION

The financial statements have been prepared in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949. The accounting and reporting policies of Kotak Mahindra Bank used in the preparation of these financial statements is the accrual method of accounting and historical cost convention except derivatives and it conforms with Generally Accepted Accounting Principles in India (“Indian GAAP”), the Accounting Standards specified under section 133 and the relevant provision of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 (“the 2013 act”) and the Companies (Accounting Standards) Amendment Rules 2016 as amended from time to time in so far as they apply to banks and the guidelines issued by RBI.

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On 11th March, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently unascertainable. Various governments, civil society and many organisations, including the Bank, have introduced a variety of measures to contain the spread of the virus to protect lives and livelihood. On 24th March, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and again by 14 days across the country to contain the spread of virus. There is a high level of uncertainty about the duration of the lockdown and the time required for life and business to get normal. The extent to which COVID-19 pandemic will impact the Bank’s operations and financial results is dependent on the future developments, which are highly uncertain, including among many the other things, any new information concerning the severity of the pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

Use of estimates

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

C SIGNIFICANT ACCOUNTING POLICIES**1 Investments****Classification:**

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

Under each of these categories, investments are further classified under six groups (hereinafter called “groups”) - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

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

Basis of classification:

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

Acquisition Cost:

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

Disposal of investments:

- **Investments classified as HFT or AFS** - Profit or loss on sale or redemption is recognised in the Profit and Loss Account.
- **Investments classified as HTM** - Profit on sale or redemption of investments is recognised in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale or redemption is recognised in the Profit and Loss Account.

Short Sale:

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is categorised under HFT category and netted off from Investments in the Balance Sheet. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss Account.

Valuation:

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

- a) **Investments classified as HTM** – These are carried at their acquisition cost. Any premium on acquisition of debt instruments / government securities is amortised over the balance maturity of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided.
- b) **Investments classified as HFT or AFS** – Investments in these categories are marked to market and the net depreciation, if any, within each group is recognised in the Profit and Loss Account. Net appreciation, if any, is ignored. Further, provision other than temporary diminution is made at individual security level. Except in cases where provision other than temporary diminution is made, the book value of the individual securities is not changed as a result of periodic valuations.
- c) The market or fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the market price of the scrip as available from the trades or quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared on Fixed Income Money Market and Derivatives Association of India ('FIMMDA') website by Financial Benchmark India Private Limited (FBIL) as at the year end.
- d) Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.
- e) Market value of units of mutual funds is based on the latest net asset value declared by the mutual fund.
- f) Investments in subsidiaries / joint ventures (as defined by RBI) are categorised as HTM and assessed for impairment to determine other than temporary diminution, if any, in accordance with RBI guidelines.
- g) Market value of investments where current quotations are not available are determined as per the norms prescribed by the RBI as under:
 - In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity for Government Securities as published by FIMMDA / FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit rating along with residual maturity issued by FIMMDA / FBIL is adopted for this purpose;
 - In case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by the RBI. Interest on such securities is not recognised in the Profit and Loss Account until received;
 - Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹ 1 per investee company;
 - Units of Venture Capital Funds (VCF) held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF. Investment in unquoted VCF after 23rd August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines. Such investments are required to be transferred to AFS thereafter;
 - Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Asset Reconstruction Company or Securitisation Company or estimated recovery whichever is lower.
- h) Non-performing investments are identified and depreciation / provision are made thereon based on RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the Profit & Loss Account until received.

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

2 Advances

Classification:

Advances are classified as performing and non-performing advances ('NPAs') based on RBI guidelines and are stated net of bills rediscounted, specific provisions, interest in suspense for non-performing advances and claims received from Export Credit Guarantee Corporation, provisions for funded interest term loan and provisions in lieu of diminution in the fair value of restructured assets. Also, NPAs are classified into sub-standard, doubtful and loss assets as required by RBI guidelines. Interest on NPAs remaining uncollected is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

Amounts paid for acquiring non-performing 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 overdues. If these overdues are in excess of 90 days, then these assets are classified into sub-standard, doubtful or loss as required by the RBI guidelines on purchase of non-performing assets.

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

Provisioning:

Provision for NPAs comprising sub-standard, doubtful and loss assets is made in accordance with RBI guidelines. In addition, the Bank considers accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provision in respect of non-performing advances are charged to the Profit and Loss Account. Any recoveries made by the Bank in case of NPAs written off are recognised in the Profit and Loss Account.

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

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020 and 17th April, 2020 and clarification issued by RBI through Indian Bankers Association dated 6th May, 2020, the Bank is granting a moratorium on the payment of instalments and / or interest, as applicable, falling due between 1st March, 2020 and 31st May, 2020 to eligible borrowers classified as Standard, even if overdue, as on 29th February, 2020. In accordance with RBI guidelines, the moratorium period, wherever granted, is excluded by the Bank from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The Bank holds provisions as at 31st March, 2020 against the potential impact of COVID-19 based on the information available up to a point in time. In accordance with the said guidelines, such accounts where moratorium has been granted will not be considered as restructured.

In accordance with RBI guidelines the Bank has provided general provision on standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, and gold at levels stipulated by RBI from time to time - farm credit to agricultural activities, individual housing loan and SME at 0.25%, commercial real estate at 1.00%, restructured standard advances and MSME borrowers registered under GST who have been granted relief at 5%, teaser rate housing loans at 2.00%, commercial real estate-residential housing at 0.75% and for other sectors at 0.40%. Additional 2% standard asset provision is done for overseas stepdown subsidiaries of Indian corporates. Standard provision is also made at higher than the prescribed rates in respect of advances to stressed sectors as per the framework approved by the Board of Directors. In case of Frauds, the Bank makes provision for amounts it is liable for in accordance with the guidelines issued by RBI. A general provision at 5% on the entire amount outstanding from borrowers who had an overdue on February 29, 2020 and to whom moratorium has been given is also made.

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

Provision for Unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines.

3 Loss on Sale of Advances to Asset Reconstruction Company

Loss on sale of Advances sold to Asset Reconstruction Company are recognised immediately in the Profit and Loss Account.

4 Securitisation

The Bank enters into arrangements for sale of loans through Special Purpose Vehicles (SPVs). In most cases, post securitisation, the Bank continues to service the loans transferred to the SPV. At times, the Bank also provides credit enhancement in the form of cash collaterals and / or by subordination of cash flows to Senior Pass Through Certificate (PTC) holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision / disclosure is made at the time of sale in accordance with Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets".

In accordance with the RBI guidelines, the profit or premium on account of securitisation of assets at the time of sale is computed as the difference between the sale consideration and the book value of the securitised asset amortised over the tenure of the securities issued. Loss on account of securitisation on assets is recognised immediately to the Profit and Loss Account.

The Bank invests in PTCs of other SPVs which are accounted for at the deal value and are classified under Investments.

5 Fixed assets (Property, Plant & Equipment and Intangible) and depreciation / amortisation

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

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

Asset Type	Estimated Useful life in years
Premises	58
Leasehold land	Over the lease period
Improvement to leasehold premises	Over the period of lease subject to a maximum of 6 years.
Office equipments (High capacity chillers, Transformers, UPS, DG set, Fire Suppression, HVAC, PAC & Elevators)	10
Office equipments (other than above)	5
Computers	3
Furniture and Fixtures	6
Motor Vehicles	4
ATMs	5
Software (including development) expenditure	3

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

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

6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

7 Bullion

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

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

8 Revenue recognition

Interest income is recognised on accrual basis.

Interest income in respect of retail advances is accounted for by using the internal rate of return method to provide a constant periodic rate of return on the outstanding on the contract.

Interest income on investments in PTCs and loans bought out through the direct assignment route is recognised at their effective interest rate.

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

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

Upon an asset becoming NPA the income accrued gets reversed, and is recognised only on realisation, as per RBI guidelines. Penal interest is recognised as income on realization other than on running accounts where it is recognised when due.

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

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

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

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

9 Employee benefits

Defined Contribution Plan

Provident Fund

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

Superannuation Fund

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

New Pension Scheme

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

DIFC Employee Workplace Savings Scheme (DEWS)

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

Defined Benefit Plan

Gratuity

The Bank provides for Gratuity, covering employees in accordance with the Payment of Gratuity Act, 1972, service regulations and service awards as the case may be. The Bank's liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date. The Bank makes contribution to Gratuity Funds administered by trustees and managed by Life Insurance Companies.

Pension Scheme

In respect of pension payable to certain erstwhile ING Vysya Bank Limited ("eIVBL") employees under Indian Banks' Association ("IBA") structure, the Bank contributes 10% of basic salary to a pension fund and the difference between the contribution and the amount actuarially determined by an independent actuary is trued up based on actuarial valuation conducted as at the Balance Sheet date. The Pension Fund is administered by the Board of Trustees and managed by Life Insurance Company. The present value of the Bank's defined pension obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date.

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

The contribution made to the Pension fund is recognised as planned assets. The defined benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains or losses in respect of all defined benefit plans are recognised immediately in the Profit and Loss Account in the year in which they are incurred.

Compensated Absences – Other Long-Term Employee Benefits

The Bank accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains / losses are recognised in the Profit and Loss Account in the year in which they arise.

Other Employee Benefits

As per the Bank's policy, employees are eligible for an award after completion of a specified number of years of service with the Bank. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the Projected Unit Credit Method.

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

Employee share based payments

Equity-settled scheme:

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Schemes provide for grant of options on equity shares to employees of the Bank and its Subsidiaries to acquire the equity shares of the Bank that vest in a cliff vesting or in a graded manner and that are to be exercised within a specified period.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account. The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognized 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 value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to General Reserve. The fair market price is the latest available closing price, preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

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

In respect of options granted to employees of subsidiaries, the Bank recovers the related compensation cost from the respective subsidiaries.

Cash-settled scheme:

The cost of cash-settled transactions (Stock Appreciation Rights – ["SARs"]) is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This intrinsic value is amortised on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is remeasured at each Balance Sheet date up to and including the vesting date with changes in intrinsic value recognised in Profit and Loss Account in 'Payments to and provision for employees'.

The SARs that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised cost in respect of the lapsed portion.

10 Foreign currency transactions

Foreign currency monetary assets and monetary liabilities are translated as at the Balance Sheet date at rates notified by the Foreign Exchange Dealers' Association of India (FEDAI) and the resultant gain or loss is accounted in the Profit and Loss Account.

Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transactions except in respect of representative office (which are integral in nature) expenses, which are translated at monthly average exchange rates.

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

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

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

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

11 Derivative transactions

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

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

12 Lease accounting

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term. Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognised as expense immediately in the Profit and Loss Account.

13 Accounting for provisions, contingent liabilities and contingent assets

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

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

14 Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. Impairment loss, if any, is provided in the Profit and Loss Account to the extent carrying amount of assets exceeds their estimated recoverable amount.

15 Taxes on income

The Income Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period.

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

Deferred tax assets are reassessed at each reporting date, based upon the Management’s judgement as to whether realisation is considered as reasonably certain.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the period of the change.

16 Accounting for Dividend

As per AS 4 (Revised), with effect from April 2016, the Bank is not required to provide for dividend proposed / declared after the Balance Sheet date. The same shall be appropriated from next year amount available for appropriation.

17 Earnings per share

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

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

18 Share issue expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

19 Credit cards reward points

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

20 Segment reporting

In accordance with guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated 18th April, 2007 and Accounting Standard 17 (AS-17) on "Segment Reporting", the Banks' business has been segregated into the following segments whose principal activities were as under:

Segment	Principal activity
Treasury, BMU and Corporate Centre	Money market, forex market, derivatives, investments and primary dealership of government securities and Balance Sheet Management Unit (BMU) responsible for Asset Liability Management and Corporate Centre which primarily comprises of support functions.
Corporate / Wholesale Banking	Wholesale borrowings and lendings and other related services to the corporate sector which are not included under retail banking.
Retail Banking	Includes: <ul style="list-style-type: none"> I Lending Commercial vehicle finance, personal loans, home loans, agriculture finance, other loans / services and exposures which fulfill the four criteria for retail exposures laid down in Basel Committee on Banking Supervision document "International Convergence of Capital Measurement and Capital Standards: A Revised Framework". II Branch Banking Retail borrowings covering savings, current, term deposit accounts and Branch Banking network / services including distribution of financial products. III Credit Cards Receivables / loans relating to credit card business.
Other Banking business	Any other business not classified above.

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

Segment revenues consist of earnings from external customers and inter-segment revenues based on a transfer pricing mechanism. Segment expenses consist of interest expenses including allocated operating expenses and provisions.

Segment results are net of segment revenues and segment expenses.

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

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

SCHEDULE 18 – NOTES TO ACCOUNTS**A. DISCLOSURES AS LAID DOWN BY RBI CIRCULARS:****1. Capital Adequacy Ratio:**

The Bank's Capital Adequacy Ratios as per Basel III guidelines are as follows:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Capital Ratios:		
(i) Common Equity Tier I Capital (%)	17.08%	16.72%
(ii) Tier I Capital (%)	17.27%	16.93%
(iii) Tier II Capital (%)	0.62%	0.52%
(iv) Total CRAR %	17.89%	17.45%
(v) Percentage of the shareholding of the Government of India	-	-
(vi) Amount raised by issue of Equity Shares #	362.22	224.78
(vii) Amount of Additional Tier I capital raised of which		
PNCPS*	-	500.00
PDI	-	-
(viii) Amount of Tier II Capital raised of which		
Debt capital instruments	-	-
Preference share capital instruments	-	-

* The Bank has allotted 8.10% Perpetual Non-Convertible Preference Shares (PNCPS) on 2nd August, 2018 to eligible investors at issue price of ₹ 5 per PNCPS aggregating to ₹ 500 crore, resulting in increase in paid-up capital of the Bank.

The Bank has allotted during the year 4,283,511 (previous year: 3,106,321) equity shares consequent to exercise of ESOPs vested. Accordingly the share capital further increased by ₹ 2.14 (previous year: ₹ 1.55) crore and share premium increased by ₹ 360.45 (previous year: 223.93) crore, net of share issue expenses of ₹ 0.37 (previous year: ₹ 0.70) crore.

2. Investments held under the 3 categories viz. "Held for Trading (HFT)", "Available for Sale (AFS)" and "Held to Maturity (HTM)" are as under:**In India:**

(₹ in crore)

Particulars	As at 31 st March, 2020				As at 31 st March, 2019			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government Securities *	2,810.53	26,111.55	32,608.04	61,530.12	755.80	31,332.60	25,804.01	57,892.41
Other Approved Securities	-	-	-	-	-	-	-	-
Shares	-	1,155.54	-	1,155.54	-	728.04	-	728.04
Debentures and Bonds	974.17	4,418.39	-	5,392.56	835.07	4,845.71	-	5,680.78
Subsidiaries, Associates and Joint Ventures	-	-	2,593.12	2,593.12	-	-	2,508.71	2,508.71
Units, Certificate of Deposits, CP, SRs, PTCs etc.	-	3,979.88	-	3,979.88	-	4,183.74	-	4,183.74
Total	3,784.70	35,665.36	35,201.16	74,651.22	1,590.87	41,090.09	28,312.72	70,993.68

* Includes securities with face Value of ₹ 20,800.70 crore (previous year ₹ 7,684.71 crore) pledged and encumbered for availment of fund transfer facility, clearing facility, margin requirements and with RBI for LAF.

Outside India:

(₹ in crore)

Particulars	As at 31 st March, 2020				As at 31 st March, 2019			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government Securities	-	375.52	-	375.52	-	170.60	-	170.60
Shares	-	1.65	-	1.65	-	1.65	-	1.65
Subsidiaries, Associates and Joint Ventures	-	-	23.16	23.16	-	-	23.16	23.16
Total	-	377.17	23.16	400.33	-	172.25	23.16	195.41

3. The details of investments and the movement of provisions held towards depreciation of investments of the Bank as on 31st March, 2020 and 31st March, 2019 are given below:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
1. Value of Investments		
i. Gross value of Investments		
a. In India	75,253.50	71,505.84
b. Outside India	400.33	195.41
ii. Provision for Depreciation		
a. In India	(602.28)	(512.16)
b. Outside India	-	-
iii. Net value of Investments		
a. In India	74,651.22	70,993.68
b. Outside India	400.33	195.41
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	512.16	525.89
ii. Add: Provisions made during the year	122.73	186.94
iii. Less: Write-back of provisions during the year	32.61	200.67
iv. Closing balance	602.28	512.16

4. Details of Repo / Reverse Repo (excluding LAF and MSF transactions for the year) deals (in face value terms):
Year ended 31st March, 2020:

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	31 st March, 2020
Securities sold under repos				
i. Government securities	-	20,086.60	5,752.04	20,086.60
ii. Corporate debt securities	-	100.00	2.73	-
Securities purchased under reverse repos				
i. Government securities	-	12,659.87	891.26	-
ii. Corporate debt securities	-	-	-	-

Year ended 31st March, 2019:

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	31 st March, 2019
Securities sold under repos				
i. Government securities	-	8,090.09	2,590.72	6,974.55
ii. Corporate debt securities	-	200.00	5.21	-
Securities purchased under reverse repos				
i. Government securities	-	11,996.31	1,601.07	4,255.16
ii. Corporate debt securities	-	100.00	0.27	-

5. Disclosure in respect of Non-SLR investments:**(i) Issuer composition of Non-SLR investments as at 31st March, 2020:**

(₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	455.31	412.64	-	-	348.62
2	FIs	347.80	40.90	-	-	199.92
3	Banks	910.63	752.75	-	652.75	200.00
4	Private Corporates	6,434.22	4,864.74	58.83	753.69	2,160.21
5	Subsidiaries, Associates and Joint Ventures	2,636.59	1,282.87	-	2,636.59	2,636.59
6	Others	2,963.64	2,938.01	1,352.90	109.37	2,963.64
7	Provision held towards depreciation	(602.28)	-	-	-	-
Total		13,145.91	10,291.91	1,411.73	4,152.40	8,508.98

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition of Non-SLR investments as at 31st March, 2019:

(₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	1,859.40	1,291.25	-	-	1,145.59
2	FIs	52.40	30.02	-	-	-
3	Banks	559.02	500.00	-	200.00	200.00
4	Private Corporates	6,219.16	4,962.25	17.83	786.73	1,857.12
5	Subsidiaries, Associates and Joint ventures	2,561.69	1,207.97	-	2,561.69	2,561.69
6	Others	2,386.57	2,343.55	1,318.31	483.71	2,386.57
7	Provision held towards depreciation	(512.16)	-	-	-	-
Total		13,126.08	10,335.04	1,336.14	4,032.13	8,150.97

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive.

(ii) Non-performing Non-SLR investments:

(₹ in crore)

Particulars	Year ended	
	31 st March, 2020	31 st March, 2019
Opening balance	296.92	238.03
Additions during the year since 1 st April	-	59.95
Reductions during the year	(22.55)	(1.06)
Closing balance	274.37	296.92
Total provisions held	271.50	239.14

6. During the year ended 31st March, 2020 and year ended 31st March, 2019, the value of sale / transfer of securities to / from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions/Switch) was within 5% of the book value of instruments in HTM category at the beginning of the year.

7. Derivatives:
A. Forward Rate Agreements/ Interest Rate Swaps:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
The notional principal of swap agreements	39,788.46	34,522.03
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	304.25	184.57
Collateral required by the Bank upon entering into swaps	NA	NA
Concentration of credit risk arising from the swaps	60.57% (Banks)	77.45% (Banks)
The fair value of the swap book	(290.17)	(8.68)

B. Exchange Traded Interest Rate Derivatives:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Notional principal amount of exchange traded interest rate derivatives undertaken during the year	-	-
Notional principal amount of exchange traded interest rate derivatives outstanding	-	-
Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" *	NA	NA
Mark to market value of exchange traded interest rate derivatives outstanding and not "highly effective" *	NA	NA

* Being trading positions

Disclosures on risk exposures in derivatives:
Qualitative disclosures:
a) Structure and organization for management of risk in derivatives trading:

The Board of Directors, the Asset Liability Management Committee (ALCO), the Risk Management Committee (RMC), the Senior Management Committee for Derivatives (SMC) and the Market Risk Management Department are entrusted with the management of risks in derivatives.

The philosophy and framework for the derivative business is laid out in the Board approved Investment and Derivative policies. The ALCO of the Bank is empowered to set the limit-framework for derivatives. It also reviews the market risk exposures of derivatives against the limits. The Risk Management Committee reviews all risks on a consolidated basis.

The Senior Management Committee for Derivatives (SMC) performs the ongoing oversight and monitoring of the client derivatives business. This committee is responsible for reviewing and approving the derivative products that can be offered to clients (within the regulatory framework provided by the RBI). The Board approved 'Customer Suitability and Appropriateness Policy for Derivatives' lays down the risk management & governance framework for offering derivatives to clients.

The Bank has Back-Office and Risk Management - independent of the dealing function. The Market Risk Management & Counterparty Risk Management Departments are responsible for assessment, monitoring, measurement & reporting of Market & Counterparty risks in derivatives.

b) Scope and nature of risk measurement, risk reporting and risk monitoring systems:

All significant risks of the derivative portfolio are monitored, measured & reported to the senior management. The Market Risk Management Department, on a daily basis, measures & reports risk-metrics like Value-at-Risk (VaR), PV01, Option Greeks like Delta, Gamma, Vega, Theta, Rho etc. Counterparty Risk exposure of the derivatives portfolio is also reported daily. The Market Risk Management Department independently reports profitability on a daily basis. Rate reasonability tests are performed on the Derivative portfolio to ensure that all trades are entered into at market rates. Stress testing is performed to measure the impact of extreme market shifts on the Bank's portfolio (including derivatives). Suitability and Appropriateness assessment is performed before offering derivatives to clients. The Bank continuously invests in technology to enhance the Risk Management architecture.

c) Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:

The Board Approved 'Hedging Policy' details the hedging strategies, hedging processes, accounting treatment, documentation requirements and effectiveness testing for hedges.

Hedges are monitored for effectiveness periodically, in accordance with the Board Approved Policy.

d) Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:

Derivative transactions are segregated into trading or hedge transactions. Trading transactions outstanding as at the Balance Sheet dates are marked to market and the resulting profits or losses, are recorded in the Profit and Loss Account.

Derivative transactions designated as "Hedges" are accounted in accordance with hedging instruments on an accrual basis over the life of the underlying instrument.

Option premium paid / received is accounted for in the Profit and Loss Account on expiry of the option.

Pursuant to the RBI guidelines, any receivables as well positive Mark to Market (MTM) in respect of future receivable under derivative contracts comprising of crystallised receivables which remain overdue for more than 90 days are reversed through the Profit and Loss Account. Limits for Derivative exposures to Corporates are approved by the Credit Committee and for Banks by the ALCO. These exposures are renewable annually and are duly supported by ISDA agreements. MTM breaches are monitored daily and are cash collateralised wherever necessary.

Quantitative Disclosures:

31st March 2020:

(₹ in crore)

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)		
	a) For hedging	-	-
	b) For trading	105,240.23	39,788.46
2	Marked to Market Positions **		
	a) Asset (+)	1,769.56	285.10
	b) Liability (-)	1,661.61	575.27
3	Credit Exposure	4,535.49	657.71
4	Likely impact of one percentage change in interest rate (100*PV01) #		
	a) On hedging derivatives	-	-
	b) On trading derivatives	10.29	208.81

(₹ in crore)

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
5	Maximum of 100*PV01 observed during the year[#]		
a)	On hedging derivatives	0.61	-
b)	On trading derivatives	45.62	218.83
6	Minimum of 100*PV01 observed during the year[#]		
a)	On hedging derivatives	-	-
b)	On trading derivatives	-	106.42

Currency interest rate swaps have been included under currency derivatives.

[#] Excludes PV01 on options.

^{**} MTM has been considered at product level.

The nature and terms of the Interest Rate Swaps (IRS) as on 31st March, 2020 are set out below:

(₹ in crore)

Nature	No.*	Notional Principal	Benchmark	Terms
Trading	70	3,127.11	LIBOR	Receive Fixed Vs. Pay Floating
Trading	161	9,936.97	LIBOR	Receive Floating Vs. Pay Fixed
Trading	268	9,500.00	MIFOR	Receive Fixed Vs. Pay Floating
Trading	63	3,045.00	MIFOR	Receive Floating Vs. Pay Fixed
Trading	76	3,152.09	MIBOR	Receive Fixed Vs. Pay Floating
Trading	338	11,027.29	MIBOR	Receive Floating Vs. Pay Fixed
Total	976	39,788.46		

The nature and terms of the Cross Currency Swaps (CCS) as on 31st March, 2020 are set out below:

(₹ in crore)

Nature	No.*	Notional Principal	Benchmark	Terms
Trading	1	2.41	EURIBOR	Receive Fixed Vs. Pay Floating
Trading	4	214.31	EURIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
Trading	5	68.64	FIXED	Pay Fixed
Trading	4	237.10	FIXED	Receive Fixed
Trading	44	1559.00	FIXED	Receive Fixed Vs. Pay Fixed
Trading	7	890.82	LIBOR	Receive Fixed Vs. Pay Floating
Trading	1	378.44	LIBOR	Receive Floating Vs. Pay Fixed
Trading	3	204.75	LIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
Total	69	3,555.47		

*Above notional principal does not include trades done with GIFT-City branch since it gets zeroed at bank level however, only count of trades done is specified.

The overnight Net open position as at 31st March, 2020 is ₹ 240.04 crore (previous year ₹ 182.96 crore).

31st March 2019:

(₹ in crore)

Sr. No.	Particulars	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)		
a)	For hedging	4,910.00	1,383.10
b)	For trading	127,684.30	33,138.93
2	Marked to Market Positions **		
a)	Asset (+)	1,901.67	173.99
b)	Liability (-)	1,730.47	182.67
3	Credit Exposure	4,721.26	479.41
4	Likely impact of one percentage change in interest rate (100*PV01) #		
a)	On hedging derivatives	0.11	-
b)	On trading derivatives	2.77	119.01
5	Maximum of 100*PV01 observed during the year#		
a)	On hedging derivatives	3.62	10.05
b)	On trading derivatives	11.63	119.01
6	Minimum of 100*PV01 observed during the year #		
a)	On hedging derivatives	0.03	-
b)	On trading derivatives	0.11	79.84

Currency interest rate swaps have been included under currency derivatives.

Excludes PV01 on options.

** MTM has been considered at product level.

The nature and terms of the Interest Rate Swaps (IRS) as on 31st March, 2019 are set out below:

(₹ in crore)

Nature	No.*	Notional Principal	Benchmark	Terms
Hedge	6	1,383.10	LIBOR	Receive Floating Vs. Pay Fixed
Trading	79	2,629.35	LIBOR	Receive Fixed Vs. Pay Floating
Trading	146	7,963.03	LIBOR	Receive Floating Vs. Pay Fixed
Trading	201	6,995.00	MIFOR	Receive Fixed Vs. Pay Floating
Trading	43	2,276.00	MIFOR	Receive Floating Vs. Pay Fixed
Trading	81	3,264.61	MIBOR	Receive Fixed Vs. Pay Floating
Trading	279	10,010.94	MIBOR	Receive Floating Vs. Pay Fixed
Total	835	34,522.03		

The nature and terms of the Cross Currency Swaps (CCS) as on 31st March, 2019 are set out below:

(₹ in crore)

Nature	No.*	Notional Principal	Benchmark	Terms
Trading	1	3.02	EURIBOR	Receive Fixed Vs. Pay Floating
Trading	4	201.86	EURIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
Trading	5	88.97	FIXED	Pay Fixed
Trading	11	558.18	FIXED	Receive Fixed
Trading	60	1,440.46	FIXED	Receive Fixed Vs. Pay Fixed
Trading	11	1,162.81	LIBOR	Receive Fixed Vs. Pay Floating
Trading	1	345.89	LIBOR	Receive Floating Vs. Pay Fixed
Trading	3	294.66	LIBOR Vs. LIBOR	Receive Floating Vs. Pay Floating
Total	96	4,095.85		

*Above notional principal does not include trades done with GIFT-City branch since it gets zeroed at bank level however, only count of trades done is specified.

8. Credit default swaps:

The Bank has not entered into any Credit Default Swap transactions.

9. Movements in Non Performing Advances (Funded):

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
I Net NPAs to Net Advances %	0.71%	0.75%
ii. Movement of Gross NPAs		
Gross NPAs as on 1 st April (opening balance)	4,467.94	3,825.38
Additions (Fresh NPAs) during the year	3,394.97	1,995.24
Sub-total (A)	7,862.91	5,820.62
Less:		
(i) Upgradations	1,003.69	470.73
(ii) Recoveries (excluding recoveries made from upgraded accounts)	895.84	662.39
(iii) Technical / Prudential Write-offs	601.66	76.31
(iv) Write-offs other than those under (iii) above	334.83	143.25
Sub-total (B)	2,836.02	1,352.68
Gross NPAs as on 31st March (closing balance) (A-B)	5,026.89	4,467.94
iii. Movement of Net NPAs		
a. Opening balance	1,544.37	1,665.05
b. Additions during the year	1,286.55	689.67
c. Reductions during the year	(1,273.03)	(810.35)
d. Closing balance	1,557.89	1,544.37
iv. Movement of provisions for NPAs (excluding provisions on standard assets)		
a. Opening balance	2,923.57	2,160.33
b. Provisions made during the year	2,108.42	1,305.57
c. Write-off / write-back of excess provisions	(1,562.99)	(542.33)
d. Closing balance	3,469.00	2,923.57

10. Movement of Technical Write-offs and Recoveries:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Opening balance of Technical / Prudential written-off accounts as at 1 st April	1,033.59	1,025.65
Add: Technical / Prudential write-offs during the year	601.66	76.31
Sub-Total (A)	1,635.25	1,101.96
Less: Recoveries / Reductions made from previously Technical / Prudential written-off accounts during the year (B)	88.00	68.37
Closing Balance as at 31st March (A-B)	1,547.25	1,033.59

11. The Provision Coverage Ratio (PCR) of the Bank after considering technical write-off is 76.30% as at 31st March, 2020 (previous year: 71.93%).

12. Concentration of NPAs:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Total Exposure to top four NPA accounts	633.58	638.15

Above represents Gross NPA and NPI

13. RBI vide its circular dated 1st April 2019, has directed banks shall make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 10 percent of the published net profits before provision and contingency for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both. There has been no divergence observed by RBI for the financial year 18-19 (previous year: Nil) in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

14. Sector-wise Advances

(₹ in crore)

Sl. No	Sector	As at 31 st March, 2020			As at 31 st March, 2019		
		Outstanding Total Advances*	Gross NPAs	Percentage of Gross NPAs to Total Advances in that Sector	Outstanding Total Advances*	Gross NPAs	Percentage of Gross NPAs to Total Advances in that Sector
A	Priority Sector						
1	Agricultural and Allied Activities	23,611.32	731.93	3.10%	21,915.47	688.47	3.14%
2	Advances to Industries Sector eligible as Priority sector lending	18,376.79	245.13	1.33%	18,687.30	305.55	1.64%
3	Services	30,923.42	732.25	2.37%	31,570.48	504.01	1.60%
4	Personal Loans and others	1,511.39	195.13	12.91%	903.72	39.49	4.37%
	Sub-Total (A)	74,422.92	1,904.44	2.56%	73,076.97	1,537.52	2.10%
B	Non Priority Sector						
1	Agricultural and Allied Activities	1,258.25	31.43	2.50%	1,290.69	66.34	5.14%
2	Industry	61,183.07	1,587.27	2.59%	58,078.11	1,731.45	2.98%
3	Services	44,187.19	649.47	1.47%	40,288.66	532.28	1.32%
4	Personal loans and others	42,171.27	854.28	2.03%	35,897.72	600.35	1.67%
	Sub-Total (B)	148,799.78	3,122.45	2.10%	135,555.18	2,930.42	2.16%
	Total (A+B)	223,222.70	5,026.89	2.25%	208,632.15	4,467.94	2.14%

* Represents Gross Advances

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

15. Priority sector lending certificates

The amount of PSLCs (categorywise) sold and purchase during the year:

As at 31st March, 2020:

(₹ in crore)

S. No	Type of PSLCs	Purchase	Sale
1	PSLC – Agriculture	1,945.00	500.00
2	PSLC - SF / MF	6,251.00	-
3	PSLC - Micro Enterprises	2,980.00	-
4	PSLC – General	4,500.00	11,257.00
TOTAL		15,676.00	11,757.00

As at 31st March, 2019:

(₹ in crore)

S. No	Type of PSLCs	Purchase	Sale
1	PSLC – Agriculture	-	2,667.50
2	PSLC - SF / MF	7,740.50	-
3	PSLC - Micro Enterprises	-	500.00
4	PSLC – General	2,000.00	6,895.75
TOTAL		9,740.50	10,063.25

**16. Details of Loan Assets subjected to Restructuring:
As at 31st March, 2020**

(₹ in crore)

Sl. No	Type of Restructuring	Under CDR Mechanism			Under SIME Debt Restructuring Mechanism			Others			Total					
		Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total			
1	Restructured Accounts as on April 1 of the FY (opening figures)	29.67	27.75	182.20	239.62	-	-	-	16	1,876	5,768	7,660	17	1,877	5,774	7,668
	Provision thereon	9.06	13.87	156.57	179.50	-	-	-	4.14	10.95	235.24	250.33	13.20	24.82	391.81	429.83
	Movement in the Accounts	-	-	(1)	(1)	-	-	-	(2)	(1,415)	(1,123)	(2,540)	(2)	(1,415)	(1,124)	(2,541)
	Amt. Outstanding	(3.25)	13.83	(11.21)	(0.63)	-	-	-	(7.41)	(32.29)	(56.57)	(96.27)	(10.66)	(18.46)	(67.78)	(96.90)
	Provision thereon	(8.55)	9.28	20.66	21.39	-	-	-	(10.09)	(7.36)	3.42	(14.03)	(18.64)	1.92	24.08	7.36
2	Fresh restructuring during the year	-	-	-	-	-	-	-	8	3,901	1,324	5,233	8	3,901	1,324	5,233
	Amt. Outstanding	-	-	-	-	-	-	-	37.30	87.49	49.29	174.08	37.30	87.49	49.29	174.08
	Provision thereon	-	-	-	-	-	-	-	1.59	35.03	42.68	79.30	1.59	35.03	42.68	79.30
3	Upgradations to restructured standard category during the FY	13.19	-	(13.19)	-	-	-	-	34.77	(0.97)	(33.80)	-	47.96	(0.97)	(46.99)	-
	Provision thereon	6.94	-	(6.94)	-	-	-	-	8.61	(0.16)	(8.45)	-	15.55	(0.16)	(15.39)	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	(1)	-	-	(1)	(1)	-	-	(1)
	Amt. Outstanding	-	-	-	-	-	-	-	(8.29)	-	-	(8.29)	(8.29)	-	-	(8.29)
	Provision thereon	-	-	-	-	-	-	-	(0.22)	-	-	(0.22)	(0.22)	-	-	(0.22)
5	Downgradations of restructured accounts during the FY	(1)	-	1	-	-	-	-	(5)	(1,182)	1,187	-	(6)	(1,182)	1,188	-
	Amt. Outstanding	(26.39)	(1.36)	27.75	-	-	-	-	(8.74)	(5.22)	13.96	-	(35.13)	(6.58)	41.71	-
	Provision thereon	(5.78)	(8.09)	13.87	-	-	-	-	(0.82)	(5.78)	6.60	-	(6.60)	(13.87)	20.47	-
6	Write-offs of restructured accounts during the FY	-	-	(1)	(1)	-	-	-	-	(434)	(1,283)	(1,717)	-	(434)	(1,284)	(1,718)
	Amt. Outstanding	-	-	(36.26)	(36.26)	-	-	-	-	(1.25)	(54.53)	(55.78)	-	(1.25)	(90.79)	(92.04)
	Provision thereon	-	-	(36.26)	(36.26)	-	-	-	-	(1.25)	(54.53)	(55.78)	-	(1.25)	(90.79)	(92.04)
7	Restructured Accounts as on March 31 of the FY (closing figures*)	13.22	40.22	149.29	202.73	-	-	-	71.48	76.31	239.14	386.93	84.70	116.53	388.43	589.66
	Provision thereon	1.67	15.06	147.90	164.63	-	-	-	3.21	31.43	224.96	259.60	4.88	46.49	372.86	424.23

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

As at 31st March, 2019

(₹ in crore)

Sl. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total						
		Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total	Standard	Sub standard	Doubtful	Total				
1	Restructured Accounts as on April 1 of the FY (opening figures)	58.96	11.12	199.69	269.77	-	-	-	-	11	4,388	3,764	8,163	13	4,389	3,770	8,172
	Provision thereon	18.03	1.74	162.84	182.61	-	-	-	-	39.16	40.71	93.87	173.74	57.19	42.45	256.71	356.35
	Movement in the Accounts	-	-	-	-	-	-	-	-	(2)	(693)	(629)	(1,324)	(2)	(693)	(629)	(1,324)
	Amt. Outstanding	(1.79)	(2.43)	0.08	(4.14)	-	-	-	-	(7.96)	(32.58)	(54.45)	(94.99)	(9.75)	(35.01)	(54.37)	(99.13)
	Provision thereon	4.84	0.50	17.56	22.90	-	-	-	-	(0.56)	55.23	(14.26)	40.41	4.28	55.73	3.30	63.31
2	Fresh restructuring during the year	-	-	-	-	-	-	-	-	4	3,547	602	4,153	4	3,547	602	4,153
	Amt. Outstanding	-	-	-	-	-	-	-	-	7.59	71.16	108.64	187.39	7.59	71.16	108.64	187.39
	Provision thereon	-	-	-	-	-	-	-	-	0.52	27.13	67.94	95.59	0.52	27.13	67.94	95.59
3	Upgradations to restructured standard category during the FY	-	-	-	-	-	-	-	-	4	(1)	(3)	-	4	(1)	(3)	-
	Amt. Outstanding	-	-	-	-	-	-	-	-	0.30	(0.28)	(0.02)	-	0.30	(0.28)	(0.02)	-
	Provision thereon	-	-	-	-	-	-	-	-	0.01	(0.01)	-	-	0.01	(0.01)	-	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amt. Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	(1)	-	1	-	-	-	-	-	(1)	(3,106)	3,107	-	(2)	(3,106)	3,108	-
	Amt. Outstanding	(27.50)	19.06	8.44	-	-	-	-	-	(65.09)	(138.54)	203.63	-	(92.59)	(119.48)	212.07	-
	Provision thereon	(13.81)	11.63	2.18	-	-	-	-	-	(34.99)	(103.22)	138.21	-	(48.80)	(91.59)	140.39	-
6	Write-offs of restructured accounts during the FY	-	-	(1)	(1)	-	-	-	-	-	(2,259)	(1,073)	(3,332)	-	(2,259)	(1,074)	(3,333)
	Amt. Outstanding	-	-	(26.01)	(26.01)	-	-	-	-	-	(8.89)	(50.52)	(59.41)	-	(8.89)	(76.53)	(85.42)
	Provision thereon	-	-	(26.01)	(26.01)	-	-	-	-	-	(8.89)	(50.52)	(59.41)	-	(8.89)	(76.53)	(85.42)
7	Restructured Accounts as on March 31 of the FY (closing figures*)	29.67	27.75	182.20	239.62	-	-	-	-	23.85	28.55	320.79	373.19	53.52	56.30	502.99	612.81
	Provision thereon	9.06	13.87	156.57	179.50	-	-	-	-	4.14	10.95	235.24	250.33	13.20	24.82	391.81	429.83

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

Disclosure on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period):

As at 31st March, 2020

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
	Nil	Nil	NA	NA	Nil	Nil

(₹ in crore)

As at 31st March, 2019

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
	Nil	Nil	NA	NA	Nil	Nil

(₹ in crore)

Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A)

As at 31st March, 2020

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard	23.95	13.22	10.73	8.36
Classified as NPA	70.04	27.58	42.46	65.78

(₹ in crore)

As at 31st March, 2019

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard	-	-	-	-
Classified as NPA	114.13	60.93	53.20	83.63

(₹ in crore)

Disclosure on the scheme for MSME sector – restructuring of advances
As at 31st March, 2020:

(₹ in crore)

No. of accounts restructured	Amount
12	43.38

As at 31st March, 2019:

(₹ in crore)

No. of accounts restructured	Amount
4	7.59

In terms of RBI Circular, June 7, 2019, the Bank has implemented Resolution Plan in two accounts during FY 2019-20. Resolution Plans were implemented within time lines prescribed by regulator and thus no provision for delayed implementation is required to be made.

17. Overseas Assets, NPAs and Revenue:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Total Assets*	4,947.62	4,376.90
Total NPAs	Nil	Nil
Total Revenue*	194.84	197.91

* includes IBU

18. A. Details of financial assets (including written off accounts) sold to Securitisation / Reconstruction Company for Asset Reconstruction (SC/RC):

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
(a) No. of accounts	Nil	Nil
(b) Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(c) Aggregate consideration	Nil	Nil
(d) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(e) Aggregate gain / (loss) over net book value	Nil	Nil
(f) Excess provision reversed to Profit and Loss Account in case of sale of NPAs	Nil	Nil

B. Net Book Value of Investments in Security Receipts ("SRs"):

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
(i) Backed by NPAs sold by the bank as underlying	66.10	92.53
(ii) Backed by NPAs sold by other banks / financial institutions / nonbanking financial companies as underlying	746.50	908.98
Total	812.60	1,001.51

C. Disclosure of Investment in Security Receipts:**31st March, 2020:**

(₹ in crore)

Particulars	SRs issued within past 5 years		
	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the bank as underlying	-	264.37	-
Provision held against (i)	-	(198.27)	-
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	695.00	51.50	97.43
Provision held against (ii)	- *	- *	(97.43)
Total (i) + (ii)	695.00	117.60	0.00

*Since there is overall appreciation, the same is not included in the provision.

31st March, 2019:

(₹ in crore)

Particulars	SRs issued within past 5 years		
	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the bank as underlying	264.37	-	-
Provision held against (i)	(171.84)	-	-
(ii) Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	834.72	96.65	35.52
Provision held against (ii)	3.83*	(26.22)	(35.52)
Total (i) + (ii)	931.08	70.43	-

*amount shown is appreciation on SRs and not provision held against SRs.

D. Details of non-performing financial assets purchased:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
(a) Number of accounts purchased during the year*	27	14
(b) Aggregate outstanding in the Banks books**	255.28	222.13

* Retail assets portfolio purchased by the Bank has been considered as single portfolio.

**Represents outstanding balance of total non-performing financial assets purchased by the Bank at the Balance Sheet date.

None of the non-performing financial assets purchased have been restructured during the year (previous year Nil).

E. Details of non-performing financial assets sold (including written off accounts), excluding those sold to SC/RC:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
(a) No. of accounts sold	Nil	Nil
(b) Aggregate value (net of provisions)	Nil	Nil
(c) Aggregate consideration received	Nil	Nil

19. There are no unsecured advances for which intangible security such as charge over the rights, licenses, authority, etc. are accepted as collateral by the Bank.

20. (a) **Provisions on Standard Assets (including unhedged foreign currency exposure)**

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Provisions towards Standard Assets	947.03	881.78

(b) **General Provision for COVID-19 Deferment cases:**

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020 and 17th April, 2020, and clarification issued by RBI through Indian Bankers Association, dated 6th May 2020 the Bank is granting moratorium on the payment of installments and / or interest, as applicable, falling due between 1st March, 2020 and 31st May, 2020 ('moratorium period') to eligible borrowers classified as Standard, even if overdue, as on 29th February, 2020. In accordance with RBI guidelines, the moratorium period, wherever granted, is excluded by the Bank from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The Bank holds provisions as at 31st March 2020 against the potential impact of COVID-19 based on the information available up to a point in time. The provisions held by the Bank are higher than the RBI prescribed norms. Following are the details of such accounts and provisions made by the Bank:

(₹ in crore)

Particulars	As at
	31 st March, 2020
Advances outstanding in SMA/overdue categories, where the moratorium/deferment was extended as per COVID-19 Regulatory Package	
- Account Level	6,565.74
- Customer Level	12,923.91
Advances outstanding where asset classification benefits is extended up to 31 st March, 2020	660.65
Provisions made as per para 5 of the COVID-19 Regulatory Package for the financial year ended 31 st March, 2020	650.00
Provisions adjusted during the financial year ended 31 st March, 2020	NA
Residual provisions in terms of paragraph 6 of the COVID-19 Regulatory Package as at 31 st March, 2020	650.00

21. **Business ratios / information:**

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Interest income as a percentage of working funds	8.45%	8.33%
Non Interest income as a percentage of working funds	1.69%	1.60%
Operating profit as a percentage of working funds	3.14%	2.90%
Return on assets (average)	1.87%	1.69%
Business (deposit plus advance) per employee (₹ in crore)	9.36	9.96
Profit per employee (₹ in crore)	0.13	0.12

Definitions:

- Working funds is the monthly average of total assets of the Bank as reported to RBI under Section 27 of the Banking Regulation Act, 1949 and those of IBU.
- Operating profit = (Interest Income + Other Income – Interest expenses – Operating expenses).
- Business is monthly average of net advances and deposits as reported to the RBI under section 27 of the Banking Regulation Act, 1949. Interbank deposits are excluded for the purposes of computation of this ratio.
- Productivity ratios are based on average number of employees.

22. Maturity pattern of certain items of assets and liabilities:**31st March, 2020:**

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 12 months	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances*	239.50	901.34	996.85	2,089.30	22,950.96	20,681.87	29,001.85	92,662.92	22,311.66	27,911.94	219,748.19
Investments*	20,663.06	1,837.79	1,018.13	1,920.78	5,453.67	6,332.80	6,237.57	25,478.13	745.09	4,894.63	74,581.65
Deposits	5,544.76	7,930.78	4,775.55	6,183.38	24,927.97	35,602.92	33,031.20	143,565.52	994.72	263.72	262,820.52
Borrowings	280.97	20,451.98	82.30	325.67	1,951.75	2,143.84	3,627.76	8,449.39	529.66	149.99	37,993.31
Foreign Currency Assets	1,013.11	2,784.71	321.53	360.04	3,628.00	2,745.87	2,520.06	2,008.69	779.65	311.27	16,472.93
Foreign Currency Liabilities	718.91	427.61	154.60	597.17	1,943.50	1,569.95	755.95	6,146.47	625.78	0.08	12,940.02

* In view of the COVID-19 pandemic, the Reserve Bank of India on 27th March 2020, announced measures to support the economy and the financial system. The measures permit banks to offer a three-month moratorium on all term loans outstanding as on 1st March, 2020, interest deferment on working capital facilities. As a prudent measure, in view of the potential relief to borrowers, for ALM purposes, the contractual inflows on borrower accounts have been suitably adjusted for the moratorium.

* Listed equity investments in AFS have been considered at 50% (₹ 469.90 crore) haircut as per RBI directions.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management.

31st March, 2019:

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 12 months	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	324.70	1,885.40	2,365.74	5,897.18	17,727.06	13,946.06	14,959.17	95,510.33	24,236.79	28,842.38	205,694.81
Investments*	10,374.87	9,003.44	1,209.81	1,711.89	6,885.65	7,214.17	7,379.08	21,092.56	1,549.27	4,520.86	70,941.60
Deposits	5,623.38	7,980.18	4,446.26	3,967.03	23,227.36	32,098.00	32,781.98	114,592.77	833.18	330.22	225,880.36
Borrowings	253.08	8,994.63	13.14	120.92	6,109.31	3,095.89	4,227.04	7,526.02	1,758.26	150.00	32,248.29
Foreign Currency Assets	862.29	4,505.03	190.67	504.78	2,839.08	2,614.52	659.48	1,822.44	1,760.93	423.57	16,182.79
Foreign Currency Liabilities	727.72	737.92	284.17	463.92	5,893.87	2,814.46	1,474.54	4,893.33	1,481.61	0.34	18,771.88

* Listed equity investments in AFS have been considered at 50% (₹ 247.49 crore) haircut as per RBI directions.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management.

23. Exposures:
(a) Exposure to Real Estate Sector*:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
a) Direct exposure	34,317.98	29,887.98
i. Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Includes Individual housing loans eligible for inclusion in priority sector advances as at 31 st March, 2020 ₹ 83.27 crore and as at 31 st March, 2019 ₹ 268.26 crore)	17,899.64	14,214.51
ii. Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure also includes non-fund based (NFB) limits	16,418.34	15,673.47
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures–	-	-
– Residential,	-	-
– Commercial Real Estate	-	-
b) Indirect Exposure	5,000.77	3,659.59
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	5,000.77	3,659.59
Total Exposure to Real Estate Sector	39,318.75	33,547.57

**On limit basis or outstanding basis whichever is higher*
(b) Exposure to Capital Market*:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
i. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;#	1,167.81	701.04
ii. Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	314.98	394.05
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	3,110.79	2,608.24
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	2,247.70	3,096.55

Particulars	As at	
	31 st March, 2020	31 st March, 2019
vi. Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii. Bridge loans to companies against expected equity flows / issues;	-	-
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix. Financing to stockbrokers for margin trading;	-	-
x. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	0.03	0.03
xi. Others (Financial Guarantees)	34.86	0.18
Total Exposure to Capital Market*	6,876.17	6,800.09

* The above amount excludes shares/convertible bonds aggregating to ₹ 135.18 crore (Previous year ₹ 135.18 crore) acquired due to conversion of debt to equity under restructuring process. As per para 20 of DBR.No.BPBC.101/21.04.048/2017-18 dated 12th February, 2018, the above amount is exempt from regulatory ceilings/restriction on capital market exposure.

* On limit basis or outstanding basis whichever is higher

(c) Risk category wise country exposure:

As per extant RBI guidelines, the country exposure of the Bank is categorized into various risk categories listed in following table. Since the country exposure (net) of the Bank in respect of any country does not exceed 1% of the total funded assets, no provision is required to be maintained on country exposure as on 31st March, 2020 (Nil provision for the year ended 31st March, 2019).

(₹ in crore)

Risk Category	Exposure (net) as at 31 st March, 2020	Provision held as at 31 st March, 2020	Exposure (net) as at 31 st March, 2019	Provision held as at 31 st March, 2019
Insignificant	5,153.52	-	5,139.83	-
Low	422.31	-	664.45	-
Moderate	-	-	17.29	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	5,575.83	-	5,821.57	-

24. Concentration of deposits:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Total deposits of twenty largest depositors	26,021.91	27,641.57
Percentage of deposits of twenty largest depositors to total deposits of the Bank	9.90%	12.24 %

25. Concentration of advances*:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Total advances to twenty largest borrowers	30,031.31	31,002.00
Percentage of advances to twenty largest borrowers to total advances of the bank	7.69%	8.99%

* Advances represents credit exposure including derivatives furnished in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated 1st July, 2015.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

26. Concentration of exposures:**

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Total exposure to twenty largest borrowers/customers	31,648.19	32,565.33
Percentage of exposures to twenty largest borrowers/customers to total exposure of the bank on borrowers/customers	7.82%	9.08%

** Exposures represents credit, derivatives and investment exposure as prescribed in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated 1st July, 2015.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

27. Disclosure in Respect of Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities:

RBI vide its circular no. DBR.BP.BC.No.38/21.04.048/2018-19 dated 08th May 2019, has withdrawn its earlier circular / instruction, in respect of disclosures to be made towards exposure to ILFS & its group entities.

Position as of 31st March, 2019 :

Amount Outstanding held* (1)	Of (1), total amount of exposure which are NPAs as per IRAC norms and not classified as NPA. (2)	Provision required to be made as per IRAC norms. (3)	Provisions actually held (4)
Nil	Nil	Nil	Nil

*Above does not include Non-fund outstanding

28. During the year ended 31st March, 2020 and year ended 31st March, 2019 the Bank has not exceeded the prudential exposure limits as laid down by RBI guidelines for the Single Borrower Limit (SBL) / Group Borrower Limit (GBL).

29. Provision made for taxes during the year:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Current tax	1,996.67	2,504.34
Deferred tax	(139.18)	16.12
Total	1,857.49	2,520.46

30. During the year, the Reserve Bank of India has levied a penalty of ₹ 2,00,40,000/- (previous year ₹ 20,00,000/-) on the Bank. The penalty is for failure to comply with the RBI's directions to submit details of the promoter shareholding and the proposed course of action/ plans/ strategy by the Bank, and not conveying the commitment of the Bank for achieving promoter dilution as per the timelines stipulated and Facility for Exchange of Notes and coins at two branches.

31. There are no Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) (previous year ₹ Nil).

32. Bancassurance Business:

(₹ in crore)

Sr. No.	Nature of Income	Year Ended	
		31 st March, 2020	31 st March, 2019
1.	For selling life insurance policies	204.81	200.50
2.	For selling non life insurance policies	13.20	13.07
3.	For selling mutual fund products	130.09	205.32
4.	Others	-	-

This Income has been reflected under Commission, exchange and brokerage under Other Income.

33. Floating Provisions:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
(a) Opening balance in the floating provisions account	Nil	Nil
(b) The quantum of floating provisions made in the accounting year	Nil	Nil
(c) Amount of draw down made during the accounting year	Nil	Nil
(d) Closing Balance in floating provisions account	Nil	Nil

34. Draw Down from Reserves:

In accordance with the RBI requirement on creation and utilisation of Investment reserve in respect of HFT and AFS investments, an amount of ₹ 31.06 crore has been utilised during the year (previous year ₹ Nil utilised).

35. a) Status of Shareholder Complaints:

Sr. No.	Particulars	Year ended	
		31 st March, 2020	31 st March, 2019
(a)	No. of complaints pending at the beginning of the year	4	-
(b)	No. of complaints received during the year	29	11
(c)	No. of complaints redressed during the year	30	7
(d)	No. of complaints pending at the end of the year	3*	4

**The Pending investor grievances were resolved on 2nd May 2020.*

b) Status of Customer Complaints:

Sr. No.	Particulars	Year Ended	
		31 st March, 2020	31 st March, 2019 [#]
(a)	No. of complaints pending at the beginning of the year	8,508	512
(b)	No. of complaints received during the year	4,17,114	4,06,998
(c)	No. of complaints redressed during the year	4,21,299	3,99,002
(d)	No. of complaints pending at the end of the year	4,323	8,508

[#] previous year numbers are restated on account of regrouping of services requests.

c) Status of Awards passed by the Banking Ombudsman:

Sr. No.	Particulars	Year Ended	
		31 st March, 2020	31 st March, 2019
(a)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
(b)	No. of Awards passed by the Banking Ombudsman during the year	2	Nil
(c)	No. of Awards implemented during the year	1	Nil
(d)	No. of unimplemented Awards at the end of the year	1	Nil

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

36. There are no outstanding letter of awareness / letter of comfort (previous year Nil).

37. DISCLOSURES ON REMUNERATION

A. Qualitative Disclosures:

a) Information relating to the composition and mandate of the Remuneration Committee:

The Nomination & Remuneration committee comprises of independent directors of the Bank. Key mandate of the Nomination & Remuneration committee is to oversee the overall design and operation of the compensation policy of the Bank and work in coordination with the Risk Management Committee to achieve alignment between risks and remuneration.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

Objective of Banks' Compensation Policy is:

- To maintain fair, consistent and equitable compensation practices in alignment with Bank's core values and strategic business goals;
- To ensure effective governance of compensation and alignment of compensation practices with prudent risk taking;
- To have mechanisms in place for effective supervisory oversight and Board engagement in compensation

The remuneration process is aligned to the Bank's Compensation Policy objectives.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

In order to manage current and future risk and allow a fair amount of time to measure and review both quality and quantity of the delivered outcomes, a significant portion of senior and middle management compensation is variable. Further reasonable portion variable compensation is non- cash and deferred, over a period of 3 years or longer.

In addition, remuneration process provides for 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ company.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Individual performances are assessed in line with business/ individual delivery of the Key Result Areas (KRAs), top priorities of business, budgets etc. KRAs of Line roles are linked to financials, people, service and process (Quality) and compliance parameters and KRAs of non-Line Roles have linkage to functional deliveries needed to achieve the top business priorities.

Further remuneration process is also linked to market salaries / job levels, business budgets and achievement of individual KRAs.

e) A discussion of the banks' policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

A discussion on Policy on Deferral of Remuneration

Employees are classified into following three categories for the purpose of remuneration:

Category I: Whole Time Directors (WTD)/Chief Executive Officer (CEO)

Category II: Risk Control and Compliance Staff

Category III: Other Categories of Staff

Following principles are applied for deferral / vesting of variable remuneration in accordance with RBI guidelines and Bank's compensation policy:

Category I

- a. Variable Pay will not exceed 70% of Fixed Pay.
- b. The Cash component of the Variable Pay will not exceed 50% of the Fixed Pay.
- c. If Variable Pay is higher than 50% of Fixed Pay, at least 40% of Variable Pay will be deferred over a period of 3 years, or longer, on a pro-rata basis.

The compensation will be approved by the Nomination and Remuneration committee and RBI.

Category II

- a. Variable Pay will not exceed 70% of Fixed Pay.
- b. The Cash component of the Variable Pay will not exceed 50% of the Fixed Pay.
- c. If Variable Pay is higher than 50% of Fixed Pay, at least 40% of Variable Pay will be deferred over a period of 3 years, or longer, on a pro-rata basis.

Category III

Variable Pay is payable as per approved schemes for incentive or Bonus:

- i) The Cash component of the Variable Pay will not exceed 60% of the Fixed Pay.
- ii) If Variable Pay is higher than 60% of Fixed Pay, at least 40% of Variable Pay will be deferred over a period of 3 years, or longer, on a pro-rata basis.
- iii) However, if Variable Pay is less than or equal to ₹15 lakhs, management will have the discretion to pay the entire amount as cash.

For adjusting deferred remuneration before & after vesting:

Malus: Payment of all or part of amount of deferred variable pay can be prevented. This clause will be applicable in case of:

- Disciplinary Action (at the discretion of the Disciplinary Action Committee) and/ or
- Significant drop in performance of Individual/ Business/ Company (at the discretion of the Nomination & Remuneration Committee) and/ or
- Resignation of the staff prior to the payment date.

Clawback: Previously paid or already vested deferred variable pay can also be recovered under this clause.

This clause will be applicable in case of Disciplinary Action (at the discretion of the Disciplinary Action Committee and approval of the Nomination & Remuneration Committee).

f) **Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:**

The main forms of such variable remuneration include:

- Cash – this may be at intervals ranging from Monthly, Quarterly, Annual.
- Deferred Cash / Deferred Incentive Plan.
- Stock Appreciation Rights (SARs): These are structured, variable incentives, linked to Kotak Mahindra Bank Stock price, payable over a period of time
- ESOP as per SEBI guidelines.

The form of variable remuneration depends on the job level of individual, risk involved, the time horizon for review of quality and longevity of the assignments performed.

B. Quantitative Disclosures:

a) **Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.**

During year ended 31st March, 2020 4 meetings of Nomination and Remuneration committee was held. Non-Executive Director of the Nomination and Remuneration committee is paid a sitting fee of ₹ 40,000 per meeting.

b) Number of employees having received a variable remuneration award during the financial year.

Quantitative disclosure restricted to CEO, three (previous year: one) Whole Time Director(s) and Six (previous year: seven) members of group management council as risk takers. It included award received by the Whole Time Directors appointed on 1 November 2019 and for the full year. For a group management council member who has moved to a group company awards upto the date in the Bank are included.

c) Number and total amount of sign-on awards made during the financial year.

Not applicable

d) Details of guaranteed bonus, if any, paid as joining / sign on bonus.

Not applicable

e) Details of severance pay, in addition to accrued benefits, if any.

Nil (previous year Nil)

f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.

Cash – ₹ 0.50 crore (previous year Nil)

Outstanding SARs as at 31st March, 2020 – 107,701 rights (previous year 127,866 rights)

Outstanding ESOPs as at 31st March, 2020 – 958,861 equity shares (previous year 1,134,503 equity shares). Outstanding ESOPs include those granted in previous financial years also.

g) Total amount of deferred remuneration paid out in the financial year.

Payment towards SARs during year ended 31st March, 2020 ₹ 10.49 crore (previous year ₹ 9.26 crore). Payment include amounts paid to two Whole Time Directors in respect of SARs granted prior to becoming Whole Time Directors on 1 November 2019.

h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.

Total fixed salary for the year ended 31st March, 2020 - ₹ 24.78 crore (previous year ₹ 21.80 crore)

Deferred Variable Pay*

SARs – 51,970 rights (previous year 53,430 rights)

ESOPs – 498,040 equity shares (previous year 441,130 equity shares)

Non Deferred variable pay* ₹ 5.45 crore (of which ₹ 1.70 crores is pending for RBI Approval) (previous year ₹4.88 crore)

* Details relating to variable pay pertains to remuneration awards for the financial year 2018-19 awarded during current financial year. Remuneration award for the year ended 31st March, 2020 are yet to be reviewed and approved by the remuneration committee

i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. – Nil (Previous year Nil)

j) Total amount of reductions during the financial year due to ex- post explicit adjustments. – Nil (Previous year Nil)

k) Total amount of reductions during the financial year due to ex- post implicit adjustments. – Nil (Previous year Nil)

38. Intra – Group Exposures

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
(a) Total amount of intra-group exposures	4,773.12	4,323.02
(b) Total amount of top-20 intra-group exposures	4,773.08	4,322.69
(c) Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	1.18%	1.21%
(d) Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	NA	NA

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system.

39. Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Opening balance of amounts transferred to DEAF	184.67	165.32
Add: Amounts transferred to DEAF during the year	43.20	22.49
Less: Amounts reimbursed by DEAF towards claim	1.62	3.14
Closing balance of amounts transferred to DEAF	226.25	184.67

40. Unhedged Foreign Currency Exposure of borrowers:

The Bank recognises the importance of the risk of adverse fluctuation of foreign exchange rates on the profitability and financial position of borrowers who are exposed to currency risk. Currency induced credit risk refers to the risk of inability of borrowers to service their debt obligations due to adverse movement in the exchange rates and corresponding increase / decrease in their book values of trade payables, loan payables, trade receivables, etc. thereby exposing the Bank to risk of default by the borrower. In this regard, the Bank had put in place requisite policies & processes for monitoring and mitigation of currency induced credit risk of borrowers. These include the following:

- Currency risk of borrowers on account of un-hedged foreign currency exposures ("UFCE") is duly considered and analysed in credit appraisal notes.
- Periodic monitoring of un-hedged foreign currency exposures of borrowers.
- Risk classification of borrowers having un-hedged foreign currency exposures, into Low / Medium / High, as per internal norms, based on likely loss / EBID ratio. Likely loss means the potential loss which can be caused over a one year horizon by adverse movement of exchange rates.
- Incremental provisioning (over and above provision applicable for standard assets) is made in Bank's Profit and Loss Account, on borrower counter parties having UFCE, depending on the likely loss / EBID ratio, in line with stipulations by RBI. Incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI. These requirements are given below:

Likely Loss / EBID ratio	Incremental Provisioning Requirement (computed on the total credit exposures reckoned for standard asset provisioning)	Incremental Capital Requirement
Up to 15%	Nil	Nil
More than 15% to 30%	20 bps	Nil
More than 30% to 50%	40 bps	Nil
More than 50% to 75%	60 bps	Nil
More than 75% (Most risky)	80 bps	25 per cent increase in the risk weight

- In case of borrowers exposed to currency risk where declarations for foreign currency payables / receivables (UFCE declarations) are not submitted, provision for currency induced credit risk is made as per RBI stipulated rates mentioned below:
 - 10 bps in cases where limits with banking system are less than ₹ 25 crore;
 - 80 bps in cases where limits with banking system are ₹ 25 crore or more.
- Further, where annual certification from statutory auditors of UFCE data is not submitted, such borrowers are treated as UFCE declaration not submitted cases and provision is computed as per point (e) above.
- Borrowers where the credit exposure is backed by other bank Letter of Credit, Bank guarantee or Standby Letter of Credit or Fixed Deposits are exempted from the above requirements. Exposures on other Banks and Public Financial Institutions like SIDBI, EXIM Bank, NABARD, NHB are also exempted from the above requirements.
- Management of foreign exchange risk is considered as a parameter for internal risk rating of borrowers.

Provision held for currency induced credit risk as at 31st March, 2020 is ₹ 51.34 crore. (Previous year ₹ 56.41 crore). Incremental Risk weighted Assets value considered for the purpose of CRAR calculation in respect of currency induced credit risk as at 31st March, 2020 is ₹ 1,759.85 crore (Previous year ₹ 2,371.09 crore.)

41. a) Liquidity Coverage Ratio

(₹ in crore)

Particulars	Average Q4 2019-2020		Average Q3 2019-2020		Average Q2 2019-2020		Average Q1 2019-2020	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	-	64,351	-	60,943	-	55,433	-	56,988
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	35,045	1,752	19,845	992	18,921	946	18,396	920
(ii) Less stable deposits	117,872	11,787	128,262	12,826	119,549	11,955	113,380	11,338
3 Unsecured wholesale funding, of which								
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	75,733	42,388	71,829	40,818	73,280	37,002	75,530	37,983
(iii) Unsecured debt	1,269	1,269	1,789	1,789	2,461	2,510	2,869	2,946
4 Secured wholesale funding	-	-	-	-	-	1	-	1
5 Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	11,828	11,828	9,909	9,909	9,390	9,390	10,911	10,911
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	1,620	154	1,298	126	1,157	108	2,723	333
6 Other contractual funding obligations	3,507	3,507	3,472	3,472	3,441	3,441	3,510	3,510
7 Other contingent funding obligations	107,697	4,706	104,526	4,583	110,508	4,834	100,294	4,259
8 Total Cash Outflows	-	77,391	-	74,515	-	70,187	-	72,201
Cash Inflows								
9 Secured lending (e.g. reverse repos)	12,415	-	6,723	-	2,055	-	5,401	-
10 Inflows from fully performing exposures	28,280	21,618	25,675	19,475	28,350	21,573	31,002	24,234
11 Other cash inflows	1,569	785	1,733	867	1,475	737	1,531	766
12 Total Cash Inflows	42,264	22,403	34,131	20,342	31,880	22,310	37,934	25,000
	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
13 TOTAL HQLA		64,351		60,943		55,433		56,988
14 Total Net Cash Outflows		54,988		54,173		47,877		47,201
15 Liquidity Coverage Ratio (%)		117.03%		112.49%		115.78%		120.73%

(₹ in crore)

Particulars	Average Q4 2018-2019		Average Q3 2018-2019		Average Q2 2018-2019		Average Q1 2018-2019	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	-	53,082	-	53,051	-	42,153	-	41,101
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	17,911	895	17,413	871	16,541	827	15,696	785
(ii) Less stable deposits	108,548	10,854	104,701	10,470	96,228	9,623	89,291	8,929
3 Unsecured wholesale funding, of which								
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	69,436	35,432	68,936	36,667	64,081	35,475	64,001	36,162
(iii) Unsecured debt	1,716	1,716	3,006	3,006	2,867	2,867	2,573	2,573
4 Secured wholesale funding	-	1	-	1	-	1	-	1
5 Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	10,839	10,839	11,668	11,668	12,774	12,774	10,770	10,770
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	4,006	491	3,588	406	3,122	358	3,276	444
6 Other contractual funding obligations	3,107	3,107	3,107	3,107	2,864	2,864	2,618	2,618
7 Other contingent funding obligations	69,387	2,718	68,353	2,680	66,833	2,607	64,627	2,508
8 Total Cash Outflows	-	66,053	-	68,876	-	67,396	-	64,790
Cash Inflows								
9 Secured lending (e.g. reverse repos)	5,902	-	5,759	-	3,864	-	5,293	-
10 Inflows from fully performing exposures	29,176	22,431	28,384	22,106	31,289	25,462	30,133	23,227
11 Other cash inflows	1,213	606	1,381	691	1,080	540	1,224	612
12 Total Cash Inflows	36,291	23,037	35,524	22,797	36,233	26,002	36,650	23,839
	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
13 TOTAL HQLA	53,082	53,051	42,153	41,101	41,101	41,101	41,101	41,101
14 Total Net Cash Outflows	43,016	46,079	41,394	40,951	40,951	40,951	40,951	40,951
15 Liquidity Coverage Ratio (%)	123.40%	115.13%	101.83%	100.37%	100.37%	100.37%	100.37%	100.37%

b) Qualitative disclosure around LCR

The Reserve Bank of India has prescribed monitoring of sufficiency of Bank's liquid assets using Basel III – Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting short-term resilience of Banks to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. HQLA has been divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, SLR securities in excess of minimum SLR requirement and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR) and Level 2 HQLA which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

The Bank has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold. The average LCR for the quarter ended 31st March, 2020 was 117.03% which is above the regulatory requirement of 100%. For the quarter ended 31st March, 2020 Level 1 HQLA stood at 96.80% (62,281 crore.) of the total HQLA.

Apart from LCR, Bank uses various stock liquidity indicators to measure and monitor the liquidity risk in terms of funding stability, concentration risk, dependence on market borrowings, liquidity transformation, etc. The Bank maintains a diversified source of funding in terms of depositors, lenders and various funding instruments. This is evident through low depositor and lender concentration with top 20 depositors contributing 9.90% of Bank's total deposits and top 10 lenders contributing 4.20% of Bank's total liabilities.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management supported by Balance Sheet Management Unit (BMU), Risk Management Department (RMD), Finance and ALCO Support Group. BMU is the central repository of funds within the Bank and is vested with the responsibility of managing liquidity risk within the risk appetite of the Bank. Bank has incorporated Basel III Liquidity Standards - LCR and NSFR as part of its risk appetite statement for liquidity risk.

42. Frauds

The Bank has reported 643 (Previous year 376 cases) fraud cases involving fraud amount of one lakh and above during the financial year ended 31st March 2020 amounting to ₹ 579.60 crore (Previous year ₹ 14.10 crore). The Bank has recovered / expensed off / provided the entire amount where necessary.

Details of fraud provisioning made in more than one financial year:

(₹ in crore)

Number of fraud reported	Amount involve in Fraud	Provision made during the year	Quantum of unamortised provision debited from 'other reserve'
Nil	Nil	Nil	Nil

43. The Reserve Bank of India, vide its circular dated 17th April, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended 31st March, 2020 until further instructions. Accordingly, the Board of Directors of the Bank has not proposed any final dividend for the year ended 31st March, 2020.

B. OTHER DISCLOSURES:
1. Earnings per Equity Share:

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
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	1,910,200,383	1,906,844,174
Effect of potential equity shares for stock options outstanding	2,095,276	2,263,269
Weighted average number of equity shares used in computation of diluted earnings per share	1,912,295,659	1,909,107,443
Following is the reconciliation between basic and diluted earnings per share		
Nominal value per share	5.00	5.00
Basic earnings per share	30.88	25.35

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Effect of potential equity shares for stock options	0.04	0.03
Diluted earnings per share	30.84	25.32
Profit for the year after tax (₹ in crore)	5,947.18	4,865.33
Less : Preference dividend including tax (₹ in crore)	48.82	32.37
Earnings used in the computation of basic and diluted earnings per share (₹ in crore)	5,898.36	4,832.96

2. Segment Reporting:

The Summary of the operating segments of the Bank for the year ended 31st March, 2020 are as given below:

(₹ in crore)

Sr. No.	Particulars	31 st March, 2020	31 st March, 2019
1.	Segment Revenue		
a.	Treasury, BMU and Corporate Centre	6,693.60	5,965.16
b.	Corporate / Wholesale Banking	13,918.46	11,392.66
c.	Retail Banking	15,057.84	13,885.48
d.	Other Banking business	-	-
	Sub-total	35,669.90	31,243.30
	Less : Inter-segmental revenue	3,368.18	2,696.06
	Total	32,301.72	28,547.24
2.	Segment Results		
a.	Treasury, BMU and Corporate Centre	1,867.26	2,050.07
b.	Corporate / Wholesale Banking	4,384.22	3,287.57
c.	Retail Banking	1,553.19	2,048.15
d.	Other Banking business	-	-
	Sub-total	7,804.67	7,385.79
	Total Profit Before Tax	7,804.67	7,385.79
	Provision for Tax	1,857.49	2,520.46
	Total Profit After Tax	5,947.18	4,865.33
3.	Segment Assets		
a.	Treasury, BMU and Corporate Centre	133,563.77	101,401.71
b.	Corporate / Wholesale Banking	153,443.88	134,695.27
c.	Retail Banking	216,234.38	174,501.61
d.	Other Banking business	-	-
	Sub-total	503,242.03	410,598.59
	Less : Inter-segmental Assets	143,307.69	98,604.66
	Total	359,934.34	311,993.93
	Add : Unallocated Assets	317.34	178.16
	Total Assets as per Balance Sheet	360,251.68	312,172.09

Sr. No.	Particulars	31 st March, 2020	31 st March, 2019
4.	Segment Liabilities		
a.	Treasury, BMU and Corporate Centre	115,719.99	84,885.34
b.	Corporate / Wholesale Banking	137,983.86	122,068.09
c.	Retail Banking	200,770.56	160,851.80
d.	Other Banking business	-	-
	Sub-total	454,474.41	367,805.23
	Less : Inter-segmental Liabilities	143,307.69	98,604.66
	Total	311,166.72	269,200.57
	Add : Unallocated liabilities	69.66	73.14
	Add : Share Capital & Reserves & surplus	49,015.30	42,898.38
	Total Liabilities as per Balance Sheet	360,251.68	312,172.09
5.	Capital Expenditure		
a.	Treasury, BMU and Corporate Centre	79.55	83.41
b.	Corporate / Wholesale Banking	29.11	53.64
c.	Retail Banking	242.08	364.75
d.	Other Banking business	-	-
	Total	350.74	501.80
6.	Depreciation / Amortisation		
a.	Treasury, BMU and Corporate Centre	98.76	107.47
b.	Corporate / Wholesale Banking	27.04	25.21
c.	Retail Banking	246.15	234.24
d.	Other Banking business	-	-
	Total	371.95	366.92

Segmental Information is provided as per the MIS available for internal reporting purposes, which includes certain estimates and assumptions.

3. Lease Disclosures:

- The Bank has taken various premises and equipment under operating lease. The lease payments recognised in the Profit and Loss Account are ₹ 542.13 crore (previous year ₹ 500.92 crore). The sub-lease income recognised in the Profit and Loss Account is ₹ 7.84 crore (previous year ₹ 5.53 crore).
- The future minimum lease payments under non-cancellable operating lease – not later than one year is ₹ 462.31 crore (previous year ₹ 438.26 crore), later than one year but not later than five years is ₹ 1,416.55 crore (previous year ₹ 1,378.45 crore) and later than five years ₹ 933.53 crore (previous year ₹ 1,101.50 crore).

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

4. Deferred Taxes:

"Others" in Other Assets (Schedule 11 (VI)) includes deferred tax asset (net) of ₹ 317.34 crore (previous year ₹ 178.16 crore). The components of the same are as follows:

(₹ in crore)

Particulars of Asset/ (Liability)	Year Ended	
	31 st March, 2020	31 st March, 2020
Provision for NPA and General provisions	326.71	170.05
Expenditure allowed on payment basis	102.33	139.68
Depreciation	24.10	29.02
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	(135.80)	(160.59)
Net Deferred Tax Asset	317.34	178.16

5. Credit card reward points:

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

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Opening provision for reward points	14.93	13.12
Provision for reward points made during the year	31.35	24.53
Utilisation/write-back of provision for reward points	(28.31)	(22.72)
Closing provision for reward points*	17.97	14.93

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

6. Fixed Assets as per Schedule 10 B include intangible assets relating to purchased software and system development expenditure which are as follows:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Gross Block		
At cost on 31 st March of the preceding year	508.89	489.16
Additions during the year	77.35	169.35
Deductions during the year	39.37	149.62
Total	546.87	508.89
Depreciation / Amortisation		
As at 31 st March of the preceding year	349.59	400.61
Charge for the year	97.06	94.95
Deductions during the year	39.37	145.97
Depreciation to date	407.28	349.59
Net Block	139.59	159.30

Capital commitments for purchase of software and system development expenditure are ₹ 43.93 crore (previous year ₹ 38.73 crore).

7. Related Party Disclosures:

As per Accounting Standard -18, Related Party Disclosure, the Bank's related parties are disclosed below:

A. Parties where control exists:

Nature of relationship	Related Party
Subsidiary Companies	Kotak Mahindra Prime Limited
	Kotak Securities Limited
	Kotak Mahindra Capital Company Limited
	Kotak Mahindra Life Insurance Company Limited (formerly known as Kotak Mahindra Old Mutual Life Insurance Limited)
	Kotak Mahindra Investments Limited
	Kotak Mahindra Asset Management Company Limited
	Kotak Mahindra Trustee Company Limited
	Kotak Mahindra (International) Limited
	Kotak Mahindra (UK) Limited
	Kotak Mahindra Inc.

Nature of relationship	Related Party
	Kotak Investment Advisors Limited
	Kotak Mahindra Trusteeship Services Limited
	Kotak Infrastructure Debt Fund Limited
	Kotak Mahindra Pension Fund Limited
	Kotak Mahindra Financial Services Limited
	Kotak Mahindra Asset Management (Singapore) Pte. Limited
	Kotak Mahindra General Insurance Company Limited
	IVY Product Intermediaries Limited
	BSS Microfinance Limited

B. Other Related Parties:

Nature of Relationship	Related Party
Individual having significant influence over the enterprise	Mr. Uday S. Kotak along with relatives and enterprises in which he has beneficial interest holds 29.92% of the equity share capital and 19.65% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31 st March 2020.
Associates / Others	ECA Trading Services Limited (formerly known as ACE Derivatives & Commodity Exchange Limited)
	Infina Finance Private Limited
	Matrix Business Services India Private Limited (upto 26 th April, 2019)
	Phoenix ARC Private Limited
	Kotak Education Foundation (upto 27 th December, 2019)
	ING Vysya Foundation
Key Management Personnel (KMP)	Mr. Uday S. Kotak Managing Director and CEO
	Mr. Dipak Gupta Joint Managing Director
	Mr. KVS Manian Whole-time Director (w.e.f. 1 st November, 2019)
	Mr. Gaurang Shah Whole-time Director (w.e.f. 1 st November, 2019)
Enterprises over which KMP / relatives of KMP have control / significant influence	Aero Agencies Limited
	Kotak and Company Private Limited
	Komaf Financial Services Private Limited
	Asian Machinery & Equipment Private Limited
	Insurekot Sports Private Limited
	Kotak Trustee Company Private Limited
	Cumulus Trading Company Private Limited
	Palko Properties Private Limited
	Kotak Chemicals Limited
	Kotak Ginning & Pressing Industries Private Limited
	Kotak Commodities Services Private Limited
	Harisiddha Trading and Finance Private Limited
	Puma Properties Private Limited
	Business Standard Private Limited
	Business Standard Online Private Limited
	Allied Auto Accessories Private Limited

Nature of Relationship	Related Party
	Uday S Kotak HUF
	Suresh A Kotak HUF
	USK Benefit Trust II
	Kotak Family Foundation
	Helena Realty Private Limited
	Doreen Realty Private Limited
	Renato Realty Private Limited
	Pine Tree Estates Private Limited
	Meluha Developers Private Limited
	Quanyco Realty Private Limited
	Xanadu Properties Private Limited
	Laburnum Adarsh Trust (w.e.f. 28 th August, 2019)
	True North Enterprises (w.e.f. 1 st November, 2019)
	Manian Family Trust (w.e.f. 1 st November, 2019)
	Brij Disa Arnav Trust (w.e.f 30 th March, 2020)
	Brij Disa Parthav Trust (w.e.f 30 th March, 2020)
Relatives of KMP	Ms. Pallavi Kotak
	Mr. Suresh Kotak
	Ms. Indira Kotak
	Mr. Jay Kotak
	Mr. Dhawal Kotak
	Ms. Aarti Chandaria
	Ms. Anita Gupta
	Ms. Urmila Gupta
	Mr. Arnav Gupta
	Mr. Parthav Gupta
	Mr. Prabhat Gupta
	Ms. Jyoti Banga
	Ms. Seetha Krishnan (w.e.f. 1 st November, 2019)
	Ms. Lalitha Mohan (w.e.f. 1 st November, 2019)
	Ms. Shruti Manian (w.e.f. 1 st November, 2019)
	Mr. Shashank Manian (w.e.f. 1 st November, 2019)
	Ms. Asha Shah (w.e.f. 1 st November, 2019)
	Ms. Divya Shah (w.e.f. 1 st November, 2019)
	Ms. Manasi Shah (w.e.f. 1 st November, 2019)
	Ms. Mahima Shah (w.e.f. 1 st November, 2019)
	Mr. Chetan Shah (w.e.f. 1 st November, 2019)
	Ms. Chetna Shah (w.e.f. 1 st November, 2019)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of KMP	Total
Liabilities						
Deposits	2,420.31	179.94	566.84	74.39	154.45	3,395.93
	(1,056.10)	(125.00)	(632.99)	(144.75)	(143.35)	(2,102.19)
Borrowings	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Interest Payable	2.97	0.21	0.11	0.22	0.46	3.97
	(1.65)	(0.39)	(5.56)	(1.72)	(0.41)	(9.73)
Other Liabilities	26.64	-	-	0.01	-	26.65
	(16.91)	(0.01)	(-)	(0.01)	(-)	(16.93)
Assets						
Advances	0.07	-	7.14	3.27	5.67	16.15
	(0.52)	(-)	(-)	(-)	(-)	(0.52)
Investments-Gross	3,042.60	23.77	-	#	-	3,066.37
	(3,067.74)	(33.88)	(-)	(#)	(-)	(3,101.62)
Diminution on Investments	-	20.30	-	#	-	20.30
	(-)	(29.82)	(-)	(#)	(-)	(29.82)
Commission Receivable	48.66	-	-	-	-	48.66
	(49.54)	(-)	(-)	(-)	(-)	(49.54)
Others	117.42	0.01	0.04	0.02	0.02	117.51
	(65.04)	(0.01)	(#)	(#)	(#)	(65.05)
Non Funded Commitments						
Bank Guarantees	3.35	-	-	1.00	-	4.35
	(10.35)	(0.05)	(-)	(1.00)	(-)	(11.40)
Expenses						
Salaries/fees (Include ESOP)	-	-	12.56	-	0.11	12.67
	(-)	(-)	(8.84)	(-)	(-)	(8.84)
Interest Paid	32.52	11.32	35.37	6.97	11.58	97.76
	(48.96)	(7.31)	(36.10)	(11.66)	(1.09)	(105.12)
Others	192.49	16.09	-	3.95	-	212.53
	(120.36)	(10.02)	(-)	(4.29)	(-)	(134.67)
Income						
Dividend	51.80	-	-	-	-	51.80
	(45.14)	(-)	(-)	(-)	(-)	(45.14)
Interest Received	37.40	-	0.26	0.12	0.22	38.00
	(51.86)	(-)	(-)	(-)	(-)	(51.86)
Others	406.99	0.11	#	0.01	#	407.11
	(392.36)	(0.11)	(#)	(0.86)	(#)	(393.33)

₹ in crore

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of KMP	Total
Other Transactions						
Sale of investment	731.75	-	-	-	-	731.75
	(642.67)	(-)	(-)	(-)	(-)	(642.67)
Purchase of Investment	898.46	-	-	-	-	898.46
	(1,185.64)	(-)	(-)	(-)	(-)	(1,185.64)
Loan disbursed during the year	230.38	-	-	-	-	230.38
	(343.38)	(-)	(-)	(-)	(-)	(343.38)
Loan repaid during the year	230.38	-	-	-	-	230.38
	(343.05)	(-)	(-)	(-)	(-)	(343.05)
Dividend paid	-	-	45.45	0.06	0.30	45.81
	(-)	(-)	(39.78)	(0.05)	(0.26)	(40.09)
Reimbursement to companies	23.83	-	-	-	-	23.83
	(21.12)	(-)	(-)	(-)	(-)	(21.12)
Reimbursement from companies	117.84	0.06	-	-	-	117.90
	(98.82)	(0.09)	(-)	(-)	(-)	(98.91)
Purchase of Fixed assets	1.98	-	-	-	-	1.98
	(0.14)	(-)	(-)	(-)	(-)	(0.14)
Sale of Fixed assets	0.57	-	-	-	-	0.57
	(0.04)	(-)	(-)	(-)	(-)	(0.04)
Swaps/Forward/ Options contracts	7,546.95	-	-	-	-	7,546.95
	(2,132.70)	(-)	(-)	(-)	(1.88)	(2,134.58)
Guarantees/Lines of credit	3.00	-	-	-	-	3.00
	(20.25)	(-)	(-)	(-)	(-)	(20.25)
Assignment on Loan (Sell Down)	77.05	-	-	-	-	77.05
	(-)	(-)	(-)	(-)	(-)	(-)
I. Liabilities:						
Other liabilities						
Other Payable						
Kotak Mahindra Prime Limited	0.61	-	-	-	-	0.61
	(0.89)	(-)	(-)	(-)	(-)	(0.89)
BSS Microfinance Limited	24.42	-	-	-	-	24.42
	(13.59)	(-)	(-)	(-)	(-)	(13.59)
Kotak Securities Limited	1.16	-	-	-	-	1.16
	(1.06)	(-)	(-)	(-)	(-)	(1.06)
Others	0.45	-	-	0.01	-	0.46
	(1.37)	(0.01)	(-)	(0.01)	(-)	(1.39)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of KMP	Total
II. Assets:						
Investments						
Kotak Mahindra Life Insurance Company Limited	1,557.20 (1,557.20)	- (-)	- (-)	- (-)	- (-)	1,557.20 (1,557.20)
Kotak Mahindra Prime Limited	31.57 (141.71)	- (-)	- (-)	- (-)	- (-)	31.57 (141.71)
BSS Microfinance Limited	138.56 (138.56)	- (-)	- (-)	- (-)	- (-)	138.56 (138.56)
Kotak Mahindra Investments Limited	338.03 (338.03)	- (-)	- (-)	- (-)	- (-)	338.03 (338.03)
Kotak Mahindra General Insurance Company Limited	305.00 (220.00)	- (-)	- (-)	- (-)	- (-)	305.00 (220.00)
Kotak Infrastructure Debt Fund Limited	492.19 (492.19)	- (-)	- (-)	- (-)	- (-)	492.19 (492.19)
ECA Trading Services Limited	- (-)	23.77 (33.88)	- (-)	- (-)	- (-)	23.77 (33.88)
Others	180.05 (180.05)	- (-)	- (-)	# (#)	- (-)	180.05 (180.05)
Diminution on Investments						
ECA Trading Services Limited	- (-)	20.30 (29.82)	- (-)	- (-)	- (-)	20.30 (29.82)
Business Standard Private Limited	- (-)	- (-)	- (-)	# (#)	- (-)	# (#)
Commission Receivable						
Kotak Mahindra Life Insurance Company Limited	47.82 (48.35)	- (-)	- (-)	- (-)	- (-)	47.82 (48.35)
Kotak Mahindra General Insurance Company Limited	0.84 (1.19)	- (-)	- (-)	- (-)	- (-)	0.84 (1.19)
Others Receivable						
Kotak Mahindra Prime Limited	6.13 (14.97)	- (-)	- (-)	- (-)	- (-)	6.13 (14.97)
Kotak Securities Limited	37.96 (11.01)	- (-)	- (-)	- (-)	- (-)	37.96 (11.01)
Kotak Investment Advisors Limited	0.92 (2.70)	- (-)	- (-)	- (-)	- (-)	0.92 (2.70)

₹ in crore

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
Kotak Mahindra Life Insurance Company Limited	11.89 (4.70)	- (-)	- (-)	- (-)	- (-)	11.89 (4.70)
Kotak Infrastructure Debt Fund Limited	13.60 (15.02)	- (-)	- (-)	- (-)	- (-)	13.60 (15.02)
BSS Microfinance Limited	31.12 (10.88)	- (-)	- (-)	- (-)	- (-)	31.12 (10.88)
Kotak Mahindra Asset Management Company Limited	7.23 (2.82)	- (-)	- (-)	- (-)	- (-)	7.23 (2.82)
Kotak Mahindra General Insurance Limited	5.23 (2.03)	- (-)	- (-)	- (-)	- (-)	5.23 (2.03)
Others	3.34 (0.91)	0.01 (0.01)	0.04 (#)	0.02 (#)	0.02 (#)	3.43 (0.92)
Non Funded Commitments						
Bank Guarantees						
Kotak Investment Advisors Limited	1.00 (10.00)	- (-)	- (-)	- (-)	- (-)	1.00 (10.00)
Kotak Securities Limited	2.00 (-)	- (-)	- (-)	- (-)	- (-)	2.00 (-)
Aero Agencies Limited	- (-)	- (-)	- (-)	1.00 (1.00)	- (-)	1.00 (1.00)
Others	0.35 (0.35)	- (0.05)	- (-)	- (-)	- (-)	0.35 (0.40)
III. Expenses:						
Salaries / fees (Include ESOPs)						
Mr. Uday Kotak	- (-)	- (-)	2.97 (3.54)	- (-)	- (-)	2.97 (3.54)
Mr. Dipak Gupta	- (-)	- (-)	5.69 (5.30)	- (-)	- (-)	5.69 (5.30)
Mr. Gaurang Shah	- (-)	- (-)	1.98 (-)	- (-)	- (-)	1.98 (-)
Mr. KVS Manian	- (-)	- (-)	1.92 (-)	- (-)	- (-)	1.92 (-)
Mr. Jay Kotak	- (-)	- (-)	- (-)	- (-)	0.11 (-)	0.11 (-)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of KMP	Total
Other Expenses						
Brokerage						
Kotak Securities Limited	0.54	-	-	-	-	0.54
	(0.02)	(-)	(-)	(-)	(-)	(0.02)
Premium						
Kotak Mahindra Life Insurance Company Limited	4.79	-	-	-	-	4.79
	(4.51)	(-)	(-)	(-)	(-)	(4.51)
Kotak Mahindra General Insurance Company Limited	2.29	-	-	-	-	2.29
	(2.47)	(-)	(-)	(-)	(-)	(2.47)
Others						
Kotak Mahindra Prime Limited	2.04	-	-	-	-	2.04
	(3.36)	(-)	(-)	(-)	(-)	(3.36)
Kotak Infrastructure Debt Fund Limited	0.24	-	-	-	-	0.24
	(0.06)	(-)	(-)	(-)	(-)	(0.06)
Aero Agencies Limited	-	-	-	3.78	-	3.78
	(-)	(-)	(-)	(4.22)	(-)	(4.22)
Business Standard Private Limited	-	-	-	0.17	-	0.17
	(-)	(-)	(-)	(0.07)	(-)	(0.07)
BSS Microfinance Limited	180.14	-	-	-	-	180.14
	(104.92)	(-)	(-)	(-)	(-)	(104.92)
Kotak Mahindra Financial Services Limited	2.42	-	-	-	-	2.42
	(5.02)	(-)	(-)	(-)	(-)	(5.02)
Kotak Mahindra (UK) Limited	0.03	-	-	-	-	0.03
	(#)	(-)	(-)	(-)	(-)	(#)
Others	#	0.04	-	-	-	0.04
	(#)	(0.28)	(-)	(-)	(-)	(0.28)
Donations						
Kotak Education Foundation	-	16.04	-	-	-	16.04
	(-)	(9.74)	(-)	(-)	(-)	(9.74)
IV. Income:						
Dividend						
Kotak Mahindra Capital Company Limited	24.05	-	-	-	-	24.05
	(41.23)	(-)	(-)	(-)	(-)	(41.23)
Kotak Mahindra Trustee Company Limited	3.75	-	-	-	-	3.75
	(3.75)	(-)	(-)	(-)	(-)	(3.75)

₹ in crore

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of KMP	Total
Kotak Infrastructure Debt Fund Limited	0.05 (0.05)	- (-)	- (-)	- (-)	- (-)	0.05 (0.05)
Kotak Mahindra Asset Management Company Limited	23.84 (-)	- (-)	- (-)	- (-)	- (-)	23.84 (-)
Kotak Mahindra Prime Limited	0.11 (0.11)	- (-)	- (-)	- (-)	- (-)	0.11 (0.11)
Other Income						
Kotak Mahindra Life Insurance Company Limited	221.81 (215.19)	- (-)	- (-)	- (-)	- (-)	221.81 (215.19)
Kotak Mahindra General Insurance Company Limited	16.42 (15.71)	- (-)	- (-)	- (-)	- (-)	16.42 (15.71)
Kotak Securities Limited	108.76 (93.02)	- (-)	- (-)	- (-)	- (-)	108.76 (93.02)
Kotak Mahindra Capital Company Limited	9.72 (9.71)	- (-)	- (-)	- (-)	- (-)	9.72 (9.71)
Kotak Mahindra Asset Management Company Limited	19.49 (26.37)	- (-)	- (-)	- (-)	- (-)	19.49 (26.37)
Kotak Mahindra Prime Limited	10.85 (11.74)	- (-)	- (-)	- (-)	- (-)	10.85 (11.74)
Kotak Investment Advisors Limited	10.56 (9.91)	- (-)	- (-)	- (-)	- (-)	10.56 (9.91)
Others	9.38 (10.71)	0.11 (0.11)	# (#)	0.01 (0.86)	# (#)	9.50 (11.68)
V. Other Transactions:						
Sale of Investment						
Kotak Mahindra Life Insurance Company Limited	25.15 (262.70)	- (-)	- (-)	- (-)	- (-)	25.15 (262.70)
Kotak Mahindra Prime Limited	10.00 (100.00)	- (-)	- (-)	- (-)	- (-)	10.00 (100.00)
Kotak Mahindra (UK) Limited	620.87 (236.63)	- (-)	- (-)	- (-)	- (-)	620.87 (236.63)
Kotak Securities Limited	75.73 (43.34)	- (-)	- (-)	- (-)	- (-)	75.73 (43.34)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of KMP	Total
Purchase of Investments						
Kotak Mahindra Prime Limited	- (723.43)	- (-)	- (-)	- (-)	- (-)	- (723.43)
Kotak Infrastructure Debt Fund Limited	- (150.00)	- (-)	- (-)	- (-)	- (-)	- (150.00)
Kotak Mahindra General Insurance Company Limited	85.00 (45.00)	- (-)	- (-)	- (-)	- (-)	85.00 (45.00)
Kotak Mahindra (UK) Limited	788.02 (267.21)	- (-)	- (-)	- (-)	- (-)	788.02 (267.21)
Kotak Securities Limited	25.44 (-)	- (-)	- (-)	- (-)	- (-)	25.44 (-)
Loan Disbursed during the year						
Kotak Mahindra Prime Limited	66.29 (-)	- (-)	- (-)	- (-)	- (-)	66.29 (-)
Kotak Securities Limited	164.09 (-)	- (-)	- (-)	- (-)	- (-)	164.09 (-)
Kotak Mahindra (International) Limited	- (343.38)	- (-)	- (-)	- (-)	- (-)	- (343.38)
Loan Repaid during the year						
Kotak Mahindra Prime Limited	66.29 (-)	- (-)	- (-)	- (-)	- (-)	66.29 (-)
Kotak Securities Limited	164.09 (-)	- (-)	- (-)	- (-)	- (-)	164.09 (-)
Kotak Mahindra (International) Limited	- (343.05)	- (-)	- (-)	- (-)	- (-)	- (343.05)
Dividend paid						
Mr. Uday Kotak	- (-)	- (-)	45.36 (39.69)	- (-)	- (-)	45.36 (39.69)
Mr. Dipak Gupta	- (-)	- (-)	0.09 (0.09)	- (-)	- (-)	0.09 (0.09)
Ms. Pallavi Kotak	- (-)	- (-)	- (-)	- (-)	0.09 (0.08)	0.09 (0.08)
Ms. Indira Kotak	- (-)	- (-)	- (-)	- (-)	0.18 (0.16)	0.18 (0.16)

₹ in crore

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of KMP	Total
Others	-	-	-	0.06	0.03	0.09
	(-)	(-)	(-)	(0.05)	(0.02)	(0.07)
Reimbursements to companies						
Kotak Mahindra Capital Company Limited	1.10	-	-	-	-	1.10
	(2.15)	(-)	(-)	(-)	(-)	(2.15)
Kotak Mahindra Prime Limited	6.01	-	-	-	-	6.01
	(5.96)	(-)	(-)	(-)	(-)	(5.96)
Kotak Securities Limited	12.77	-	-	-	-	12.77
	(10.53)	(-)	(-)	(-)	(-)	(10.53)
Kotak Mahindra Life Insurance Company Limited	0.25	-	-	-	-	0.25
	(0.67)	(-)	(-)	(-)	(-)	(0.67)
Kotak Investment Advisors Limited	2.88	-	-	-	-	2.88
	(0.81)	(-)	(-)	(-)	(-)	(0.81)
Others	0.82	-	-	-	-	0.82
	(1.00)	(-)	(-)	(-)	(-)	(1.00)
Reimbursements from companies						
Kotak Mahindra Capital Company Limited	8.15	-	-	-	-	8.15
	(7.16)	(-)	(-)	(-)	(-)	(7.16)
Kotak Mahindra Prime Limited	22.23	-	-	-	-	22.23
	(21.52)	(-)	(-)	(-)	(-)	(21.52)
Kotak Mahindra Life Insurance Company Limited	20.13	-	-	-	-	20.13
	(17.47)	(-)	(-)	(-)	(-)	(17.47)
Kotak Securities Limited	23.94	-	-	-	-	23.94
	(20.67)	(-)	(-)	(-)	(-)	(20.67)
Kotak Mahindra Investments Limited	13.40	-	-	-	-	13.40
	(8.92)	(-)	(-)	(-)	(-)	(8.92)
Kotak Mahindra Asset Management Company Limited	8.34	-	-	-	-	8.34
	(6.96)	(-)	(-)	(-)	(-)	(6.96)
Kotak Investment Advisors Limited	7.33	-	-	-	-	7.33
	(6.62)	(-)	(-)	(-)	(-)	(6.62)
Others	14.32	0.06	-	-	-	14.38
	(9.50)	(0.09)	(-)	(-)	(-)	(9.59)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of KMP	Total
Purchase of Fixed assets						
Kotak Mahindra Prime Limited	- (0.14)	- (-)	- (-)	- (-)	- (-)	- (0.14)
Kotak Mahindra Financial Services Limited	1.56 (-)	- (-)	- (-)	- (-)	- (-)	1.56 (-)
Kotak Mahindra Investments Limited	0.01 (#)	- (-)	- (-)	- (-)	- (-)	0.01 (#)
Kotak Mahindra Life Insurance Company Limited	0.08 (-)	- (-)	- (-)	- (-)	- (-)	0.08 (-)
Kotak Mahindra Asset Management Company Limited	0.16 (-)	- (-)	- (-)	- (-)	- (-)	0.16 (-)
Kotak Investment Advisors Limited	0.17 (-)	- (-)	- (-)	- (-)	- (-)	0.17 (-)
Sale of Fixed assets						
Kotak Mahindra Capital Company Limited	0.01 (-)	- (-)	- (-)	- (-)	- (-)	0.01 (-)
Kotak Investment Advisors Limited	0.27 (#)	- (-)	- (-)	- (-)	- (-)	0.27 (#)
Kotak Infrastructure Debt Fund Limited	0.01 (-)	- (-)	- (-)	- (-)	- (-)	0.01 (-)
Kotak Mahindra Investments Limited	0.16 (0.03)	- (-)	- (-)	- (-)	- (-)	0.16 (0.03)
Kotak Mahindra Prime Limited	# (-)	- (-)	- (-)	- (-)	- (-)	# (-)
Kotak Securities Limited	0.12 (0.01)	- (-)	- (-)	- (-)	- (-)	0.12 (0.01)
Swaps/Forward /Options contract						
Kotak Mahindra (International) Limited	7,546.95 (2,132.70)	- (-)	- (-)	- (-)	- (-)	7,546.95 (2,132.70)
Others	- (-)	- (-)	- (-)	- (-)	- (1.88)	- (1.88)

₹ in crore

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel (KMP)	Enterprise over which KMP/ Relative of KMP have control / significant influence	Relatives of KMP	Total
Guarantees/Lines of credit						
Kotak Investment Advisors Limited	1.00	-	-	-	-	1.00
	(20.25)	(-)	(-)	(-)	(-)	(20.25)
Kotak Securities Limited	2.00	-	-	-	-	2.00
	(-)	(-)	(-)	(-)	(-)	(-)
Assignment on Loan (Sell Down)						
Kotak Infrastructure Debt Fund	77.05	-	-	-	-	77.05
	(-)	(-)	(-)	(-)	(-)	(-)

Note:

- Figures in brackets represent previous year's figures.
- The above does not include any transactions in relation to listed securities done on recognised stock exchange during the year. However above includes transactions done on NDS with known related parties.
- # in the above table denotes amounts less than ₹50,000
- Remuneration paid to KMPs is pursuant to approval from RBI

Maximum Balance outstanding during the year

(₹ in crore)

Items/Related Party	Subsidiary Companies	Associates/ Others	Key Management Personnel	Enterprise over which KMP/Relative of KMP have control / significant influence	Relatives of Key Management Personnel
Liabilities					
Deposits	9,963.12	3,906.75	648.04	282.34	184.84
	(9,000.39)	(2,174.53)	(1,274.95)	(351.93)	(147.02)
Borrowings	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Other Liabilities	41.59	0.33	6.47	2.47	0.92
	(38.21)	(0.62)	(5.56)	(3.84)	(0.41)
Assets					
Advances	400.94	#	7.21	3.42	6.29
	(915.01)	(0.85)	-	(#)	(-)
Investments-Gross	3,152.74	33.88	-	#	-
	(3,737.88)	(33.88)	(-)	(#)	(-)
Commission Receivable	48.66	-	-	-	-
	(49.53)	(-)	(-)	(-)	(-)
Other Assets	165.50	0.03	0.04	0.02	0.03
	(129.17)	(0.11)	(-)	(0.16)	(-)
Non Funded Commitments					
Bank Guarantees	12.35	0.05	-	1.00	-
	(20.35)	(0.05)	(-)	(1.00)	(-)

Note:

- Figures in brackets represent previous year's figures.
- # in the above table denotes amounts less than ₹50,000

8. Employee Share Based Payments:

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

- (a) Kotak Mahindra Equity Option Scheme 2001-02;
- (b) Kotak Mahindra Equity Option Scheme 2002-03;
- (c) Kotak Mahindra Equity Option Scheme 2005;
- (d) Kotak Mahindra Equity Option Scheme 2007; and
- (e) Kotak Mahindra Equity Option Scheme 2015

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank Limited with the Bank, the Bank has renamed and adopted the ESOP Schemes of the eIVBL, as given below:

- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2005;
- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2007;
- Kotak Mahindra Bank Limited (IVBL) Employee Stock Option Scheme 2010; and
- Kotak Mahindra Bank Limited (IVBL) Employees Stock Option Scheme 2013

Consequent to the above, the Bank has granted stock options to the employees of the Group. The Bank under its various plan / schemes, has granted in aggregate 155,907,323 options as on 31st March, 2020 (Previous year 152,525,793).

In aggregate 8,587,012 options are outstanding as on 31st March, 2020 (Previous year 10,046,188) under the aforesaid schemes.

Equity-settled options

The Bank has granted options to employees of the Group vide various employee stock option schemes. During the year ended 31st March, 2020, the following schemes were in operation:

	Plan 2007	Plan 2015
Date of grant	Various Dates	Various Dates
Date of Board Approval	Various Dates	Various Dates
Date of Shareholder's approval	5 th July, 2007 as amended on 21 st August, 2007	29 th June, 2015
Number of options granted	68,873,000	15,593,669
Method of Settlement (Cash / Equity)	Equity	Equity
Vesting Period	1.00 – 4.14 years	1.00 – 4.02 years
Exercise Period	0.30 – 1.08 years	0.03 – 0.50 years
Vesting Conditions	Graded / Cliff vesting	Graded / Cliff vesting

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

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

	Year ended 31 st March, 2020		Year ended 31 st March, 2019	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	329,686	660.00	1,320,788	614.14
Granted during the year	-	-	-	-
Forfeited during the year	1,124	665.00	35,880	665.00
Exercised during the year	323,742	659.90	947,069	595.88
Expired during the year	4,820	665.00	8,153	657.12
Outstanding at the end of the year	-	-	329,686	660.00
Out of the above exercisable at the end of the year	-	-	329,686	660.00
Weighted average remaining contractual life (in years)	-	-	-	0.24
Weighted average fair value of options granted	-	-	-	-

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

	Year ended 31 st March, 2020		Year ended 31 st March, 2019	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	8,721,262	1,046.44	6,873,434	855.14
Granted during the year	3,381,530	1,452.50	4,124,499	1,265.43
Forfeited during the year	524,887	1,193.96	379,029	955.68
Exercised during the year	3,273,139	962.31	1,873,709	847.35
Expired during the year	26,364	1,021.70	23,933	867.88
Outstanding at the end of the year	8,278,402	1,236.30	8,721,262	1,046.44
Out of the above exercisable at the end of the year	734,570	896.90	49,513	901.99
Weighted average remaining contractual life (in years)	-	1.51	-	1.69
Weighted average fair value of options granted during the year	-	352.79	-	350.19

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

	Year ended 31 st March, 2020		Year ended 31 st March, 2019	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	150,802	416.00	150,802	416.00
Forfeited during the year	-	-	-	-
Exercised during the year	150,802	416.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	150,802	416.00
Out of the above exercisable at the end of the year	-	-	150,802	416.00
Weighted average remaining contractual life (in years)	-	-	-	0.70

The details of activity under KMBL (IVBL) Plan 2010 have been summarised below:

	Year ended 31 st March, 2020		Year ended 31 st March, 2019	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	339,792	302.90	552,406	285.62
Forfeited during the year	-	-	-	-
Exercised during the year	339,792	302.90	212,614	258.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	339,792	302.90
Out of the above exercisable at the end of the year	-	-	339,792	302.90
Weighted average remaining contractual life (in years)	-	-	-	0.70

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

	Year ended 31 st March, 2020		Year ended 31 st March, 2019	
	Number of Shares	Weighted Average Exercise Price(₹)	Number of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	504,646	384.87	577,575	386.53
Forfeited during the year	-	-	-	-
Exercised during the year	196,036	392.98	72,929	398.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	308,610	379.72	504,646	384.87
Out of the above exercisable at the end of the year	308,610	379.72	504,646	384.87
Weighted average remaining contractual life (in years)	-	0.08	-	1.04

The weighted average share price at the date of exercise for stock options exercised during the year was ₹1,543.92 (Previous year ₹1,266.32).

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

31st March, 2020

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
301-400	306,730	0.08	379.50
401-500	1,880	-	416.00
601-700	28,428	0.97	700.00
701-800	528,510	0.56	773.80
801-900	41,174	1.51	900.00
901-1000	1,812,138	0.77	955.00
1001-1100	91,220	1.51	1,058.93
1201-1300	2,603,162	1.60	1,270.68
1401-1500	3,173,770	2.02	1,460.00

31st March, 2019

Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
201-300	226,830	0.66	246.58
301-400	430,347	1.08	379.50
401-500	348,063	0.74	418.41
501-600	28,572	0.88	550.00
601-700	371,185	0.42	669.76
701-800	1,965,284	1.07	735.48
801-900	58,820	2.08	900.00
901-1000	2,607,868	1.58	955.10
1001-1100	46,800	1.71	1,076.10
1201-1300	3,962,419	2.08	1,270.71

Stock appreciation rights (SARs)

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

The SARs are settled in cash and vest on the respective due dates in a graded manner as per the terms and conditions of grant. The contractual life of the SARs outstanding range from 1.03 to 4.08 years.

Detail of activity under SARs is summarised below:

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Outstanding at the beginning of the year	1,004,948	1,224,556
Granted during the year	309,946	407,842
Additions/(Reduction) due to transfer of employees	(18,573)	(8,849)
Settled during the year	487,737	552,138
Lapsed during the year	(25,424)	(66,463)
Outstanding at the end of the year	783,160	1,004,948

Fair value of Employee stock options

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

Year ended 31 st March,	2020		2019	
	Equity-settled	Cash-settled	Equity-settled	Cash-settled
Exercise Price ₹	1050-1460	0-1460	900-1271	0-1271
Weighted Average Share Price ₹	1,462.72	1,292.43	1,268.97	1,047.97
Expected Volatility	21.10%-31.00%	26.44%-113.47%	18.68%-32.95%	19.74%-28.06%
Historical Volatility	21.10%-31.00%	26.44%-113.47%	18.68%-32.95%	19.74%-28.06%
Life of the options granted (Vesting and exercise period)				
- At the grant date	1.02-3.87		1.10-3.87	
- As at 31 st March		0.06-3.37		0.06-3.38
Risk-free interest rate	5.63%-7.03%	4.16%-5.59%	6.97%-7.99%	6.17%-6.84%
Expected dividend rate	0.05%-0.06%	0.06%	0.06%	0.05%

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

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

(₹ in crore)

Year ended 31 st March,	2020	2019
Total Employee compensation cost pertaining to share-based payment plans	59.98	78.00
Compensation cost pertaining to equity-settled employee share-based payment plan included above	2.75	1.80
Liability for employee stock options outstanding as at year end	5.71	4.10
Deferred Compensation Cost	2.84	2.02
Closing balance of liability for cash-settled options	61.38	79.81
Expense arising from increase in intrinsic value of liability for cash stock appreciation plan	49.14	63.07

Had the Bank recorded the compensation cost computed on the basis of Fair Valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 61.74 crore (Previous year ₹ 56.98 crore) and the profit after tax would have been lower by ₹ 46.20 crore (Previous year ₹ 37.26 crore). Consequently the basic and diluted EPS would have been ₹ 30.64 (Previous year ₹ 25.15) and ₹ 30.60 (Previous year ₹ 25.12) respectively.

In computing the above information, certain estimates and assumptions have been made by Management.

9. Advances securitised by the Bank :

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Book value of advances securitized	-	-
Number of accounts	-	-
Sale consideration received for the accounts securitized	-	-
Gain on securitisation amortised during the year	-	-
Credit enhancement, liquidity support provided	-	-
Provision on securitised assets	-	-
Nature of post securitisation support	-	-

10. Employee Benefits

i. The Bank has recognised the following amounts in the Profit and Loss Account towards contributions to Provident Fund and Other Funds:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Provident Fund	135.22	110.17
Superannuation Fund	1.56	1.61
New Pension Fund	5.09	4.16
DIFC Employee Workplace Savings Scheme (DEWS)	0.12	-

ii. Gratuity

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

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

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Change in benefit obligations		
Liability at the beginning of the year	400.06	373.13
Current Service cost	44.45	36.38
Interest cost	27.71	28.55
Actuarial Losses / (Gain)	54.69	28.97
Past Service Cost	-	-
Liability assumed on acquisition / (Settled on divestiture)	(0.07)	(0.39)
Benefits paid	(70.99)	(66.58)
Liability at the end of the year	455.85	400.06
Change in plan assets		
Fair value of plan assets at the beginning of the year	401.99	289.56
Expected return on plan assets	30.16	23.85
Actuarial Gain / (Losses)	(36.90)	9.63
Benefits paid	(70.99)	(66.58)
Employer contributions	88.19	145.53
Fair value of plan assets at the end of the year	412.45	401.99

(₹ in crore)

Reconciliation of present value of the obligation and the fair value of the plan assets	As at	
	31 st March, 2020	31 st March, 2019
Fair value of plan assets at the end of the year	412.45	401.99
Liability at the end of the year	455.85	400.06
Net Asset / (Liability) (included under Schedule 5.IV)	(43.40)	1.93
Expense recognised for the year		
Current Service cost	44.45	36.38
Interest cost	27.71	28.55
Expected return on plan assets	(30.16)	(23.85)
Actuarial (Gain) / Loss	91.59	19.35
Past Service Cost	-	-
Net gratuity expense recognised in Schedule 16.I	133.59	60.42
Actual return on plan assets	(6.74)	33.48

(₹ in crore)

<i>Reconciliation of the Liability recognised in the Balance Sheet</i>	As at	
	31 st March, 2020	31 st March, 2019
Net Liability / (Asset) at the beginning of the year	(1.93)	83.57
Expense recognized	133.59	60.42
Liability assumed on acquisition / (Settled on divestiture)	(0.07)	(0.39)
Employer contributions	(88.19)	(145.53)
Net Liability / (asset)	43.40	(1.93)

Investment details of plan assets

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

	31 st March, 2020 %	31 st March, 2019 %
LIC managed funds [#]	2.43%	10.97%
Government securities	31.89%	28.22%
Bonds, debentures and other fixed income instruments	30.97%	22.19%
Money market instruments	8.01%	3.53%
Equity shares	26.69%	35.09%
Total	100.00%	100.00%

[#] In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Actuarial assumptions used

Discount rate	6.40% - 6.59% p.a. (Previous Year 7.15% - 7.64% p.a.)
Salary escalation rate	5.50% (IBA) and 0% until year 1 inclusive, then 7.00% (others) p.a. (Previous Year 5.50% (IBA) and 7.00% (others) p.a.)
Expected return on plan assets	7.00% - 8.00% p.a. (Previous Year 7.50% - 8.00% p.a.)

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Experience adjustments

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

(₹ in crore)

Gratuity	Year ended 31 st March				
	2020	2019	2018	2017	2016
Defined benefit obligation	455.85	400.06	373.13	280.66	278.33
Plan assets	412.45	401.99	289.56	296.23	256.35
Surplus / (Deficit)	(43.40)	1.93	(83.57)	15.57	(21.98)
Experience adjustments on plan liabilities	41.19	20.46	10.20	3.15	43.40
Experience adjustments on plan assets	(36.81)	9.63	(0.83)	11.38	(6.66)

The Bank expects to contribute ₹ 35.79 crore to gratuity fund in financial year 2020-2021.

The above information is as certified by the actuary and relied upon by the auditors.

iii. Pension

Pension liability relates to employees of eVBL.

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

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
	Funded	Funded
<i>Change in benefit obligations</i>		
Liability at the beginning of the year	1,156.33	1,057.85
Transfer of liabilities funded during the year	-	-
Current Service cost	42.26	35.13
Interest cost	69.32	74.81
Actuarial (gain) / loss on obligations	541.37	145.66
Past Service cost	-	-
Benefits paid	(208.80)	(157.12)
Liability at the end of the year	1,600.48	1,156.33
<i>Change in plan assets</i>		
Fair value of plan assets at the beginning of the year	1,159.16	1,063.69
Expected return on plan assets	106.94	88.91
Actuarial Gain / (loss)	(12.10)	(6.46)
Benefits paid	(208.80)	(157.12)
Employer contributions	469.15	170.14
Fair value of plan assets as at the end of the year	1,514.35	1,159.16

(₹ in crore)

Reconciliation of present value of the obligation and the fair value of the plan Assets	As at	
	31 st March, 2020	31 st March, 2019
	Funded	Funded
Fair value of plan assets as at the end of the year	1,514.35	1,159.16
Liability at the end of the year	1,600.48	1,156.33
Net Asset / (Liabilities) included in "Others" under "Other Assets" / "Other Liabilities"	(86.13)	2.83
Expenses recognised for the year		
Current service cost	42.26	35.13
Interest cost	69.32	74.81
Expected return on plan assets	(106.94)	(88.91)
Actuarial (gain) / loss	553.47	152.12
Effect of the limit in Para 59(b)	-	-
Net pension expense included in "[payments to and provision for employees]" under "Operating Expenses" [Schedule 16.1]	558.11	173.15
Actual return on plan assets	94.83	82.46

(₹ in crore)

Reconciliation of the Liability recognised in the Balance Sheet	As at	
	31 st March, 2020	31 st March, 2019
	Funded	Funded
Net (Asset) / Liability at the beginning of the year	(2.83)	(5.84)
Expense recognized	558.11	173.15
Employer contributions	(469.15)	(170.14)
Effect of the limit in Para 59(b)	-	-
Net (Asset) / Liability is included in "Others" under "Other Assets" / "Other Liabilities"	86.13	(2.83)

Investment details of plan assets

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

Actuarial assumptions used

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Discount rate	6.59% p.a.	7.64% p.a.
Salary escalation rate	5.50% p.a.	5.50% p.a.
Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.
Inflation	8.00% p.a.	8.00% p.a.

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Experience adjustments

Amounts for the current year are as follows:

(₹ in crore)

Pension	Year ended 31 st March,				
	2020	2019	2018	2017	2016
Defined benefit obligation	1,600.48	1,156.33	1,057.85	950.14	782.02
Plan assets	1,514.35	1,159.16	1,063.69	924.91	747.24
Surplus / (deficit)	(86.13)	2.83	5.84	(25.23)	(34.78)
Experience adjustments on plan liabilities	440.57	102.64	208.24	178.79	344.62
Experience adjustments on plan assets	(7.85)	(6.46)	(0.72)	(7.02)	(15.35)

The Bank expects to contribute ₹150.58 crore to pension fund in financial year 2020-2021.

iv. Compensated absences

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the Bank is given below:

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Total actuarial liability	209.42	192.95
Assumptions:		
Discount rate	6.40% - 6.59% - 0.74% (DIFC) p.a.	7.15% - 7.64% p.a.
Salary escalation rate	5.50% (IBA) and 0% until year 1 inclusive, then 7.00% (others), 0% in yr 1 and 3% thereafter (DIFC) p.a.	5.50% (IBA) and 7.00% (others) p.a.

v. Long Service Award

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

(₹ in crore)

Particulars	As at	
	31 st March, 2020	31 st March, 2019
Total actuarial liability	10.77	10.34
Assumptions:		
Discount rate	6.37% - 6.59% p.a.	7.15% - 7.64% p.a.

11. Provisions and Contingencies

Breakup of "Provisions and Contingencies" (including write-offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account:

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Provisions for Depreciation on Investments	90.12	(13.74)
Provision towards NPA	1,405.55	844.15
Provision towards Unhedged Foreign Currency Exposure	(5.07)	6.17
Provision towards Standard Assets	70.32	114.70
General Provision – Covid-19 Deferment Cases	650.00	-
Provision for Taxes	1,857.49	2,520.46
Other Provision and Contingencies	5.24	11.11
Total Provisions and Contingencies	4,073.65	3,482.85

12. Corporate Social Responsibility (CSR)

As per the provisions of the Section 135 of the Companies Act, 2013 the Bank is required to contribute ₹ 124.23 crore. The Bank has contributed ₹ 18.20 crore to the Kotak Education Foundation and ₹ 67.00 crore to other CSR initiatives in the current financial year. The Bank has also adopted a strong CSR policy, charting out its plan to invest in society and its own future. The Bank is building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years.

(₹ in crore)

Details of CSR expenditure			
a) Gross amount required to be spent during the year ₹ 124.23 (Previous year ₹ 96.27)			
(b) Amount spent during the year ending on 31st March, 2020:	Paid	Yet to be paid	Total
i) Construction/acquisition of any asset			
ii) On purposes other than (i) above	85.20	-	85.20
b) Amount spent during the year ending on 31st March, 2019:	Paid	Yet to be paid	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	36.55	-	36.55

13. Tier II Bonds

- a) Lower Tier II Bonds outstanding as at 31st March, 2020 ₹ 456.00 crore (previous year ₹ 456.00 crore).
During the current year and previous year, the Bank had not issued lower Tier II bonds. In accordance with the RBI requirements lower Tier II bonds of ₹ 303.60 crore (previous year ₹ 212.40 crore) are not considered as Tier II capital for the purposes of capital adequacy computation under Basel III guidelines.
- b) Upper Tier II Bonds outstanding as at 31st March, 2020 and as at 31st March 2019 is ₹ Nil.
- c) Interest Expended-Others (Schedule 15(III)) includes interest on subordinated debt (Lower and Upper Tier II) ₹ 44.32 crore (previous year ₹ 58.35 crore).

14. Details of payments of audit fees

(₹ in crore)

Particulars	Year Ended	
	31 st March, 2020	31 st March, 2019
Statutory Audit fees	2.05	2.26
Other Matters	0.31 [#]	0.15
Total	2.36	2.41

[#] ₹ 0.13 crore pertains to erstwhile auditors.

15. Description of Contingent Liabilities:

Sr.	Contingent Liability*	Brief Description
1.	Claims not acknowledged as debts	This includes liability on account of income tax, sales tax, lease tax demands, property tax demands and legal cases filed against the Bank. The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, result of operations or cash flows. In respect of appeals filed by the Income Tax department with higher authorities, where the matter was settled in favour of the Bank at the first appellate stage, and where in view of the Management, it gives rise to an item of timing difference, no contingent liability is envisaged by the Bank.
2.	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts with inter Bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.
3.	Guarantees on behalf of constituents	As a part of its Banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations.

Sr.	Contingent Liability*	Brief Description
4.	Acceptances, endorsements and other obligations	<p>These includes:</p> <ul style="list-style-type: none"> Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Bank. Bills re-discounted by the Bank and cash collateral provided by the Bank on assets which have been securitised. Underwriting commitments in respect of Debt Syndication.
5.	Other items for which the Bank is contingently liable	<p>These include:</p> <ul style="list-style-type: none"> Liabilities in respect of interest rate swaps, currency swaps, forward rate agreements, futures and options contracts. The Bank enters into these transactions with inter Bank participants on its own account and for customers. Currency Swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as contingent liabilities are amounts used as a benchmark for the calculation of interest component of the contracts. Liability in respect of Capital commitments relating to fixed assets and undrawn commitments in respect of investments. Amount Transferred to RBI under the Depositor Education and Awareness Fund ('DEAF').

* Also refer Schedule 12 – Contingent Liability

16. With regard to a Supreme Court (SC) judgement on PF there are various interpretative issues including applicability. Based on a legal opinion, Bank has implemented effective March 2019.
17. The Bank has received few intimations from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and there is no outstanding against those suppliers as on 31st March, 2020, hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.
18. Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current years’ presentation.

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

Prakash Apte

Chairman

Uday Kotak

Managing Director and
Chief Executive Officer

Sudhir N. Pillai

Partner

Membership No. 105782

Dipak Gupta

Joint Managing Director

Uday Khanna

Director

Mumbai

13th May, 2020

Jaimin Bhatt

Group President and
Group Chief Financial Officer

Bina Chandarana

Joint President and
Company Secretary