Kotak Mahindra Investments Limited
Annual Report 2019-20

Content

Financial Highlights (Consolidated)

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Gross Income	104,451.49	96,158.36
Profit Before Tax	32,379.33	34,369.30
Provision for Tax	10,056.64	11,459.76
Profit After Tax	22,322.69	22,909.54
Total Comprehensive Income	22,283.47	22,406.83
Balance of Profit from previous years	105,377.84	86,637.82
Amount available for appropriation	127,677.88	109,517.74
Appropriations :		
Special Reserve u/s 45IC of the RBI Act, 1934	5,402.57	4,139.89
Net Profit after tax carried to Balance Sheet	122,275.31	105,377.84

Independent Auditor's Report

To the Members of Kotak Mahindra Investments Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying consolidated financial statements of Kotak Mahindra Investments Limited (hereinafter referred to as the 'Holding Company"), its associate and joint venture (refer Note 1.2 D to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income) , the consolidated statement of changes in equity and the consolidated Statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Holding Company, its associate and joint venture as at March 31, 2020, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Holding Company, its associate and joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17 of the Other Matters paragraph below, other than the unaudited financial information as certified by the management and referred to in sub-paragraph 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

4. We draw attention to Note 1.2 F XIII to the consolidated financial statements, which explains the uncertainties and the management's assessment of the financial impact, due to the country-wide lock-downs and other restrictions imposed by the Government of India and other factors impacting the Company's operation due to the COVID-19 pandemic, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

5. Emphasis of matter paragraph in the audit report on the financial statements of Phoenix ARC Private Limited, an associate of the Holding Company issued by an another firm of chartered accountants vide their report dated May 15, 2020 reproduced by us as under:

   "We also draw attention to Note XIII of the significant accounting policies accompanying the consolidated Ind AS financial statements which describes the uncertainties arising from COVID- 19 pandemic on the Group's operations. Our opinion is not modified in this matter"

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
I. Expected Credit Loss (ECL) provision in respect of Loans (refer Note 1.4 C for accounting policy and Note 5 and 6 for ECL provision) As detailed in Note 5 and 6, the Company has loans and investments carried at amortized cost amounting to ₹ 546,363.98 lakhs (gross) and ₹ 50,039.54 lakhs respectively as at March 31, 2020. The Company holds ECL provision of ₹ 11,327.43lakhs and ₹ 318.36 lakhs against such loans and investments respectively. As discussed in note 1.4 C, ECL provision has been determined in accordance with Ind AS 109 – Financial Instruments and is significant to the consolidated financial statements.	We carried out following procedures in respect to ECL provision: • Held discussions with management and obtained understanding of significant assumptions like probability of default, loss given default and exposure at default used for making assessment of ECL provision. • Understood from the management and evaluated the design and tested operating effectiveness of controls in respect of significant assumptions like probability of default, loss given default and exposure at default including appropriate approvals and mathematical accuracy, which are used in making the assessment of ECL provision. • Involved auditor's expert to assess the appropriateness of the assumptions and judgement made by management used to calculate ECL provision.

Key audit matter	How our audit addressed the key audit matter
We focused on this area as determining ECL provision requires significant judgements by the management. Key areas of judgement included: - Assumptions used in the expected credit loss provision such as the financial condition of the counterparty, probability of default, expected future cash flows, expected loss in case of default. - The identification of exposures with a significant increase in credit risk from initial recognition of loans.	• Traced key data inputs used to compute the ECL provision on a sample basis to assess their accuracy and completeness. • Ensured mathematical accuracy of the ECL provision by performing recalculations on sample basis. Based on above audit procedures performed, we did not note any significant exceptions to Expected Credit Loss (ECL) provision in respect of financial assets.
II. Appropriateness of the recognition of Interest Income following Effective Interest Rate Approach (Refer Note 5, 6 and 21 of the consolidated financial statements.) The Company has recognized the interest income based on effective interest rate (EIR) approach. The total interest income recognized in current year under EIR accounting is Rs. 97,322.24 lakhs. For computation of EIR, the Company has identified the cost and revenue (called as EIR component) which are directly attributed to the respective loan account. The Company has followed two approaches for treating the EIR component for the respective loans. In case of loans which are having revolving facility, the identified EIR component is amortised over the tenure of the loan on straight line basis and in case of fixed period loan, the EIR component is amortised on the basis of effective interest rate over the period of the loan. Key inputs used in the computation of EIR, in case of fixed period loan, is impacted by the management's assumptions in respect of timing of future cash outflow (i.e. disbursement of loans). Given the inherent subjectivity in the assumptions and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	**We carried out following procedures in respect income recognition as per EIR approach –** • Understood from the management and tested the design and operating effectiveness of the key controls surrounding the calculations of EIR and computation of interest income based on the same. • For selected samples, assessed the reasonableness of key assumptions / inputs used in assessing the customers' behavior which is used for estimating future cash out flows (i.e. disbursement of loans) in case of fixed period loan. • For selected samples, tested the arithmetical accuracy of the calculation of EIR and amortization of interest income, over the period of the loan. Based on available evidence and above procedures performed, we did not find any material exceptions to the recognition of interest income following EIR approach.

7. The following Key Audit Matters and related audit were included in the audit report dated May 15, 2020 containing an unmodified opinion on the consolidated financial statements of Phoenix ARC Private Limited, an associate of the Holding Company issued by independent firm of Chartered Accountant reproduced as under:

Key audit matter	How our audit addressed the key audit matter
Impairment of financial instruments (loans, trade receivables and advance **(a) recoverable from trust)** Loans, trade receivables (majorly management fee receivable) and advance recoverable from trust amount to ₹ 5,619.18 lacs (net of impairment provision) as disclosed in the consolidated Ind AS financial statements as at March 31, 2020. Ind AS 109 Financial instruments (Ind AS 109) requires the Group to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured	• Our audit procedures included considering the the Company's accounting policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109. • We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation. • We understood the methodology used by the management to arrive at their ECL provision and examined certain assumptions used by the Group in their model for grouping and staging of financial assets into various categories and default buckets and for determining the PD and LGD rates including the macro-economic factors.

Key audit matter	How our audit addressed the key audit matter
considering the guiding principles mentioned in the standard. In the process of applying such principles and other requirements of the standard, a significant degree of judgement has been applied by the management in respect of following matters: a) Grouping of the trade receivables and recoverable from trust under homogenous pools in order to determine probability of default (PD) on a collective basis. b) Determining the staging of loans, trade receivables and advance recoverable from trust. c) Determining effect of past defaults on future probability of default. d) Estimation of management overlay for macro-economic factors which could impact the ECL provisions. e) Estimation of loss given default (LGD) based on past recovery rates. Further, in light of the business disruption caused due to the COVID-19 situation, the management has done an assessment of the impact on the ECL on the abovementioned financial assets. The management has used certain statistical assumptions/models to stress test the PDs and the LGDs derived from its model to arrive at a probable impact on COVID-19 on the ECL provision. These assumptions and judgements used have an inherent uncertainty of the actual impact of COVID-19 and the impact may be different from these estimates. Given the complexity, significant judgement and the uncertainty of impact of COVID-19 involved in the estimation of impairment of financial assets, we have considered this area as a key audit matter.	• We have understood the methodology applied by the management to stress test its PD and LGD to ascertain a best estimate impact of COVID-19 on the ECL provision and tested the key assumptions and judgements made by the management. The actual impact may vary from the estimates made by the management. • We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. • We performed test of details to verify the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • We assessed the disclosures included in the Ind-AS financial statements with respect to such allowance / estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.
(b) Fair valuation of Security Receipts (SR) The Group holds investments in the form of security receipts which represent the investments in underlying pool of assets. The fair valuation of these investments as at March 31, 2020 is Rs. 73,638.97 lacs as disclosed in the consolidated financial statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. As required by RBI regulations, these SRs are valued on a half yearly basis from eligible credit rating agencies ("CRA"). These CRA perform an independent evaluation of the underlying assets based on certain estimates and judgements and provide range of recovery of these underlying assets. The management then decides the fair value of the security receipts based on its best estimate of recovery, based on the range of recovery provided by the CRA.	• We have understood the management process of providing key inputs to the CRAs for the purpose like, resolution plan security value, projected cash flows, restructuring plans, etc. • We tested the operating effectiveness of the controls for the purpose of fair valuation of security receipts. • We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values. We have involved our valuation experts for the process understanding of the valuation process followed by the CRAs and test the fair valuation of sample cases. They understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SRs. • We have tested on a sample basis, the management rationale for declaring the fair value of the SRs in range provided by CRA, to assess for reasonableness of the recovery range declared.

Key audit matter	How our audit addressed the key audit matter
Further, the recoverability from the underlying assets of SRs could be Impacted due to the COVID-19 situation. The management has done an assessment to ascertain future recoverability estimates of the underlying assets. In making these assessments, the management has used several estimates, assumptions and sources of information (both internal and External). These assumptions, estimates and information used by the management have an inherent uncertainty of the impact of COVID-19 and the actual results may differ from the estimates and assumptions made. Given the significant judgement exercised by the management, involvement of external CRA in the fair value estimation and uncertainty of the impact of COVID- 19 on the recoverability of the SRs, we have considered this area as key audit matter.	• We have understood the management's assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis we have tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold. • We assessed disclosures included in consolidated Ind AS financial statements with respect to such fair valuation.
(c) Valuation of Purchase or originated credit impaired assets (POCI) The trusts that are consolidated, have assets on their books which are impaired and accordingly in accordance with Ind AS 109 classified as purchased or originated credit impaired assets ("POCI"). The Group has POCI assets (net of impairment) assets amounting to Rs. 23,315 lacs as disclosed in the consolidated financial statements as at 31 March 2020. These assets are measured using projected cash flows based on management estimates of recovery and then discounted at the credit adjusted effective interest rate. Further, the recoverability of these assets could be impacted due to the COVID-19 situation. The management has made an assessment on each POCI asset to ascertain future recoverability estimates. In making this assessment, the management has used several estimates, assumptions and sources of information (both internal and external), including but not limited to quality of collateral available, external credit reports, economic forecasts for future expected performance of the underlying companies etc. The assumptions and estimates used by the management may vary and actual results may differ from the estimates and assumptions. Considering the significant management estimate and judgement involved in assessing cash flows and the discount rate, we have considered this as a key audit matter.	• For POCI, assets, we have understood methodology applied by the management to value these assets including the key inputs in that process which included future cash flow projections and the calculation of credit adjusted effective interest rate for discounting those cash flows and tested for samples these key inputs and estimates used. • We tested the operating effectiveness of the controls for collating the information for future recovery estimates and past collections records. • Verified on a sample basis the calculation of the credit adjusted effective interest rate used for the purpose of discounting these assets. • We have understood the management's assessment process to ascertain the impact of COVID-19 on the future recoverability of the POCI along with key inputs used and judgements made. For sample cases verified the assumptions and inputs used for this assessment to ascertain future recoverability estimates. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold. • We have verified the arithmetical accuracy of the valuation of the POCI assets using the expected cash flow and discount rate performed by the Group using spreadsheets. We have assessed disclosures included in the financial statements with respect to these assets in accordance with Ind AS 107 and Ind AS 109.
(d) Consolidation of Trusts The Group sets up trusts to acquire stressed assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction. These Trusts issue SRs which represent the beneficial undivided right, title and interest in the assets of the respective trust to the beneficiaries. The Group acts as assets manager in respect of these trusts and consolidates the trusts which it controls.	• We have understood the structure of all the trusts managed by the company and reviewed the beneficial interest, the waterfall mechanism of distribution of returns and other relevant clauses of the trust deeds. • We have obtained and reviewed the workings made by the management to assess the variability of returns from the recovery in the trusts based on estimated recovery in the trusts.

Key audit matter	How our audit addressed the key audit matter
As per Ind AS 110 Consolidated Financial Statements (Ind AS 110), the company needs to consolidate the entity when it controls it. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To assess control various factors need to be considered based on relevant facts and circumstances. Considering the significant management judgement and estimate involved in assessing control, we have considered this a key audit matter In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 17 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	• We have read and understood the management's policy on the assessment of the percentage of variability for the Company to be classified from agent to principal for the purpose of consolidation, in accordance with Ind AS 110. • We have verified the consolidation of these trusts done by the Group. • We have assessed disclosures included in the financial statements with respect to these assets in accordance with Ind AS 107 and Ind AS 110.

Other Information

8. The Holding Company's Board of Directors is responsible for the other information. The Other information comprises the Information included in the Director's Report, but does not include consolidated financial statements and our auditor's report thereon.

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

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other Information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the report of other auditors as furnished to us (Refer paragraph 17 below), we conclude that there is material misstatement of this other Information, we are required to report that fact. We have to nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated changes in equity of the Holding Company and its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Holding Company, its associate company and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the Holding Company and of its associate and joint venture of are responsible for assessing the ability of the respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Holding Company, it associate or joint venture or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the Holding Company and its associate and joint venture are responsible for overseeing the financial reporting process of the Holding Company and its associate and joint venture.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Holding Company and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding Company and its associate and joint venture to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Holding Company and its associate and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

17. The consolidated financial statements also include the Holding Company's share of total comprehensive income (comprising of consolidated loss and other comprehensive income) of Rs. 362.66 lakhs for the year ended March 31, 2020 as considered in the consolidated financial statements, in respect of the associate company whose consolidated financial statements have not been audited by us. These consolidated financial statements have been audited by other auditors whose report has been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid associate company, is based solely on the report of the other auditors.

18. The consolidated financial statements also include the Holding Company's share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 5.15 lakhs for the period from April 1, 2019 to April 26, 2019 as considered in the consolidated financial statements, in respect of the joint venture, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements

insofar as it relates to the amounts and disclosures included in respect of this joint venture and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Holding Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

19. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

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

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

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements;

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act;

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its associate company, none of the directors of the Holding Company and its associate company incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

    (f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate report in Annexure A;

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

        i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Holding Company, its associate and joint venture – Refer Note 41 to the consolidated financial statements.

        ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2020– Refer (a) Note 5, 6 and 12 to the consolidated financial statements in respect of such items as it relates to the Holding Company, its associate and joint venture and (b) Note 46 to the consolidated financial statements in respect of the Holding Company's share of net profit in respect of its associate and joint venture.

        iii. During the year ended March 31, 2020, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate company.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company for the year ended March 31, 2020.

20. The Holding Company, its associate and joint ventures has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant
Mumbai Partner
Membership Number: 101119
UDIN : 20101119AAAACT8400

Place : Mumbai
Date : June 25, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 19 (f) of the Independent Auditors' Report of even date to the members of Kotak Mahindra Investments Limited on the consolidated financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to the consolidated financial statements of Kotak Mahindra Investments Limited (hereinafter referred to as "the Holding Company") and its associate and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its associate companies and Joint Venture, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to consolidated financial statements as applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to consolidated financial statements issued by the Institute of Chartered Accountants of India (ICAI)" These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not

be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, read with paragraph 9 and 10 of other matter, the Holding Company and one of its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to consolidated financial statements issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

Other Matters

9. As stated in paragraph 18 of our main audit report, the report on the internal financial controls with reference to consolidated financial statements, insofar as it relates to a joint venture for the perod from April1, 2019 tp April 26, 2019, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Holding Company.

10. The following Other Matter was included in the Annexure A to the main audit report dated May 15, 2020, containing an unmodified audit opinion on the consolidated financial statements of Phoenix ARC Private Limited, an associate of the Holding Company issued by an independent firm of Chartered Accountants reproduced by us as under:

    "Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting includes only the Company. The trusts forming part of the consolidated financial statements are not companies as defined as per the Act and accordingly reporting on the adequacy and operating effectiveness of the internal controls is not applicable to these trusts."

11. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one associate company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of these matters.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sharad Vasant
Partner
Membership Number: 101119
UDIN : 20101119AAAACT8400

Mumbai
June 25, 2020

Consolidated Balance Sheet

as at 31st March, 2020

(Amount in lakhs)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	2	158,990.51	27,418.60
Bank Balance other than cash and cash equivalents	3	1,497.07	22,798.78
Receivables			
(I) Trade receivables	4(A)	58.78	539.70
(II) Other receivables	4(B)	382.25	181.56
Loans	5	535,036.55	874,210.27
Investments			
Investments accounted for using the equity method	46	14,425.46	15,598.45
Others	6	77,084.63	94,662.93
Other Financial assets	7	197.71	110.15
Total financial assets		**787,672.96**	**1,035,520.44**
Non-financial assets			
Current Tax assets (Net)	30	995.19	472.90
Deferred Tax assets (Net)	30	839.29	1,417.88
Property, Plant and Equipment	8	218.75	198.72
Intangible assets under development	9	333.43	6.00
Other intangible assets	10	18.82	16.23
Other Non-financial assets	11	241.68	311.22
Total Non-financial assets		**2,647.16**	**2,422.95**
Total Assets		**790,320.12**	**1,037,943.39**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	5,441.02	-
Payables	13		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2,834.80	389.77
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,440.75	517.95
Debt securities	14	306,140.54	297,777.68
Borrowings (Other than Debt Securities)	15	263,996.56	549,826.27
Subordinated Liabilities	16	20,241.93	20,239.09
Total financial liabilities		**600,095.60**	**868,750.76**
Non-Financial liabilities			
Current tax liabilities (Net)	30	852.90	1,651.85
Provisions	17	676.18	696.94
Other non-financial liabilities	18	755.02	1,310.30
Total Non-financial liabilities		**2,284.10**	**3,659.09**
EQUITY			
Equity Share Capital	19	562.26	562.26
Other equity	20	187,378.16	164,971.28
Sub total		**187,940.42**	**165,533.54**
Total Liabilities and equity		**790,320.12**	**1,037,943.39**
Significant Accounting Policies and Notes on Accounts	1		

This is the Consolidated Balance sheet referred to in our report of even date
For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant Partner
Partner
Membership No: 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2020

(Amount in lakhs)

	Particulars	Note no.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	REVENUE FROM OPERATIONS			
(i)	Interest income	21	100,340.39	91,440.80
(ii)	Dividend income	22	323.74	125.94
(iii)	Fees and commission income	23	427.81	327.89
(iv)	Net gain/(loss) on financial instruments measured on fair value	24	2,827.40	3,728.04
(v)	Others		96.35	325.41
(I)	**Total revenue from operations**		**104,015.69**	**95,948.08**
(II)	Other income	25	435.80	210.28
(III)	**Total income (I + II)**		**104,451.49**	**96,158.36**
	EXPENSES			
(i)	Finance costs	26	59,897.09	57,113.96
(ii)	Impairment on financial instruments	27	5,580.46	2,614.31
(iii)	Employee Benefits expenses	28	3,026.04	2,726.57
(iv)	Depreciation, amortization and impairment	8 & 9	93.73	88.00
(v)	Other expenses	29	3,116.06	2,775.94
(IV)	**Total expenses**		**71,713.38**	**65,318.78**
(V)	**Profit/(loss) before tax and Share of net profits of investments accounted using equity method (III-IV)**		**32,738.11**	**30,839.58**
(VI)	**Share of net profits/(loss) of investments accounted using equity method**		**(358.78)**	**3,529.72**
(VII)	**Profit/(loss) before tax(V+VI)**		**32,379.33**	**34,369.30**
(VI)	**Tax expense**	**30**		
	(1) Current tax		(9,459.99)	(11,294.93)
	(2) Deferred tax		(596.65)	(164.83)
	Total tax expense (1+2)		**(10,056.64)**	**(11,459.76)**
(VII)	**Profit/(loss) for the year (V+VI)**		**22,322.69**	**22,909.54**
(VIII)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		(19.87)	(45.57)
	(ii) Income tax relating to above items		5.00	15.93
	Total (A)		**(14.87)**	**(29.64)**
	(B) Items that will be reclassified to profit or loss			
	(i) Debt Instruments through Other Comprehensive Income		(37.44)	(727.17)
	(ii) Income tax relating to items that will be reclassified to profit or loss		13.09	254.10
	Total (B)		**(24.35)**	**(473.07)**
	Other comprehensive income (A + B)		**(39.22)**	**(502.71)**
(IX)	**Total Comprehensive Income for the year (VII+VIII)**		**22,283.47**	**22,406.83**
(X)	**Earnings per equity share - Basic and Diluted (Rs.)**	**31**	**397.02**	**407.46**
	Significant Accounting Policies and Notes on Accounts	1		

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant Partner
Partner
Membership No: 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

Consolidated Statement of Cash Flows

for the year ended 31st March, 2020

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from operating activities		
Profit before tax	**32,379.33**	**34,369.30**
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortization expense	93.73	88.00
Dividend Received	(323.74)	(125.94)
Profit on Sale of Property, Plant and Equipment	(7.00)	(15.72)
Impairment on financial instruments	5,580.46	2,614.31
Net gain/ (loss) on financial instruments at fair value through profit or loss	(2,850.06)	(3,728.04)
Interest on Borrowing	59,897.09	57,113.96
Interest on Borrowing paid	(56,871.55)	(61,278.11)
ESOP Expense	131.19	119.91
Remeasurements of the defined benefit plans	(19.87)	(45.57)
Debt Instruments through Other Comprehensive Income	(37.44)	(727.17)
Share of net profits of investments accounted using equity method	358.78	(3,529.72)
Operating profit before working capital changes	**38,330.92**	**24,855.21**
Working capital adjustments		
(Increase) / Decrease in Bank Balance other than cash and cash equivalent	21,305.86	(12,422.44)
(Increase) / Decrease in Loans	333,548.19	(115,669.14)
(Increase) / Decrease in Receivables	278.28	(123.56)
(Increase) / Decrease in Other Financial Assets	(90.00)	(110.45)
(Increase) / Decrease in Other Non Financial Assets	69.54	(106.85)
Increase / (Decrease) in Trade payables	2,445.03	1,146.56
Increase / (Decrease) in other payables	922.79	(417.90)
Increase / (Decrease) in other non-financial liabilities	(555.29)	917.76
Increase / (Decrease) provisions	(20.76)	0.28
(Increase) / Decrease in unamortized discount	38,733.44	40,560.44
	396,637.08	**(86,225.30)**
Net Cash (used in) / generated from operations	434,968.00	(61,370.09)
Income tax paid (net)	(10,781.22)	(11,522.27)
Net cash (used in) / generated from operating activities	**424,186.78**	**(72,892.36)**
Cash flow from investing activities		
Purchase of investments	(9,587,020.53)	(8,741,782.49)
Sale of investments	9,608,525.10	8,722,881.95
Purchase of Property, Plant and Equipment	(451.82)	(218.28)
Sale of Property, Plant and Equipment	15.05	20.95
Dividend on investments	323.74	125.94
Net cash (used in) / generated from investing activities	**21,391.54**	**(18,971.93)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from financing activities		
Proceeds from Debt Securities	174,089.50	224,927.43
Repayment of Debt Securities	(181,125.81)	(96,000.00)
Intercorporate Deposit issued	115,300.00	110,450.00
Intercorporate Deposit Redeemed	(121,350.00)	(159,000.00)
Commercial Paper issued	559,272.67	821,189.75
Commercial Paper Redeemed	(883,023.48)	(799,000.00)
Increase/(Decrease) in Bank overdraft	22,856.37	(8,994.43)
Net cash flow from financing activities	**(313,980.75)**	**93,572.75**
Net (decrease) / increase in cash and cash equivalents	**131,597.57**	**1,708.46**
Cash and cash equivalents at the beginning of the year	27,423.95	25,715.49
Cash and cash equivalents at the end of the year	**159,021.52**	**27,423.95**
Reconciliation of cash and cash equivalents with the Consolidated balance sheet		
Cash and cash equivalents as per balance sheet (refer note 2)		
Balances with banks in current account	159,021.52	27,423.95
Cash and cash equivalents as restated as at the year end *	**159,021.52**	**27,423.95**

* Cash and cash equivalents shown in Consolidated Balance Sheet is net of ECL provision of ₹ 31.01 lakhs as at March 31st, 2020 (Previous year: ₹ 5.35 lakhs)

I) The above Consolidated Statement of cash flow has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Statement of cash flow'.

II) Net Debt Reconciliation - Refer Note 16(1)

III) Non-cash financing activity
Equity-settled share-based payment(ESOP) from parent of ₹131.19 lakh for year ended March 31st, 2020 (March 31st, 2019 - ₹ 119.91 lakh)

IV) The previous year's figures have been re-grouped, wherever necessary in order to conform to this year's presentation.

This is the Consolidated Statement of cash flow referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant Partner
Partner
Membership No: 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2020

A. EQUITY SHARE CAPITAL

(Amount in Lakhs)

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
Equity shares of Rs. 10 each fully paid up			
As on March 31st, 2019	562.26	-	562.26
As on March 31st, 2020	562.26	-	562.26

B. OTHER EQUITY

(Amount in Lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Total
	Securities premium	Capital redemption reserve	General Reserve	Special Reserve	Capital Contribution from Parent	Retained earnings		
Opening balance as on March 31st, 2018	**33,545.76**	**1,003.85**	**431.10**	**20,150.20**	**178.38**	**86,637.82**	**497.42**	**142,444.53**
Profit for the year	-	-	-	-	-	22,909.54	-	22,909.54
Other Comprehensive Income for the year	-	-	-	-	-	(29.64)	(473.07)	(502.71)
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	4,139.89	-	(4,139.89)	-	-
Fair value of ESOP	-	-	-	-	119.91	-	-	119.91
Changes during the period	**-**	**-**	**-**	**4,139.89**	**119.91**	**18,740.02**	**(473.07)**	**22,526.74**
Closing balance as on March 31st, 2019	**33,545.76**	**1,003.85**	**431.10**	**24,290.09**	**298.29**	**105,377.84**	**24.35**	**164,971.28**
Opening balance as on March 31st, 2019	**33,545.76**	**1,003.85**	**431.10**	**24,290.09**	**298.29**	**105,377.84**	**24.35**	**164,971.28**
Transition impact of Ind AS 116 (Share of Associate)	-	-	-	-	-	(7.78)	-	(7.78)
Profit for the year	-	-	-	-	-	22,322.69	-	22,322.69
Other Comprehensive Income for the year	-	-	-	-	-	(14.87)	(24.35)	(39.22)
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	5,402.57	-	(5,402.57)	-	-
Fair value of ESOP	-	-	-	-	131.19	-	-	131.19
Changes during the period	**-**	**-**	**-**	**5,402.57**	**131.19**	**16,897.47**	**(24.35)**	**22,406.88**
Closing balance as on March 31st, 2020	**33,545.76**	**1,003.85**	**431.10**	**29,692.66**	**429.48**	**122,275.31**	**-**	**187,378.16**

Nature and purpose of reserve - Refer Note 20.1

This is the Consolidated Statement of Changes in Equity referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant Partner
Partner
Membership No: 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

1.1. CORPORATE INFORMATION

Kotak Mahindra Investments Limited along with its Associate and joint venture are hereinafter referred to as 'the Group'.

Kotak Mahindra Investments Limited is registered as a Non-Banking Financial Company with Reserve Bank of India. The Group is engaged in providing finance for developer funding, corporate loans, developer funding and such other activities as holding long term strategic investments. The Group is a 100% subsidiary of Kotak Mahindra Bank Ltd.

The Group's registered office is at 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051.

1.2. BASIS OF PREPARATION

A. Statement of compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and relevant provisions of the Companies Act, 2013.

The Consolidated Financial Statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the Consolidated Financial Statements. These Consolidated Financial Statements were authorized for issue by the Group's Board of Directors on 24th June, 2020.

B. Basis of measurement

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following items:

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments);
- Share-based payments – measured at fair value

C. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (INR) which is also the Group's functional currency. All the amounts are rounded to the nearest lakhs with two decimals, except when otherwise indicated.

D. Basis of consolidation

The Group's investments in its joint venture and associates are accounted for using the equity method as per Indian Accounting Standard 28 - Investment in Associates and Joint Ventures. Under the equity method, investments in joint ventures and associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture and associates, less any impairment in the value of the investments. Losses of a joint venture and an associate in excess of the Group's interest in that joint venture or associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the joint venture or associates.

The financial statements of the joint venture and associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Goodwill relating to the joint venture and associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

E. Adoption of new and revised standards

On 30 March 2019, the Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective from April 1, 2019 ('the date of transition'), the Group applied Ind AS 116 retrospectively to all leases previously classified as operating leases. The Group has used practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17. The Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of assets and leases for which the underlying asset is of low value on a lease-by-lease basis.

Refer note 1.6(R) – Significant accounting policies – Leases in the consolidated financial statements of the Group for the year ended March 31, 2019, for the policy as per Ind AS 17.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

F. Use of estimates and judgements

The preparation of consolidated financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgement, estimates and assumptions are required in particular for:

I. Determination of estimated useful lives of property, plant, equipment

Useful lives of property, plant and equipment are based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

II. Determination of lease term:

Ind AS 116 – Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to theGroup's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

III. Recognition and Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in note 37.

IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, depreciation carry-forwards and unused tax credits could be utilized.

V. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

VI. Discounting of long-term financial assets/liabilities

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets/liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

VII. Fair value of share-based payments

Share-based compensation benefits are provided to employees via the (a) Kotak Mahindra Equity Option Scheme 2007; and (b) Kotak Mahindra Equity Option Scheme 2015 (the 'Option Plan') managed by Kotak Mahindra Bank Limited (the Holding Company), an employee share scheme and share-appreciation rights.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a Black-Scholes model. Key assumptions have been made with respect to expected volatility including share price, expected dividends and discount rate, under this option pricing model. For cash-settled share-based payment transactions, the liability needs to be re-measured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in the Statement of Profit and Loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Black-Scholes model.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 38.

VIII. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 36.

IX. Business model assessment

Classification and7del test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

X. Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given (timing of disbursement)/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, changes to benchmark rate and other fee income/expense that are integral parts of the instrument.

XI. Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost and Fair Value through Other Comprehensive Income (FVOCI) except investment in equity instruments classified as FVOCI. At each reporting date, the Group assesses whether the above financial assets are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

XII. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The 'value in use' calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes

XIII. Estimation uncertainty relating to the global health pandemic on COVID-19:

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 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 indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns and other factors. On March 24, 2020, the Indian government announced a 21-day lockdown which was extended twice, across the country to contain the spread of virus.

The Group, is in the business of providing loans to real estate developers, loans against securities, corporate loans and makes investments. The Group has made an assessment of its liquidity position applying stress scenarios. The Group believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial results/statements.

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Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

The Indian Government, the Reserve Bank of India and other regulators have announced various measures and relaxations acknowledging the current situation to ensure that there is enough liquidity in the hands of market participants and provided moratoriums to the borrowers in terms of their repayments to the financial institutions.

The Group has further assessed the recoverability and carrying value of its assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial results/statements, other than those already considered.

The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic on following items may be different from that estimated as at the date of approval of Group's consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

i. Impairment on Financial Assets

In assessing the recoverability of loans, investment in debt instruments and trade receivables, the Group has considered internal and external information upto the date of approval of these consolidated financial statements including credit reports and economic forecasts. Basis the above information, the Group has assessed the staging criteria, macro-economic factors and loss given default. Accordingly, the impairment on the financial assets has been computed.

ii. Fair value of financial instruments

Fair value hierarchy of financial assets which are carried at fair value are classified as Level 1, Level 2 and Level 3 as at 31st March 2020.

Financial assets which are classified as Level 1 is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Group are mainly investments in liquid debt mutual funds and accordingly, material volatility is not expected. For fair values of financial assets and financial liabilities measured at amortized cost which are classified as Level 2 and level 3, uncertainties arising out of COVID-19 is incorporated in discount rates, credit spread and expected cash flows.

Investment in venture capital fund, preference shares and equity instruments are valued at fair value classified as level III. The Group has considered unobservable inputs such as discounting rates, cashflow estimates that reflects the risk and uncertainty associated with investment due to impact of COVID 19.

iii. Leases

The Group has entered into lease arrangement for Corporate and branch office for a term of one year. The Group does not foresee any change in terms of those leases due to COVID – 19.

1.3 AMENDMENTS TO EXISTING IND AS:

The Ministry of Corporate Affairs notifies new standard or amendments to existing standards. There is no such notification which would have been applicable from April 01, 2020.

1.4 INTEREST IN JOINT VENTURES AND ASSOCIATES

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in its joint ventures and associates are accounted for using the equity method as per Indian Accounting Standard 28 - Investment in Associates and Joint Ventures. Under the equity method, investments in joint ventures and associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint ventures and associates, less any impairment in the value of the investments. Losses of a joint venture and an associate in excess of the Group's interest in that joint venture or associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the joint venture or associate.

The financial statements of the joint venture and associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Goodwill relating to the joint venture and associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

1.5 SIGNIFICANT ACCOUNTING POLICIES

A. Revenue Recognition

I. Interest income on financial assets is recognized on an accrual basis using effective interest (EIR) method other than the financial assets classified as measured at FVTPL. The EIR is determined considering all contractual terms, fees received, transaction costs incurred and all other premiums or discounts. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under stages 1 and 2 as against on amortised cost net of impairment allowance for the assets falling under impairment stage 3. Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

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

III. Fees income is recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out in Ind AS 115.

IV. Revenue from services is recognized net of taxes as and when the service is performed as per the relevant agreements.

V. Other revenue income is recognised when it is probable that consideration would be collected while considering the customer's ability and intention to pay when it is due.

B. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All regular way purchase or sale of financial instruments are recognised and derecognised on a trade date basis. Purchase or sale of unquoted instrument is recognised on the closing date or as and when the transaction is completed as per terms mentioned in relevant transaction agreement /document.

Financial assets

Classification

The Group classifies its financial assets in the following measurement categories;

- those to be subsequently measured at (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with the way in which business is managed and information provided to the management. The information considered in conjunction with objectives of business model includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity;
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

The Group monitors financial assets measured at Amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Based on the Group policy, it can sell financial assets out of Amortized cost business model under following scenarios:

- If such financial assets no longer meets the credit criteria inGroup's investment policy;
- Credit Risk on a financial asset has increased significantly;
- To meet liquidity needs in 'stress case scenarios' and does not anticipate selling these assets except in scenarios such as to fund unexpected outflow;
- Sales are infrequent or insignificant in value both individually or in aggregate
- if sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of assessing contractual cash flows, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the group considers:

- reset terms
- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest (EIR) method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR) and reported as part of interest income in the Statement of Profit and Loss. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. The losses if any, arising from impairment are recognized in the Statement of Profit and Loss.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

Financial asset at fair value through Other Comprehensive Income (FVOCI)
Financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

After initial measurement, such financial assets are subsequently measured at fair value. Subsequent changes in the carrying amount of these financial assets as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in Statement of Profit and Loss. The amounts that are recognised in Statement of Profit and Loss are the same as the amounts that would have been recognised in Statement of Profit and Loss if these financial assets had been measured at amortised cost. All other changes in the carrying amount of these financial assets are recognised in other comprehensive income. The loss allowance is recognized in 'Other Comprehensive Income' (OCI) and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss.

Financial assets at fair value through profit and loss (FVTPL)
Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Financial liabilities and equity instruments:

Classification as debt or equity -
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Group are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity

Financial Liabilities:
All financial liabilities are subsequently measured at amortised cost except when designated to be measured at FVTPL. Liabilities which are classified at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

C. Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)
The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI, such as loans, trade receivables, security deposit, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and FVOCI are credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired include observable data about the following events:

a. significant financial difficulty of the issuer or the borrower;

b. a breach of contract, such as a default or past due event;

c. the Group, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession(s) that the Group would not otherwise consider;

d. it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation;

e. the disappearance of an active market for that financial asset because of financial difficulties.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

ECL are a probability weighted estimate of credit losses, measured as follows:

— Financial assets that are not credit impaired at the reporting date:

ECL has been estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and loss given default ('LGD').

PD has been computed using observed history of default and converted into forward looking PD's using suitable macro-economic variable data and other observable inputs.

— Financial assets that are credit impaired at the reporting date:

ECL has been estimated as the difference between the gross carrying amount and the present value of estimated future cash flows.

For trade receivables, the Group applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised:

- If the expected restructuring will not result in derecognition of the existing asset, expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset

- If the expected restructuring will result in derecognition of the existing asset and the recognition of modified asset, the modified asset is considered as a new financial asset. The date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The impairment loss allowance is measured at an amount equal to 12 month expected credit losses until there is a significant increase in credit risk. If modified financial asset is credit-impaired at initial recognition, the financial asset is recognized as originated credit impaired asset.

Criteria used for determination of movement from stage 1 (12 month ECL) to stage 2 (lifetime ECL) and stage 3 (Lifetime ECL)

The Group applies a three-stage approach to measure ECL on financial assets measured at amortised cost and FVOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations:

Stage 1: 12 month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

Stage 2: Lifetime ECL (not credit impaired):

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Group uses days past due (DPD) information and other qualitative factors to assess deterioration in credit quality of a financial asset.

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

Stage 3: Lifetime ECL (credit impaired):

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then after cooling off period (Refer Note 36.5.2.5.1) Expected Credit Loss reverts from lifetime ECL to 12-months ECL.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

For financial instruments whose significant payment obligations are only after next 12 months, life time ECL is applied.

Method used to compute lifetime ECL:

The Group calculates ECLs based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the present value of cash flows that the entity expects to receive. The Group applies statistical techniques to estimate 12 month ECL and lifetime ECL.

Manner in which forward looking assumptions has been incorporated in ECL estimates:
The Group considers its historical loss experience and adjusts it for current observable data. In addition, the Group uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively. The Group's ECL calculations are outputs of number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

D. Write-offs

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in Statement of Profit and Loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

E. Derecognition of Financial Assets and Financial Liabilities

Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

Financial Liabilities:
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

F. Modifications of Financial Assets and Financial Liabilities

Financial assets
If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Statement of Profit and Loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses, in other cases, it is presented as interest income.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit or loss.

G. Measurement of Fair Values

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the lowest level inputs that are significant to the measurements, used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

H. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

I. Derivative Financial Instruments

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

J. Property, Plant and Equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. Gain or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and recognized as income or expense in the Statement of Profit and Loss.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to theGroup.

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment 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 property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end. Estimated useful lives over which assets are depreciated are as follows:

Asset Type	Useful life in years
Premises	58
Leasehold Improvements	Over the period of lease subject to a maximum of 6 years
Office Equipment	5
Computers	3
Furniture and Fixtures	6
Vehicles	4

Used property, plant and equipment purchased are depreciated over the residual useful life from the date of original purchase. For property, plant and equipment purchased and sold during the year, depreciation is provided on pro rata basis by the Group.

Property, plant and equipment costing less than Rs.5,000 are fully depreciated in the year of purchase.

K. Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Intangible assets are amortized over their estimated useful lives on a straight line basis, from the date they are available for use. Estimated useful life over which intangible assets are amortised are as follows:

Asset Type	Useful life in years
Software and System Development	3

L. Borrowing Cost

Borrowing costs other than those directly attributable to qualifying Property, Plant and Equipment are recognised as an expense in the period in which they are incurred.

M. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current 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. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if:

i. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

N. Employee Benefits

I. Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to the Statement of Profit and Loss when due.

II. The Group 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 Group recognizes such contributions as an expense in the year when an employee renders the related service.

III. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Group accounts for liability for future gratuity benefits based on actuarial valuation. The net present value of the Group's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

IV. Remeasurement of all defined benefit plans, which comprise actuarial gains and losses are recognised immediately in other comprehensive income in the year they are incurred. Remeasurements are not reclassified to profit or loss in subsequent period. Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in profit or loss. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss

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

VI. The Group accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Group's obligation is determined based on the projected unit credit method as at the Balance Sheet date.

VII. As per the Group's policy, employees of the Group are eligible for an award after completion of a specified number of years of service with the Group. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of fellow subsidiary.

O. Employee share based payments

Equity-settled scheme:
Equity-settled share-based payments made by the parent Group to the employees of the Group are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. Fair value determined at the grant date is reduced by payment, If any, made to the parent, is recognized as deemed contribution to equity from parent.

Cash-settled scheme:
The cost of cash-settled scheme (stock appreciation rights) is measured initially using fair value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This fair 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 settlement date with changes in fair value recognised in the Statement of Profit and Loss in 'Provision for Stock Appreciation Rights' under the head Employee Benefit Expense.

Schedules

Note1: Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2020

P. Segmental reporting

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

Group has four principal operating and reporting segments viz

- Commercial Real Estate
- Lending against securities and structured products
- Margin funding
- Treasury and investments

Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to the Group as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Q. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

R. Provisions and contingent liabilities

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but disclosed in the notes. Contingent assets are neither recognised nor disclosed in consolidated financial statements.

S. Leases

At the inception of the contract , the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of identified asset;

(ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and

(iii) the Group has right to direct the use of the asset.

As a lessee

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Group recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

T. Impairment of non financial assets

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount in the Consolidated Statement of Profit and Loss.

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

U. Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits with banks. It also comprises of short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

V. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 2 CASH AND CASH EQUIVALENTS*

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with banks:		
- In Current Account	22,431.73	24,923.95
- In Fixed Deposits with Bank having original maturity less than 3 months	136,589.79	2,500.00
	159,021.52	**27,423.95**
Less: Impairment loss allowance	(31.01)	(5.35)
Total	**158,990.51**	**27,418.60**

*There exists a charge on the Cash and Cash Equivalents held by the Company by way of charge in favour of the Debenture Trustee towards the debentures issued by the Company.

NOTE 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed deposit with banks	1,497.36	22,803.23
	1,497.36	**22,803.23**
Less: Impairment loss allowance	(0.29)	(4.45)
Total	**1,497.07**	**22,798.78**

NOTE 4 RECEIVABLES

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
A. Trade receivables		
Unsecured, considered good	59.65	542.02
Less: Impairment loss allowance	(0.87)	(2.32)
Total (A)	**58.78**	**539.70**
B. Other receivables		
Unsecured, considered good	387.87	182.34
Less: Impairment loss allowance	(5.62)	(0.78)
Total (B)	**382.25**	**181.56**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 5 LOANS

(Amount in lakhs)

	Particulars	Amortised Cost	At Fair Value			Sub total	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
		(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
	As at March 31st, 2020						
(A)	(i) Revolving Loan	181,587.23	-	-	-	-	181,587.23
	(ii) Term Loans	364,776.75	-	-	-	-	364,776.75
	Total Gross (A)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.98**
	Less: Impairment loss allowance	(11,327.43)	-	-	-	-	-
	Total Net (A)	**535,036.55**	**-**	**-**	**-**	**-**	**-**
(B)	(i) Secured by tangible assets	515,125.98				-	515,125.98
	(ii) Unsecured	31,237.99				-	31,237.99
	Total Gross (B)	**546,363.98**	**-**	**-**	**-**	**-**	**-**
	Less: Impairment loss allowance	(11,327.43)	-	-	-	-	(11,327.43)
	Total Net (B)	**535,036.55**	**-**	**-**	**-**	**-**	**-**
(C)(I)	Loans in India						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	546,363.98	-	-	-	-	-
	Total Gross (C) (I)	**546,363.98**	**-**	**-**	**-**	**-**	**-**
	Less: Impairment loss allowance	(11,327.43)	-	-	-	-	(11,327.43)
	Total Net (C) (I)	**535,036.55**	**-**	**-**	**-**	**-**	**-**
	As at 31st March, 2019						
(A)	(i) Revolving Loan	521,489.90	-	-	-	-	521,489.90
	(ii) Term Loans	358,190.59	-	-	-	-	358,190.59
	Total Gross (A)	**879,680.49**	**-**	**-**	**-**	**-**	**879,680.49**
	Less: Impairment loss allowance	(5,470.22)	-	-	-	-	(5,470.22)
	Total Net (A)	**874,210.27**	**-**	**-**	**-**	**-**	**874,210.27**
(B)	(i) Secured by tangible assets	801,378.05				-	801,378.05
	(ii) Unsecured	78,302.44				-	78,302.44
	Total Gross (B)	**-**	**-**	**-**	**-**	**-**	**-**
	Less: Impairment loss allowance	(5,470.22)	-	-	-	-	(5,470.22)
	Total Net (B)	**-**	**-**	**-**	**-**	**-**	**-**
(C)(I)	Loans in India						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	879,680.49	-	-	-	-	879,680.49
	Total Gross (C) (I)	**879,680.49**	**-**	**-**	**-**	**-**	**879,680.49**
	Less: Impairment loss allowance	(5,470.22)	-	-	-	-	(5,470.22)
	Total Net (C) (I)	**874,210.27**	**-**	**-**	**-**	**-**	**874,210.27**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 6 INVESTMENTS

(Amount in lakhs)

	Particulars	Amortised Cost	At Fair Value			Sub total	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
		(1)	(2)	(3)	(4)	(5=2+3+4)	(7=1+5+6)
	As at March 31st, 2020						
(A)	Mutual funds	-	-	22,000.51	-	22,000.51	22,000.51
	Debt securities	50,039.54	-	-	-	-	50,039.54
	Equity instruments	-	-	65.87	-	65.87	65.87
	Associates	-	-	-	-	-	-
	Venture Fund	-	-	1,530.97	-	1,530.97	1,530.97
	Preference Share	-	-	3,766.10	-	3,766.10	3,766.10
	Total Gross (A)	**-**	**-**	**-**	**-**	**-**	**-**
(B)	(i) Investments outside India	-	-	-	-	-	-
	(ii) Investments in India	-	-	-	-	-	-
	Total (B)	**-**	**-**	**-**	**-**	**-**	**-**
	Less: Impairment allowance	(318.36)	-	-	-	-	(318.36)
	Total Net	**-**	**-**	**-**	**-**	**-**	**-**
As at March 31st, 2019							
(A)	Mutual funds	-	-	35,317.69	-	35,317.69	35,317.69
	Debt securities	50,079.84	3,844.22	-	-	3,844.22	53,924.06
	Equity instruments	-	-	65.87	-	65.87	65.87
	Associates	-	-	-	-	-	-
	Joint ventures	-	-	-	-	-	-
	Venture Fund	-	-	1,739.60	-	1,739.60	1,739.60
	Preference Share	-	-	3,993.90	-	3,993.90	3,993.90
	Total Gross (A)	**50,079.84**	**3,844.22**	**41,117.06**	**-**	**44,961.28**	**95,041.12**
(B)	(i) Investments outside India	-	-	-	-	-	-
	(ii) Investments in India	50,079.84	3,844.22	41,117.06	-	44,961.28	95,041.12
	Total (B)	**50,079.84**	**3,844.22**	**41,117.06**	**-**	**44,961.28**	**95,041.12**
	Less: Impairment allowance	(378.19)	-	-	-	-	(378.19)
	Total Net	**49,701.65**	**3,844.22**	**41,117.06**	**-**	**44,961.28**	**94,662.93**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 7 OTHER FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deposits with Clearing Corporation of India(CCIL)	200.00	110.00
Other deposits	0.62	0.62
Less: Impairment loss allowance	(2.91)	(0.47)
Total	**197.71**	**110.15**

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in Lakhs)

Particulars	Buildings*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
At cost as on March 31st, 2018	**7.61**	**-**	**96.23**	**5.92**	**22.94**	**132.70**
Additions during the year	-	-	188.08	-	20.65	208.73
Disposals during the year	-	-	(23.06)	-	(0.28)	(23.34)
At cost as on March 31st, 2019	**7.61**	**-**	**261.25**	**5.92**	**43.31**	**318.09**
Accumulated depreciation and impairment as on March 31st, 2018	**0.18**	**-**	**45.36**	**1.50**	**10.86**	**57.90**
Depreciation for the year	0.18	-	65.02	1.49	12.88	79.57
Disposals during the year	-	-	(17.82)	-	(0.28)	(18.10)
Accumulated depreciation and impairment as on March 31st, 2019	**0.36**	**-**	**92.56**	**2.99**	**23.46**	**119.37**
Net carrying amount as on March 31st, 2019	**7.25**	**-**	**168.69**	**2.93**	**19.85**	**198.72**
At cost as on March 31st, 2019	**7.61**	**-**	**261.25**	**5.92**	**43.31**	**318.09**
Additions during the year	-	-	90.94	-	13.20	104.14
Disposals during the year	-	-	(110.81)	-	(19.82)	(130.62)
At cost as on March 31st, 2020	**7.61**	**-**	**241.38**	**5.92**	**36.69**	**291.60**
Accumulated depreciation and impairment as on March 31st, 2019	**0.36**	**-**	**92.56**	**2.99**	**23.46**	**119.38**
Depreciation for the year	0.18	-	68.69	1.45	11.75	82.06
Disposals during the year	-	-	(110.81)	-	(17.78)	(128.59)
Accumulated depreciation and impairment as on March 31st, 2020	**0.54**	**-**	**50.44**	**4.44**	**17.43**	**72.85**
Net carrying amount as on March 31st, 2020	**7.07**	**-**	**190.94**	**1.48**	**19.26**	**218.75**

**Mortgaged in favour of the Debenture Trustee by way of a first and pari passu charge for Non-Convertible Debentures and Deep Discount Debentures.*

Impairment loss and reversal of impairment loss

There is no impairment loss for property, plant and equipment.

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 9 INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Intangible assets under development (CIP software)	333.43	6.00
Total	**333.43**	**6.00**

NOTE 10 OTHER INTANGIBLE ASSETS

(Amount in lakhs)

Particulars	Software and System Development	Total
Balance as at April 1, 2018	**29.60**	**29.60**
Additions during the year	3.55	3.55
Disposals during the year	-	-
Balance as at March 31st, 2019	**33.15**	**33.15**
Accumulated Amortization and impairment as at April 1, 2018	**8.49**	**8.49**
Amortization for the year	8.43	8.43
Disposals during the year	-	-
Accumulated Amortization and impairment as March 31st, 2019	**16.92**	**16.92**
Net carrying amount as at March 31st, 2019	**16.23**	**16.23**
Balance as at April 1, 2019	**33.15**	**33.15**
Additions during the year	14.25	14.25
Disposals during the year		-
Balance as at March 31st, 2020	**47.40**	**47.40**
Accumulated Amortization and impairment as at April 1, 2019	**16.92**	**16.92**
Amortization for the year	11.66	11.66
Disposals during the year		-
Accumulated Amortization and impairment as March 31st, 2020	**28.58**	**28.58**
Net carrying amount as at March 31st, 2020	**18.82**	**18.82**

Impairment loss and reversal of impairment loss

There is no impairment loss for intangible assets.

NOTE 11 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Prepaid expenses	3.41	3.21
Prepayment to Suppliers	68.27	67.31
GST/Service Tax input	170.00	240.70
Total	**241.68**	**311.22**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

The company has issued Financial Liability instrument with embedded derivative liability linked to Nifty 50 Index.

The table below shows the fair values of embedded derivative financial instruments recorded as liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(Amount in lakhs)

Particulars	Notional Amounts	Fair Value-Liabilities
As at March 31, 2020		
Part I		
Embedded Derivative on Nifty linked debentures	-	5,441.02
Total Derivative financial instruments	**-**	**5,441.02**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	5,441.02
Total derivative financial instruments	**-**	**5,441.02**
As at March 31, 2019		
Part I		
Embedded Derivative on Nifty linked debentures	-	-
Total Derivative financial instruments	**-**	**-**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	-
Total derivative financial instruments	**-**	**-**

NOTE 13 PAYABLES*

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(A) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,834.80	389.77
Total (A)	**2,834.80**	**389.77**
(B) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,440.75	517.95
Total (B)	**1,440.75**	**517.95**
Total	**4,275.55**	**907.72**

*There is no amount due for payment to the Investor Education and Protection Fund under section 125 of Companies Act, 2013.

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 14 DEBT SECURITIES

(Amount in lakhs)

Particulars	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at fair value through profit or loss	Total
	(1)	(2)	(3)	(4 = 1+2+3)
As at March 31st, 2020				
Debentures				-
-Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	100,317.75	-	-	100,317.75
-Deep Discount, Non-Convertible Debentures, privately placed, Secured	163,247.59	-	-	163,247.59
-Nifty Linked Debentures, Secured	42,575.20	-	-	42,575.20
Total (A)	**306,140.54**	**-**	**-**	**306,140.54**
Debt securities in India	306,140.54	-	-	306,140.54
Debt securities outside India	-	-	-	-
Total (B)	**306,140.54**	**-**	**-**	**306,140.54**
As at March 31st, 2019				
Debentures				
-Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	103,695.59	-	-	103,695.59
-Deep Discount, Non-Convertible Debentures, privately placed, Secured	194,082.09	-	-	194,082.09
Total (A)	**297,777.68**	**-**	**-**	**297,777.68**
Debt securities in India	297,777.68	-	-	297,777.68
Debt securities outside India	-	-	-	-
Total (B)	**297,777.68**	**-**	**-**	**297,777.68**

Debentures are redeemable at par / premium. The Non-Convertible Debentures and Deep Discount Debentures are secured by way of a first and pari passu mortgage in favour of the Debenture Trustee on the Company's immovable property of ₹ 10.26 lakhs (gross value) and further secured by way of hypothecation / mortgage of charged assets such as receivables arising out of loan, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares)

Interest and Repayment terms of Debt Securities-

(Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
A) Debentures						
May-22	8.51%	8,034.53	7,500.00	-	-	-
Jan-22	7.59%	2,580.58	2,500.00	-	-	-
Dec-21	7.71%	7,658.42	7,500.00	-	-	-
Nov-21	7.31%	5,136.96	5,000.00	-	-	-
Jul-21	8.63%	37,096.78	34,800.00	-	-	-

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
Apr-21	8.51%	10,841.63	10,000.00	-	-	-
Mar-21	8.84%	21,090.69	21,000.00	8.84%	20,067.84	20,000.00
Nov-20	8.46%	2,688.43	2,500.00	-	-	-
Apr-20	9.39%	5,189.73	5,000.00	9.39%	5,188.34	5,000.00
Feb-20	-	-	-	9.34%	20,650.59	20,000.00
Jan-20	-	-	-	7.99%	20,407.24	20,000.00
Oct-19	-	-	-	7.59%	29,903.81	29,000.00
Jul-19	-	-	-	7.71%	3,166.11	3,100.00
Apr-19	-	-	-	7.90%	4,311.66	4,000.00
Total (A)		**100,317.75**	**95,800.00**		**103,695.59**	**101,100.00**
B) Deep Discount Debentures						
Jun-22	8.35%	1,420.39	1,700.00	-	-	-
Apr-22	8.70% to 9.50%	6,743.12	8,030.00	8.85% to 9.50%	5,481.74	7,130.00
Feb-22	7.45%	3,561.18	4,084.12	-	-	-
Oct-21	7.35% to 8.70%	13,695.96	15,500.00	-	-	-
Sep-21	9.50%	5,615.80	6,410.00	9.50%	5,127.46	6,410.00
Aug-21	7.50% to 8.30%	7,862.36	8,767.03	-	-	-
Jun-21	8.60%	825.32	910.00	8.60%	759.80	910.00
May-21	8.55%	8,667.40	9,500.00	8.55%	5,458.10	6,500.00
Jan-21	8.45%	5,495.55	5,880.00	8.45%	5,064.80	5,880.00
Aug-20	7.95% to 8.80%	21,654.52	22,290.00	7.95% to 8.80%	17,221.15	19,290.00
Jul-20	8.20% to 9.35%	53,549.85	54,944.78	8.90% to 9.35%	23,391.89	26,233.65
Jun-20	9.45%	2,829.38	2,890.00	9.45%	2,582.75	2,890.00
May-20	8.10% to 9.45%	31,326.77	31,580.00	8.10% to 9.45%	28,743.24	31,580.00
Mar-20	-	-	-	8.75%	21,242.46	23,000.00
Jan-20	-	-	-	8.71% to 9.30%	20,975.46	22,500.00
Jul-19	-	-	-	8.70% to 8.80%	52,280.34	53,710.00
May-19	-	-	-	7.85%	5,752.90	5,815.81
Total (B)		**163,247.59**	**172,485.93**		**194,082.09**	**211,849.46**
C) Secured - Index Linked Debentures						
Apr-21	8.33%	8,440.20	8,452.75	-	-	-
Jan-21	8.18%	18,796.47	18,796.47	-	-	-
Nov-20	8.44%	12,908.51	12,920.13	-	-	-
Aug-20	8.15%	2,430.02	2,430.02	-	-	-
Total (C)		**42,575.20**	**42,599.37**		**-**	**-**
Total (A+B+C)		**306,140.54**	**310,885.30**		**297,777.68**	**312,949.46**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 15 BORROWINGS OTHER THAN DEBT SECURITIES

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
Overdraft facility from banks	48,845.10	25,942.63
Commercial paper	178,501.90	479,998.13
Overdraft facility from banks	36,649.56	43,885.51
Total (A)	**263,996.56**	**549,826.27**
Borrowings in India	263,996.56	549,826.27
Borrowings outside India	-	-
Total (B)	**263,996.56**	**549,826.27**
Secured Borrowings	48,845.10	25,942.63
Unsecured Borrowings	215,151.46	523,883.64
Total (C)	**263,996.56**	**549,826.27**

Overdraft facilities are secured by way of First, pari pasu, non exclusive charge on receivables, book debts, current assets and investments of company in favour of the Trustees. Commercial Paper and Inter Corporate Deposits are unsecured.

Interest and Repayment terms of borrowings -

(Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
A. Cash credit and Working Capital Demand Loan						
0-1 year	MCLR + spread upto 40 basis point	48,845.10	48,843.01	MCLR + spread upto 30 basis point	25,942.63	25,986.65
Total (A)		**48,845.10**	**48,843.01**		**25,942.63**	**25,986.65**
B. Commercial Paper						
Feb-21	6.30% to 6.78%	11,824.11	12,500.00	-	-	-
Jan-21	6.78% to 6.94%	40,251.05	42,500.00	-	-	-
Dec-20	6.80%	7,149.26	7,500.00	-	-	-
Oct-20	7.05%	9,615.35	10,000.00	-	-	-
Jul-20	6.85% to 7.76%	9,791.42	10,000.00	-	-	-
Jun-20	6.08% to 8.15%	45,818.92	46,500.00	-	-	-
May-20	8.40%	4,946.47	5,000.00	-	-	-
Apr-20	5.72% to 8.55%	49,105.33	49,300.00	-	-	-
Mar-20	-	-	-	8.07% to 8.50%	9,854.29	10,600.00
Feb-20	-	-	-	8.50% to 8.97%	45,854.16	49,300.00

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Interest and Repayment terms of borrowings - (Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Jan-20	-	-	-	8.75% to 8.85%	31,666.31	33,800.00
Dec-19	-	-	-	8.62% to 9.00%	43,316.67	46,000.00
Nov-19	-	-	-	8.18% to 9.25%	34,300.25	36,100.00
Oct-19	-	-	-	9.25%	10,499.43	11,000.00
Sep-19	-	-	-	8.55% to 9.15%	48,087.62	50,000.00
Aug-19	-	-	-	8.55% to 9.18%	57,684.34	59,550.00
Jul-19	-	-	-	8.65%	12,229.95	12,500.00
Jun-19	-	-	-	8.45% to 7.72%	63,909.70	65,000.00
May-19	-	-	-	7.65% to 9.10%	75,832.76	76,600.00
Apr-19	-	-	-	7.85% to 8.65%	46,762.65	47,000.00
Total (B)		**178,501.90**	**183,300.00**		**479,998.13**	**497,450.00**
C. Intercorporate Deposits						
Jul-21	7.40%	5,096.71	5,000.00	-	-	-
Jan-21	7.20%	5,154.45	5,000.00	-	-	-
Nov-20	7.25%	5,168.04	5,000.00	-	-	-
Sep-20	6.40%	15,030.77	15,000.00	-	-	-
Jul-20	6.20% to 7.50%	1,428.16	1,400.00	-	-	-
May-20	8.15% to 8.50%	4,236.13	4,000.00	-	-	-
Apr-20	8.00%	535.30	500.00	-	-	-
Nov 19	-	-	-	7.65% to 8.35%	3,215.67	3,000.00
Feb-20	-	-	-	8.40%	504.95	500.00
Jan-20	-	-	-	8.75%	2,031.89	2,000.00
Dec-19	-	-	-	8.85%	511.76	500.00
Oct-19	-	-	-	9.00% to 9.10%	2,076.90	2,000.00
Sep-19	-	-	-	8.90% to 9.15%	5,105.27	4,900.00
Aug-19	-	-	-	8.40%	209.75	200.00
Jul-19	-	-	-	8.50%	1,055.49	1,000.00
Jun-19	-	-	-	8.00% to 8.55%	5,253.42	5,100.00
May-19	-	-	-	8.15% to 8.50%	1,743.20	1,650.00
Apr-19	-	-	-	7.85% to 8.60%	22,177.21	21,100.00
Total (C)		**36,649.56**	**35,900.00**		**43,885.51**	**41,950.00**
Total (A+B+C)		**263,996.56**	**268,043.01**		**549,826.27**	**565,386.65**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 16 SUBORDINATED LIABILITIES

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
Redeemable Non-Convertible Subordinated Debt Bonds in form of Debentures, fully paid, privately placed, Unsecured	20,241.93	20,239.09
Total (A)	**20,241.93**	**20,239.09**
Subordinated liabilities in India	20,241.93	20,239.09
Subordinated liabilities outside India	-	-
Total (B)	**20,241.93**	**20,239.09**

Interest and Repayment terms of Subordinate Liabilities -

(Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Mar-27	8.55%	10,018.74	10,000.00	8.55%	10,018.74	10,000.00
Dec-26	8.35%	5,110.08	5,000.00	8.35%	5,108.16	5,000.00
Dec-25	9.00%	5,113.11	5,000.00	9.00%	5,112.19	5,000.00
Total		**20,241.93**	**20,000.00**		**20,239.09**	**20,000.00**

NOTE 16.1 NET DEBT RECONCILIATION

This section sets out the change in the liabilities or movement in net debt during the year arrising from financing activities i.e receipt/repayment of debts, other borrowing and related finance cost.

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents	**159,021.52**	**27,423.95**
Liabilities from financing activities	**590,379.03**	**867,843.04**
Debt securities (including interest accrued)	306,140.54	297,777.68
Borrowings other than debt securities (including interest accrued)	263,996.56	549,826.27
Subordinated Liabilities	20,241.93	20,239.09
Net debt	**749,400.55**	**895,266.99**

Movement in Net Debt during the year ended March 31, 2020

(Rupees in Lakhs)

Particulars	Cash and cash equivalents	Liabilities from financing activities	Total
Net debt as at March 31, 2019	**27,423.95**	**867,843.04**	**895,267.00**
Cashflows inflows	445,578.32	871,518.54	1,317,096.86
Cashflows outflows	(313,980.75)	(1,185,499.29)	(1,499,480.04)
Interest expense	-	59,897.09	59,897.09
Interest paid during the year	-	(56,871.55)	(56,871.55)
(Increase) / Decrease in unamortized discount	-	38,733.44	38,733.44
(Increase) / Decrease in Derivative financial instruments	-	(5,441.02)	(5,441.02)
Unrealised gain on Derivatives financial instruments at fair value through profit or loss	-	198.78	198.78
Net debt as at March 31, 2020	**159,021.52**	**590,379.03**	**749,400.55**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Movement in Net Debt during the year ended March 31, 2019

(Rupees in Lakhs)

Particulars	Cash and cash equivalents	Liabilities from financing activities	Total
Net debt as at March 31, 2018	**25,715.49**	**737,874.01**	**763,589.50**
Cashflows inflows	93,572.75	1,156,567.17	1,250,139.91
Cashflows outflows	(91,864.29)	(1,062,994.43)	(1,154,858.72)
Interest expense	-	57,113.96	57,113.96
Interest paid during the year	-	(61,278.11)	(61,278.11)
(Increase) / Decrease in unamortized discount	-	40,560.44	40,560.44
(Increase) / Decrease in Derivative financial instruments	-	-	-
Unrealised gain on Derivatives financial instruments at fair value through profit or loss	-	-	-
Net debt as at March 31, 2019	**27,423.95**	**867,843.04**	**895,266.99**

NOTE 17 PROVISIONS

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits		
(i) Gratuity (Refer Note 37)	261.30	204.76
(ii) Compensated absences	98.94	125.73
(iii) Stock appreciation rights (SARs)(Refer Note 38)	160.65	156.70
(iv) Long Service Award	5.29	5.04
(iv) Provision for annual incentives	150.00	204.71
Total	**676.18**	**696.94**

NOTE 18 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Revenue received in advance	424.52	458.61
Statutory dues payable	330.50	851.69
Total	**755.02**	**1,310.30**

Note 19 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised		
5,80,00,000 (March 31st, 2019: 5,80,00,000) equity shares of Rs.10 each with voting rights	5,800.00	5,800.00
1,200(March 31st, 2019: 1,200) Non Cumulative redeemable preference shares of Rs.1,00,000 each	1,200.00	1,200.00
Issued, subscribed and paid up		
56,22,878 (March 31st, 2019: 56,22,878) equity shares of Rs.10 each fully paid up with voting rights	562.26	562.26

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

a. Reconciliation of number of shares outstanding at the beginning and at the end of the year :

(Amount in lakhs)

Particulars	No. of shares	Amount
As at March 31st, 2018	**5,622,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at March 31st, 2019	**5,622,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at March 31st, 2020	**5,622,578**	**562.26**

b. Rights, preferences and restrictions attached to equity shares

(i) The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

(ii) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(iii) In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

c. Details of shares held by holding company and its subsidiaries

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited, the holding company	5,622,578	100.00%	5,622,578	100.00%
	5,622,578	**100.00%**	**5,622,578**	**100.00%**

d. Details of shares held by holding company and its subsidiaries

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited	5,622,578	100%	5,622,578	100.00%
	5,622,578	**100.00%**	**5,622,578**	**100.00%**

NOTE 20 OTHER EQUITY

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Impairment Reserve	-	-
Capital redemption reserve	1,003.85	1,003.85
Securities Premium	33,545.76	33,545.76
General Reserve	431.10	431.10
Special Reserve	29,692.66	24,290.09
Retained Earnings	122,275.31	105,377.84
Capital Contribution from Parent	429.48	298.29
Debt instruments through OCI	-	24.35
Total	**187,378.16**	**164,971.28**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 20.1 NATURE AND PURPOSE OF RESERVE

Impairment Reserve

Impairment reserve is created when impairment allowance under Ind AS 109 is lower than the provisioning required (including standard asset provisioning) under prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP), as directed by RBI vide circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

Capital redemption reserve

Capital redemption reserve is created on redemption of preference share capital. Capital redemption reserve includes transfer from General reserve on redemption of preference share capital.

Securities premium

The securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act,2013.

General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Special Reserve

Special reserve represents appropriation of retained earning as per Section 45 IC of the Reserve Bank of India Act, 1934. Transfer to Special reserve for the year ended March 31st, 2018 and April 01st, 2017 are based on previous GAAP reported numbers.

Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

Capital Contribution from Parent

Capital Contribution from Parent represents fair value of the employee stock option plan. These option are issued by parent company "Kotak Mahindra Bank Limited" to the employee of the company.

Debt instruments through OCI

The company recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI debt investments reserve within equity. The company transfers amounts from this reserve to the statement of profit and loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the Consolidated statement of profit and loss.

Note 20.2 Other equity movement

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Capital Redemption Reserve		
Opening balance	1,003.85	1,003.85
Addition/Deletion during the year		-
Closing balance	**1,003.85**	**1,003.85**
(ii) Securities premium		
Opening balance	33,545.76	33,545.76
Addition during the year		-
Closing balance	**33,545.76**	**33,545.76**
(iii) General reserve		
Opening balance	431.10	431.10
Addition/Deletion during the year	-	-
Closing balance	**431.10**	**431.10**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(iv) Special reserve		
Opening balance	24,290.09	20,150.20
Transfer from Retained earning	5,402.57	4,139.89
Closing balance	**29,692.66**	**24,290.09**
(vi) Retained earnings		
Opening balance	105,377.84	86,637.82
Transition impact of Ind AS 116 (Share of Associate)	(7.78)	-
Net profit for the year	22,322.69	22,909.54
Less : Other Comprehensive Income for the year	(14.87)	(29.64)
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	(5,402.57)	(4,139.89)
Closing balance	**122,275.31**	**105,377.84**
(v) Capital contribution from parent		
Opening balance	298.29	178.38
Addition/Deletion during the year	131.19	119.91
Closing balance	**429.48**	**298.29**
(vi) Debt instruments through OCI		
Opening balance	24.35	497.42
Addition/Deletion during the year	**(24.35)**	**(473.07)**
Closing balance	**-**	**24.35**

NOTE 21 INTEREST INCOME

(Amount in Lakhs)

Particulars	For the year ended March 31st, 2020				For the year ended March 31st, 2019			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total Interest Income	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total Interest Income
Interest on loans	-	91,248.67	-	91,248.67	-	87,678.51	-	87,678.51
Interest income from investments	516.14	6,073.57	-	6,589.71	1,016.21	1,634.64	-	2,650.85
Interest on deposits with banks	-	2,235.64	-	2,235.64	-	1,111.44	-	1,111.44
Other interest income	-	266.37	-	266.37	-	-	-	-
Total	**516.14**	**99,824.25**	**-**	**100,340.39**	**1,016.21**	**90,424.59**	**-**	**91,440.80**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 22 DIVIDEND INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Dividend income on investments	323.74	71.85
Income distribution from Venture Fund	-	54.09
Total	**323.74**	**125.94**

NOTE 23 FEES AND COMMISSION INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Advisory Fees	427.81	327.89
Total	**427.81**	**327.89**

NOTE 24 NET GAIN/(LOSS) ON FINANCIAL INSTRUMENT MEASURED AT FAIR VALUE *

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(A) Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Mutual funds	2,366.89	2,570.98
- Equity shares	909.27	657.96
Others	-	-
- Equity Shares	0.00	136.90
- Preference Shares	(227.80)	474.08
- Venture fund	(199.86)	(48.85)
- On financial instruments designated at fair value through profit or loss	-	-
(B) Others	-	-
- Derivative	(198.78)	-
- Net gain on financial assets at FVOCI	177.68	(63.03)
Total Net gain/(loss) on fair value changes	**2,827.40**	**3,728.04**
Fair value changes:		
- Realised	3,429.31	3,205.56
- Unrealised	(601.91)	522.48
Total Net gain/(loss) on fair value changes	**2,827.40**	**3,728.04**

** Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.*

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 25 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Net gain/(loss) on derecognition of property, plant and equipment	7.00	15.72
Net gain/(loss) on sale of joint venture	221.45	-
Others	207.35	194.56
Total	**435.80**	**210.28**

NOTE 26 FINANCE COSTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
On financial liabilities measured at amortised cost		
Interest on borrowings		
- On Overdraft facility from Bank	523.94	1,055.33
- Discount on Commercial Papers	25,091.63	32,152.46
- On Inter Corporate Deposits	2,717.29	5,383.18
Interest on debt securities	**-**	**-**
- on Redeemable Non-Convertible Debentures and Deep Discount Debentures	26,615.56	16,127.93
- on Nifty Linked Debentures	2,554.22	-
Interest on subordinated liabilities	1,725.34	1,723.11
Other Borrowing Costs	669.11	671.95
Total	**59,897.09**	**57,113.96**

NOTE 27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
On Financial instruments measured at fair value through OCI		
- Investments	(11.14)	(344.76)
On Financial instruments measured at Amortised Cost	-	-
- Loans and other financial assets	5,651.42	2,580.88
- Investments	(59.82)	378.19
Total	**5,580.46**	**2,614.31**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 28 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	2,584.85	2,298.32
Contribution to provident and other funds	125.31	111.99
Stock Appreciation Rights(Refer Note 38)	143.62	158.57
ESOP Expenses(Refer Note 38)	131.19	119.91
Staff welfare expenses	41.07	37.78
Total	**3,026.04**	**2,726.57**

NOTE 29 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rent & Electricity Expenses	664.91	650.53
Repairs and maintenance	90.14	96.59
Communication Costs	26.56	30.21
Printing and stationery	37.06	33.45
Advertisement and business promotion expenses	11.38	21.73
Director's fees, allowances and expenses(Refer Note 35.02)	24.00	36.30
Auditors' Remuneration (Refer Note 33)	53.34	49.61
Legal and Professional charges	188.30	330.47
Insurance	6.19	5.96
Rates, Taxes and Fees	341.47	241.52
Travelling and Conveyance	88.64	196.25
Common Establishment Expenses	1,184.20	771.07
Expenses on Corporate Social Responsibility (Refer Note 34)	311.00	246.00
Miscellaneous Expenses	88.87	66.25
Total	**3,116.06**	**2,775.94**

NOTE 30 TAX EXPENSE AND RELATED BALANCES

(a) Amounts recognised in Consolidated statement of profit and loss

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current tax expense		
Current period	9,459.99	11,294.93
Total current tax expense (A)	**9,459.99**	**11,294.93**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	596.65	164.83
Deferred tax expense (B)	**596.65**	**164.83**
Total tax expense for the year (A) + (B)	**10,056.64**	**11,459.76**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(b) Amounts recognised in other comprehensive income

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020			For the year ended 31st March, 2019		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(19.87)	5.00	(14.87)	(45.57)	15.93	(29.64)
Items that will be reclassified to profit or loss	-	-	-	-	-	-
(a) Debt instruments through other comprehensive income	(37.44)	13.09	(24.35)	(727.17)	254.10	(473.07)
Total	**(57.31)**	**18.09**	**(39.22)**	**(772.74)**	**270.03**	**(502.71)**

(c) Reconciliation of effective tax rate

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
	Amount	%age	Amount	%age
Profit before tax as per Consolidated Statement of profit and loss	**32,738.11**	**-**	**30,839.58**	**-**
Tax using the Company's domestic tax rate	8,239.53	25.17	10,776.59	34.94
	-	**-**	**-**	**-**
Tax effect of:	-	-	-	-
Tax exempt income	(85.64)	(0.26)	(25.11)	(0.08)
Non-deductible expenses	53.01	0.16	114.23	0.37
Difference in tax rate on account of capital gains	(14.94)	(0.04)	(45.38)	(0.15)
Difference in tax rate due to election of option permitted under Section 115BAA of the Income Tax Act, 1961*	868.19	2.60	-	-
Share of profit from associates	833.60	2.55	678.19	2.20
Changes in estimates related to prior years	(30.52)	(0.09)	-	-
Adjustment on account of consolidation	156.60	0.48	-	-
Others	37.14	0.11	(38.76)	(0.13)
Total tax expense	**10,056.95**	**30.67**	**11,459.76**	**37.16**

*The Company has elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section, The full impact of Rs. 868.19 Lakh has been recognised in the Consolidated Statement of Profit and Loss for the year ended March 31, 2020.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(d) Movement in deferred tax balances

(Amount in lakhs)

Particulars	As at March 31st, 2020					
	Net balance March 31st, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Deferred tax asset/(liabilities)						
Property, plant and equipment	53.11	(13.23)	-	-	(13.23)	39.88
Loans	2,768.51	139.73	-	-	139.73	2,908.23
Equity-settled share-based payments	54.58	(14.23)	-	-	(14.23)	40.35
Employee benefits	115.49	(32.31)	5.00	-	(27.31)	88.18
Investments at fair value through OCI	122.97	(136.06)	13.09	-	(122.97)	-
Investments at fair value through profit or loss	(470.56)	287.39	-	-	287.39	(183.17)
Others	12.74	5.65	-	-	5.65	18.38
Share of Profit in Associates/JV	(1,238.96)	(833.60)			(833.60)	(2,072.56)
Total	**1,417.88**	**(596.65)**	**18.09**	**-**	**(578.57)**	**839.29**

(Amount in lakhs)

Particulars	As at March 31st, 2019					
	Net balance March 31st, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Deferred tax asset/(liabilities)						
Property, plant and equipment	50.27	2.84	-	-	2.84	53.11
Loans	2,262.26	506.26	-	-	506.26	2,768.51
Equity-settled share-based payments	38.60	15.99	-	-	15.99	54.58
Employee benefits	96.53	3.03	15.93	-	18.96	115.49
Investments at fair value through OCI	(142.81)	11.68	254.10	-	265.80	122.97
Investments at fair value through profit or loss	(454.77)	(15.79)	-	-	(15.79)	(470.56)
Others	23.39	(10.65)	-	-	(10.65)	12.74
Share of Profit in Associates/JV	(560.78)	(678.19)			(678.19)	(1,238.96)
Total	**1,312.67**	**(164.83)**	**270.03**	**-**	**105.21**	**1,417.88**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

(e) Tax Balances

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Tax Assets (Net)		
(Net of Provision of March 31st, 2020 ₹ 31,508.18 lakhs (Previous year: ₹ 22,222.64 lakhs)	995.19	472.90
Current Tax Liabilities (Net)		
(Net of Advance Tax of March 31st, 2020 ₹ 26,832.84 lakhs (Previous year: ₹ 28,964.60 lakhs)	852.90	1,651.85

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 31 EARNINGS PER EQUITY SHARE('EPS')

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A)	Net Profit attributable to equity holders of the Company	22,322.69	22,909.54
B)	Weighted average number of ordinary shares		
	Issued ordinary shares at the beginning of the year (nos)	5,622,578	5,622,578
	Weighted average number of shares at the end of the year for basic and diluted EPS	**5,622,578**	**5,622,578**
C)	Face value per share (₹)	10	10
D)	Basic and Diluted earnings per share (₹)	397.02	407.46

NOTE 32 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
a)	Capital Commitments	90.00	-

Provident Fund

The Honourable Supreme Court has recently provided a judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. With regard to above Supreme Court (SC) judgement there are various interpretative issues including applicability and the impact thereof cannot be quantified.In Company's assessment, the above judgement is not likely to have a significant impact and therefore presently no provision has been made in the Financial Statements.

NOTE 33 AUDITORS' REMUNERATION

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Payment to the auditor's for :		
a)	Statutory Audit and related services	45.00	45.00
b)	For other services	5.04	2.50
c)	For reimbursement of expenses	3.30	2.11
	Total	**53.34**	**49.61**

NOTE 34 CORPORATE SOCIAL RESPONSIBILITY

Company aims to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility ('CSR') agenda. CSR programmes undertaken are in the area of education, healthcare, livelihood, vocational skill development, sports and other areas such as relief and rehabilitation and environmental sustainability etc. The Company's CSR footprint has been consistently increasing over the years. As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹ 592.80 lakhs during the year on CSR activities.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Details of corporate social responsibility expenditure

(Amount in lakhs)

Sr No	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a)	Amount required to be spent during the year	592.80	546.32
b)	Amount spent during the year	311.00	246.00
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	311.00	246.00
	Total	**311.00**	**246.00**

NOTE 35 RELATED PARTY DISCLOSURE

Related party disclosures, as required by notified Ind AS 24 - 'Related Party Disclosures' are given below:

A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
(a)	**Holding company:**		
	Kotak Mahindra Bank Limited	India	100.00%
(b)	**Fellow subsidiary:**		
	Kotak Securities Limited	India	
	Kotak Mahindra Capital Company Limited	India	
	Kotak Investment Advisors Limited.	India	
	Kotak General Insurance Company Limited	India	
	Kotak Mahindra Life Insurance Company (Kotak Life)	India	
	Kotak Mahindra Prime Limited	India	
	Kotak Infrastructure Debt fund Limited (KIDFL)	India	
	Kotak Mahindra Asset Management Company Limited	India	
	Kotak Mahindra Trusteeship Services Limited	India	
	Kotak Mahindra (UK) Limited	UK	
	Kotak Mahindra (International) Limited	Mauritius	
	Kotak Mahindra Asset Management (Singapore) Pte. Ltd.	Singapore	
	Kotak Mahindra Inc	USA	
	Kotak Mahindra Financial Services Limited	U.A.E.	
	Kotak Mahindra Trustee Company Ltd	India	
	Kotak Mahindra Pension Fund Limited	India	
	BSS Microfinance Limited	India	
	IVY Product Intermediaries Limited	India	
(c)	**Entities over which relative of director has significant influence**		
	Aero Agencies Limited	India	
	Kotak Commodity Services Private Limited	India	
	Business Standard Private Limited	India	
	Kotak Education Foundation (Till 27th Dec, 2019)	India	

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
(d)	**Key Management Personnel**		
	Mr. Amit Bagri (CEO from May 01, 2019)		
	Mr. Paritosh Kashyap (MD and CEO till April 30, 2019)		
	Mr. Uday Kotak		
	Mr. KVS Manian		
	Ms. Padmini Khare Kaicker (Independent Director as per sub section 6 of section 149 of the Companies Act, 2013)*		
	Mr. Chandrashekhar Sathe (Independent Director as per sub section 6 of section 149 of the Companies Act, 2013)*		
	Mr. Arvind Kathpalia		
(e)	**Relatives of Key Management Personnel**		
	Sumanth Kathpalia		

** Categorised as Key Management Personnel as per definition of ind AS 24, however directors continue to be Independent Director as defined in section 149 (6) of the Companies Act, 2013.*

B. Transactions with related parties

Transactions with key management personnel

The table below describes the compensation to key management personnel which comprise directors and executive officers under Ind AS 24:

(a) Key management personnel compensation*

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
i.	Short-term employee benefits	184.37	234.08
ii.	Other Contribution to funds	7.66	9.94
iii.	Shared-based payments (ESOPS/SAR)**	52.74	133.72
iv.	Sitting fees and commission	24.00	36.30

* The above figures do not include provisions for encashable leave and gratuity, as separate actuarial valuation are not available.
** SARs considered based on actual payout during the year.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Note 35 above provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Related Party Disclosures

A. During the year following transaction were entered into with related parties in the ordinary course of business:

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
I	**Holding Company**		
	- Kotak Mahindra Bank Limited		
	Transactions during the year :		
	FINANCE		
	ESOP Expenses (Refer note 39)	131.19	119.91
	Fixed Deposits Placed	251,015.08	237,949.60
	Fixed Deposits Repaid	217,013.00	248,289.12
	Interest Received on Fixed Deposits	212.35	523.78
	OTHER RECEIPTS and PAYMENTS		
	Demat Charges	5.07	4.26
	Service Charges Received	50.40	50.40
	Expense reimbursements paid	1,311.19	911.38
	Expense reimbursements received	6.88	0.39
	Licence Fees paid	646.37	632.24
	Referral Fees	71.63	236.43
	IPA Fees paid	2.00	1.19
	Employee Liability transfer out	115.24	6.55
	Employee Liability transfer in	76.92	13.04
	Asset transferred in	15.93	2.95
	Asset transferred out	0.80	-
	Balances outstanding as at the year end :		
	FINANCE		
	Balance in current account	22,034.46	24,313.23
	Capital contribution from Parent	429.48	298.29
	Term Deposits Placed	34,039.87	37.74
	OTHER RECEIPTS and PAYMENTS		
	Service charges payable	248.37	77.79
	Service charges receivable	0.34	4.52
	Referral Fees payable	-	-
	Demat Charges Payable	2.20	4.26
	* During the year, 131.19 lakhs (March 31, 2018: 119.93 lakhs) was charged to the Company's statement of profit or loss in respect of equity-settled share-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.		

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
II	**Fellow Subsidiaries**		
	Transactions during the year :		
	FINANCE		
	Interest on Non Convertible Debentures		
	- Kotak Securities Limited	1,556.95	1,555.50
	Interest on Non Convertible Debentures		
	- Kotak Mahindra Capital Company Ltd.	196.30	-
	INVESTMENTS		
	Inter Corporate Deposits issued		
	- Kotak Mahindra Prime Limited	-	18,800.00
	Inter Corporate Deposits repaid		
	- Kotak Mahindra Prime Limited	-	18,800.00
	Interest received on Inter Corporate Deposits		
	- Kotak Mahindra Prime Limited	-	21.53
	OTHER SECURITIES		
	Service Charges Received		
	- Kotak Mahindra Prime Limited	128.40	128.40
	- Kotak Infrastructure debt fund	16.86	15.00
	Sharing of Fee Income		
	Kotak Mahindra Capital Company Limited	427.81	268.26
	Brokerage paid		
	- Kotak Securities Limited	67.66	24.29

(Amount in lakhs)

Particulars	31st March, 2020	31st March, 2019
Demat Charges paid		
- Kotak Securities Limited	0.32	0.32
License Fees Paid		
- Kotak Securities Limited	7.86	7.86
Insurance premium paid		
- Kotak Mahindra General Insurance Company Limited	1.54	5.64
- Kotak Mahindra Life Insurance Company Ltd.	2.57	-
Expense reimbursement from other company		
- Kotak Mahindra Prime Limited	0.13	0.13
- Kotak Securities Limited	-	-
- Kotak Infrastructure Debt Fund Limited	3.13	2.10
Expense reimbursement to other company		
- Kotak Securities Limited	0.07	-
- Kotak Mahindra Capital Company Limited	6.41	-
Employee Liability transfer in		
- Kotak Mahindra Prime Limited	-	10.37

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Particulars	31st March, 2020	31st March, 2019
Employee Liability transfer out		
- Kotak Securities Limited	-	5.98
- Kotak Mahindra Prime Limited	-	2.74
- Kotak Mahindra Capital Company Limited	-	0.72
- Kotak Infrastructure Debt Fund Limited	-	55.13
Repayment of Interest accrued on NCDs Issued		
- Kotak Securities Limited	1,555.00	-
Interest Accrued on NCDs Issued		
- Kotak Securities Limited	1,556.92	-
- Kotak Mahindra Capital Company Limited	104.14	-
Issue of NCDs		
- Kotak Mahindra Capital Company Limited	4,883.98	-
Asset Transfer-out		
- Kotak Infrastructure Debt Fund Limited	0.71	-
- Kotak Mahindra Prime Limited	1.37	-
Balances outstanding as at the year end :		
FINANCE		
Non Convertible Debentures issued		
- Kotak Securities Limited	18,202.35	18,200.93
- Kotak Mahindra Capital Company Ltd	5,143.67	-
OTHER SECURITIES		
Outstanding Receivable		
- Kotak Securities Limited	374.18	-
OTHER RECEIPTS and PAYMENTS		
Demat charges payable		
- Kotak Securities Limited	0.22	0.16
Service charges Receivable		
- Kotak Mahindra Prime Limited	11.56	11.56
- Kotak Infrastructure Debt Fund Limited	1.49	-
Service charges Payable		
-Kotak Securities Limited	0.71	6.77
Payable – Others		
- Kotak Mahindra Prime Limited#	2,198.91	-
#'Transactions involving related party executed on instruction of customers or on their behalf are not treated as related party transactions and accordingly have not been shown under the category of 'Transaction during the year'.		
Insurance premium paid in advance		
- Kotak Mahindra General Insurance Company Limited	2.08	0.83
- Kotak Mahindra Life Insurance Company Ltd	3.50	-
Receivable towards Fee sharing income		
- Kotak Mahindra Capital Company Limited	-	165.93

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
III	**Entities over which relative of director has significant influence**		
	Transactions during the year :		
	OTHER RECEIPTS and PAYMENTS		
	Expenses on Corporate Social Responsibility		
	- Kotak Education Foundation	39.00	85.00
	Balances outstanding as at the year end :		
	INVESTMENTS		
	Investments – Gross		
	- Business Standard Private Limited	0.20	0.20
	INVESTMENTS		
	Investments – Gross		
	- Business Standard Private Limited	0.20	0.20
	COMMODITY DERIVATIVES		
	Outstanding receivable		
	- Kotak Commodity Services Private Limited	0.31	0.31
	OTHER RECEIPTS and PAYMENTS		
	Fees on travel tickets purchased		
	- Aero Agencies Limited	5.15	7.21
	Outstanding Payable		
	- Aero Agencies Limited	-	0.22
	Prepayment to Suppliers		
	- Aero Agencies Limited	0.79	-
IV	**Relatives of Key Management Personnel (KMP)**		
	Sumant Kathpalia		
	Transactions during the year :		
	Loan given	-	451.00
	Loan repaid	451.00	-
	Interest received	34.11	112.00
	Balance outstanding as at the year end :		
	Loan	-	451.00

Note 36 Financial instruments – Fair values and risk management
36.1. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below:

(Amount in lakhs)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Amortised Cost	FVTOCI	FVTPL	Others	Amortised Cost	FVTOCI	FVTPL	Others
Financial assets								
Cash and cash equivalents	158,990.51	-	-	-	27,418.60	-	-	-
Bank Balance other than cash and cash equivalent	1,497.07	-	-	-	22,798.78	-	-	-
Receivables:								
Trade receivables	58.78	-	-	-	539.70	-	-	-
Other receivables	382.25	-	-	-	181.56	-	-	-
Loans	535,036.55	-	-	-	874,210.27	-	-	-
Investments	49,721.18	-	27,363.45	-	49,701.65	3,844.22	41,117.06	-
Other financial assets	197.71	-	-	-	110.15	-	-	-
Total	**745,884.05**	**-**	**27,363.45**	**-**	**974,960.71**	**3,844.22**	**41,117.06**	**-**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Financial liabilities								
Derivative financial instruments	-	-	5,441.02	-	-	-	-	-
Payables								
Trade Payables	2,834.80				389.77			
Other Payables	1,440.75				517.95			
Debt securities	306,140.54	-	-	-	297,777.68	-	-	-
Borrowings (Other than Debt Securities)	263,996.56	-	-	-	549,826.27	-	-	-
Subordinated Liabilities	20,241.93	-	-	-	20,239.09	-	-	-
Total	**594,654.58**	**-**	**5,441.02**	**-**	**868,750.76**	**-**	**-**	**-**

36.2. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below.

(Amount in lakhs)

Particulars	Fair value							
	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Mutual Funds	22,000.51	-	-	22,000.51	35,317.69	-	-	35,317.69
Investments in Venture Capital Funds	-	-	1,530.97	1,530.97	-	-	1,739.60	1,739.60
Investments in Preference Shares	-	-	3,766.10	3,766.10	-	-	3,993.90	3,993.90
Investments in Equity Instruments	-	-	65.87	65.87	-	-	65.87	65.87
Investments in Debt Securities	-	-	-	-	-	3,844.22	-	3,844.22
Total	**22,000.51**	**-**	**5,362.94**	**27,363.45**	**35,317.69**	**3,844.22**	**5,799.37**	**44,961.28**
Financial liabilities								
Derivative financial instruments	-	5,441.02	-	5,441.02	-	-	-	-
Total	**-**	**5,441.02**	**-**	**5,441.02**	**-**	**-**	**-**	**-**

Fair values of financial assets and financial liabilities not measured at fair value, including their levels in the fair value hierarchy, are presented below. It also includes the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Amount in lakhs)

Particulars	Fair value							
	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans	-	-	546,696.62	546,696.62	-	-	883,724.35	883,724.35
Investments	-	41,581.53	10,331.54	51,913.07	-	41,975.17	8,861.06	50,836.23
Total	**-**	**41,581.53**	**557,028.17**	**598,609.69**	**-**	**41,975.17**	**892,585.40**	**934,560.58**
Financial liabilities								
Debt securities		131,595.54	-	131,595.54	-	120,341.73	-	120,341.73
Borrowings (Other than Debt Securities)		26,614.58	-	26,614.58	-	20,376.81	-	20,376.81
Total	**-**	**158,210.12**	**-**	**158,210.12**	**-**	**140,718.54**	**-**	**140,718.54**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Fair value of Statement of Financial Position is presented below:

(Amount in lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	158,990.51	158,990.51	27,418.60	27,418.60
Bank Balance other than cash and cash equivalent	1,497.07	1,497.07	22,798.78	22,798.78
Receivables:				
Trade receivables	58.78	58.78	539.70	539.70
Other receivables	382.25	382.25	181.56	181.56
Loans	535,036.55	546,696.62	874,210.27	883,724.35
Investments	77,084.63	78,958.16	94,662.93	95,419.32
Other financial assets	197.71	197.71	110.15	110.15
Total	**773,247.50**	**786,781.10**	**1,019,921.99**	**1,030,192.46**
Financial liabilities				
Derivative financial instruments	5,441.02	5,441.02	-	
Payables				
Trade Payables				
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	2,834.80	2,834.80	389.77	389.77
Other Payables				
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	1,440.75	1,440.75	517.95	517.95
Debt securities	306,140.54	309,707.68	297,777.68	299,194.39
Borrowings (Other than Debt Securities)	263,996.56	264,172.62	549,826.27	550,253.49
Subordinated Liabilities	20,241.93	21,478.50	20,239.09	20,376.81
Total	**600,095.60**	**605,075.37**	**868,750.76**	**870,732.41**

In case of Short term financial instrument such as trade receivable, trade payable, Short term Current and Term deposits with Bank/CBLO, carrying value is considered as close approximation of Fair value.

36.3. MEASUREMENT OF FAIR VALUES

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued at the closing Net Asset Value (NAV).

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

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Level 3 : If one or more of the significant inputs is not based on observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

36.3.1 FINANCIAL INSTRUMENTS VALUED AT CARRYING VALUE

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand and bank balances, trade receivables, trade payables, overdraft facility payable on demand certain other assets and liabilities that are considered financial instruments. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

36.3.2 VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUE:

36.3.2.1 INVESTMENTS IN MUTUAL FUNDS

The fair values of investments in mutual funds is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

36.3.2.2 INVESTMENTS IN PREFERENCE SHARES

The fair values have been calculated using the discounted cash flow approach.

36.3.2.3 INVESTMENT IN VENTURE CAPITAL FUNDS

The fair values of investments in venture capital funds is based on the net asset value ('NAV') as stated by the issuers of these venture capital fund units

36.3.2.4 INVESTMENT IN EQUITY INSTRUMENTS

The Cost Approach - Break Up Value method has been adopted for valuation of equity shares.

36.3.3 FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

36.3.3.1 LOANS

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on internal models and consequently for the purposes of level disclosures categorized under Level 3. Fair value of Level 3 loans would decrease (increase) in value depending on increase (decrease) in discount rate. Present value of Expected Cash flow from Impaired Loan at original Effective interest Rate is taken as fair value.

36.3.3.2 BORROWINGS

The fair values of the Company's borrowings and other debt securities are calculated based on a discounted cash flow model. The discount rates were based on yield curves appropriate for the remaining maturities of the instruments as published by Financial Benchmarks India Private Limited (FBIL).

36.4. FAIR VALUES MEASUREMENT ON LEVEL 3 INVESTMENTS

36.4.1. The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

(Amount in lakhs)

Particulars	As at 1st April, 2019	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2020
Investments in Preference Shares	3,993.90	(227.80)	-	-	-	3,766.10
Investments in Equity Instruments	65.87	-	-	-	-	65.87
Investments in Venture funds	1,739.60	(182.10)		(26.53)	-	1,530.97

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(Amount in lakhs)

Particulars	As at 1st April, 2018	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2019
Investments in Preference Shares	3,519.82	474.08	-	-	-	3,993.90
Investments in Equity Instruments	219.64	(1.68)		(152.09)		65.87
Investments in Venture funds	1802.87	(48.85)	-	(14.41)		1,739.60

36.4.2. UNOBSERVABLE INPUTS USED IN MEASURING FAIR VALUE

Type of financial instrument	Valuation technique	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs
Investments in Preference Shares	Discounted cash flow	Interest rate to discount future cash flows	Significant decrease in discount factor would result in higher fair value
Investments in Equity Instruments	Cost Approach	Book values of assets and liabilities	Significant decrease in book value of assets and liabilities would result into lower fair value

36.4.3. SENSITIVITY ANALYSIS OF LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS

Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects;

(Amount in lakhs)

Particulars	As at March 31st, 2020				As at March 31st, 2019			
	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow
Investments in Preference Shares	34.82	(35.47)	-	-	(27.44)	27.87	-	-
Investments in Equity Instruments	-	-	3.29	(3.29)	-	-	3.29	(3.29)

36.5. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of risks namely:

- Credit risk ;
- Liquidity risk ; and
- Interest rate risk

36.5.1. RISK MANAGEMENT FRAMEWORK

Risk Management policy outlines the approach and mechanisms of risk management in the company, including identification, reporting and measurement of risk in various activities undertaken by the company. The general objective of risk management is to support business units by ensuring risks are timely identified and adequately considered in decision-making, and are viewed in conjunction with the earnings.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how the management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its

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oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Risk Management committee of Board exercises supervisory power in connection with the risk management of the company, monitoring of the exposures, reviewing adequacy of risk management process, reviewing internal control systems, ensuring compliance with the statutory/ regulatory framework of the risk management process.

The note below explains the sources of risk which the entity is exposed to and how the entity manages the risk in its financial statements

Risk	Exposure arising from	Management
Liquidity Risk	Liquidity risk is the risk that the Company is unable to meet its financial obligations when they fall due without adversely affecting its financial condition. Liquidity risk arises because of mismatches in the timing of the cash flows.	Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerance limits. In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the ALCO. Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the ALCO. Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits.
Credit Risk	Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.	The company adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to assessment of promoters; group financial strength and leverage; operational and financial performance track record; client cash flows; valuation of collateral (real estate - considering status of project approvals, market benchmarking and current going rates; corporates – considering capital market trend / cash flows / peer comparison as applicable). The exposures are subjected to regular monitoring of (real estate - project performance, cash flows, security cover; corporates – exposures backed by listed securities, security cover is regularly monitored). The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties and by monitoring exposures in relation to such limits.
Interest rate risk	Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income. Interest rate risk arises from mismatches in re-pricing of interest rate sensitive assets (RSA) and rate sensitive liabilities (RSL).	Board of Directors (the Board) of the Company is the guiding body for management of its interest rate risk and sets the overall policy and risk limits. In order to manage/mitigate interest rate risk, the Company has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board. Treasury is entrusted with the responsibility of managing interest rate risk within the overall risk limits as approved by the Board. Further, the Company undertakes Net Interest Income (NII) analysis to assess the impact of changes in interest rate on the earnings of the Company. The Interest Rate Sensitivity (IRS) gaps are monitored by ALCO on monthly basis.

36.5.2. CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

The company adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to assessment of promoters; group financial strength and leverage; operational and financial performance track record; client cash flows; valuation of collateral (real estate sector- considering status of project approvals, market benchmarking and current going rates; corporate sector – considering capital market trend / cash flows / peer comparison as applicable).

The exposures are subjected to regular monitoring of (real estate - project performance, cash flows, security cover; corporates – exposures backed by listed securities, security cover is regularly monitored). The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties and by monitoring exposures in relation to such limits.

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The carrying amounts of following financial assets represent the maximum credit risk exposure:-

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans at amortised cost		
- Commercial Real Estate	354,136.16	313,429.29
- Loan against Securities and Structured Products	137,293.09	448,554.34
- Margin Funding	54,934.73	117,696.86
Investments	50,039.54	53,924.06
Other financial assets	161,167.01	51,061.33
Total	**757,570.53**	**984,665.88**

36.5.2.2. NARRATIVE DISCLOSURES OF CREDIT RISK

The amount of collateral obtained, if deemed necessary by the company while granting credit facility, is based on management's credit evaluation of the counterparty. Collateral primarily include mortgage of property and/ or pledge of securities and/or hypothecation of receivables and/ or undertaking to create a security.

36.5.2.3. QUANTITATIVE INFORMATION OF COLLATERAL - CREDIT IMPAIRED ASSETS

(Collateral Coverage - Value of collateral available to mitigate the credit exposure)

(Amount in lakhs)

Sr No	Loan To Value (LTV) range	Gross value of loan in stage 3	
		As at 31st March 2020	As at 31st March 2019
1	Upto 50% Coverage *	2,602.94	873.50
2	51% - 70% Coverage	-	-
3	71% - 100% Coverage	-	-
4	Above 100% coverage	4,917.65	3,202.10
		7,520.60	**4,075.60**

** Provision Created for Impairment allowance agains these Loans - ₹ 1912.88 Lakhs (Previous Year ₹ 803.66 Lakhs)*

36.5.2.4. FINANCIAL ASSETS RECEIVED AS COLLATERAL

Company has received Financial assets as collateral that it is permitted to sell in the absence of default.

At March 31st, 2020, the fair value of financial assets accepted as collateral against Loan that the Company is permitted to sell or repledge in the absence of default was Rs. 5,69,080.05 lakhs (March 31st, 2019: ₹ 12,17,700.53 lakhs).

During the year ended on March 31st, 2020, the fair value of financial assets accepted as collateral that had been sold was ₹ 36,853.43 lakhs (Year ended on March 31st, 2019: ₹ 6,836.43 lakhs). The Company adjusts the sales Proceed from carrying amount of loan and is not obliged to return equivalent securities.

36.5.2.5. AMOUNTS ARISING FROM ECL

The company uses the Expected Credit Loss Model to assess impairment loss or gain.

36.5.2.4.1. INPUTS, ASSUMPTIONS AND TECHNIQUES USED FOR ESTIMATING IMPAIRMENT ON LOANS

Inputs considered in the ECL model:

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk since initial recognition on an ongoing basis at each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

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When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, credit assessment and including forward looking information.

loans are categorized into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

The company categorises loan assets into stages based on the days past due status.

- Current	- Stage 1
- 0-30 days past due	- Stage 1
- 31- 60 days past due	- Stage 2
- 61- 89 days past due	- Stage 2
- 90 days and above past due	- Stage 3

The three stages reflect the general pattern of credit deterioration of a financial instrument.

Further, company considers following additional factors to determine significant increase in credit risk since initial recognition:

- 2 notch downgrade in Internal rating (wherever available) since initial recognition of loan
- 2 notch downgrade in external rating (wherever available) since initial recognition of loan
- management judgement of of significant increase in credit risk based on the internal assessment.

Company does not move Loan from higher stage to lower stage immediately after payment of overdue amount and applies following cooling off period for upgradation:

From Stage 2 to Stage 1

- Instrument should continue in lower than 30 dpd for at least six months

From Stage 3 to Stage 2

- Instrument should continue in lower than 90 dpd for at least six months or
- Moves to Zero dpd

Assumption considered in the ECL model:

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.

The Company provides for Expected Credit Losses based on the following:

Category - Description	Basis for recognition of ECL
1. Stage 1 - Standard (Performing) Asset -	12 month PD
2. Stage 2 - Significant Credit Deteriorated Asset -	Life time PD
3. Stage 3- Default (Credit Impaired) Asset -	100% PD

Forward looking information:

The Company incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as real GDP, lending rate, private consumption, domestic demand, real estate price movement, real estate unsold inventory and money supply. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Assessment of significant increase in credit risk:
The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been more than 30 days past due.

Credit Impaired:
A default on a financial a+B135sset is when the counterparty fails to make the contractual payments within 90 days from the day it is due. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

Policy for write-off of Financial assets
Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

36.5.2.4.2. GROSS CARRYING VALUE

The following table shows reconciliations from the opening to the closing balance of the Gross Carrying value

Loans

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at March 31st, 2018	**687,269.68**	**75,524.57**	**1,022.44**	**763,816.70**
Transition From 12 month ECL	(60,045.44)	57,993.40	2,052.04	-
Transition From Lifetime ECL not credit impaired	29,476.27	(33,017.41)	3,541.14	-
Transition From Lifetime ECL credit impaired	50.42	180.57	(231.00)	-
Net remeasurement of loss allowance	(118,345.08)	(9,570.46)	(2,409.81)	(130,325.35)
New financial assets originated during the year	477,596.73	15,463.87	138.02	493,198.62
Financial assets that have been derecognised during the period	(220,076.11)	(26,896.14)	(37.22)	(247,009.47)
Balance as at March 31st, 2019	**795,926.47**	**79,678.42**	**4,075.60**	**879,680.49**
Transition From 12 month ECL	(41,067.17)	37,989.53	3,077.65	-
Transition From Lifetime ECL not credit impaired	21,279.28	(25,903.18)	4,623.90	-
Transition From Lifetime ECL credit impaired	25.28	48.19	(73.47)	-
Net remeasurement of loss allowance	(150,882.48)	(13,868.92)	(3,943.47)	(168,694.86)
New financial assets originated during the year	173,231.12	18,463.74	-	191,694.86
Financial assets that have been derecognised during the period	(324,694.38)	(31,382.51)	(167.64)	(356,244.53)
Balance as at March 31st, 2020	**473,818.12**	**65,025.27**	**7,520.59**	**546,363.98**

Investments

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at March 31st, 2018	**15,455.82**	**12,512.50**	**-**	**27,968.32**	**-**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	-	-	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-
New financial assets originated during the year	44,912.52	9,011.54	-	3,844.22	50,079.84
Financial assets that have been derecognised during the period	(15,455.82)	(12,512.50)	-	(27,968.32)	-
Balance as at March 31st, 2019	**44,912.52**	**9,011.54**	**-**	**3,844.22**	**50,079.84**

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Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	9,011.54	(9,011.54)	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement of loss allowance	(40.30)	-	-	-	(40.30)
New financial assets originated during the year	-	-	-	-	-
Financial assets that have been derecognised during the period	(3,844.22)	-	-	(3,844.22)	-
Write-offs	-	-	-	-	-
Balance as at March 31st, 2020	**50,039.54**	**-**	**-**	**-**	**50,039.54**

Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31st, 2018	**37,599.79**
Addition/Deletion during the year	13,352.37
Balance as at March 31st, 2019	**50,952.16**
Addition/Deletion during the year	110,014.85
Balance as at March 31st, 2020	**160,967.01**

36.5.2.4.3. IMPAIRMENT LOSS ALLOWANCE

The following table shows reconciliations from the opening to the closing balance of the loss allowances and write offs:

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at March 31st, 2018	**1,072.91**	**1,442.56**	**179.53**	**2,695.00**
Transition From 12 month ECL	(99.85)	94.54	5.31	-
Transition From Lifetime ECL not credit impaired	332.80	(389.03)	56.23	-
Transition From Lifetime ECL credit impaired	1.08	1.19	(2.27)	-
Net remeasurement of loss allowance	(368.53)	849.26	1,624.12	2,104.85
New financial assets originated during the year	1,008.84	139.86	10.66	1,159.36
Financial assets that have been derecognised during the period	(283.55)	(201.53)	(3.91)	(488.99)
Write-offs	-	-	-	-
Balance as at March 31st, 2019	**1,663.70**	**1,936.85**	**1,869.67**	**5,470.22**
Transition From 12 month ECL	(112.55)	112.41	0.14	-
Transition From Lifetime ECL not credit impaired	148.56	(631.88)	483.32	-
Transition From Lifetime ECL credit impaired	0.39	0.06	(0.45)	-
Net remeasurement of loss allowance	953.27	2,047.28	778.23	3,778.78
New financial assets originated during the year	1,687.49	1,166.89	-	2,854.38
Financial assets that have been derecognised during the period	(618.34)	(127.51)	(29.27)	(775.12)
Write-offs	-	-	(0.83)	(0.83)
Balance as at March 31st, 2020	**3,722.52**	**4,504.10**	**3,100.81**	**11,327.43**

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Investments

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at March 31st, 2018	**51.89**	**304.00**	**-**	**355.89**	**-**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	-	-	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	-	-	-	-	-
New financial assets originated during the year	206.37	182.96	-	11.14	378.19
Financial assets that have been derecognised during the period	(51.89)	(304.00)	-	(355.89)	-
Write-offs	-	-	-		
Balance as at March 31st, 2019	**206.37**	**182.96**	**-**	**11.14**	**378.19**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	182.96	(182.96)	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	(59.83)	-	-	-	(59.83)
New financial assets originated during the year	-	-	-	-	-
Financial assets that have been derecognised during the period	(11.14)	-	-	(11.14)	-
Write-offs	-	-	-	-	-
Balance as at March 31st, 2020	**318.36**	**-**	**-**	**-**	**318.36**

Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31st, 2018	**12.56**
Addition/Deletion during the year	0.81
Balance as at March 31st, 2019	**13.37**
Addition/Deletion during the year	27.33
Balance as at March 31st, 2020	**40.70**

36.5.2.5. CREDIT QUALITY ANALYSIS

The following table sets out the information about the credit quality of financial assets measured at amortised cost.

(Amount in lakhs)

	As at 31st March, 2020				As at 31st March, 2019			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Commercial Real Estate								
Current	292,652.02	40,846.19	-	333,498.21	275,417.25	16,754.10	-	292,171.35
Past due 1–30 days	-	1,917.01	-	1,917.01	66.50	-	-	66.50
Past due 31–60 days	-	13,804.97	-	13,804.97	-	18,163.28	-	18,163.28
Past due 61–90 days	-	-	-	-	-	-	1,026.91	1,026.91
Past due 90 days	-	-	4,915.97	4,915.97	-	-	2,001.25	2,001.25
Gross carrying amount	**292,652.02**	**56,568.17**	**4,915.97**	**354,136.16**	**275,483.75**	**34,917.38**	**3,028.16**	**313,429.29**
Impairment loss allowance	(3,387.16)	(4,426.44)	(1,187.30)	(9,000.91)	(803.00)	(1,597.60)	(1,061.22)	(3,461.80)
Net carrying amount	**289,264.85**	**52,141.73**	**3,728.66**	**345,135.25**	**274,680.75**	**33,319.78**	**1,966.95**	**309,967.49**

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(Amount in lakhs)

	As at 31st March, 2020				As at 31st March, 2019			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loan against Securities and Structured Products								
Current	133,576.59	1,029.74	-	134,606.33	427,311.92	4,513.45	-	431,825.37
Past due 1–30 days	1,068.18	-	-	1,068.18	78.94	-	-	78.94
Past due 31–60 days	-	70.69	-	70.69	-	16,601.84	-	16,601.84
Past due 61–90 days	-	-	-	-	-	-	48.19	48.19
Past due 90 days	-	-	1,547.89	1,547.89	-	-	-	-
Gross carrying amount	**134,644.77**	**1,100.43**	**1,547.89**	**137,293.09**	**427,390.86**	**21,115.29**	**48.19**	**448,554.34**
Impairment loss allowance	(113.25)	(2.29)	(870.98)	(986.51)	(629.07)	(5.21)	(0.06)	(634.34)
Net carrying amount	**134,531.53**	**1,098.14**	**676.91**	**136,306.58**	**426,761.79**	**21,110.08**	**48.13**	**447,920.00**
Margin Funding								
Current	45,559.19	5,686.18	-	51,245.37	82,585.57	14,173.68	0.00	96,759.25
Past due 1–30 days	962.14	923.52	-	1,885.66	10,466.28	5,875.40	50.42	16,392.10
Past due 31–60 days	-	746.97	-	746.97	-	3,272.85	73.85	3,346.70
Past due 61–90 days	-	-	-	-	-	323.82	-	323.82
Past due 90 days	-	-	1,056.73	1,056.73	-	-	874.99	874.99
Gross carrying amount	**46,521.33**	**7,356.67**	**1,056.73**	**54,934.73**	**93,051.85**	**23,645.75**	**999.26**	**117,696.86**
Impairment loss allowance	(222.13)	(75.34)	(1,042.53)	(1,340.00)	(231.63)	(334.03)	(808.41)	(1,374.07)
Net carrying amount	**46,299.20**	**7,281.33**	**14.20**	**53,594.73**	**92,820.22**	**23,311.72**	**190.85**	**116,322.79**
Debenture								
Current	50,039.54	-	-	50,039.54	41,068.30	9,011.54	-	50,079.84
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-	-	-
Gross carrying amount	**50,039.54**	**-**	**-**	**50,039.54**	**41,068.30**	**9,011.54**	**-**	**50,079.84**
Impairment loss allowance	(318.36)	-	-	(318.36)	(195.23)	(182.96)	-	(378.19)
Net carrying amount	**49,721.18**	**-**	**-**	**49,721.18**	**40,873.07**	**8,828.58**	**-**	**49,701.65**

The following table sets out the information about the credit quality of financial assets measured at Fair value through other comprehensive income(FVOCI).

(Amount in lakhs)

	As at 31st March, 2020				As at 31st March, 2019			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Investments (Debentures)								
Current	-	-	-	-	3,817.92	-	-	3,817.92
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-	-	-
Gross carrying amount	**-**	**-**	**-**	**-**	**3,817.92**	**-**	**-**	**3,817.92**
Impairment loss allowance	-	-	-	-	(11.14)	-	-	(11.14)
Net carrying amount	**-**	**-**	**-**	**-**	**3,806.78**	**-**	**-**	**3,806.78**
Fair Value		**-**	**-**	**-**	**3,844.22**		**-**	**3,844.22**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Covid-19 Impact

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. In respect of accounts where moratorium benefit has been granted, days past due (DPD) status of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020.

The granting of moratorium does not result in accounts becoming past due and automatically triggering forward movement to Stage 2 or Stage 3. However Company has assessed such accounts based on qualitative factors and wherever Company assessed, there may have been significant increase in credit Risk, financial assets have been classified to Stage II and accordingly impairment allowance for lifetime expected loss is provided.

The following table sets out the information about the credit quality of Trade Receivables and other financial assets.

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	12-month ECL	12-month ECL
Current	160,967.01	50,952.16
Impairment loss allowance	(40.70)	(13.37)
Carrying amount	**160,926.31**	**50,938.79**

36.5.3. LIQUIDITY RISK

Liquidity risk is the risk that the Company is unable to meet its financial obligations when they fall due without adversely affecting its financial condition. Liquidity risk arises because of mismatches in the timing of the cash flows.

Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances. For further details on the Company's strategy to mitigate liquidity risk Refer Note 36 E.

Maturity Profile of Financial Liabilities

For financial liabilities the amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements. For financial assets, only carrying values (excluding any provision for impairment loss) as on the reporting date are considered.

(Amount in lakhs)

Particulars	1to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at 31st March, 2020										
Financial assets										
Cash and cash equivalents	22,431.73	136,589.79	-	-	-	-	-	-	-	159,021.52
Bank Balance other than cash and cash equivalents	-	-	-	-	-	1,457.14	40.22	-	-	1,497.36
Receivables										
(I) Trade receivables	59.65	-	-	-	-	-	-	-	-	59.65
(II) Other receivables	-	-	387.87	-	-	-	-	-	-	387.87
Loans	18,011.79	19,132.18	15,020.72	38,604.50	78,150.44	76,736.35	239,231.20	41,468.39	20,008.41	546,363.98
Investments										
- Investments accounted for using equity method									14,425.46	14,425.46
- Others	22,000.51	27.66	-	-	20,000.00	10,611.87	7,966.10	16,716.66	80.19	77,402.99
Other Financial assets	-	-	-	-	-	-	-	-	200.62	200.62
Total	**62,503.68**	**155,749.63**	**15,408.59**	**38,604.50**	**98,150.44**	**88,805.36**	**247,237.52**	**58,185.05**	**34,714.68**	**799,359.46**

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(Amount in lakhs)

Particulars	1to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Financial liabilities										
Derivative financial instruments	-	-	-	-	248.93	3,837.07	1,355.02	-	-	5,441.02
Payables										
(I) Trade payables	2,585.72	-	-	249.08	-	-	-	-	-	2,834.80
(II) Other payables	1,440.75	-	-	-	-	-	-	-	-	1,440.75
Debt securities	-	5,207.74	32,642.63	3,528.16	82,997.44	70,292.25	139,209.07	-	-	333,877.29
Borrowings (Other than Debt Securities)	10,568.39	39,300.00	24,277.24	46,500.00	61,158.11	83,355.52	5,199.70	-	-	270,358.96
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.00	3,445.00	22,992.71	31,605.21
Total	**14,594.86**	**44,507.74**	**56,919.87**	**50,277.24**	**144,404.48**	**159,207.34**	**149,208.79**	**3,445.00**	**22,992.71**	**645,558.03**

(Amount in lakhs)

Particulars	1to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at 31st March, 2019										
Financial assets										
Cash and cash equivalents	27,423.95	-	-	-	-	-	-	-	-	27,423.95
Bank Balance other than cash and cash equivalents	0.52	-	37.74	-	2,701.77	20,063.20	-	-	-	22,803.23
Receivables										
(I) Trade receivables	250.42	-	129.60	-	162.00	-	-	-	0.00	542.02
(II) Other receivables	-	-	182.34	-	-	-	-	-	-	182.34
Loans	12,271.96	75,147.60	97,044.96	143,408.93	108,835.99	159,345.52	214,768.02	22,953.11	45,904.40	879,680.49
Investments	35,300.00	18.49	-	1,049.81	3,817.92	3,500.00	31,211.54	17,800.00	8,629.36	101,327.12
Other Financial assets	-	-	-	-	-	-	-	-	110.62	110.62
Total	**75,246.84**	**75,166.09**	**97,394.65**	**144,458.74**	**115,517.69**	**182,908.72**	**245,979.56**	**40,753.11**	**54,644.37**	**1,032,069.77**
Financial liabilities										
Payables										
(I) Trade payables	389.27	-	0.50	-	-	-	-	-	-	389.77
(II) Other payables	128.42	-	362.58	26.95	-	-	-	-	-	517.95
Debt securities	4,316.00	-	5,815.81	-	56,955.34	123,036.70	126,670.01	7,130.00	-	323,923.86
Borrowings (Other than Debt Securities)	48,004.13	48,086.93	81,131.91	70,358.34	128,684.12	192,007.86	-	-	-	568,273.29
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.00	3,445.00	24,715.21	33,327.71
Total	**52,837.82**	**48,086.93**	**87,310.80**	**70,385.29**	**185,639.46**	**316,767.06**	**130,115.01**	**10,575.00**	**24,715.21**	**926,432.58**

36.5.4. INTEREST RATE RISK

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing instruments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating rate bearing instruments will fluctuate because of fluctuations in the interest rates.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows.

(Amount in lakhs)

	31st March, 2020	31st March, 2019
Fixed-rate instruments		
Financial assets	382,773.60	542,697.59
Financial liabilities	(541,533.92)	(841,900.41)
Variable-rate instruments		
Financial assets	377,673.68	455,621.78
Financial liabilities	(48,845.10)	(25,942.63)
Rate Insensitive	17,509.10	36,293.34
Total Net	**187,577.36**	**166,769.67**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Amount in lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments (net)	3,288.29	(3,288.29)	4,296.79	(4,296.79)
Cash Flow Sensitivity	**3,288.29**	**(3,288.29)**	**4,296.79**	**(4,296.79)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

36.5.5. THE FOLLOWING TABLE PRESENTS THE RECOGNISED FINANCIAL INSTRUMENTS AND OTHER SIMILAR AGREEMENTS THAT CAN BE OFFSET BUT ARE NOT OFFSET

The column 'maximum exposure' shows the impact on the Company's balance sheet if all set-off rights are exercised.

(Amount in lakhs)

Particulars	Effect of offsetting on the balance sheet				
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Netting potential not recognised on the balance sheet - Financial collaterals obtained[1]	Maximum exposure
March 31, 2020					
Loans and advances					
Loans against securities and structured products	94,564.17	-	94,564.17	(93,553.36)	1,010.81
Margin funding	54,934.73	-	54,934.73	(53,768.95)	1,165.78
	149,498.91	**-**	**149,498.91**	**(147,322.33)**	**2,176.59**
March 31, 2019					
Loans and advances					
Loans against securities and structured products	327,377.69	-	327,377.69	(327,377.69)	-
Margin funding	117,696.86	-	117,696.86	(116,326.19)	1,370.67
	445,074.55	**-**	**445,074.55**	**(443,703.88)**	**1,370.67**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

[1]Company obtains financial collateral from its borrowers towards, loans advanced as Loans against securities(LAS) and Margin funding portfoio. Fair value of the financial collateral obtained is more than the underlying loans exposure. Accordingly, amounts have been capped to the extent it does not exceed the net amount of financial assets presented on the balance sheet.

36.5.6. MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk which primarily includes risk of change in market value of investments. Thus, exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities . Objective of Market risk management is to minimize impact of change in Market value of lending/investments.

36.5.7. CURRENCY RISK

Company's operating currency is Indian Rupee only and not exposed to Foreign currency risk.

NOTE 37 EMPLOYEE BENEFITS

A. The Company contributes to the following post-employment defined contribution and benefit plans in India.

(i) Defined Contribution Plans:

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognised provident fund and administered by a Board of Trustees. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The Company recognized ₹ 115.01 lakhs (Previous year. ₹ 111.99 lakhs) for Provident Fund contribution in the Consolidated Statement of Profit and Loss.

(ii) Defined Benefit Plan:

The Company offers the following employee benefit schemes to its employees:

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of ₹ 20 lakhs. (Previous Year ₹ 20 lakhs).

The gratuity benefit is provided through unfunded plan and annual contributions are charged to the consolidatd statement of profit and loss. Under the scheme, the settlement obligation remains with the Company. Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

(Amount in lakhs)

	Note	As at March 31st, 2020	As at March 31st, 2019
Net defined benefit liability	17 (i)	261.30	204.76
Total employee benefit liabilities		**261.30**	**204.76**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

(Amount in lakhs)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Opening balance	**204.76**	**178.43**	**-**	**-**	**204.76**	**178.43**
Included in profit or loss	-	-	-	-		
Current service cost	32.16	26.24	-	-	32.16	26.24
Past service cost	-	-	-	-	-	-
Interest cost (income)	13.43	12.40	-	-	13.43	12.40
	250.35	**217.07**	**-**	**-**	**250.35**	**217.07**
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	16.14	-	-	-	16.14
Financial assumptions	0.99	1.84	-	-	0.99	1.84
Experience adjustment	18.88	27.59	-	-	18.88	27.59
Return on plan assets excluding interest income		-	-	-	-	-
	19.87	**45.57**	**-**	**-**	**19.87**	**45.57**
Other						
Benefits paid	(1.07)	(60.67)	-	-	(1.07)	(60.67)
Employers contribution		-	-	-	-	-
Liabilities assumed / (settled)	(7.85)	2.79			(7.85)	2.79
Closing balance	**261.30**	**204.76**	**-**	**-**	**261.30**	**204.76**
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					**261.30**	**204.76**
					261.30	**204.76**

C. Expenses recognised in Statement of profit and loss

(Amount in lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Current service cost	32.16	26.23
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	13.43	12.40
(Gains) / losses on settlement		-
Total	**45.59**	**38.63**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

D. Remeasurements recognised in other comprehensive income

(Amount in lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Actuarial loss (gain) arising from:		
Demographic assumptions	-	16.14
Financial assumptions	0.99	1.84
Experience adjustment	18.88	27.59
	19.87	**45.57**
Return on plan assets excluding interest income	-	-
	19.87	**45.57**

E. Defined benefit obligations

i. Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.40%	7.15%
Salary escalation rate	0.00% until year 1 inclusive, then 7.00%	7.00%
Mortality rate Age (Years)	Rates (p.a.)	Rates (p.a.)
18	0.09%	0.09%
23	0.09%	0.09%
28	0.09%	0.09%
33	0.11%	0.11%
38	0.15%	0.15%
43	0.21%	0.21%
48	0.35%	0.35%
53	0.62%	0.62%
58	0.97%	0.97%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Amount in lakhs)

	As at 31st March, 2020		As at 31st March, 2019	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.5% movement)	253.05	270.07	198.33	211.57
Future salary growth (0.5% movement)	266.45	256.31	208.57	201.02

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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F. Experience Adjustments

(Amount in lakhs)

Particulars	Gratuity					
	Year ended 31st March					
	2020	2019	2018	2017	2016	2015
Defined benefit obligation	261.30	204.76	178.43	145.79	142.74	137.48
Plan assets	-	-	-	-	-	-
Surplus / (deficit)	261.30	204.76	178.43	145.79	142.74	137.48
Experience adjustments on plan liabilities	18.88	9.18	18.41	4.94	(3.45)	8.22
Experience adjustments on plan assets		-	-	-	-	-

G. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized ₹ 24.33 lakhs (Previous year. ₹ 25.21 lakhs) for Compensated Absences in the Consolidated Statement of Profit and Loss.

H. Long Service Award

The Company provides for long service awards as at the balance sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of its fellow subsidiary.

NOTE 38 SHARE-BASED PAYMENT ARRANGEMENTS:

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, ("the Bank"), the shareholders of the Bank had unanimously passed Special Resolutions on 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 2007; and

(b) Kotak Mahindra Equity Option Scheme 2015

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank (IVBL) with the Bank, the Bank has renamed and adopted the ESOP Schemes of the erstwhile IVBL, as given below:

(a) Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2007

(b) Kotak Mahindra Bank Ltd. (IVBL) Employee Stock Option Scheme 2010; and

(c) Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2013

The fair value of the option is determined using a Black-Scholes options pricing model. During the year, 131.19 lakhs (March 31, 2018: 119.93 lakhs) was charged to the Company's statement of profit or loss in respect of equity-settled share-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

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Consequent to the above, the Bank has granted stock options to employees of the Company.

Scheme Reference			31st March, 2020			31st March, 2019		
	Grant Date	Method of Settlement Accounting	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2007-44								
D	9-May-14	Equity settled				5,332	31-Dec-17	4.15
2007-47								
C	9-May-15	Equity settled				5,448	30-Jun-18	3.65
D	9-May-15	Equity settled	13,576	31-Dec-18	4.15	5,448	31-Dec-18	4.15
2007-47								
C	9-May-15	Equity settled				144	12-Mar-18	3.65
D	9-May-15	Equity settled				144	12-Mar-18	4.15
2015-02								
B	19-May-16	Equity settled				7,620	31-Jul-18	2.70
C	19-May-16	Equity settled	6,764	30-Jun-19	3.62	5,080	30-Jun-19	3.62
D	19-May-16	Equity settled	6,764	30-Nov-19	3.87	5,080	30-Nov-19	3.87
2015-02								
B	19-May-16	Equity settled				96	12-Mar-18	2.70
C	19-May-16	Equity settled				64	12-Mar-18	2.81
D	19-May-16	Equity settled				64	12-Mar-18	2.81
2015-03								
A	19-May-16	Equity settled	20,000	1-Jan-20	3.87	20,000	1-Jan-20	3.87
2015-05								
A	10-Aug-16	Equity settled	9,000	15-Aug-19	3.39	9,000	15-Aug-19	3.39
B	10-Aug-16	Equity settled	9,000	15-Aug-20	4.39	9,000	15-Aug-20	4.39
2015-07								
A	15-May-17	Equity settled				10,677	31-Aug-18	1.79
B	15-May-17	Equity settled	14,088	31-Oct-19	2.96	10,677	31-Oct-19	2.96
C	15-May-17	Equity settled	9,392	30-Jun-20	3.63	7,118	30-Jun-20	3.63
D	15-May-17	Equity settled	9,392	31-Dec-20	4.13	7,118	31-Dec-20	4.13
2015-07								
A	15-May-17	Equity settled				204	12-Mar-18	1.79
B	15-May-17	Equity settled				204	12-Mar-18	2.96
C	15-May-17	Equity settled				136	12-Mar-18	3.63
D	15-May-17	Equity settled				136	12-Mar-18	4.13
2015-14								
A	18-May-18	Equity settled	14,592	31-Jul-19	1.71	11,844	31-Jul-19	1.71
B	18-May-18	Equity settled	14,592	31-Oct-20	2.95	11,844	31-Oct-20	2.95
C	18-May-18	Equity settled	9,728	30-Jun-21	3.62	7,896	30-Jun-21	3.62
D	18-May-18	Equity settled	9,728	31-Dec-21	4.12	7,896	31-Dec-21	4.12
2015-16								
A	18-May-18	Equity settled	5,000	31-Jul-20	2.71			
B	18-May-18	Equity settled	5,000	31-Jul-21	3.71			
2015-19								
A	20-May-19	Equity settled	12,012	31-Jul-20	1.70			
B	20-May-19	Equity settled	12,012	31-Oct-21	2.95			
C	20-May-19	Equity settled	8,008	30-Jun-22	3.62			
D	20-May-19	Equity settled	8,008	31-Dec-22	4.12			

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

As at 31st March, 2020

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
2015-02	19-May-16	1.37 - 3.53	0.33 - 1.00	1.62 - 3.70	710.00	708.90	7.25% - 7.46%	0.07%	26.85% - 27.96%	134.08 - 229.80
2015-05	10-Aug-16	3.01 - 4.02	0.38 - 0.38	3.20 - 4.21	765.00	764.75	7.04% - 7.13%	0.07%	26.75% - 28.05%	225.33 - 261.42
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955.00	954.65	6.64% - 6.95%	0.06%	20.74% - 35.44%	145.98 - 349.84
2015-14	18-May-18	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,271.00	1,270.70	7.44% - 7.99%	0.06%	18.68% - 32.95%	184.60 - 465.70
2015-16	18-May-18	2.21 - 3.21	0.50 - 0.50	2.46 - 3.46	1,271.00	1,270.70	7.75% - 7.98%	0.06%	19.74% - 31.94%	277.78 - 438.73
2015-19	20-May-19	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,460.00	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28

As at 31st March, 2019

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
2007-44	9-May-14	1.39 - 3.65	0.50 - 0.50	1.65 - 3.90	812.00	812.00	8.73% - 8.89%	0.10%	28.53% - 30.17%	171.64 - 303.42
2007-47	9-May-15	1.40 - 3.65	0.50 - 1.00	1.65 - 3.90	1,330.00	1,329.50	7.91% - 8.07%	0.07%	27.61% - 29.29%	267.02 - 473.14
2015-02	19-May-16	1.37 - 3.53	0.33 - 1.00	1.62 - 3.70	710.00	708.90	7.25% - 7.46%	0.07%	26.85% - 27.96%	134.08 - 229.80
2015-03	19-May-16	3.62 - 3.62	0.25 - 0.25	3.75 - 3.75	710.00	708.90	7.46% - 7.46%	0.07%	27.28% - 27.28%	231.24 - 231.24
2015-05	10-Aug-16	3.01 - 4.02	0.38 - 0.38	3.20 - 4.21	765.00	764.75	7.04% - 7.13%	0.07%	26.75% - 28.05%	225.33 - 261.42
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955.00	954.65	6.64% - 6.95%	0.06%	20.74% - 35.44%	145.98 - 349.84
2015-14	18-May-18	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,271.00	1,270.70	7.44% - 7.99%	0.06%	18.68% - 32.95%	184.60 - 465.70

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2020.

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of Kotak Mahindra Bank Limited's publicly traded equity shares
Expected dividends	Dividend yield of the options is based on recent dividend activity.
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government securities yield in effect at the time of the grant.

C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme as at 31st March, 2020

Scheme	Grant Date	31st March, 2020							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2007-47	9-May-15	5,268	-	(9,472)	4,204	-	-	-	-
2015-02	19-May-16	10,160	-	(5,284)	(4,212)	-	-	664	664
2015-07	15-May-17	24,675	-	(2,367)	(3,241)	-	(272)	18,795	6,819
2015-05	10-Aug-16	18,000	-	(9,000)	-	-	-	9,000	-
2015-03	19-May-16	20,000	-	-	(20,000)	-	-	-	-
2015-14	18-May-18	39,480	-	(10,095)	(5,830)	-	(434)	23,121	-
2015-19	20-May-19	-	40,040	-	-	-	(880)	39,160	-
2015-16	18-May-18	-	-	-	10,000	-	-	10,000	-
		117,583	**40,040**	**(36,218)**	**(19,079)**	**-**	**(1,586)**	**100,740**	**7,483**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Scheme	Grant Date	31st March, 2019							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2007-47	9-May-15	11,184	-	(5,916)	-	-	-	5,268	5,268
2015-02	19-May-16	18,004	-	(7,844)	-	-	-	10,160	-
2015-07	15-May-17	34,900	1,370	(11,255)	(340)	-	-	24,675	-
2015-05	10-Aug-16	12,000	6,000	-	-	-	-	18,000	-
2007-44	9-May-14	5,332	-	(5,332)	-	-	-	-	-
2015-03	19-May-16	20,000	-	-	-	-	-	20,000	-
2015-14	18-May-18	-	39,480	-	-	-	-	39,480	-
		101,420	**46,850**	**(30,347)**	**(340)**	**-**	**-**	**117,583**	**5,268**

* This represents transfer of employees within Bank and its subsidiaries

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,547.78 (Previous year: ₹ 1,265.01).

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

		31st March, 2020			31st March, 2019		
ESOP Scheme	Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
2007-47	601-700	-	-	-	5,268	0.25	665.00
2015-02	701-800	664	0.70	761.22	10,160	1.07	730.56
2015-03	701-800	-	-	-	20,000	1.07	730.56
2015-05	701-800	9,000	0.70	761.22	18,000	1.07	730.56
2015-07	901-1000	18,795	0.67	955.00	24,675	1.61	955.00
2015-14	1201-1300	23,121	1.53	1,271.00	39,480	2.08	1,271.00
2015-16	1201-1300	10,000	1.53	1,271.00	-	-	-
2015-19	1401-1500	39,160	2.08	1,460.00	-	-	-

ii. Stock Appreciation Rights (cash-settled)

During the year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Company under its various plans / series has granted 10690 SARs during FY 2019- 20. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.20 years to 3.67 years

			31st March, 2020			31st March, 2019		
Scheme Reference	Grant Date	Method of Settlement Accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
Series 2015/04								
Tranche III	9-May-15	Cash settled				1884	30-Jun-18	3.15
Tranche V	9-May-15	Cash settled				1884	31-Dec-18	3.65
Scheme 2015 Series 4								
Tranche V-2A	19-May-16	Cash settled				729	31-Jul-18	2.20
Tranche V-2B	19-May-16	Cash settled				729	7-Aug-18	2.22
Tranche V-2C	19-May-16	Cash settled				729	14-Aug-18	2.24
Tranche V-3A	19-May-16	Cash settled	722	30-Jun-19	3.12	484	30-Jun-19	3.12
Tranche V-3B	19-May-16	Cash settled	722	7-Jul-19	3.13	484	7-Jul-19	3.13

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

			31st March, 2020			31st March, 2019		
Scheme Reference	**Grant Date**	**Method of Settlement Accounting**	**No of SARs outstanding**	**Vesting conditions / Dates**	**Contractual life of the options (Yrs)**	**No of SARs outstanding**	**Vesting conditions / Dates**	**Contractual life of the options (Yrs)**
Tranche V-3C	19-May-16	Cash settled	728	14-Jul-19	3.15	490	14-Jul-19	3.15
Tranche V-4A	19-May-16	Cash settled	722	30-Nov-19	3.53	484	30-Nov-19	3.53
Tranche V-4B	19-May-16	Cash settled	722	7-Dec-19	3.55	484	7-Dec-19	3.55
Tranche V-4C	19-May-16	Cash settled	728	14-Dec-19	3.57	490	14-Dec-19	3.57
Scheme 2015 Series 9								
Tranche V-1A	15-May-17	Cash settled				942	31-Aug-18	1.30
Tranche V-1B	15-May-17	Cash settled				942	7-Sep-18	1.32
Tranche V-1C	15-May-17	Cash settled				942	14-Sep-18	1.33
Tranche V-2A	15-May-17	Cash settled	1248	31-Oct-19	2.46	892	31-Oct-19	2.46
Tranche V-2B	15-May-17	Cash settled	1248	7-Nov-19	2.48	892	7-Nov-19	2.48
Tranche V-2C	15-May-17	Cash settled	1248	14-Nov-19	2.50	892	14-Nov-19	2.50
Tranche V-3A	15-May-17	Cash settled	828	30-Jun-20	3.13	591	30-Jun-20	3.13
Tranche V-3B	15-May-17	Cash settled	828	7-Jul-20	3.15	591	7-Jul-20	3.15
Tranche V-3C	15-May-17	Cash settled	840	14-Jul-20	3.17	602	14-Jul-20	3.17
Tranche V-4A	15-May-17	Cash settled	828	31-Dec-20	3.63	591	31-Dec-20	3.63
Tranche V-4B	15-May-17	Cash settled	828	7-Jan-21	3.65	591	7-Jan-21	3.65
Tranche V-4C	15-May-17	Cash settled	840	14-Jan-21	3.67	602	14-Jan-21	3.67
Scheme 2015 Series 12								
Tranche V-1A	15-May-17	Cash settled				470	30-Jun-18	1.13
Tranche V-1B	15-May-17	Cash settled	470	30-Jun-19	2.13	470	30-Jun-19	2.13
Scheme 2015 Series 17								
Tranche V-1A	18-May-18	Cash settled	1254	31-Jul-19	1.20	971	31-Jul-19	1.20
Tranche V-1B	18-May-18	Cash settled	1254	7-Aug-19	1.22	971	7-Aug-19	1.22
Tranche V-1C	18-May-18	Cash settled	1254	14-Aug-19	1.24	971	14-Aug-19	1.24
Tranche V-2A	18-May-18	Cash settled	1254	31-Oct-20	2.46	971	31-Oct-20	2.46
Tranche V-2B	18-May-18	Cash settled	1254	7-Nov-20	2.48	971	7-Nov-20	2.48
Tranche V-2C	18-May-18	Cash settled	1254	14-Nov-20	2.50	971	14-Nov-20	2.50
Tranche V-3A	18-May-18	Cash settled	837	30-Jun-21	3.12	648	30-Jun-21	3.12
Tranche V-3B	18-May-18	Cash settled	837	7-Jul-21	3.14	648	7-Jul-21	3.14
Tranche V-3C	18-May-18	Cash settled	834	14-Jul-21	3.16	646	14-Jul-21	3.16
Tranche V-4A	18-May-18	Cash settled	837	31-Dec-21	3.62	648	31-Dec-21	3.62
Tranche V-4B	18-May-18	Cash settled	837	7-Jan-22	3.64	648	7-Jan-22	3.64
Tranche V-4C	18-May-18	Cash settled	834	14-Jan-22	3.66	646	14-Jan-22	3.66
Scheme 2015 Series 19								
Tranche V-1A	7-Jul-18	Cash settled	426	31-Jul-20	2.07	426	31-Jul-20	2.07
Tranche V-1B	7-Jul-18	Cash settled	425	7-Aug-20	2.09	425	7-Aug-20	2.09
Tranche V-1C	7-Jul-18	Cash settled	425	14-Aug-20	2.11	425	14-Aug-20	2.11
Tranche V-2A	7-Jul-18	Cash settled	425	31-Jul-21	3.07	425	31-Jul-21	3.07
Tranche V-2B	7-Jul-18	Cash settled	425	7-Aug-21	3.09	425	7-Aug-21	3.09
Tranche V-2C	7-Jul-18	Cash settled	425	14-Aug-21	3.11	425	14-Aug-21	3.11
Scheme 2015 Series 22								
Tranche V-1A	20-May-19	Cash settled	1069	31-Jul-20	1.20			
Tranche V-1B	20-May-19	Cash settled	1069	7-Aug-20	1.22			
Tranche V-1C	20-May-19	Cash settled	1069	14-Aug-20	1.24			
Tranche V-2A	20-May-19	Cash settled	1069	31-Oct-21	2.45			

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

			31st March, 2020			31st March, 2019		
Scheme Reference	**Grant Date**	**Method of Settlement Accounting**	**No of SARs outstanding**	**Vesting conditions / Dates**	**Contractual life of the options (Yrs)**	**No of SARs outstanding**	**Vesting conditions / Dates**	**Contractual life of the options (Yrs)**
Tranche V-2B	20-May-19	Cash settled	1069	7-Nov-21	2.47			
Tranche V-2C	20-May-19	Cash settled	1069	14-Nov-21	2.49			
Tranche V-3A	20-May-19	Cash settled	714	30-Jun-22	3.12			
Tranche V-3B	20-May-19	Cash settled	712	7-Jul-22	3.14			
Tranche V-3C	20-May-19	Cash settled	712	14-Jul-22	3.16			
Tranche V-4A	20-May-19	Cash settled	714	31-Dec-22	3.62			
Tranche V-4B	20-May-19	Cash settled	712	7-Jan-23	3.64			
Tranche V-4C	20-May-19	Cash settled	712	14-Jan-23	3.66			

The fair values were calculated using a Black-Scholes Model. The inputs were as follows:

As at 31st March, 2020

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (₹)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (Rs)
Scheme 2015 Series 9	15-May-17	0.25 - 0.79	0.25 - 0.79	-	1,293.70	4.31% - 4.74%	0.06%	38.78% - 58.01%	1293.07 - 1293.50
2015 SERIES 17	18-May-18	0.59 - 1.79	0.59 - 1.79	-	1,293.70	4.59% - 5.18%	0.06%	31.65% - 42.98%	1292.27 - 1293.23
Series 2015/19	7-Jul-18	0.33 - 1.37	0.33 - 1.37	-	1,293.70	4.38% - 5.06%	0.06%	33.41% - 51.43%	1292.60 - 1293.43
Scheme 2015 Series 22	20-May-19	0.33 - 2.79	0.33 - 2.79	-	1,293.70	4.38% - 5.4%	0.06%	27.74% - 51.43%	1291.47 - 1293.43

As at 31st March, 2019

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (Rs)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (Rs)
2015 SERIES 17	18-May-18	0.33 - 2.79	0.33 - 2.79	-	1,334.50	6.29% - 6.74%	0.05%	21.03% - 27.91%	1332.54 - 1334.27
2015 Series 9	15-May-17	0.59 - 1.79	0.59 - 1.79	-	1,334.50	6.39% - 6.65%	0.05%	22.31% - 28.06%	1333.24 - 1334.09
2015 Series 12	15-May-17	0.25 - 0.25	0.25 - 0.25	-	1,334.50	6.25% - 6.25%	0.05%	20.12% - 20.12%	1334.32 - 1334.32
2015 Series 4	19-May-16	0.25 - 0.71	0.25 - 0.71	-	1,334.50	6.25% - 6.44%	0.05%	19.74% - 27.53%	1334.00 - 1334.32
Series 2015/19	7-Jul-18	1.34 - 2.38	1.34 - 2.38	-	1,334.50	6.60% - 6.70%	0.05%	21.5% - 23.62%	1332.84 - 1047.55

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2020.

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of Kotak Mahindra Bank Limited's publicly traded equity shares.
Expected dividends	Dividend yield of the options is based on recent dividend activity.
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government securities yield in effect at the time of the grant.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme	Grant Date	31st March, 2020						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2014 Series 2	9-May-14	-	-	-	-	-	-	-
Scheme 2015 Series 9	15-May-17	6,244	-	(2,286)	(910)	-	(60)	2,988
Scheme 2015 Series 12	15-May-17	470	-	-	(470)	-	-	-
Scheme 2015 Series 4	19-May-16	2,880	-	(2,316)	(564)	-	-	-
Series 2015/04	9-May-15	-	-	-	-	-	-	-
2015 SERIES 17	18-May-18	9,710	-	(2,496)	(1,390)	-	(98)	5,726
Series 2015/19	7-Jul-18	2,551	-	-	-	-	-	2,551
Scheme 2015 Series 22	20-May-19	-	10,690	-	-	-	(180)	10,510
		21,855	**10,690**	**(7,098)**	**(3,334)**	**-**	**(338)**	**21,775**

Scheme	Grant Date	31st March, 2019						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2014 Series 2	9-May-14	-	-	-	-	-	-	-
Scheme 2015 Series 9	15-May-17	8,850	-	(2,826)	220	-	-	6,244
Scheme 2015 Series 12	15-May-17	940	-	(470)	-	-	-	470
Scheme 2015 Series 4	19-May-16	5,103	-	(2,223)	-	-	-	2,880
Series 2015/04	9-May-15	3,768	-	(3,768)	-	-	-	-
2015 SERIES 17	18-May-18	-	9,470	-	240	-	-	9,710
Series 2015/19	7-Jul-18	-	2,551	-	-	-	-	2,551
		18,661	**12,021**	**(9,287)**	**460**	**-**	**-**	**21,855**

* This represents transfer of employees within holding company and its subsidiaries

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

(Amount in lakhs)

Particulars	31st March, 2020	31st March, 2019
Total Employee compensation cost pertaining to share-based payment plans	274.81	278.48
Compensation cost pertaining to equity-settled employee share-based payment plan included above	131.19	119.91
Closing balance of liability for cash-settled options	160.65	156.70
Total intrinsic value of liabilities for vested benefits	0	0

Note 39 Capital Disclosure

The primary objectives of the capital management policy is to ensure that the Company continuously complies with capital requirements required by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to fund growth or comply with regulatory capital requirement, Company depends on internal accrual or may raise additional capital. Company may adjust the amount of dividend payment to shareholders, return capital to shareholders.

No changes have been made to the objectives, policies and processes from the previous years, however the same is constantly reviewed by the Board.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 40 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31st, 2020			As at March 31st, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	158,990.51	-	158,990.51	27,418.60	-	27,418.60
Bank Balance other than cash and cash equivalents	1,497.07	-	1,497.07	22,798.78	-	22,798.78
Receivables						
(I) Trade receivables	58.78	-	58.78	539.70	-	539.70
(II) Other receivables	382.25	-	382.25	181.56	-	181.56
Loans	242,665.91	292,370.63	535,036.55	593,458.81	280,751.46	874,210.27
Investments						
- Investments accounted for using the equity method	-	14,425.46	14,425.46	-	15,598.45	15,598.45
- Others	52,445.19	24,639.45	77,084.63	43,155.81	51,507.12	94,662.93
Other Financial assets	-	197.71	197.71	-	110.15	110.15
Sub total	**456,039.71**	**331,633.25**	**787,672.96**	**687,553.26**	**347,967.18**	**1,035,520.44**
Non-financial assets						
Current Tax assets (Net)	-	995.19	995.19	-	472.90	472.90
Deferred Tax assets (Net)	-	839.29	839.29	-	1,417.88	1,417.88
Property, Plant and Equipment	-	218.75	218.75	-	198.72	198.72
Intangible assets under development	-	333.43	333.43	-	6.00	6.00
Other intangible assets	-	18.82	18.82	-	16.23	16.23
Other Non-financial assets	241.68	-	241.68	311.22	-	311.22
Sub total	**241.68**	**2,405.48**	**2,647.16**	**311.22**	**2,111.73**	**2,422.95**
Total Assets	**456,281.39**	**334,038.73**	**790,320.12**	**687,864.48**	**350,078.91**	**1,037,943.39**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	4,086.00	1,355.02	5,441.02	-	-	-
Payables						
(I) Trade payables	2,834.80	-	2,834.80	389.77	-	389.77
(II) Other payables	1,440.75	-	1,440.75	517.95	-	517.95
Debt securities	178,705.74	127,434.81	306,140.54	178,690.57	119,087.11	297,777.68
Borrowings (Other than Debt Securities)	258,889.11	5,107.44	263,996.56	549,826.27	-	549,826.27
Subordinated Liabilities	-	20,241.93	20,241.93	-	20,239.09	20,239.09
Sub total	**445,956.40**	**154,139.20**	**600,095.60**	**729,424.56**	**139,326.20**	**868,750.76**
Non-Financial liabilities						
Current tax liabilities (Net)	852.90	-	852.90	1,651.85	-	1,651.85
Provisions	330.49	345.69	676.18	381.98	314.96	696.94
Other non-financial liabilities	755.02	-	755.02	1,310.30	-	1,310.30
Sub total	**1,938.41**	**345.69**	**2,284.10**	**3,344.13**	**314.96**	**3,659.09**
Total Liabilities	**447,894.81**	**154,484.89**	**602,379.70**	**732,768.69**	**139,641.16**	**872,409.85**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

NOTE 41 LITIGATION

The Company does not have any pending litigations as at March 31st, 2020 and March 31st, 2019 which would impact its financial position.

NOTE 42 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

All operating segments' results are regularly reviewed by the Board of Directors, which have been identified as the Chief Operating Decision Maker ('CODM') of the Group inter-Company revenues and expenses, for which discrete financial information is available. The Board of Directors, which have been identified as the CODM, regularly review the performance reports and make decisions about allocation of resources.

The Company has identified following reportable segments, performance reports of which is regularly reviewed by the Board of Directors.

- Loan against Securities and Structured Products
- Commercial Real Estate
- Margin Funding
- Treasury and Other Investments

A. Information about reportable segments

Amount in lakhs

For the year ended March 31st, 2020	Reportable segments							
Particulars	**Loan against Securities and Structured Products**	**Commercial Real Estate**	**Margin Funding**	**Treasury and Other Investments**	**Total Segments**	**Unallocated**	**Adjustments and Eliminations**	**Total**
Revenue								
External revenue	39,520.00	49,884.19	10,478.95	65,300.84	165,183.98	-	-	165,183.98
Inter-segment revenue	-	-	-	-	-	-	(60,732.50)	(60,732.50)
Total Revenue	**39,520.00**	**49,884.19**	**10,478.95**	**65,300.84**	**165,183.98**	**-**	**(60,732.50)**	**104,451.48**
Segment results / Profit before Tax and share of net profits of investments accounted using equity method	12,308.69	12,147.71	4,185.60	5,274.24	33,916.24	(1,178.13)	-	32,738.11
Share of net loss of investments accounted using equity method				(358.78)	(358.78)			(358.78)
Profit before tax	**12,308.69**	**12,147.71**	**4,185.60**	**4,915.45**	**33,557.45**	**(1,178.13)**	**-**	**32,379.32**
Segment assets	**170,067.64**	**365,584.09**	**54,844.37**	**196,116.36**	**786,612.46**	**3,707.66**	**-**	**790,320.12**
Segment liabilities	**2,447.57**	**851.22**	**921.49**	**596,066.59**	**600,286.87**	**2,092.83**	**-**	**602,379.70**
Other disclosures								
Depreciation and amortization	30.18	59.24	1.95	0.56	91.93	1.80	-	93.73
Capital expenditure	3.55	111.91	2.04	0.49	117.99	0.39	-	118.38

Amount in lakhs

For the year ended March 31st, 2019	Reportable segments							
Particulars	**Loan against Securities and Structured Products**	**Commercial Real Estate**	**Margin Funding**	**Treasury and Other Investments**	**Total Segments**	**Unallocated**	**Adjustments and Eliminations**	**Total**
Revenue								
External revenue	43,883.19	36,090.00	12,233.44	58,799.86	151,006.49	-	-	151,006.49
Inter-segment revenue	-	-	-	-	-	-	(54,848.13)	(54,848.13)
Total Revenue	**43,883.19**	**36,090.00**	**12,233.44**	**58,799.86**	**151,006.49**	**-**	**(54,848.13)**	**96,158.36**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Amount in lakhs

For the year ended March 31st, 2019	Reportable segments							
Particulars	**Loan against Securities and Structured Products**	**Commercial Real Estate**	**Margin Funding**	**Treasury and Other Investments**	**Total Segments**	**Unallocated**	**Adjustments and Eliminations**	**Total**
Segment results / Profit before Tax and share of net profits of investments accounted using equity method	11,632.92	15,411.51	3,430.31	1,352.52	31,827.26	(987.68)	-	30,839.58
Share of net profits of investments accounted using equity method				3,529.72	3,529.72			3,529.72
Profit before tax	**11,632.92**	**15,411.51**	**3,430.31**	**4,882.23**	**35,356.98**	**(987.68)**	**-**	**34,369.30**
Segment assets	**482,097.66**	**352,300.70**	**116,391.60**	**84,048.95**	**1,034,838.91**	**3,104.48**	**-**	**1,037,943.39**
Segment liabilities	**438.09**	**511.59**	**188.27**	**868,089.39**	**869,227.34**	**3,182.51**	**-**	**872,409.85**
Other disclosures								
Depreciation and amortization	42.17	35.99	3.03	0.86	82.05	-	-	82.05
Capital expenditure	82.83	132.70	2.75	-	218.28	-	-	218.28

D. Information about major customers

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the company's total revenue in year ended March 31st, 2020 or March 31st, 2019.

NOTE 43 DISAGGREGATION OF REVENUE

The management determines that the segment information reported under Note 42 Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no seperate disclosures of disaggregated revenues are reported.

NOTE 44 LEASE DISCLOSURES

Operating Lease as Lessee:

When applying Ind AS 116 for the first time, the Company has used the following practical expedients for leases previously classified as operating leases:

- exemption related to short-term leases and
- exemption related to leases of low value assets

Accordingly, rent payment to holding/fellow Subsidiary Company for sharing of Premises are recognized in Consolidated Statement of profit & Loss under the head ""Rent, taxes and energy costs"" amounting to Rs. 674.74 lakhs (Previous year. Rs. 656.64 lakhs).

NOTE 45 LONG TERM CONTRACTS

The Company assess all long term contracts periodically and creates adequate provision as required under law/ accounting standards for material foreseeable losses, if any on such long term contracts in the books of accounts. At the end of Year ending on March 31, 2020 and March 31, 2019 there is no such long term contract.

NOTE 46 INTEREST IN ASSOCIATE AND JOINT VENTURE

a) Below are associates and joint ventures of the Group as at March 31, 2020:

Amount in lakhs

Name of entity	Relationship (Associate/ Joint Venture)	Principal place of business	Principal activities	Accounting Method (Equity Method/ FVTPL)	Ownership interest		Carrying amount	
					As at March 31st, 2020	As at March 31st, 2019	As at March 31st, 2020	As at March 31st , 2019
Phoenix ARC Private Limited	Associate	Mumbai	Securitization of assets and reconstruction thereof	Equity Method	30.00%	30.00%	14,425.46	14,795.91
Matrix Business Services India Pvt Ltd	Joint Venture	Mumbai	Verification and process outsourcing	Equity Method	0.00%	19.77%	-	802.54
							14,425.46	**15,598.45**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

b) Significant judgement: existence of significant influence:

1. Associates are the entities over which the Group has significant influence. Investment in associates are accounted for using the equity method of accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.
2. In case of Phoenix ARC Pvt Ltd., the overall decision making is vested with the BOD, where decision making is through simple majority.
3. Since Kotak Mahindra Investments Limited(KMIL) holds 30% of the voting power of the investee, it can be said that it does not have unilateral power to direct relevant activities. Accordingly KMIL is consdered to have significant influence over Phoenix ARC Pvt Ltd.

c) Significant judgement: existence of joint control:

1. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have the rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
2. In case of Matrix Business Service India Pvt Ltd. (Matrix), the overall decision making is vested with the Board of Directors. There is no casting vote with core promoters even if appointed as chairman hence, not a substantive right. Further, participative vote requires affirmative vote of KMIL and core promoter.
3. Accordingly, KMIL does not have unilateral power to direct the relevant activities of Matrix. However all the shareholders can jointly take decisions and the arbitration process is neutral.
4. Thus, Matrix is considered to be a joint venture of KMIL.

e) Summarised financial information for associates and joint venture which are material to the Group are as follows

Summarised Balance Sheet Amount in lakhs

Particulars	Phoenix ARC Private Limited		Matrix Business Services India Pvt Ltd	
	As at March 31st, 2020	As at March 31st, 2019	As at April 26th, 2019	As at March 31st, 2019
Cash and cash equivalent	5,661.24	1,106.63	765.30	339.65
Financial assets other than cash and cash equivalents	102,596.56	115,650.37	2,818.09	3,555.86
Non-financial assets	4,163.48	1,112.31	415.99	902.72
Total Assets	**112,421.28**	**117,869.31**	**3,999.38**	**4,798.23**
Financial Liabilities, (including trade and other payables)	62,405.92	67,306.53	147.08	612.67
Non-financial liabilities	2,230.62	1,543.24	1,023.69	226.83
Total Liabilities	**64,636.54**	**68,849.77**	**1,170.77**	**839.51**
Net Assets	**47,784.74**	**49,019.54**	**2,828.61**	**3,958.72**
Percentage ownership	30.00%	30.00%	19.77%	19.77%
Group's share of net assets	**14,335.42**	**14,705.86**	**559.22**	**782.64**

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Summarised Statement of Profit & Loss

Amount in lakhs

Particulars	Phoenix ARC Private Limited		Matrix Business Services India Pvt Ltd	
	As at March 31st, 2020	As at March 31st, 2019	Till 26th April 2019	As at March 31st, 2019
Revenue				
Total Income	23,156.21	23,962.71	516.18	6,276.65
Depreciation and amortisation	93.80	34.87	12.25	145.94
Interest expense	5,530.23	4,315.80	-	0.10
Tax expense	(160.59)	4,350.78	15.69	223.25
Other Expense	18,898.88	3,865.51	446.91	5,322.70
Profit or loss from continuing operations	**(1,206.11)**	**11,395.75**	**41.32**	**584.64**
Other comprehensive income	(2.77)	(9.30)	-	(9.11)
Total comprehensive income	**(1,208.88)**	**11,386.45**	**41.32**	**575.53**
Percentage ownership	30.00%	30.00%	19.77%	19.77%
Group's share in profit for the year	-361.83	3,418.73	8.17	115.58
Group's share in OCI for the year	(0.83)	(2.79)	-	(1.80)
Consolidation adjustment	-	-	(4.28)	-
Group's share of total comprehensive income	**(362.66)**	**3,415.94**	**3.89**	**113.78**

NOTE 47 ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT 2013

Amount in lakhs

Name of the entity in the Group	As at March 31, 2020							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of Consolidated TCI	Amount
Kotak Mahindra Investments Limited	96.67%	181,688.03	108.12%	24,136.01	100.00%	(39.22)	108.14%	24,096.79
Associates (as per the equity method)								
Indian								
1. Phoenix ARC Private Limited	4.43%	8,324.95	-1.62%	(362.66)	0.00%	-	-1.63%	(362.66)
Joint Ventures(as per the equity method)								
Indian								
1. Matrix Business Services India Pvt Ltd	0.00%	-	-2.76%	(617.06)	0.00%	-	-2.77%	(617.06)
Other adjutments	-1.10%	(2,072.56)	-3.73%	(833.60)	0.00%	-	-3.74%	(833.60)
Total	**100.00%**	**187,940.42**	**100.00%**	**22,322.69**	**100.00%**	**(39.22)**	**100.00%**	**22,283.47**

Schedules

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Amount in lakhs

Name of the entity in the Group	As at March 31, 2020							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of Consolidated TCI	Amount
Kotak Mahindra Investments Limited	83.78%	157,460.05	89.85%	20,058.01	1281.91%	(502.70)	87.76%	19,555.31
Associates (as per the equity method)								
Indian								
1. Phoenix ARC Private Limited	4.63%	8,695.40	15.30%	3,415.94	0.00%	-	15.33%	3,415.94
Joint Ventures(as per the equity method)								
Indian								
1. Matrix Business Services India Pvt Ltd	0.35%	650.45	0.51%	113.78	0.00%	-	0.51%	113.78
Other adjutments	-0.68%	(1,272.37)	-3.04%	(678.19)	0.00%	-	-3.04%	(678.19)
Total	**88.08%**	**165,533.53**	**102.63%**	**22,909.54**	**1281.91%**	**(502.70)**	**100.55%**	**22,406.84**

NOTE 48

During the year, Kotak Mahindra Bank Limited (Holding Company) received communication from RBI dated June 12, 2019 advising the Holding Company to ensure that its subsidiaries should immediately stop providing the services of Loans against shares and IPO financing. However, RBI has allowed the subsidiaries to continue to service the loans that are already disbursed.The Company has accordingly stopped providing fresh sanctions, however continues to service the existing loans sanctioned before receipt of the communication from RBI.

Note 49

Previous year's figures have been regrouped / reclassified wherever necessary to conform to figures of the current period.

Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant
Partner
Membership No. 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Director

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 25, 2020, Mumbai

FORM AOC - 1

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

Particulars	Phoenix ARC Private Limited	Matrix Business Services India Private Limited 2 & 3
Latest Audited Balance Sheet date	31-Mar-20	-
Shares of Associate held by the Group on the year end		
No of Equity Shares	50,400,000	-
Amount of gross Investment in Associates	61.01	-
Extent of Holding	30%	-
Description of how there is significance influence	Ownership of 20% or more of voting power	-
Reason why the associate is not consolidated	Ownership of less than 50% of the Voting Power and no control over the Board	-
Networth attributable to Shareholding as per latest audited Balance Sheet	**14,335.42**	**-**
Profit / Loss for the year	**(1,208.88)**	**41.32**
(i) Considered in the Consolidation	(362.66)	3.89
(ii) Not considered in the Consolidation	(846.22)	37.43

Note:

(1) Significant influence has been determined as per Indian Accounting Standard (Ind AS) 28" Investments in Associates and Joint Ventures"

(2) Profit upto the date of full/ part stake sale has been considered for the preparation of consolidated financial statements.

(3) The Group has sold its entire stake in Matrix Business Services India Private Limited on 26th April, 2019 and accordingly it has ceased to be an associate of the Group from that date.

Paritosh Kashyap
Director
DIN : 07656300

K.V.S Manian
Director
DIN : 00031794

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

Directors' Report

To the Members of

KOTAK MAHINDRA INVESTMENTS LIMITED

The Directors present their Thirty Second Annual Report together with the audited accounts of the Company for the year ended 31st March, 2020.

FINANCIAL HIGHLIGHTS

	Year ended 31st March 2020	Year ended 31st March 2019
	₹ in Lakhs	₹ in Lakhs
Gross income	1,05,072.44	96,158.36
Profit before tax	33,359.06	30,839.58
Provision for tax	9,223.05	10,781.57
Profit after tax	24,136.01	20,058.01
Total Comprehensive Income	24,096.79	19,555.30
Balance of Profit from previous years	97328.69	81,913.29
Amount available for appropriation	121425.48	101,468.59
Appropriations :		
Special Reserve u/s 45IC of the RBI Act, 1934	5,402.57	4,139.89
Net Profit after tax carried to Balance Sheet	1,16,022.92	97,328.70

DIVIDEND

With a view to conserve the Company's resources, the Directors do not recommend any Dividend (Previous Year: Nil).

DEBENTURES

Pursuant to various circulars issued by the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) from time to time, the Company continues to issue secured non-convertible debentures on private placement basis and list all non-convertible debentures issued, on BSE Limited under Information Memorandums issued by the Company from time to time. The Company has appointed IDBI Trusteeship Services Limited as Debenture Trustees to the issues. The contact details of the Debenture Trustees are:

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17 R. Kamani Marg, Ballard Estate, Mumbai - 400 001
Contact No.: 022 – 40807050; 022 - 40807021
Email: jimit@idbitrustee.com
Website: www.idbitrustee.com

CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of the Company as on 31st March, 2020 was at 28.73 % (Tier I – 24.97%).

CREDIT RATING

The Company's short-term borrowing program from CRISIL Limited and ICRA Limited is rated "A1+". Further, the long-term secured borrowing program is rated "AAA/Stable" by CRISIL Limited.

The Company's Market Linked Debentures program is rated 'CRISIL PP-MLD AAAr/Stable' by CRISIL Limited.

Also, the Company's Tier II borrowing program is rated "AAA/Stable" by CRISIL Limited & ICRA Limited.

A1+ indicates highest-credit-quality rating and AAA indicates high-credit-quality rating with stable outlook assigned by ICRA and CRISIL. Instruments with these ratings are considered to have high degree of safety regarding timely servicing of financial obligations and such instruments carry very low credit risk.

FINANCE

During the year, the Company witnessed a decline in Balance Sheet, primarily on account of reduction in Loan against Shares (LAS) business pursuant to the instructions received in Jun 2019 from the Reserve Bank of India to stop this business. The funding requirement was met through various instruments such as Non-Convertible Debentures (NCDs), Commercial papers (CPs), Inter-corporate deposits (ICDs), etc. The Company has been continuously diversifying its funding sources and has a pool of lenders comprising of Mutual Funds, Insurance Companies, Banks and Corporates. As on 31st March, 2020, the Company has adequate capital, healthy debt to equity ratio and positive liquidity gap in short term. The Company, with its strong treasury philosophies, practices and diversified borrowing profile, comfortably managed its liquidity requirements through liquidity crisis which dogged the NBFC sector through the year and is well geared to meet any such challenges in future.

MANAGEMENT DISCUSSION AND ANALYSIS

Company Business

The Company is primarily into lending business comprising of lending to real estate sector, lending against securities, and providing structured finance to corporates, apart from holding certain some strategic investments of the Kotak Group.

Real Estate & Structured Finance team offers one of the most trusted and dedicated platform in the country with expertise across all key asset classes. From structuring complex transactions to broadening the access to capital, our comprehensive financing and expert execution have made us a leading choice for Corporates, Real Estate Developers, Sponsors, PE & RE Funds and other structured finance players and investors for over a decade. It is well positioned to harness opportunities that may become available in the current economic environment. The Company endeavours to adopt the best practices and ensures highest standards of Corporate Governance through, ethical and transparent governance practices.

During the financial year, customer financial assets declined by about 36% to ₹6,002 crore as of March 2020 vis-à-vis ₹9,376 crore as of March 2019. Profit after tax for the year is ₹241.4 crore vis-a-vis ₹200.6 crore for previous year and Total Comprehensive Income for the year is ₹240.9 crore vis-à-vis ₹195.6 crore for previous year. Gross Stage 3 and Stage 2 ratio to overall customer financial assets were at 1.25% (0.44% in FY19) and 10.83% (9.54% in FY19) respectively as of March 2020.

Industry Developments & Outlook

The lending activities of the Company are primarily focused on the Real Estate Sector, Large Corporates (both operating and holding companies) and Capital Markets.

Real Estate:

Some clear industry wide trends were visible in FY 2019-2020; continuing consolidation in the residential space, all time high leasing of commercial office space (exceeding its previous high of FY20), the NBFC crisis severely impacting liquidity to the sector which started looking worse by Mar-20 due to the Credit Mutual Funds starting to withdraw from this space.

Declining demand in the residential space was more than matched by significantly lower new launches, thereby reducing inventory. Residential space, the largest segment of the India RE market, continued to struggle under tight liquidity conditions, decline in prices and slow offtake. The consolidation theme is now visible in this traditionally fragmented segment, with select regional players gaining share in their respective market. With a few exceptions, there are no pan India players in this segment.

The commercial office space demand continued to grow especially in the traditional centres such as Bangalore, Hyderabad and Gurgaon. The top 10 players continued to consolidate their hold on this market. With vacancy declining in most market, rental continued their rise.

Other segments such as retail and hotels also did well in the year.

Despite all the challenges, select developers especially those who have been financially prudent, have kept their commitment to customers and focused on the right products & delivering projects have thrived across cities and have also consolidated the market. Your company saw some gains coming this year given the focus on building relationships with such players over the last few quarters and also being able to buy loans from NBFCs which were facing liquidity challenges. We expect traction on this front to sustain in FY 2020-2021.

With the COVID 19 bringing the entire industry to a complete halt in Apr – May 2020, the industry faces a serious challenge. While, industry experts are making various forecasts with respect to price correction and sales velocity, the Jun – Sep 2020 months shall be critical to making an assessment of the likely customer behaviour and its near term impact on the cash flows. The RBI's COVID moratorium has come a relief to the industry and hope is that business will see some revival by the time the moratorium period ends.

The coming year will provide both, challenging (given COVID) and opportunities (given your Company's access to liquidity). Our Non Performing Assets (Stage III assets) remained under control at 1.39% of customer assets and we believe that our portfolio remains stable. However, COVID has brought us into unchartered waters, hence your Company has to exercise caution and stay focused on closely monitoring the existing portfolio to ensure a strong portfolio and evade troubles during the year.

Capital Markets / Structured Debt:

Given the NBFC crisis impacting competition, your company was well placed to in FY 2019-2020 to take advantage of the market opportunities. However, the Reserve Bank of India letter dated 12th Jun 2019 asking us to stop the LAS business meant that we had to course correct midway. Over the course of FY 2019-2020, our LAS & Overdraft book dropped from INR 4,533crore as at 31-Mar-19 to INR 1,495 crore as at 31-Mar-2020.

The last quarter of FY 2019-2020 was arguably among the most volatile times in the Indian stock market with indices dropping more than 38% in less than 40 days. This severely put to test our internal controls and processes as a part of this fall happened at a time when we were under BCP in the lockdown period. Despite the volatile conditions, your Company was able to successfully manage the portfolio incl. margin calls without any loss which is a testament to our strong process and capable people. Though we have emerged unscathed through these testing times, we will not let down our guard.

As we moved in FY 2020-2021, the Company is looking beyond the LAS product by expanding its product range to cash flow backed financing, providing structured solutions with returns commensurate to risks being underwritten. We believe market has clearly distinguished between the stronger and weaker NBFCs, with liquidity now being available in required quantities only to the former. Your company is in a strong position in such an environment and is well placed to seize the opportunities that become available.

Opportunities & Threats

Your Company will have ample opportunities in the current year for to grow both in market share as well as book size in the lending business due to a number of other NBFCs slowing down because of a combination of credit and liquidity issues. However, we have to tread carefully in view of the unfolding COVID-19 pandemic situation prevailing in the nation. We area and we shall remain conservative till we have clarity on what the post COVID scenario shall bring. In the post lockdown area, we are closely monitoring the economic activity specifically in our focus areas and we remain confident of capturing the opportunity for financing in the structured space, real estate financing and selective sponsor financing, etc.

Key challenges going forward are (i) increasing credit risk (ii) liquidity challenges for NBFCs driven by higher risk perception of their portfolio; (iii) likely regulatory changes by RBI for the NBFCs and and SEBI on Mutual Fund's exposure to NBFCs (iv) Global macroeconomic developments bringing uncertainties to Indian economy.

Internal Controls

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in Internal Audit Charter. The Internal Audit department of the holding company Kotak Mahindra Bank Limited, regularly conducts a review to assess the financial and operating controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee and periodically reviewed by the Board of Directors.

Human Resources

The Company is professionally managed & it follows open, transparent & meritocratic policy to nurture human resources. Human resources function is managed by the Group Human Resources team of its holding company, Kotak Mahindra Bank Limited. It encourages and facilitates long term careers with the Company and engaged workforce is a high priority for us, as we recognize people as our most valuable asset.

Information Technology

The Company has migrated to new loan management system (LMS) with built in Business Rule Engine and capability to handle structured loan products enabling Company to offer tailor made repayment schedule matching customer cash flow. The modular nature of the system supports efficiency in operations coupled with strong systems and operational controls. The Company closely monitors information security related issues and constantly endeavors to upgrade and fully utilize its IT assets to further its business.

Cautionary Note

Certain statements in the 'Management Discussion and Analysis' section may be forward-looking and are stated as may be required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Your Company does not undertake to update these statements.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Director retiring by rotation

Mr. Uday Kotak (DIN: 00007467), retires by rotation at the Thirty-second Annual General Meeting and being eligible, has offered himself for re-appointment.

Change in Directors

As indicated in last year's Annual Report, Mr. Paritosh Kashyap resigned as a Managing Director & CEO of the Company with effect from 1st May, 2019. However, Mr. Kashyap continues to be a Non-Executive Director on the Board of the Company.

Re-appointment of Independent Director

The Board of Directors based on the recommendation of the Nomination & Remuneration Committee and the results of the performance evaluation, re-appointed Ms. Padmini Khare Kaicker (DIN 00296388) as an Independent Director of the Company for second term from 17th August, 2020 till 16th August, 2025, subject to the necessary approval from the shareholders. Accordingly, approval of the shareholders for re-appointment of Ms. Padmini through special resolution is being sought at the ensuing Annual General Meeting of the Company.

Ms. Padmini Khare Kaicker, BSc, FCA & CPA, aged 55 years is the Managing Partner of M/s. B K Khare & Co., Chartered Accountants, one of the largest and reputed Indian Accounting Firms serving the profession for almost five decades. She has over 22 years' experience in auditing large Indian organizations and multinational companies operating in India across a cross section of industries including oil & gas, banking & financial services, insurance, automotives, information technology and capital goods.

Declaration from Independent Directors

The Board has received declarations from the Independent Directors as per the requirement of Section 149(7) of the Companies Act, 2013 and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013.

Board Evaluation

The Nomination and Remuneration Committee of the Company's Board has formulated the criteria for performance evaluation of the Directors and the Board as a whole. The criteria formulated broadly covers the Board role, Board/Committee membership, practice & procedure and collaborative approach.

A Board effectiveness assessment questionnaire has been designed for the performance evaluation of the Board, its Committees, Chairman and individual directors. In accordance with the criteria set and covering various aspects of performance including but not limited to structure of the board, meetings of the board, functions of the board, role and responsibilities of the board, governance and compliance, evaluation of risks, grievance redressal for investors, conflict of interest, relationship among directors, director competency, board procedures, processes, functioning and effectiveness was circulated to all the directors of the Company for the annual performance evaluation.

Based on the assessment of the responses received to the questionnaire from the directors on the annual evaluation of the Board, its Committees, the Chairman and the individual Directors, a summary of the Board Evaluation was placed before the meeting of the Independent Directors for consideration. Similarly, the Board at its meeting assessed the performance of the Independent Directors. The Directors were satisfied with the results of the performance evaluation of the Board & its Committees, Chairman and individual directors.

Change in Key Managerial Personnel (KMPs)

Consequent to the resignation of Mr. Paritosh Kashyap as a Managing Director & CEO of the Company, the Board of Directors of the Company, at its meeting held on 24th April, 2019, based on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Amit Bagri as a Chief Executive Officer of the Company with effect from 1st May, 2019.

In terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Amit Bagri, Chief Executive Officer, Mr. Deepak Goel, Chief Financial Officer and Mr. Jignesh Dave, Company Secretary, are the Key Managerial Personnel of the Company.

Appointment & Remuneration of Directors and KMPs

The Nomination and Remuneration Committee of the Board of Directors of the Company has formulated criteria for appointment of Senior Management Personnel and the Directors. Based on the criteria set it recommends to the Board the appointment of Directors and Senior Management Personnel. The Committee considers the qualifications, experience, fit & proper status, positive attributes as per the suitability of the role and independent status and various regulatory/statutory requirements as may be required of the candidate before such appointment.

The Board has adopted a Remuneration Policy for the Whole-time Directors, Chief Executive Officer and other employees of the Company. The Policy is in line with the Compensation Policy of Kotak Mahindra Bank Ltd., its holding company, which is based on the Guidelines issued by Reserve Bank of India. The salient features of the Remuneration Policy are as follows:

- Objective is to maintain fair, consistent and equitable compensation practices in alignment with Kotak's core values and strategic business goals.
- Applicable to all employees of the Company. Employees classified into 3 groups:
    - Whole-time Directors/Chief Executive Officer
    - Risk, Operations & Support Staff
    - Other categories of Staff

- Compensation structure broadly divided into Fixed, Variable and ESOPs
  - Fixed Pay – Total cost to the Company i.e. Salary, Retirals and Other Benefits.
  - Variable Pay – Linked to assessment of performance and potential based on Balanced Key Result Areas (KRAs), Standards of Performance and achievement of targets with overall linkage to Bank budgets and business objectives. The main form of incentive compensation includes – Cash, Deferred Cash/Incentive Plan and Stock Appreciation Rights.
  - ESOPs – Granted on a discretionary basis to employee based on their performance and potential with the objective of retaining the employee.
- Compensation Composition – The ratio of Variable Pay to Fixed Pay and the ratio of Cash v/s Non Cash within Variable pay outlined for each category of employee classification.
- Any variation in the Policy to be with approval of the Nomination & Remuneration Committee.
- Malus and Clawback clauses applicable on Deferred Variable Pay.

Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors have adopted a compensation policy for the Independent Directors (IDs) of the Company. The salient features of the Compensation Policy are as follows:

- Compensation structure broadly divided into:
  - Sitting fees
  - Re-imbursement of expenses
  - Commission (profit based)
- Amount of sitting fees and commission to be decided by the Board from time to time, subject to the regulatory limits.
- Independent Directors are not eligible for any stock options of Kotak Mahindra Bank Ltd., the Company's holding company.

Remuneration to the KMPs i.e. Chief Executive Officer, Chief Financial Officer and the Company Secretary, is as per the terms of their employment.

Number of Board Meetings

During the year, eleven meetings of the Board of Directors were held.

Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. **Ratio of the remuneration of each director to the median remuneration of the employees for the financial year#:**

Name	Title	Ratio	Ratio excluding SARs
-	-	-	-

2. **Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

Name	Title	% increase in remuneration	% increase in remuneration excluding SARs
Mr. Jignesh Dave	CS & EVP - Legal	13.78	11.28

3. **Percentage increase in the median remuneration of employees in the financial year:**

   22.3% considering employees who were in employment for the whole of FY 2018-19 and FY 2019-20.

4. **Number of permanent employees on the rolls of Company at the end of the year:** 108

5. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

For employees other than managerial personnel who were in employment for the whole of FY 2018-19 and FY 2019-20 the average increase is 6.6% and 6.8% excluding SARs.

Average increase for managerial personnel is 13.8% and 11.3% excluding SARs.

6. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company is in compliance with its Remuneration Policy.

Notes:

1) *#Mr. Paritosh Kashyap resigned as a Managing Director & CEO w.e.f. 1st May, 2019. However, he continues to be a Non-Executive Director on the Board of the Company. Mr. Amit Bagri had been appointed as a CEO of the Company w.e.f. 1st May, 2019. Details of their increase in remuneration are not given since they were employed for part of FY 2019-20.*

2) *Mr Deepak Goel was appointed as a Chief Financial Officer w.e.f. 14th July, 2018. Details of increase in remuneration of CFO is not given since he was employed only for part of FY 2018-19.*

3) *The Independent Directors of the Company receive remuneration in the form of sitting fees for attending the Board/Committee meetings and in the form of an annual profit based commission.*

4) *Remuneration includes Fixed pay + Variable paid during the year + perquisite value as calculated under the Income Tax Act, 1961. However, it does not include value of Stock Options.*

5) *Stock Appreciation Rights (SARs) are awarded as variable pay. These are settled in cash and are linked to the average market price/ closing market price of the stock of Kotak Mahindra Bank Ltd. on specified value dates. Cash paid out during the year is included for the purposes of remuneration.*

COMMITTEES

Audit Committee

The Audit Committee presently consists of three members, Ms. Padmini Khare Kaicker (Chairperson), Mr. Chandrashekhar Sathe and Mr. Arvind Kathpalia, with any two members forming the quorum.

During the year, seven meetings of the Committee were held.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was re-constituted with effect from 20th July, 2019 and consists of four members, Mr. Chandrashekhar Sathe (Chairman), Mr. Arvind Kathpalia, Mr. K.V.S. Manian and Mr. Paritosh Kashyap with any two forming the quorum.

During the year, two meetings of the Committee were held.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee presently consists of three members, Mr. Arvind Kathpalia (Chairman), Ms. Padmini Khare Kaicker and Mr. Chandrashekhar Sathe, with any two forming the quorum.

During the year, two meetings of the Committee were held.

Credit Committee of the Board

The Credit Committee of the Board was re-constituted with effect from 14th May, 2019. It comprises of Mr. Arvind Kathpalia, Mr. K.V.S. Manian and Mr. Paritosh Kashyap. The Committee considers the credit proposals upto a limit specified by the Board.

During the year, fifty- one meetings of the Committee were held.

Risk Management Committee (RMC)

RMC Board - Tier II, a supervisory Committee reviews the adequacy of the risk management process and up-gradation thereof. RMC Board Tier-II was re-constituted on 1st April, 2018 and presently consists of Mr. Arvind Kathpalia, Mr. K.V.S. Manian and Mr. Paritosh Kashyap. The quorum comprises of any two members.

During the year, four meetings of the Committee were held.

IT Strategy Committee

IT Strategy Committee of the Board comprises of Ms. Padmini Khare Kaicker, Mr. K.V.S. Manian & Mr. Paritosh Kashyap. The quorum comprises of any two members. The Committee reviews the IT strategy of the Company and other matters related to IT governance.

During the year, three meetings of the Committee were held.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013, your Company has appointed Parikh & Associates Company Secretaries, as its Secretarial Auditor. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed to this Report. Your Company is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for FY 2019-20.

ANNUAL RETURN

Pursuant to section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) rules, 2014, the annual return of the company as on 31st March, 2020 is disclosed on the Company's website viz. Url: http://www.kmil.co.in/customer-services/index.html

Also, an extract of the annual return as on 31st March, 2020 in form MGT-9 is annexed to this report.

AUDITORS

In terms of Section 139 of the Companies Act, 2013, Price Waterhouse Chartered Accountants LLP (Firm Registration no. 012754N/N500016) were appointed as statutory auditors of the Company for a period of 5 years commencing from the conclusion of Twenty Ninth AGM till the conclusion of the Thirty Fourth AGM.

INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that your Company has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively. During the year under review, no material or serious deviation has been observed for inefficiency or inadequacy of such controls.

CONSOLIDATED FINANCIAL STATEMENTS

The audited Consolidated Financial Statements of the Company for FY 2019-20 forms a part of this Annual Report.

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013, in form AOC-2.

All Related Party Transactions are placed before the Audit Committee for its review and approval on a quarterly basis. An omnibus approval of the Audit Committee is obtained for the Related Party Transactions which are repetitive in nature.

All Related Party Transactions as required under Ind AS24 are reported in Note 34 of Notes to Accounts of the Consolidated financial statements and Note 34 of Notes to Accounts of the Standalone financial statements of your Company.

The Company's Policy on dealing with Related Party Transactions is available on the Company's website viz. URL: http://www.kmil.co.in/policies.html

SALE OF EQUITY STAKE HELD IN ASSOCIATE COMPANY

Your Company on 26th April, 2019 sold its entire equity stake of 19.77% held in Matrix Business Services India Pvt. Ltd. ('Matrix'). Consequently, Matrix has ceased to be an associate company of your Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 of the Companies Act, 2013 read with Rule 11 of Companies (Meetings of Board and its Powers) Rules, 2014, the Company being a Non-Banking Financial Company registered with Reserve Bank of India, is exempt from the provisions of Section 186 of the Companies Act, 2013.

WHISTLE BLOWER POLICY & VIGIL MECHANISM

Your Company has also put in place the Whistle Blower Policy to raise concerns internally and to disclose information, which the individual believes shows malpractice, serious irregularities, fraud, unethical business conduct, abuse or wrong doing or violation of any Indian law.

The same is also put up on the Company's website viz. URL: http://www.kmil.co.in/policies.html

CORPORATE SOCIAL RESPONSIBILITY

Your Company has constituted a Board Corporate Social Responsibility Committee (CSR Committee). The CSR Committee presently consists of Mr. Chandrashekhar Sathe (Chairman), Mr. Arvind Kathpalia, Mr. K.V.S. Manian and Mr. Paritosh Kashyap.

Your Company's CSR Committee drives the CSR programme of the Company. Your Company has a Board approved CSR policy, charting out its CSR approach. This policy articulates the Company's aim to positively contribute towards economic, environmental and social well-being of communities through its CSR interventions. The core CSR focus areas outlined are:

- Education
- Vocational skills and livelihood
- Preventive healthcare and sanitation
- Reducing inequalities faced by socially and economically backward groups
- Sustainable development
- Relief and rehabilitation
- Clean India
- Sports

The Company's CSR Policy is available on the Company's website viz. URL: http://www.kmil.co.in/policies.html

Pursuant to the provisions of Section 135, Schedule VII of the Companies Act, 2013 (the Act), read with the Companies (Corporate Social Responsibility) Rules, 2014 the report of the expenditure on CSR by the Company is as under:

The average net profit u/s 198 of the Company for the last three financial years preceding 31st March, 2020 is ₹296.40crore.

The prescribed CSR expenditure required u/s 135, of the Act for FY 2019-20 is ₹ 592.80 lakh.

The CSR expenditure incurred from 1st April, 2019 to 31st March, 2020 u/s 135 of Companies Act, 2013 amounts to ₹311 lakh as against ₹ 246 lakh CSR expenditure incurred in the FY 2018-19. The unspent CSR expenditure amount for FY 2019-20 is ₹281.80 lakh.

CSR expenditure of ₹311 lakh as a percentage of average net profit u/s 198 of the Company at ₹296.40 crore, which is 1.050%.

The Company's budget in CSR focussed sectors and programmes are approved by the CSR Committee and the Board. The Company's CSR budget is guided by the vision of creating long-term benefits for the society. The Company has been building its CSR capabilities on a sustainable basis and is committed to gradually increasing its CSR spending in the coming year for its long-term projects. The Company identifies suitable NGO partners for carrying out its CSR programmes. It undertakes CSR programmes that are scalable, sustainable and have the potential to be replicated across locations and create a sustainable and measurable impact in communities.

Most of the CSR programmes undertaken are in the area of education, livelihood and vocational skill development. The Company's CSR footprint has been consistently increasing over the years. The Company is committed to stepping-up its CSR programmes and expenditure in the years ahead.

The Company's CSR expenditure in FY 2019-20 of ₹311 lakh, which is over 26% higher than the previous financial year. In FY 2017-18, the Company's CSR Expenditure was ₹40 lakh, which increased to ₹246 lakh in FY 2018-19 – an increase of over 5 times over the previous financial year.

Your Company does not consider "administrative overheads" as a part of its CSR expenditure.

The details of CSR programmes and expenditure u/s 135 of the Companies Act, 2013 for FY 2019-20, are annexed to this report.

RISK MANAGEMENT POLICY

Your Company manages risk based on Risk Management framework which lays down guidelines in identifying, assessing and managing risks that the entity is exposed to. Risk Management Committee meetings are conducted on quarterly basis to review key risks like Credit Risk, Liquidity Risk, Operational Risk and various other risks.

EMPLOYEES

The employee strength of your Company was One Hundred and Eight (108) as of 31st March, 2020.

5 employees employed throughout the year were in receipt of remuneration of ₹102 lakh or more per annum and Nil employees employed for part of the year were in receipt of remuneration of ₹8.5 lakh or more per month.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has in place a Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal). No such instances were reported during the year.

In accordance with the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the Proviso to Section 136(1) of the Companies Act, 2013, the Directors' Report is being sent excluding the aforesaid annexure. The annexure is available for inspection at the Registered Office of your Company during the business hours on working days.

DEPOSITS

The Company did not accept any deposits from the public during the year. Also, there are no deposits due and outstanding as on 31st March, 2020.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions pertaining to the Conservation of Energy and Technology Absorption are not applicable to your Company.

During the year, the Company had foreign exchange inflow of ₹ NIL (Previous Year: Nil) while the outgo of foreign exchange was ₹ NIL (Previous Year: Nil).

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the management, confirm in pursuance of Section 134(5) of the Companies Act, 2013 that:

i) the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;

ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the financial year ended 31st March, 2020;

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors have prepared the annual accounts on a going concern basis;

v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ANNEXURES

Following statements/reports are set out as Annexures to the Directors' Report:

(a) Extract of Annual Return under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of Companies (Management & Administration) Rules, 2014 (Annexure – A).

(b) Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013 (Annexure – B).

(c) Report on CSR activities pursuant to provisions of Section 135(4)(a) of the Companies Act, 2013, read with Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 (Annexure – C).

ACKNOWLEDGEMENTS

The Board takes this opportunity to place on record, its gratitude for the valuable guidance and support received from the statutory and the regulatory authorities, its appreciation of the dedication and contribution of your Company's employees at all levels. The Board also acknowledges the faith reposed in the Company by the Company's lending institutions.

For and on behalf of the Board of Directors

Uday Kotak
Chairman

Place: Mumbai
Date: 24th June, 2020

ANNEXURE - A

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65900MH1988PLC047986
ii)	Registration Date	5th July 1988
iii)	Name of the Company	Kotak Mahindra Investments Ltd.
iv)	Category / Sub-Category of the Company	Non Banking Financial Company
v)	Address of the Registered office and contact details	27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Tel No. : (022) 61660001 Fax No.: (022) 67132403
vi)	Whether listed company Yes / No	Yes (Only non-convertible debentures/commercial papers are listed under the debt market segment)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg Bhandup (West) Mumbai - 400078 Tel : (022) 25946970

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Other Credit granting	64920	96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
		Holding Company			
1	Kotak Mahindra Bank Ltd. 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051	L65110MH1985PLC038137	Holding	100.00	2(87)
		Associate Company			
2	Phoenix ARC Pvt. Ltd. 5th Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (E), Mumbai - 400098	U67190MH2007PTC168303	Associate	30.00	2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1 Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks/FI		5,622,578	5,622,578	100.00		5,622,578	5,622,578	100.00	0.00
f) Any Other	-	-	-	-	-	-	-	-	-
Sub total (A) (1)	**-**	**5,622,578**	**5,622,578**	**100.00**	**-**	**5,622,578**	**5,622,578**	**100.00**	**0.00**
2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**-**	**5,622,578**	**5,622,578**	**100.00**	**-**	**5,622,578**	**5,622,578**	**100.00**	**0.00**
B. Public Shareholding as per classification given by Depository									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Bodies Corporate	-	-	-	-	-	-	-	-	-
Foreign Bank	-	-	-	-	-	-	-	-	-
Foreign Bodies	-	-	-	-	-	-	-	-	-
Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-	-
HUF	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total(B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	5,622,578	5,622,578	100.00	-	5,622,578	5,622,578	100.00	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	KOTAK MAHINDRA BANK LTD.	5,622,458	100.00	0	5,622,458	100.00	0.00	0.00
2	NOMINEES OF KOTAK MAHINDRA BANK LTD.							
	(JOINTLY HOLDING WITH KOTAK MAHINDRA BANK LTD.)							
	Mr. C Jayaram	10	0.00	0	10	0.00	0.00	0.00
	Mr. Narayan S.A	10	0.00	0	10	0.00	0.00	0.00
	Mr. K.V.S. Manian	20	0.00	0	20	0.00	0.00	0.00
	Mr. Dipak Gupta	20	0.00	0	20	0.00	0.00	0.00
	Ms. Shanti Ekambaram	20	0.00	0	20	0.00	0.00	0.00
	Mr. Gaurang Shah	10	0.00	0	10	0.00	0.00	0.00
	Mr. Jaimin Bhatt	20	0.00	0	20	0.00	0.00	0.00
	Mr. T.V. Raghunath	10	0.00	0	10	0.00	0.00	0.00
	Total	**5,622,578**	**100.00**	**0**	**5,622,578**	**100.00**	**0.00**	**0.00**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company
	At the beginning of the year	No Change			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	No Change			
	At the End of the year	No Change			

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl no	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of share	% of total shares of the company	No. of shares - Decrease	No. of shares - Increase	Reason		No. of shares	% of total shares of the company
				NIL					

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. no	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding			Date of change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares - Decrease	No. of shares - Increase	Reason		No. of shares	% of total shares of the Company
	DIRECTORS								
	(Holding shares as nominee of Kotak Mahindra Bank Ltd. jointly with Kotak Mahindra Bank Ltd.)								
1	K.V.S. Manian	20	0.00	-	-	-	31/3/2019	20	0.00
							31/3/2020	20	0.00
	KEY MANAGERIAL PERSONNEL				**NIL**				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakh)

		Secured Loans excluding deposits	Unsecured Loans	Deposits (Inter Corporate Deposits)	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	313,589.97	486,843.72	41,950.00	842,383.69
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	10,118.32	13,393.50	1,935.51	25,447.33
Total (i+ii+iii)		**323,708.29**	**500,237.22**	**43,885.51**	**867,831.02**
Change in Indebtedness during the financial year					
•	Addition	327,628.75	559,272.67	115,300.00	1,002,201.42
•	Reduction	301,754.41	852,417.20	121,350.00	1,275,521.61
Net Change		**25,874.35**	**(293,144.53)**	**(6,050.00)**	**(273,320.19)**
Indebtedness at the end of the financial year					
i)	Principal Amount	339,464.31	193,699.19	35,900.00	569,063.50
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	15,879.20	5,044.65	749.56	21,673.40
Total (i+ii+iii)		**355,343.51**	**198,743.83**	**36,649.56**	**590,736.90**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: NOT APPLICABLE

(₹ in Lakh)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961@	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit		
	- Others, specify…		
	Others, please specify	-	-
	Total (A)	**-**	**-**
	Ceiling as per the Act		

B. REMUNERATION TO OTHER DIRECTORS

(₹ in Lakh)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
1	**Independent Directors**	**Mr. Chandrashekhar Sathe**	**Ms. Padmini Khare Kaicker**	
	Fee for attending board / committee meetings	6.80	7.20	14.00
	Commission **	5.00	5.00	10.00
	Others, please specify	-	-	-
	Total (1)	**11.80**	**12.20**	**24.00**
2	**Other Non-Executive Directors**		**NIL**	
	Fee for attending board / committee meetings			
	Commission			
	Others - Remuneration			
	Total (2)			
	Total (B)=(1+2)			**24.00**
	Total Managerial Remuneration			
	Overall Ceiling as per the Act *			

Note:

** Remuneration payable shall not exceed 1% of the net profit of the Company*
*** Commission pertaining to FY 2018-19 paid during FY 2019-20*

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Lakh)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Amit Bagri – Chief Executive Officer	Mr. Jignesh Dave, Company Secretary & Executive Vice President - Legal	Mr. Deepak Goel, Chief Financial Officer	
1.	Gross salary *				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	182.87	94.41	69.20	346.47
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961 @	05.08	29.83	29.80	164.71
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	Cost	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit				
	- others, specify…				
5.	Others, please specify	-	-	-	-
	Total	**287.95**	**124.24**	**99.00**	**511.18**

Notes:
@ The perquisite value towards stock options is the difference between exercise price and market price on the date of exercise. The same amounting is not paid by the Company.
* Gross salary includes Basic salary, House Rent Allowance, Professional Allowance, Reimbursement of Medical expenses, Transport Allowance, Leave Travel Allowance, Annual Incentives and cost towards Stock Appreciation Rights.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY			**NIL**		
Penalty					
Punishment					
Compounding					
B. DIRECTORS			**NIL**		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT			**NIL**		
Penalty					
Punishment					
Compounding					

Annexure - B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

KOTAK MAHINDRA INVESTMENTS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KOTAK MAHINDRA INVESTMENTS LIMITED** (hereinafter called the **"Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Company's** books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time:

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

(vi) Other laws specifically applicable to the Company, namely:

   a. All the Rules, Regulations, Directions, Guidelines and Circulars applicable to Non Banking Financial Companies under the RBI Act, 1934

   b. Non- Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank Directions, 2016)

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited and BSE Limited with respect to Non Convertible Debentures issued by the Company read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

(a) Issuance of secured, redeemable, non-convertible debentures during financial year 2019-20: Rs 1758.70 crores

(b) Redemption of secured, redeemable, non-convertible debentures during financial year 2019-20: Rs 1803.10 crores

For Parikh & Associates
Company Secretaries

Jeenal Jain
Partner
ACS No: 43855 CP No: 21246
UDIN : A043855B000372471

Place: Mumbai
Date: 24/06/2020

This Report is to be read with our letter of even date which is annexed as Annexure I and Forms an integral part of this report.

Annexure 'I'

To,

The Members

KOTAK MAHINDRA INVESTMENTS LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates
Company Secretaries

Jeenal Jain
Partner
ACS No: 43855 CP No: 21246
UDIN : A043855B000372471

Place: Mumbai
Date: 24/06/2020

Annexure - C

CSR REPORT

Pursuant to provisions of Section 135(4)(1) of the Companies Act, 2013, read with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014

1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	CSR activities at Kotak Mahindra Investments Limited are carried out in association with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding company. CSR Projects / Programme undertaken through Kotak Education Foundation. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013. https://kmil.co.in/policies.html
2	The Composition of the CSR Committee.	CSR Committee comprises of following Directors: 1. Mr. Chandrashekhar Sathe – Chairman 2. Mr. KVS Manian 3. Mr. Arvind Kathpalia 4. Mr. Paritosh Kashyap
3	Average net profit of the company for last three financial years (Amount in crore)	₹296.40 crore
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (Amount in crore)	₹5.928 crore
5	Details of CSR spent during the financial year.	Details have been mentioned below
	(1) Total amount to be spent for the F.Y. (2) Amount unspent , if any; (3) Manner in which the amount spent during the financial year :	

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Kotak Mahindra Investments Limited (KMIL) further referred to as your Company, has constituted a Board Corporate Social Responsibility Committee (CSR Committee) and consists of the following Directors:

1. Mr. Chandrashekhar Sathe

2. Mr. Arvind Kathpalia

3. Mr. KVS Manian

4. Mr. Paritosh Kashyap

Your Company's CSR Committee is responsible to monitor, review and approve CSR initiatives and expenditure. It also makes recommendations to the Board on CSR Policy and related matters. It is the CSR Committees role to oversee the implementation of all the CSR activities of the Company.

The CSR approach of your Company is charted out in its Board approved CSR policy. This policy sets out your Company's vision, mission, governance, and CSR focus areas to fulfill its inclusive growth agenda in India. It also demonstrates your Company's contribution towards the economic, environmental and social growth of the nation and is also committed to contribute towards United Nation's (UN) Sustainable Development Goals (SDGs).

The Company's CSR policy is available on the Company's website viz. URL: https://kmil.co.in/

The CSR policy, projects, programmes and the CSR expenditure are all compliant with the CSR mandate as specified under section 134, section 135 read with schedule VII of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time.

The average net profit U/S 198 of the Company for the last three financial years preceding 31st March, 2020 is ₹ 296.40 Crore.

The prescribed CSR expenditure required U/S 135, of the Act for FY 2019-20 is ₹ 5.93 Crore.

The CSR expenditure incurred for the period 1st April 2019 to 31st March 2020 under Section 135 of Companies Act, 2013 amounts to ₹ 3.11 Crore as against ₹ 2.46 Crore CSR spend for the same period in FY 2018-19. The unutilised CSR Expenditure, for FY 2019-20, from the prescribed CSR expenditure requirement U/S 135 is ₹ 2.82 Crore, and the deficit of the unutilised CSR Expenditure from the prescribed CSR expenditure amount U/S for FY 2019-20, is ₹ 2.82 Crore.

CSR expenditure of ₹ 3.11 Crore in FY 2019-20 as a percentage of average net profit U/S 198 of the Company for the last three financial years preceding 31st March, 2020 at ₹ 296.40 Crore is about 1.05%.

It's the constant endeavour of the Company to enhance its CSR capabilities by adopting a purpose driven CSR approach, focusing on sustainable and scalable programmes, spreading in focused geographies and aligning to SDGs and the national narrative.

The implementation of the CSR projects and programmes is done directly and /or through selected partner who may be either governmental agencies, NGOs and/or other institution, having a proven track record to implement cost and process efficient CSR projects and/or programmes that are scalable, sustainable, and have measurable social outcomes and impact. Also, the implementation is done through employee volunteering. The Company's CSR footprint has been consistently increasing over the years. The Company is committed to stepping-up its CSR programmes and expenditure in the years ahead. Foremost reason for underutilisation of the Company's CSR expenditure is the NGOs' inability to utilise large CSR expenditure allocated under the Company's CSR Programmes.

Education & Livelihood

Your Company has taken several initiatives in Education & Livelihood to empower young people from underprivileged background through various education and livelihood based initiatives.

Through implementation partner Pratham Education Foundation (Pratham), your Company provided vocational skill and training in the field of Construction, Electrical, Plumbing and Welding to the youth from the disadvantaged backgrounds. In FY2019-20, through partner NGO Pratham, your Company trained 1,391 youth and provided placement to more than 1,168 youth in various sector related jobs across different cities such as Latur, Kolhapur, Ahmednagar, Cuttack and Raipur in India. The long-term objective of this Programme is to provide industry training and livelihood opportunities to these youth.

Your Company through implementation partner Kotak Education Foundation (KEF) has also been working to enhance student learning outcomes and the economic & social wellbeing of the beneficiaries through various education and livelihood programmes. The NGO worked across 100 schools in 14 wards in Mumbai in FY2019-20. KEF works extensively across Mumbai to strengthen the Education system by providing training support to the leaders and teachers of the schools through its LEAD and GURU Programmes, the spoken English programme UMANG works with the children from class 6th onwards. KEF also works on the health aspects of the students by providing nutritious meals through Mid-Day Meal Programme, Kishori Sehat Abhiyan, and Eye-care. PARVARISH Programme works with the parents thereby building their capacities. UNNATI, is the skill training programme which trains youth to become either job ready or self-reliant.

Your Company does not consider "administrative overheads" as a part of its CSR expenditure.

The CSR Committee of the Board confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The details of CSR activities and spends under Section 135 of the Companies Act, 2013 for FY 2019-20.

Sl. No	CSR project/ activity identified	Sector in which the project is covered	Area of project implementation (Name of the District / s, State / s where project / programme was undertaken	Programme / project wise budgeted amount (₹ Lakh)	Programme / project wise actual spend during the year – Direct expenditures (₹ Lakh)	Programme / project wise actual spend during the year – Overheads (₹ Lakh)	Cumulative Expenditure upto reporting period (since FY 2014-15) (₹ Lakh)	Amount spent Dierct or through implementing agency (₹ Lakh)
1	Education & Livelihood	Promoting education and employment enhancing vocation skills	Mumbai, Maharashtra Ahmednagar, Kolhapur, Latur - Maharashtra, Raipur - Chattishgarh, Cuttack - Odisha	593.0	278.1*	21.6*	662.0	Implementing Agency – 311.0

**Out of ₹ 311.0 Lakh CSR Expenditure payment made to partner NGOs by the Company under its CSR Programme on Education & Livelihood in FY 2019-20, ₹ 11.3 Lakh was unspent by the NGOs, as of 31st March, 2020. The NGOs have assured that they will utilise these unspent CSR funds towards the Company's Programmes in FY2020-21.*

Paritosh Kashyap
Director

Chandrashekhar Sathe
Chairman - CSR Committee

Independent Auditor's Report

To the Members of Kotak Mahindra Investments Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying standalone financial statements of Kotak Mahindra Investments Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

4. We draw attention to Note 1.2 E XIII to the standalone financial statements, which explains the uncertainties and the management's assessment of the financial impact, due to the country-wide lock-downs and other restrictions imposed by the Government of India and other factors impacting the Company's operation due to the COVID-19 pandemic, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
I. Expected Credit Loss (ECL) provision in respect of Loans (refer Note 1.4 C for accounting policy and Note 5 and 6 for ECL provision) As detailed in Note 5 and 6, the Company has loans and investments carried at amortized cost amounting to ₹ 546,363.98 lakhs (gross) and ₹ 50,039.54 lakhs respectively as at March 31, 2020. The Company holds ECL provision of ₹ 11,327.43 lakhs and ₹ 318.36 lakhs against such loans and investments respectively. As discussed in note 1.4 C, ECL provision has been determined in accordance with Ind AS 109 – Financial Instruments and is significant to the standalone financial statements. We focused on this area as determining ECL provision requires significant judgements by the management. Key areas of judgement included: - Assumptions used in the expected credit loss provision such as the financial condition of the counterparty, probability of default, expected future cash flows, expected loss in case of default. - The identification of exposures with a significant increase in credit risk from initial recognition of loans.	We carried out following procedures in respect to ECL provision: - held discussions with management and obtained understanding of significant assumptions like probability of default, loss given default and exposure at default used for making assessment of ECL provision. - Understood from the management and evaluated the design and tested operating effectiveness of controls in respect of significant assumptions like probability of default, loss given default and exposure at default including appropriate approvals and mathematical accuracy, which are used in making the assessment of ECL provision. - Involved auditor's expert to assess the appropriateness of the assumptions and judgement made by management used to calculate ECL provision. - Traced key data inputs used to compute the ECL provision on a sample basis to assess their accuracy and completeness. - Ensured mathematical accuracy of the ECL provision by performing recalculations on sample basis. Based on above audit procedures performed, we did not note any significant exceptions to Expected Credit Loss (ECL) provision in respect of financial assets.

Key audit matter	How our audit addressed the key audit matter
II. Appropriateness of the recognition of Interest Income following Effective Interest Rate Approach Refer Note 5, 6 and 21 of the standalone financial statements. The Company has recognized the interest income based on effective interest rate (EIR) approach. The total interest income recognized in current year under EIR accounting is Rs. 97,322.24 lakhs. For computation of EIR, the Company has identified the cost and revenue (called as EIR component) which are directly attributed to the respective loan account. The Company has followed two approaches for treating the EIR component for the respective loans. In case of loans which are having revolving facility, the identified EIR component is amortised over the tenure of the loan on straight line basis and in case of fixed period loan, the EIR component is amortised on the basis of effective interest rate over the period of the loan. Key inputs used in the computation of EIR , in case of fixed period loan, is impacted by the management's assumptions in respect of timing of future cash outflow (i.e. disbursement of loans). Given the inherent subjectivity in the assumptions and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	We carried out following procedures in respect income recognition as per EIR approach – • Understood from the management and tested the design and operating effectiveness of the key controls surrounding the calculations of EIR and computation of interest income based on the same. • For selected samples, assessed the reasonableness of key assumptions / inputs used in assessing the customers' behavior which is used for estimating future cash out flows (i.e. disbursement of loans) in case of fixed period loan. • For selected samples, tested the arithmetical accuracy of the calculation of EIR and amortization of interest income, over the period of the loan. Based on available evidence and above procedures performed, we did not find any material exceptions to the recognition of interest income following EIR approach.

OTHER INFORMATION

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the standalone financial statements and our auditor's report thereon.

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

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

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

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

i. The Company does not have any pending litigations as at March 31, 2020, which would impact its financial position, refer to note 32 of the standalone financial statements;

ii. Provision has been made in the standalone financial statements, as required by the applicable laws and accounting principles generally accepted in India, for material foreseeable losses, on long-term contracts, including derivative contracts – Refer Notes 5, 6 and 12 to the standalone financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Sharad Vasant
Partner
Membership Number: 101119

UDIN: 20101119AAAACU7607

Mumbai
June 25, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Kotak Mahindra Investments Limited on the standalone financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of Kotak Mahindra Investments Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

OPINION

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Sharad Vasant
Partner
Membership Number: 101119

UDIN: 20101119AAAACU7607

Mumbai
June 25, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Kotak Mahindra Investments Limited on the standalone financial statements as of and for the year ended March 31, 2020

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 8 on fixed assets to the financial statements, are held in the name of the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company is a Non-Banking Finance Company registered with the Reserve Bank of India and engaged in the business of providing loans. Accordingly, the provisions of Section 185 is not applicable to the Company. Hence, reporting under Clause 3(iv) of the said Order, to the extent of reporting on Section 185 of the Act, is not applicable to the Company.

In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the loans or investments made, or guarantees or security provided by it, to the extent applicable.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, good and service tax, cess , and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 32 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Final Assessment order	32	April 1, 2013 to March 31, 2014	Commissioner of Income Tax (Appeals)

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non Banking financial institution.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Sharad Vasant
Partner
Membership Number: 101119

UDIN: 20101119AAAACU7607

Mumbai
June 25, 2020

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Balance Sheet

as at 31st March, 2020

(Amount in lakhs)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	2	158,990.51	27,418.60
Bank Balance other than cash and cash equivalents	3	1,497.07	22,798.78
Receivables			
(I) Trade receivables	4(A)	58.78	539.70
(II) Other receivables	4(B)	382.25	181.56
Loans	5	535,036.55	874,210.27
Investments	6	83,185.13	100,948.93
Other Financial assets	7	197.71	110.15
Total financial assets		**779,348.00**	**1,026,207.99**
Non-financial assets			
Current Tax assets (Net)	30	995.19	472.90
Deferred Tax assets (Net)	30	2,911.86	2,656.84
Property, Plant and Equipment	8	218.75	198.72
Intangible assets under development	9	333.43	6.00
Other intangible assets	10	18.82	16.23
Other Non-financial assets	11	241.68	311.22
Total Non-financial assets		**4,719.73**	**3,661.91**
Total Assets		**784,067.73**	**1,029,869.90**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	5,441.02	-
Payables	13		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2,834.80	389.77
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,440.75	517.95
Debt securities	14	306,140.54	297,777.68
Borrowings (Other than Debt Securities)	15	263,996.56	549,826.27
Subordinated Liabilities	16	20,241.93	20,239.09
Total financial liabilities		**600,095.60**	**868,750.76**
Non-Financial liabilities			
Current tax liabilities (Net)	30	852.90	1,651.85
Provisions	17	676.18	696.94
Other non-financial liabilities	18	755.02	1,310.30
Total Non-financial liabilities		**2,284.10**	**3,659.09**
EQUITY			
Equity Share Capital	19	562.26	562.26
Other equity	20	181,125.77	156,897.79
Sub total		**181,688.03**	**157,460.05**
Total Liabilities and equity		**784,067.73**	**1,029,869.90**
Significant Accounting Policies and Notes on Accounts	1		

This is the Standalone Balance sheet referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant Partner
Partner
Membership No: 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

Standalone Statement of Profit and Loss

for the year ended 31st March, 2020

(Amount in lakhs)

	Particulars	Note no.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	REVENUE FROM OPERATIONS			
(i)	Interest income	21	100,340.39	91,440.80
(ii)	Dividend income	22	340.29	125.94
(iii)	Fees and commission income	23	427.81	327.89
(iv)	Net gain/(loss) on financial instruments measured on fair value	24	2,827.40	3,728.04
(v)	Others		96.35	325.41
(I)	**Total revenue from operations**		**104,032.24**	**95,948.08**
(II)	**Other income**	25	**1,040.20**	**210.28**
(III)	**Total income (I + II)**		**105,072.44**	**96,158.36**
	EXPENSES			
(i)	Finance costs	26	59,897.09	57,113.96
(ii)	Impairment on financial instruments	27	5,580.46	2,614.31
(iii)	Employee Benefits expenses	28	3,026.04	2,726.57
(iv)	Depreciation, amortization and impairment	8 & 9	93.73	88.00
(v)	Other expenses	29	3,116.06	2,775.94
(IV)	**Total expenses**		**71,713.38**	**65,318.78**
(V)	**Profit/(loss) before tax**		**33,359.06**	**30,839.58**
(VI)	**Tax expense**	**30**		
	(1) Current tax		(9,459.99)	(11,294.93)
	(2) Deferred tax		236.94	513.36
	Total tax expense (1+2)		**(9,223.05)**	**(10,781.57)**
(VII)	**Profit/(loss) for the year (V+VI)**		**24,136.01**	**20,058.01**
(VIII)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		(19.87)	(45.57)
	(ii) Income tax relating to above items		5.00	15.93
	Total (A)		**(14.87)**	**(29.64)**
	(B) Items that will be reclassified to profit or loss			
	(i) Debt Instruments through Other Comprehensive Income		(37.44)	(727.17)
	(ii) Income tax relating to items that will be reclassified to profit or loss		13.09	254.10
	Total (B)		**(24.35)**	**(473.07)**
	Other comprehensive income (A + B)		(39.22)	(502.71)
(IX)	**Total Comprehensive Income for the year (VII+VIII)**		**24,096.79**	**19,555.30**
(X)	**Earnings per equity share - Basic and Diluted (Rs.)**	31	**429.27**	**356.74**
	Significant Accounting Policies and Notes on Accounts	1		

This is the Standalone Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant Partner
Partner
Membership No: 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

Standalone Statement of Cash Flows

for the year ended 31st March, 2020

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from operating activities		
Profit before tax	**33,359.06**	**30,839.58**
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortization expense	93.73	88.00
Dividend Received	(340.29)	(125.94)
Profit on Sale of Property, Plant and Equipment	(7.00)	(15.72)
Impairment on financial instruments	5,580.46	2,614.31
Net gain/ (loss) on financial instruments at fair value through profit or loss	(3,454.47)	(3,728.04)
Interest on Borrowing	59,897.09	57,113.96
Interest on Borrowing paid	(56,871.57)	(61,278.11)
ESOP Expense	131.19	119.91
Remeasurements of the defined benefit plans	(19.87)	(45.57)
Debt Instruments through Other Comprehensive Income	(37.44)	(727.17)
Operating profit before working capital changes	**38,330.89**	**24,855.21**
Working capital adjustments		
(Increase) / Decrease in Bank Balance other than cash and cash equivalent	21,305.86	(12,422.44)
(Increase) / Decrease in Loans	333,548.19	(115,669.14)
(Increase) / Decrease in Receivables	278.28	(123.56)
(Increase) / Decrease in Other Financial Assets	(90.00)	(110.45)
(Increase) / Decrease in Other Non Financial Assets	69.54	(106.85)
Increase / (Decrease) in Trade payables	2,445.03	1,146.56
Increase / (Decrease) in other payables	922.79	(417.90)
Increase / (Decrease) in other non-financial liabilities	(555.29)	917.76
Increase / (Decrease) provisions	(20.76)	0.28
(Increase) / Decrease in unamortized discount	38,733.44	40,560.44
	396,637.08	**(86,225.30)**
Net Cash (used in) / generated from operations	434,967.97	(61,370.09)
Income tax paid (net)	(10,781.22)	(11,522.27)
Net cash (used in) / generated from operating activities	**424,186.75**	**(72,892.36)**
Cash flow from investing activities		
Purchase of investments	(9,587,020.53)	(8,741,782.49)
Sale of investments	9,608,508.55	8,722,881.95
Purchase of Property, Plant and Equipment	(451.82)	(218.28)
Sale of Property, Plant and Equipment	15.05	20.95
Dividend on investments	340.29	125.94
Net cash (used in) / generated from investing activities	**21,391.54**	**(18,971.93)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from financing activities		
Proceeds from Debt Securities	174,089.50	224,927.43
Repayment of Debt Securities	(181,125.81)	(96,000.00)
Intercorporate Deposit issued	115,300.00	110,450.00
Intercorporate Deposit Redeemed	(121,350.00)	(159,000.00)
Commercial Paper issued	559,272.67	821,189.75
Commercial Paper Redeemed	(883,023.48)	(799,000.00)
Increase/(Decrease) in Bank overdraft	22,856.39	(8,994.43)
Net cash (used in) / generated from Financing Activites	**(313,980.73)**	**93,572.75**
Net (decrease) / increase in cash and cash equivalents	**131,597.57**	**1,708.46**
Cash and cash equivalents at the beginning of the year	27,423.95	25,715.49
Cash and cash equivalents at the end of the year	**159,021.52**	**27,423.95**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 2)		
Balances with banks in current account	159,021.52	27,423.95
Cash and cash equivalents as restated as at the year end *	**159,021.52**	**27,423.95**

* Cash and cash equivalents shown in Balance Sheet is net of ECL provision of ₹ 31.01 lakhs as at March 31st, 2020 (Previous year: ₹ 5.35 lakhs)

I) The above Statement of cash flow has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Statement of cash flow'.
II) Net Debt Reconciliation - Refer Note 16(1)
III) Non-cash financing activity
ESOP from parent of ₹ 131.19 lakh for year ended March 31st, 2020 (March 31st, 2019 - ₹ 119.91 lakh)
IV) The previous year's figures have been re-grouped, wherever necessary in order to conform to this year's presentation.

This is the Standalone Statement of cash flow referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant Partner
Partner
Membership No: 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

Standalone Statement of Changes in Equity

for the year ended 31st March, 2020

A. EQUITY SHARE CAPITAL

(Amount in Lakhs)

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
Equity shares of Rs. 10 each fully paid up			
As on March 31st, 2019	562.26	-	562.26
As on March 31st, 2020	562.26	-	562.26

B. OTHER EQUITY

(Amount in Lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Total
	Securities premium	Capital redemption reserve	General Reserve	Special Reserve	Capital Contribution from Parent	Retained earnings		
Opening balance as on March 31st, 2018	**33,545.76**	**1,003.85**	**431.10**	**20,150.20**	**178.38**	**81,415.87**	**497.42**	**137,222.58**
Profit for the year	-	-	-	-	-	20,058.01	-	20,058.01
Other Comprehensive Income for the year	-	-	-	-	-	(29.64)	(473.07)	(502.71)
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	4,139.89	-	(4,139.89)	-	-
Fair value of ESOP	-	-	-	-	119.91	-	-	119.91
Changes during the period	**-**	**-**	**-**	**4,139.89**	**119.91**	**15,888.48**	**(473.07)**	**19,675.21**
Closing balance as on March 31st, 2019	**33,545.76**	**1,003.85**	**431.10**	**24,290.09**	**298.29**	**97,304.35**	**24.35**	**156,897.79**
Opening balance as on March 31st, 2019	**33,545.76**	**1,003.85**	**431.10**	**24,290.09**	**298.29**	**97,304.35**	**24.35**	**156,897.79**
Profit for the year	-	-	-	-	-	24,136.01	-	24,136.01
Other Comprehensive Income for the year	-	-	-	-	-	(14.87)	(24.35)	(39.22)
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	5,402.57	-	(5,402.57)	-	-
Fair value of ESOP	-	-	-	-	131.19	-	-	131.19
Changes during the period	**-**	**-**	**-**	**5,402.57**	**131.19**	**18,718.57**	**(24.35)**	**24,227.98**
Closing balance as on March 31st, 2020	**33,545.76**	**1,003.85**	**431.10**	**29,692.66**	**429.48**	**116,022.92**	**(0.00)**	**181,125.77**

Nature and purpose of reserve - Refer Note 20.1

This is the Standalone Statement of Changes in Equity referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Sharad Vasant Partner
Partner
Membership No: 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

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Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

1.1. CORPORATE INFORMATION

Kotak Mahindra Investments Limited (the Company) is registered as a Non-Banking Financial Company with Reserve Bank of India. The Company is engaged in providing finance for developer funding, corporate loans, and such other activities as holding long term strategic investments. The Company is a 100% subsidiary of Kotak Mahindra Bank Ltd.

The Company's registered office is at 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051

1.2. BASIS OF PREPARATION

A. Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and relevant provisions of the Companies Act, 2013.

The standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the standalone financial statements.

These standalone financial statements were authorized for issue by the Company's Board of Directors on 24th June, 2020.

B. Basis of measurement

The standalone financial statements have been prepared on a historical cost basis except for the following items:

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments);
- Share-based payments – measured at fair value (refer accounting policy regarding share based payments).

C. Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All the amounts are rounded to the nearest lakhs with two decimals, except when otherwise indicated.

D. Adoption of new and revised standards

On 30 March 2019, the Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective from April 1, 2019 ('the date of transition'), the Company applied Ind AS 116 retrospectively to all leases previously classified as operating leases. The Company has used practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17. Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of assets and leases for which the underlying asset is of low value on a lease-by-lease basis.

Refer note 1.6 (R) and 1.6 (S) – Significant accounting policies – Leases in the Financial statements of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

E. Use of estimates and judgements

The preparation of standalone financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have effect on their recognition and measurement in Balances Sheet and Statement of Profit and Loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgement, estimates and assumptions are required in particular for:

I. Determination of estimated useful lives of property, plant, equipment

Useful lives of property, plant and equipment are based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

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Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

II. Determination of lease term:

Ind AS 116 – Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

III. Recognition and Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in note 37.

IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, depreciation carry-forwards and unused tax credits could be utilized.

V. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

VI. Discounting of long-term financial assets/liabilities

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets/liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

VII. Fair value of share-based payments

Share-based compensation benefits are provided to employees via the (a) Kotak Mahindra Equity Option Scheme 2007; and (b) Kotak Mahindra Equity Option Scheme 2015 (the 'Option Plan') managed by Kotak Mahindra Bank Limited (the Holding Company), an employee share scheme and share-appreciation rights.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Company initially measures the cost of cash-settled transactions with employees using a Black-Scholes model. Key assumptions have been made with respect to expected volatility including share price, expected dividends and discount rate, under this option pricing model. For cash-settled share-based payment transactions, the liability needs to be re-measured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in the Statement of Profit and Loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 38.

VIII. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 36.

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Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

IX. Business model assessment

Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

X. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given (timing of disbursement)/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, changes to benchmark rate and other fee income/expense that are integral parts of the instrument.

XI. Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost and Fair Value through Other Comprehensive Income (FVOCI) except investment in equity instruments classified as FVOCI. At each reporting date, the Company assesses whether the above financial assets are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

XII. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The 'value in use' calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes

XIII. Estimation uncertainty relating to the global health pandemic on COVID-19:

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 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 indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns and other factors. On March 24, 2020, the Indian government announced a 21-day lockdown which was extended twice, across the country to contain the spread of virus.

The Company, being a NBFC, is in the business of providing loans to real estate developers, loans against securities, corporate loans and makes investments. The Company has made an assessment of its liquidity position applying stress scenarios. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial results/statements.

The Indian Government, the Reserve Bank of India and other regulators have announced various measures and relaxations acknowledging the current situation to ensure that there is enough liquidity in the hands of market participants and provided moratoriums to the borrowers in terms of their repayments to the financial institutions.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. In respect of accounts where moratorium benefit has been granted, days past due (DPD) status of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020. The granting of moratorium does not result in

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Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

accounts becoming past due and automatically triggering forward movement to Stage 2 or Stage 3. However Company has assessed such accounts based on qualitative factors and wherever Company assessed, there may have been significant increase in credit Risk, financial assets have been classified to Stage II and accordingly impairment allowance for lifetime expected loss is provided. The Company continues to recognize interest income during the moratorium period in the absence of other credit risk indicators.

The Company has further assessed the recoverability and carrying value of its assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial results/statements, other than those already considered.

The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic on following items may be different from that estimated as at the date of approval of Company's Standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

i. Impairment on Financial Assets

In assessing the recoverability of loans, investment in debt instruments and trade receivables, the Company has considered internal and external information, credit reports and economic forecasts. Basis the above information, the Company has assessed the staging criteria, external rating from credit rating agencies, macro-economic factors and loss given default. Accordingly, the impairment on the financial assets has been computed.

ii. Fair value of financial instruments

Fair value hierarchy of financial assets which are carried at fair value are classified as Level 1, Level 2 and Level 3 as at 31st March 2020.

Financial assets which are classified as Level 1 is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt mutual funds and accordingly, any material volatility is not expected. For fair values of financial assets and financial liabilities measured at amortized cost which are classified as Level 2, uncertainties arising out of COVID-19 is incorporated in discounts rates, credit spread and expected cash flows.

Investment in venture capital fund, preference shares and equity instruments are valued at fair value classified as level III. The Company has considered unobservable inputs such as discounting rates, cashflow estimates that reflects the risk and uncertainty associated with investment due to impact of COVID 19.

iii. Leases

The Company has entered into lease arrangement for Corporate and branch office for a term of one year. The Company does not foresee any change in terms of those leases due to COVID – 19.

1.3. AMENDMENTS TO EXISTING IND AS:

The Ministry of Corporate Affairs notifies new standard or amendments to existing standards. There is no such notification which would have been applicable from April 01, 2020.

1.4. SIGNIFICANT ACCOUNTING POLICIES

A. Revenue recognition

I. Interest income on financial assets is recognized on an accrual basis using effective interest (EIR) method other than the financial assets classified as measured at FVTPL. The EIR is determined considering all contractual terms, fees received, transaction costs incurred and all other premiums or discounts. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under stages 1 and 2 as against on amortised cost net of impairment allowance for the assets falling under impairment stage 3. Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

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

III. Fees income is recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out in Ind AS 115.

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Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

IV. Revenue from services is recognized net of taxes as and when the service is performed as per the relevant agreements.

V. Other revenue income is recognised when it is probable that consideration would be collected while considering the customer's ability and intention to pay when it is due.

B. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All regular way purchase or sale of financial instruments are recognised and derecognised on a trade date basis. Purchase or sale of unquoted instrument is recognised on the closing date or as and when the transaction is completed as per terms mentioned in relevant transaction agreement /document.

Financial assets

Classification

The company classifies its financial assets in the following measurement categories;

- those to be subsequently measured at (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with the way in which business is managed and information provided to the management. The information in conjunction with objective of business model includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.
- The Company monitors financial assets measured at Amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Based on the Company policy, it can sell financial assets out of Amortized cost business model under following scenarios:
    - If such financial assets no longer meets the credit criteria in Company's investment policy;
    - Credit Risk on a financial assets has increased significantly;
    - To meet liquidity needs in 'stress case scenarios' and does not anticipate selling these assets except in scenarios such as to fund unexpected outflow;
    - Sales are infrequent or insignificant in value both individually or in aggregate
    - if sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

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Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of assessing contractual cash flows, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- reset terms
- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the Statement of Profit and Loss. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. The losses if any, arising from impairment are recognised in the Statement of Profit and Loss.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(ii) Financial asset at fair value through Other Comprehensive Income (FVOCI)

Financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI. The impairment losses, if any, on such instrument is recognized through Statement of Profit and Loss.

After initial measurement, such financial assets are subsequently measured at fair value. Subsequent changes in the carrying amount of these financial assets as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in Statement of Profit and Loss. The amounts that are recognised in Statement of Profit and Loss are the same as the amounts that would have been recognised in Statement of Profit and Loss if these financial assets had been measured at amortised cost. All other changes in the carrying amount of these financial assets are recognised in other comprehensive income The loss allowance is recognized in 'Other Comprehensive Income' (OCI) and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit and Loss.

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Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

(iii) Financial asset at fair value through profit and loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Financial liabilities and equity instruments:

Classification as debt or equity -

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity

Financial Liabilities:

All financial liabilities are subsequently measured at amortised cost except when designated to be measured at FVTPL. Liabilities which are classified at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

C. Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)

The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI, such as loans, trade receivables, security deposit, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and FVOCI are credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired include observable data about the following events:

a. significant financial difficulty of the issuer or the borrower;

b. a breach of contract, such as a default or past due event;

c. the Company, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession(s) that the Company would not otherwise consider;

d. it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation;

e. the disappearance of an active market for that financial asset because of financial difficulties.

ECL are a probability weighted estimate of credit losses, measured as follows:

— Financial assets that are not credit impaired at the reporting date:

ECL has been estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and loss given default ('LGD').

PD has been computed using observed history of default and converted into forward looking PD's using suitable macro-economic variable data and other observable inputs.

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Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

— Financial assets that are credit impaired at the reporting date:

ECL has been estimated as the difference between the gross carrying amount and the present value of estimated future cash flows.

For trade receivables, the Company applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised:

- If the expected restructuring will not result in derecognition of the existing asset, expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset
- If the expected restructuring will result in derecognition of the existing asset and the recognition of modified asset, the modified asset is considered as a new financial asset. The date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The impairment loss allowance is measured at an amount equal to 12 month expected credit losses until there is a significant increase in credit risk. If modified financial asset is credit-impaired at initial recognition, the financial asset is recognized as originated credit impaired asset.

Criteria used for determination of movement from stage 1 (12 month ECL) to stage 2 (lifetime ECL) and stage 3 (Lifetime ECL)

The Company applies a three-stage approach to measure ECL on financial assets measured at amortised cost and FVOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations:

Stage 1: 12 month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

Stage 2: Lifetime ECL (not credit impaired):

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due (DPD) information and other qualitative factors to assess deterioration in credit quality of a financial asset.

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

Stage 3: Lifetime ECL (credit impaired):

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then after cooling off period (Refer Note 36.5.2.5.1) Expected Credit Loss reverts from lifetime ECL to 12-months ECL.

For financial instruments whose significant payment obligations are only after next 12 months, life time ECL has been applied.

Method used to compute lifetime ECL:

The Company calculates ECLs based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the present value of cash flows that the entity expects to receive. The Company applies statistical techniques to estimate 12 month ECL and lifetime ECL.

Manner in which forward looking assumptions has been incorporated in ECL estimates:

The Company considers its historical loss experience and adjusts it for current observable data. In addition, the Company uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively. The Company's ECL calculations are outputs of number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

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Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

D. Write-offs

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in Statement of Profit and Loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

E. Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

Financial Liabilities:

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

F. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Statement of Profit and Loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses, in other cases, it is presented as interest income.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit or loss.

Schedules

Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

G. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the lowest level inputs that are significant to the measurements, used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

H. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

I. Derivative financial instruments

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

J. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. Gain or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and recognized as income or expense in the Statement of Profit and Loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment 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 property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end. Estimated useful lives over which assets are depreciated are as follows:

Asset Type	Useful life in years
Premises	58
Leasehold Improvements	Over the period of lease subject to a maximum of 6 years
Office Equipment	5
Computers	3
Furniture and Fixtures	6
Vehicles	4

Schedules

Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

Used property, plant and equipment purchased are depreciated over the residual useful life from the date of original purchase. For property, plant and equipment purchased and sold during the year, depreciation is provided on pro rata basis by the Company.

Property, plant and equipment costing less than Rs.5,000 are fully depreciated in the year of purchase.

K. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Intangible assets are amortized over their estimated useful lives on a straight line basis, from the date they are available for use. Estimated useful life over which intangible assets are amortised are as follows:

Asset Type	Useful life in years
Software and System Development	3

L. Borrowing cost

Borrowing costs other than those directly attributable to qualifying Property, Plant and Equipment are recognised as an expense in the period in which they are incurred.

M. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current 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. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if:

I. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

II. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

N. Employee benefits

I. Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to the Statement of Profit and Loss when due.

II. The Company 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 Company recognizes such contributions as an expense in the year when an employee renders the related service.

III. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Company accounts for liability for future gratuity benefits based on actuarial valuation. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

Schedules

Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

IV. Remeasurement of all defined benefit plans, which comprise actuarial gains and losses are recognised immediately in other comprehensive income in the year they are incurred. Remeasurements are not reclassified to profit or loss in subsequent period. Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in profit or loss. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss

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

VI. The Company 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 Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.

VII. As per the Company's policy, employees of the Company are eligible for an award after completion of a specified number of years of service with the Company. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of fellow subsidiary.

O. Employee share based payments

Equity-settled scheme:

Equity-settled share-based payments made by the parent Company to the employees of the Company are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. Fair value determined at the grant date is reduced by payment, If any, made to the parent, is recognized as deemed contribution to equity from parent.

Cash-settled scheme:

The cost of cash-settled scheme (stock appreciation rights) is measured initially using fair value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This fair 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 settlement date with changes in fair value recognised in the Statement of Profit and Loss in 'Provision for Stock Appreciation Rights' under the head Employee Benefit Expense.

P. Segmental reporting

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

Company has four principal operating and reporting segments viz

- Commercial Real Estate
- Lending against securities and Corporate Loan structured products
- Margin funding
- Treasury and investments

Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to the Company as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Schedules

Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

Q. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

R. Provisions and contingent liabilities

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but disclosed in the notes. Contingent assets are neither recognised nor disclosed in standalone financial statements.

S. Leases

At the inception of the contract Company assess whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

(i) the contract involves the use of identified asset;

(ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and

(iii) the Company has right to direct the use of the asset.

As a lessee

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

T. Impairment of non financial assets

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

U. Investments in subsidiaries, associates and joint venture

The investments in subsidiaries, associates and joint ventures are carried in these financial statements at historical 'cost'.

V. Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits with banks. It also comprises of short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

W. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

Schedules

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 2 CASH AND CASH EQUIVALENTS*

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with banks:		
- In Current Account	22,431.73	24,923.95
- In Fixed Deposits with Bank having original maturity less than 3 months	136,589.79	2,500.00
	159,021.52	**27,423.95**
Less: Impairment loss allowance	(31.01)	(5.35)
Total	**158,990.51**	**27,418.60**

*There exists a charge on the Cash and Cash Equivalents held by the Company by way of charge in favour of the Debenture Trustee towards the debentures issued by the Company.

NOTE 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed deposit with banks	1,497.36	22,803.23
	1,497.36	**22,803.23**
Less: Impairment loss allowance	(0.29)	(4.45)
Total	**1,497.07**	**22,798.78**

NOTE 4 RECEIVABLES

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
A. Trade receivables		
Unsecured, considered good	59.65	542.02
Less: Impairment loss allowance	(0.87)	(2.32)
Total (A)	**58.78**	**539.70**
B. Other receivables		
Unsecured, considered good	387.87	182.34
Less: Impairment loss allowance	(5.62)	(0.78)
Total	**382.25**	**181.56**

Schedules

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 5 LOANS

(Amount in lakhs)

	Particulars	Amortised Cost	At Fair Value			Sub total	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
		(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
	As at 31st March, 2020						
(A)	(i) Revolving Loan	181,587.23	-	-	-	-	181,587.23
	(ii) Term Loans	364,776.75	-	-	-	-	364,776.75
	Total Gross (A)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.98**
	Less: Impairment loss allowance	(11,327.43)				-	(11,327.43)
	Total Net (A)	**535,036.55**	**-**	**-**	**-**	**-**	**535,036.55**
(B)	(i) Secured by tangible assets	515,125.98				-	515,125.98
	(ii) Unsecured	31,237.99				-	31,237.99
	Total Gross (B)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.98**
	Less: Impairment loss allowance	(11,327.43)	-	-	-	-	(11,327.43)
	Total Net (B)	**535,036.55**	**-**	**-**	**-**	**-**	**535,036.55**
(C)(I)	Loans in India						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	546,363.98	-	-	-	-	546,363.98
	Total Gross (C) (I)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.98**
	Less: Impairment loss allowance	(11,327.43)	-	-	-	-	(11,327.43)
	Total Net (C) (I)	**535,036.55**	**-**	**-**	**-**	**-**	**535,036.55**
	As at 31st March, 2019						
(A)	(i) Revolving Loan	521,489.90	-	-	-	-	521,489.90
	(ii) Term Loans	358,190.59	-	-	-	-	358,190.59
	Total Gross (A)	**879,680.49**	**-**	**-**	**-**	**-**	**879,680.49**
	Less: Impairment loss allowance	(5,470.22)	-	-	-	-	(5,470.22)
	Total Net (A)	**874,210.27**	**-**	**-**	**-**	**-**	**874,210.27**
(B)	(i) Secured by tangible assets	801,378.05				-	801,378.05
	(ii) Unsecured	78,302.44				-	78,302.44
	Total Gross (B)	**879,680.49**	**-**	**-**	**-**	**-**	**879,680.49**
	Less: Impairment loss allowance	(5,470.22)	-	-	-	-	(5,470.22)
	Total Net (B)	**874,210.27**	**-**	**-**	**-**	**-**	**874,210.27**
(C)(I)	Loans in India						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	879,680.49	-	-	-	-	879,680.49
	Total Gross (C)(I)	**879,680.49**	**-**	**-**	**-**	**-**	**879,680.49**
	Less: Impairment loss allowance	(5,470.22)	-	-	-	-	(5,470.22)
	Total Net (C) (I)	**874,210.27**	**-**	**-**	**-**	**-**	**874,210.27**

Schedules

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 6 INVESTMENTS

(Amount in lakhs)

	Particulars	Amortised Cost	At Fair Value			Sub total	Others*	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
		(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
	As at March 31st, 2020							
(A)	Mutual funds	-	-	22,000.51	-	22,000.51	-	22,000.51
	Debt securities	50,039.54	0.00	-	-	0.00	-	50,039.54
	Equity instruments	-	-	65.87	-	65.87	-	65.87
	Associates	-	-	-	-	-	6,100.50	6,100.50
	Venture Fund	-	-	1,530.97	-	1,530.97	-	1,530.97
	Preference Share	-	-	3,766.10	-	3,766.10	-	3,766.10
	Total Gross (A)	**50,039.54**	**0.00**	**27,363.45**	**-**	**27,363.45**	**6,100.50**	**83,503.49**
(B)	(i) Investments outside India	-	-	-	-	-	-	-
	(ii) Investments in India	50,039.54	0.00	27,363.45	-	27,363.45	6,100.50	83,503.49
	Total (B)	**50,039.54**	**0.00**	**27,363.45**	**-**	**27,363.45**	**6,100.50**	**83,503.49**
	Less: Impairment allowance	(318.36)	-	-	-	-	-	(318.36)
	Total Net	**49,721.18**	**0.00**	**27,363.45**	**-**	**27,363.45**	**6,100.50**	**83,185.13**
	As at March 31st, 2019							
(A)	Mutual funds	-	-	35,317.69	-	35,317.69	-	35,317.69
	Debt securities	50,079.84	3,844.22	-	-	3,844.22	-	53,924.06
	Equity instruments	-	-	65.87	-	65.87	-	65.87
	Associates	-	-	-	-	-	6,100.51	6,100.51
	Joint ventures	-	-	-	-	-	185.49	185.49
	Venture Fund	-	-	1,739.60	-	1,739.60	-	1,739.60
	Preference Share	-	-	3,993.90	-	3,993.90	-	3,993.90
	Total Gross (A)	**50,079.84**	**3,844.22**	**41,117.06**	**-**	**44,961.28**	**6,286.00**	**101,327.12**
(B)	(i) Investments outside India	-	-	-	-	-	-	-
	(ii) Investments in India	50,079.84	3,844.22	41,117.06	-	44,961.28	6,286.00	101,327.12
	Total (B)	**50,079.84**	**3,844.22**	**41,117.06**	**-**	**44,961.28**	**6,286.00**	**101,327.12**
	Less: Impairment allowance	(378.19)	-	-	-	-	-	(378.19)
	Total Net	**49,701.65**	**3,844.22**	**41,117.06**	**-**	**44,961.28**	**6,286.00**	**100,948.93**

*Investments in Joint Ventures and Associates have been measured at carrying cost as per the exemption available under Ind AS 101.

Schedules

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 7 OTHER FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deposits with Clearing Corporation of India(CCIL)	200.00	110.00
Other deposits	0.62	0.62
Less: Impairment loss allowance	(2.91)	(0.47)
Total	**197.71**	**110.15**

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in Lakhs)

Particulars	Buildings*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
At cost as on March 31st, 2018	**7.61**	**-**	**96.23**	**5.92**	**22.94**	**132.70**
Additions during the year	-	-	188.08	-	20.65	208.73
Disposals during the year	-	-	(23.06)	-	(0.28)	(23.34)
At cost as on March 31st, 2019	**7.61**	**-**	**261.25**	**5.92**	**43.31**	**318.09**
Accumulated depreciation and impairment as on March 31st, 2018	**0.18**	**-**	**45.36**	**1.50**	**10.86**	**57.90**
Depreciation for the year	0.18	-	65.02	1.49	12.88	79.57
Disposals during the year	-	-	(17.82)	-	(0.28)	(18.10)
Accumulated depreciation and impairment as on March 31st, 2019	**0.36**	**-**	**92.56**	**2.99**	**23.46**	**119.37**
Net carrying amount as on March 31st, 2019	**7.25**	**-**	**168.69**	**2.93**	**19.85**	**198.72**
At cost as on March 31st, 2019	**7.61**	**-**	**261.25**	**5.92**	**43.31**	**318.09**
Additions during the year	-	-	90.94	-	13.20	104.14
Disposals during the year	-	-	(110.81)	-	(19.82)	(130.63)
At cost as on March 31st, 2020	7.61	-	241.38	5.92	36.69	291.60
Accumulated depreciation and impairment as on March 31st, 2019	**0.36**	**-**	**92.56**	**2.99**	**23.46**	**119.37**
Depreciation for the year	0.18	-	68.69	1.45	11.75	82.07
Disposals during the year	-	-	(110.81)	-	(17.78)	(128.59)
Accumulated depreciation and impairment as on March 31st, 2020	**0.54**	**-**	**50.44**	**4.44**	**17.43**	**72.85**
Net carrying amount as on March 31st, 2020	**7.07**	**-**	**190.94**	**1.48**	**19.26**	**218.75**

**Mortgaged in favour of the Debenture Trustee by way of a first and pari passu charge for Non-Convertible Debentures and Deep Discount Debentures.*

Impairment loss and reversal of impairment loss

There is no impairment loss for property, plant and equipment.

Schedules

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 9 INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Intangible assets under development (CIP software)	333.43	6.00
Total	**333.43**	**6.00**

NOTE 10 OTHER INTANGIBLE ASSETS

(Amount in lakhs)

Particulars	Software and System Development	Total
Balance as at April 1, 2018	**29.60**	**29.60**
Additions during the year	3.55	3.55
Disposals during the year	-	-
Balance as at March 31st, 2019	**33.15**	**33.15**
Accumulated Amortization and impairment as at April 1, 2018	**8.49**	**8.49**
Amortization for the year	8.43	8.43
Disposals during the year	-	-
Accumulated Amortization and impairment as March 31st, 2019	**16.92**	**16.92**
Net carrying amount as at March 31st, 2019	**16.23**	**16.23**
Balance as at April 1, 2019	**33.15**	**33.15**
Additions during the year	14.25	14.25
Disposals during the year		-
Balance as at March 31st, 2020	**47.40**	**47.40**
Accumulated Amortization and impairment as at April 1, 2019	**16.92**	**16.92**
Amortization for the year	11.66	11.66
Disposals during the year		-
Accumulated Amortization and impairment as March 31st, 2020	**28.58**	**28.58**
Net carrying amount as at March 31st, 2020	**18.82**	**18.82**

Impairment loss and reversal of impairment loss

There is no impairment loss for intangible assets.

NOTE 11 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Prepaid expenses	3.41	3.21
Prepayment to Suppliers	68.27	67.31
GST/Service Tax input	170.00	240.70
Total	**241.68**	**311.22**

Schedules

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

The company has issued Financial Liability instrument with embedded derivative liability linked to Nifty 50 Index.

The table below shows the fair values of embedded derivative financial instruments recorded as liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(Amount in lakhs)

Particulars	Notional Amounts	Fair Value-Liabilities
As at March 31, 2020		
Part I		
Embedded Derivative on Nifty linked debentures	-	5,441.02
Total Derivative financial instruments	**-**	**5,441.02**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	5,441.02
Total derivative financial instruments	**-**	**5,441.02**
As at March 31, 2019		
Part I		
Embedded Derivative on Nifty linked debentures	-	-
Total Derivative financial instruments	**-**	**-**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	-
Total derivative financial instruments	**-**	**-**

NOTE 13 PAYABLES*

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(A) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,834.80	389.77
Total (A)	**2,834.80**	**389.77**
(B) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,440.75	517.95
Total (B)	**1,440.75**	**517.95**
Total	**4,275.55**	**907.72**

*There is no amount due for payment to the Investor Education and Protection Fund under section 125 of Companies Act, 2013.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 14 DEBT SECURITIES

(Amount in lakhs)

Particulars	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at fair value through profit or loss	Total
	(1)	(2)	(3)	(4 = 1+2+3)
As at March 31st, 2020				
Debentures				-
- Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	100,317.75	-	-	100,317.75
- Deep Discount, Non-Convertible Debentures, privately placed, Secured	163,247.59	-	-	163,247.59
- Nifty Linked Debentures, Secured	42,575.20			42,575.20
Total (A)	**306,140.54**	**-**	**-**	**306,140.54**
Debt securities in India	306,140.54	-	-	306,140.54
Debt securities outside India	-	-	-	-
Total (B)	**306,140.54**	**-**	**-**	**306,140.54**
As at March 31st, 2019				
Debentures				
- Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	103,695.59	-	-	103,695.59
- Deep Discount, Non-Convertible Debentures, privately placed, Secured	194,082.09	-	-	194,082.09
Total (A)	**297,777.68**	**-**	**-**	**297,777.68**
Debt securities in India	297,777.68	-	-	297,777.68
Debt securities outside India	-	-	-	-
Total (B)	**297,777.68**	**-**	**-**	**297,777.68**

Debentures are redeemable at par / premium. The Non-Convertible Debentures and Deep Discount Debentures are secured by way of a first and pari passu mortgage in favour of the Debenture Trustee on the Company's immovable property of Rs 10.26 lakhs (gross value) and further secured by way of hypothecation / mortgage of charged assets such as receivables arising out of loan, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares)

Interest and Repayment terms of Debt Securities-

(Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
A) Debentures						
May-22	8.51%	8,034.53	7,500.00	-	-	-
Jan-22	7.59%	2,580.58	2,500.00	-	-	-
Dec-21	7.71%	7,658.42	7,500.00	-	-	-
Nov-21	7.31%	5,136.96	5,000.00	-	-	-
Jul-21	8.63%	37,096.78	34,800.00	-	-	-

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
Apr-21	8.51%	10,841.63	10,000.00	-	-	-
Mar-21	8.84%	21,090.69	21,000.00	8.84%	20,067.84	20,000.00
Nov-20	8.46%	2,688.43	2,500.00	-	-	-
Apr-20	9.39%	5,189.73	5,000.00	9.39%	5,188.34	5,000.00
Feb-20	-	-	-	9.34%	20,650.59	20,000.00
Jan-20	-	-	-	7.99%	20,407.24	20,000.00
Oct-19	-	-	-	7.59%	29,903.81	29,000.00
Jul-19	-	-	-	7.71%	3,166.11	3,100.00
Apr-19	-	-	-	7.90%	4,311.66	4,000.00
Total (A)		**100,317.75**	**95,800.00**		**103,695.59**	**101,100.00**
B) Deep Discount Debentures						
Jun-22	8.35%	1,420.39	1,700.00	-	-	-
Apr-22	8.70% to 9.50%	6,743.12	8,030.00	8.85% to 9.50%	5,481.74	7,130.00
Feb-22	7.45%	3,561.18	4,084.12	-	-	-
Oct-21	7.35% to 8.70%	13,695.96	15,500.00	-	-	-
Sep-21	9.50%	5,615.80	6,410.00	9.50%	5,127.46	6,410.00
Aug-21	7.50% to 8.30%	7,862.36	8,767.03	-	-	-
Jun-21	8.60%	825.32	910.00	8.60%	759.80	910.00
May-21	8.55%	8,667.40	9,500.00	8.55%	5,458.10	6,500.00
Jan-21	8.45%	5,495.55	5,880.00	8.45%	5,064.80	5,880.00
Aug-20	7.95% to 8.80%	21,654.52	22,290.00	7.95% to 8.80%	17,221.15	19,290.00
Jul-20	8.20% to 9.35%	53,549.85	54,944.78	8.90% to 9.35%	23,391.89	26,233.65
Jun-20	9.45%	2,829.37	2,890.00	9.45%	2,582.75	2,890.00
May-20	8.10% to 9.45%	31,326.77	31,580.00	8.10% to 9.45%	28,743.24	31,580.00
Mar-20	-	-	-	8.75%	21,242.46	23,000.00
Jan-20	-	-	-	8.71% to 9.30%	20,975.46	22,500.00
Jul-19	-	-	-	8.70% to 8.80%	52,280.34	53,710.00
May-19	-	-	-	7.85%	5,752.90	5,815.81
Total (B)		**163,247.59**	**172,485.93**		**194,082.09**	**211,849.46**
C) Secured - Index Linked Debentures						
Apr-21	8.33%	8,440.20	8,452.75	-	-	-
Jan-21	8.18%	18,796.47	18,796.47	-	-	-
Nov-20	8.44%	12,908.51	12,920.13	-	-	-
Aug-20	8.15%	2,430.02	2,430.02	-	-	-
Total (C)		**42,575.20**	**42,599.37**		**-**	**-**
Total (A+B+C)		**306,140.54**	**310,885.30**		**297,777.68**	**312,949.46**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 15 BORROWINGS OTHER THAN DEBT SECURITIES

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
Overdraft facility from banks	48,845.10	25,942.63
Commercial paper	178,501.90	479,998.13
Inter corporate deposits	36,649.56	43,885.51
Total (A)	**263,996.56**	**549,826.27**
Borrowings in India	263,996.56	549,826.27
Borrowings outside India	-	-
Total (B)	**263,996.56**	**549,826.27**
Secured Borrowings	48,845.10	25,942.63
Unsecured Borrowings	215,151.46	523,883.64
Total (C)	**263,996.56**	**549,826.27**

Overdraft facilities are secured by way of First, pari pasu, non exclusive charge on receivables, book debts, current assets and investments of company in favour of the Trustees. Commercial Paper and Inter Corporate Deposits are unsecured.

Interest and Repayment terms of borrowings - (Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
A) Cash credit and Working Capital Demand Loan						
0-1 year	MCLR + spread upto 40 basis point	48,845.10	48,843.01	MCLR + spread upto 30 basis point	25,942.63	25,986.65
Total (A)		**48,845.10**	**48,843.01**		**25,942.63**	**25,986.65**
B. Commercial Paper						
Feb-21	6.30% to 6.78%	11,824.11	12,500.00	-	-	-
Jan-21	6.78% to 6.94%	40,251.05	42,500.00	-	-	-
Dec-20	6.80%	7,149.26	7,500.00	-	-	-
Oct-20	7.05%	9,615.35	10,000.00	-	-	-
Jul-20	6.85% to 7.76%	9,791.41	10,000.00	-	-	-
Jun-20	6.08% to 8.15%	45,818.92	46,500.00	-	-	-
May-20	8.40%	4,946.47	5,000.00	-	-	-
Apr-20	5.72% to 8.55%	49,105.33	49,300.00	-	-	-
Mar-20	-	-	-	8.07% to 8.50%	9,854.29	10,600.00
Feb-20	-	-	-	8.50% to 8.97%	45,854.16	49,300.00

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Interest and Repayment terms of borrowings - (Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Jan-20	-	-	-	8.75% to 8.85%	31,666.31	33,800.00
Dec-19	-	-	-	8.62% to 9.00%	43,316.67	46,000.00
Nov-19	-	-	-	8.18% to 9.25%	34,300.25	36,100.00
Oct-19	-	-	-	9.25%	10,499.43	11,000.00
Sep-19	-	-	-	8.55% to 9.15%	48,087.62	50,000.00
Aug-19	-	-	-	8.55% to 9.18%	57,684.34	59,550.00
Jul-19	-	-	-	8.65%	12,229.95	12,500.00
Jun-19	-	-	-	8.45% to 7.72%	63,909.70	65,000.00
May-19	-	-	-	7.65% to 9.10%	75,832.76	76,600.00
Apr-19	-	-	-	7.85% to 8.65%	46,762.65	47,000.00
Total (B)		**178,501.90**	**183,300.00**		**479,998.13**	**497,450.00**
C. Intercorporate Deposits						
Jul-21	7.40%	5,096.71	5,000.00	-	-	-
Jan-21	7.20%	5,154.45	5,000.00	-	-	-
Nov-20	7.25%	5,168.04	5,000.00	-	-	-
Sep-20	6.40%	15,030.77	15,000.00	-	-	-
Jul-20	6.20% to 7.50%	1,428.16	1,400.00	-	-	-
May-20	8.15% to 8.50%	4,236.13	4,000.00	-	-	-
Apr-20	8.00%	535.30	500.00	-	-	-
Nov 19	-	-	-	7.65% to 8.35%	3,215.67	3,000.00
Feb-20	-	-	-	8.40%	504.95	500.00
Jan-20	-	-	-	8.75%	2,031.89	2,000.00
Dec-19	-	-	-	8.85%	511.76	500.00
Oct-19	-	-	-	9.00% to 9.10%	2,076.90	2,000.00
Sep-19	-	-	-	8.90% to 9.15%	5,105.27	4,900.00
Aug-19	-	-	-	8.40%	209.75	200.00
Jul-19	-	-	-	8.50%	1,055.49	1,000.00
Jun-19	-	-	-	8.00% to 8.55%	5,253.42	5,100.00
May-19	-	-	-	8.15% to 8.50%	1,743.20	1,650.00
Apr-19	-	-	-	7.85% to 8.60%	22,177.21	21,100.00
Total (C)		**36,649.56**	**35,900.00**		**43,885.51**	**41,950.00**
Total (A+B+C)		**263,996.56**	**268,043.01**		**549,826.27**	**565,386.65**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 16 SUBORDINATED LIABILITIES

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
At Amortised Cost		
Redeemable Non-Convertible Subordinated Debt Bonds in form of Debentures, fully paid, privately placed, Unsecured	20,241.93	20,239.09
Total (A)	**20,241.93**	**20,239.09**
Subordinated liabilities in India	20,241.93	20,239.09
Subordinated liabilities outside India	-	-
Total (B)	**20,241.93**	**20,239.09**

Interest and Repayment terms of Subordinate Liabilities -

(Amount in lakhs)

Residual Maturity	As at 31st March, 2020			As at 31st March, 2019		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Mar-27	8.55%	10,018.74	10,000.00	8.55%	10,018.74	10,000.00
Dec-26	8.35%	5,110.08	5,000.00	8.35%	5,108.16	5,000.00
Dec-25	9.00%	5,113.11	5,000.00	9.00%	5,112.19	5,000.00
Total		**20,241.93**	**20,000.00**		**20,239.09**	**20,000.00**

NOTE 16.1 NET DEBT RECONCILIATION

This section sets out the change in the liabilities or movement in net debt during the year arrising from financing activities i.e receipt/repayment of debts, other borrowing and related finance cost.

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents	**159,021.52**	**27,423.95**
Liabilities from financing activities	**590,379.03**	**867,843.04**
Debt securities (including interest accrued)	306,140.54	297,777.68
Borrowings other than debt securities (including interest accrued)	263,996.56	549,826.27
Subordinated Liabilities	20,241.93	20,239.09
Net debt	**749,400.55**	**895,266.99**

Movement in Net Debt during the year ended March 31, 2020

(Rupees in Lakhs)

Particulars	Cash and cash equivalents	Liabilities from financing activities	Total
Net debt as at March 31, 2019	**27,423.95**	**867,843.04**	**895,267.00**
Cashflows inflows	445,578.30	871,518.56	1,317,096.85
Cashflows outflows	(313,980.73)	(1,185,499.29)	(1,499,480.02)
Interest expense	-	59,897.09	59,897.09
Interest paid during the year	-	(56,871.57)	(56,871.57)
(Increase) / Decrease in unamortized discount	-	38,733.44	38,733.44
(Increase) / Decrease in Derivative financial instruments	-	(5,441.02)	(5,441.02)
Unrealised gain on Derivatives financial instruments at fair value through profit or loss	-	198.78	198.78
Net debt as at March 31, 2020	**159,021.52**	**590,379.03**	**749,400.55**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Movement in Net Debt during the year ended March 31, 2019

(Rupees in Lakhs)

Particulars	Cash and cash equivalents	Liabilities from financing activities	Total
Net debt as at March 31, 2018	**25,715.49**	**737,874.01**	**763,589.50**
Cashflows inflows	93,572.75	1,156,567.17	1,250,139.91
Cashflows outflows	(91,864.29)	(1,062,994.43)	(1,154,858.72)
Interest expense	-	57,113.96	57,113.96
Interest paid during the year	-	(61,278.11)	(61,278.11)
(Increase) / Decrease in unamortized discount	-	40,560.44	40,560.44
(Increase) / Decrease in Derivative financial instruments	-	-	-
Unrealised gain on Derivatives financial instruments at fair value through profit or loss	-	-	-
Net debt as at March 31, 2019	**27,423.95**	**867,843.04**	**895,266.99**

NOTE 17 PROVISIONS

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits		
(i) Gratuity (Refer Note 37)	261.30	204.76
(ii) Compensated absences	98.94	125.73
(iii) Stock appreciation rights (SARs)(Refer Note 38)	160.65	156.70
(iv) Long Service Award	5.29	5.04
(iv) Provision for annual incentives	150.00	204.71
Total	**676.18**	**696.94**

NOTE 18 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Revenue received in advance	424.52	458.61
Statutory dues payable	330.50	851.69
Total	**755.02**	**1,310.30**

Note 19 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised		
5,80,00,000 (March 31st, 2019: 5,80,00,000) equity shares of ₹10 each with voting rights	5,800.00	5,800.00
1,200(March 31st, 2019: 1,200) Non Cumulative redeemable preference shares of ₹1,00,000 each	1,200.00	1,200.00
Issued, subscribed and paid up		
56,22,878 (March 31st, 2019: 56,22,878) equity shares of Rs.10 each fully paid up with voting rights	562.26	562.26

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

a. Reconciliation of number of shares outstanding at the beginning and at the end of the year :

(Amount in lakhs)

Particulars	No. of shares	Amount
As at March 31st, 2018	**5,622,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at March 31st, 2019	**5,622,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at March 31st, 2020	**5,622,578**	**562.26**

b. Rights, preferences and restrictions attached to equity shares

(i) The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

(ii) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(iii) In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

c. Details of shares held by holding company and its subsidiaries

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited, the holding company	5,622,578	100.00%	5,622,578	100.00%
	5,622,578	**100.00%**	**5,622,578**	**100.00%**

d. Details of shares held by holding company and its subsidiaries

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited	5,622,578	100.00%	5,622,578	100.00%
	5,622,578	**100.00%**	**5,622,578**	**100.00%**

NOTE 20 OTHER EQUITY

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Impairment Reserve	-	-
Capital Redemption Reserve	1,003.85	1,003.85
Securities Premium	33,545.76	33,545.76
General Reserve	431.10	431.10
Special Reserve	29,692.66	24,290.09
Retained Earnings	116,022.92	97,304.35
Capital Contribution from Parent	429.48	298.29
Debt instruments through OCI	-	24.35
Total	**181,125.77**	**156,897.79**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 20.1 NATURE AND PURPOSE OF RESERVE

Impairment Reserve

Impairment reserve is created when impairment allowance under Ind AS 109 is lower than the provisioning required (including standard asset provisioning) under prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP), as directed by RBI vide circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

Capital Redemption Reserve

Capital redemption reserve is created on redemption of preference share capital. Capital redemption reserve includes transfer from General reserve on redemption of preference share capital.

Securities premium

The securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act,2013.

General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Special Reserve

Special reserve represents appropriation of retained earning as per Section 45 IC of the Reserve Bank of India Act, 1934.

Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

Capital Contribution from Parent

Capital Contribution from Parent represents fair value of the employee stock option plan. These option are issued by parent company "Kotak Mahindra Bank Limited" to the employee of the company.

Debt instruments through OCI

The company recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI debt investments reserve within equity. The company transfers amounts from this reserve to the statement of profit and loss when the debt instrument is sold. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

Note 20.2 Other equity movement

(Amount in lakhs)

Particulars		As at 31st March, 2020	As at 31st March, 2019
(i)	**Capital Redemption Reserve**		
	Opening balance	1,003.85	1,003.85
	Addition/Deletion during the year	-	-
Closing balance		**1,003.85**	**1,003.85**
(ii)	**Securities premium**		
	Opening balance	33,545.76	33,545.76
	Addition during the year	-	-
Closing balance		**33,545.76**	**33,545.76**
(iii)	**General reserve**		
	Opening balance	431.10	431.10
	Addition/Deletion during the year	-	-
	Closing balance	**431.10**	**431.10**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(iv) Special reserve		
Opening balance	24,290.09	20,150.20
Transfer from Retained earning	5,402.57	4,139.89
Closing balance	**29,692.66**	**24,290.09**
(vi) Retained earnings		
Opening balance	97,304.35	81,415.87
Net profit for the year	24,136.01	20,058.01
Less : Other Comprehensive Income for the year	(14.87)	(29.64)
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	(5,402.57)	(4,139.89)
Closing balance	**116,022.92**	**97,304.35**
(v) Capital contribution from parent		
Opening balance	298.29	178.38
Addition/Deletion during the year	131.19	119.91
Closing balance	**429.48**	**298.29**
(vi) Debt instruments through OCI		
Opening balance	24.35	497.42
Addition/Deletion during the year	(24.35)	(473.07)
Closing balance	**-**	**24.35**

NOTE 21 INTEREST INCOME

(Amount in Lakhs)

Particulars	For the year ended March 31st, 2020				For the year ended March 31st, 2019			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total Interest Income	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total Interest Income
Interest on loans	-	91,248.67	-	91,248.67	-	87,678.51	-	87,678.51
Interest income from investments	516.14	6,073.57	-	6,589.71	1,016.21	1,634.64	-	2,650.85
Interest on deposits with banks	-	2,235.64	-	2,235.64	-	1,111.44	-	1,111.44
Other interest income	-	266.37	-	266.37	-	-	-	-
Total	**516.14**	**99,824.25**	**-**	**100,340.39**	**1,016.21**	**90,424.59**	**-**	**91,440.80**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 22 DIVIDEND INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Dividend income on investments	340.29	71.85
Income distribution from Venture Fund	-	54.09
Total	**340.29**	**125.94**

NOTE 23 FEES AND COMMISSION INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Advisory Fees	427.81	327.89
Total	**427.81**	**327.89**

NOTE 24 NET GAIN/(LOSS) ON FINANCIAL INSTRUMENT MEASURED AT FAIR VALUE *

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(A) Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Mutual funds	2,366.89	2,570.98
- Equity shares	909.27	657.96
Others		
- Equity Shares	0.00	136.90
- Preference Shares	(227.80)	474.08
- Venture fund	(199.86)	(48.85)
(B) Others		
- Derivative	(198.78)	-
- Net gain on financial assets at FVOCI	177.68	(63.03)
Total Net gain/(loss) on fair value changes	**2,827.40**	**3,728.04**
Fair value changes:		
- Realised	3,429.31	3,205.56
- Unrealised	(601.91)	522.48
Total Net gain/(loss) on fair value changes	**2,827.40**	**3,728.04**

** Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.*

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 25 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Net gain/(loss) on derecognition of property, plant and equipment	7.00	15.72
Net gain/(loss) on sale of investments	825.85	-
Others	207.35	194.56
Total	**1,040.20**	**210.28**

NOTE 26 FINANCE COSTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
On financial liabilities measured at amortised cost		
Interest on borrowings (Other than Debt Securities)		
- On Overdraft facility from Bank	523.94	1,055.33
- Discount on Commercial Papers	25,091.63	32,152.46
- On Inter Corporate Deposits	2,717.29	5,383.18
Interest on debt securities		
- on Redeemable Non-Convertible Debentures and Deep Discount Debentures	26,615.56	16,127.93
- on Nifty Linked Debentures	2,554.22	-
Interest on subordinated liabilities	1,725.34	1,723.11
Other Borrowing Costs	669.11	671.95
Total	**59,897.09**	**57,113.96**

NOTE 27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
On Financial instruments measured at fair value through OCI		
- Investments	(11.14)	(344.76)
On Financial instruments measured at Amortised Cost		
- Loans and other financial assets	5,651.42	2,580.88
- Investments	(59.82)	378.19
Total	**5,580.46**	**2,614.31**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 28 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	2,584.85	2,298.32
Contribution to provident and other funds	125.31	111.99
Stock Appreciation Rights(Refer Note 38)	143.62	158.57
ESOP Expenses(Refer Note 38)	131.19	119.91
Staff welfare expenses	41.07	37.78
Total	**3,026.04**	**2,726.57**

NOTE 29 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rent and Electricity Expenses	664.91	650.53
Repairs and maintenance	90.14	96.59
Communication Costs	26.56	30.21
Printing and stationery	37.06	33.45
Advertisement and business promotion expenses	11.38	21.73
Director's fees, allowances and expenses(Refer Note 35.02)	24.00	36.30
Auditors' Remuneration (Refer Note 33)	53.34	49.61
Legal and Professional charges	188.30	330.47
Insurance	6.19	5.96
Rates, Taxes and Fees	341.47	241.52
Travelling and Conveyance	88.64	196.25
Common Establishment Expenses	1,184.20	771.07
Expenses on Corporate Social Responsibility (Refer Note 34)	311.00	246.00
Miscellaneous Expenses	88.87	66.25
Total	**3,116.06**	**2,775.94**

NOTE 30 TAX EXPENSE AND RELATED BALANCES

(a) Amounts recognised in statement of profit and loss

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current tax expense		
Current period	9,459.99	11,294.93
Total current tax expense (A)	**9,459.99**	**11,294.93**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(236.94)	(513.36)
Deferred tax expense (B)	**(236.94)**	**(513.36)**
Total tax expense for the year (A) + (B)	**9,223.05**	**10,781.57**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(b) Amounts recognised in other comprehensive income

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020			For the year ended 31st March, 2019		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(19.87)	5.00	(14.87)	(45.57)	15.93	(29.64)
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(37.44)	13.09	(24.35)	(727.17)	254.10	(473.07)
Total	**(57.31)**	**18.09**	**(39.22)**	**(772.74)**	**270.03**	**(502.71)**

(c) Reconciliation of effective tax rate

(Amount in lakhs)

Particulars	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
	Amount	%age	Amount	%age
Profit before tax as per Statement of profit and loss	**33,359.06**		**30,839.58**	
Tax using the Company's domestic tax rate	8,395.81	25.17	10,776.59	34.94
Tax effect of:				
Tax exempt income	(85.64)	(0.26)	(25.11)	(0.08)
Non-deductible expenses	53.01	0.16	114.23	0.37
Difference in tax rate on account of capital gains	(14.94)	(0.04)	(45.38)	(0.15)
Difference in tax rate due to election of option permitted under Section 115BAA of the Income Tax Act, 1961*	868.19	2.60	-	-
Changes in estimates related to prior years	(30.52)	(0.09)	-	-
Others	37.14	0.11	(38.76)	(0.13)
Total tax expense	**9,223.05**	**27.65**	**10,781.57**	**34.96**

*The Company has elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section, The full impact of ₹ 868.19 Lakh has been recognised in the Statement of Profit and Loss for the year ended March 31, 2020.

(d) Movement in deferred tax balances

(Amount in lakhs)

Particulars	As at March 31st, 2020					
	Net balance March 31st, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Deferred tax asset/(liabilities)						
Property, plant and equipment	53.11	(13.23)	-	-	(13.23)	39.88
Loans	2,768.51	139.73	-	-	139.73	2,908.24
Equity-settled share-based payments	54.58	(14.23)	-	-	(14.23)	40.35

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Particulars	As at March 31st, 2020					
	Net balance March 31st, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Employee benefits	115.49	(32.31)	5.00	-	(27.31)	88.18
Investments at fair value through OCI	122.97	(136.06)	13.09	-	(122.97)	-
Investments at fair value through profit or loss	(470.56)	287.39	-	-	287.39	(183.17)
Others	12.74	5.65	-	-	5.65	18.38
Total	**2,656.84**	**236.94**	**18.09**	**-**	**255.03**	**2,911.86**

(Amount in lakhs)

Particulars	As at March 31st, 2019					
	Net balance March 31st, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Deferred tax asset/(liabilities)						
Property, plant and equipment	50.27	2.84	-	-	2.84	53.11
Loans	2,262.26	506.26	-	-	506.26	2,768.51
Equity-settled share-based payments	38.60	15.99	-	-	15.99	54.58
Employee benefits	96.53	3.03	15.93	-	18.96	115.49
Investments at fair value through OCI	(142.81)	11.68	254.10	-	265.80	122.97
Investments at fair value through profit or loss	(454.77)	(15.79)	-	-	(15.79)	(470.56)
Others	23.39	(10.65)	-	-	(10.65)	12.74
Total	**1,873.47**	**513.36**	**270.03**	**-**	**783.39**	**2,656.84**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

(e) Tax Balances

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Tax Assets (Net)	995.19	472.90
(Net of Provision for tax as at March 31st, 2020 ₹ 31,508.18 lakhs (Previous year: ₹ 22,222.64 lakhs)		
Current Tax Liabilities (Net)	852.90	1,651.85
(Net of Advance Tax as at March 31st, 2020 ₹26,832.84 lakhs (Previous year: ₹ 28,964.60 lakhs)		

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 31 EARNINGS PER EQUITY SHARE('EPS')

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a)	Net Profit attributable to equity holders of the Company	24,136.01	20,058.01
B)	Weighted average number of ordinary shares		
	Issued ordinary shares at the beginning of the year (nos)	5,622,578	5,622,578
	Weighted average number of shares at the end of the year for basic and diluted EPS	**5,622,578**	**5,622,578**
C)	Face value per share (₹)	10	10
D)	Basic and Diluted earnings per share (₹)	429.27	356.74

NOTE 32 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
a)	Capital Commitments	90.00	-

Provident Fund

The Honourable Supreme Court has recently provided a judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. With regard to above Supreme Court (SC) judgement there are various interpretative issues including applicability and the impact thereof cannot be quantified.In Company's assessment, the above judgement is not likely to have a significant impact and therefore presently no provision has been made in the Financial Statements.

NOTE 33 AUDITORS' REMUNERATION

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Payment to the auditor's for :		
a)	Statutory Audit and related services	45.00	45.00
b)	For other services	5.04	2.50
c)	For reimbursement of expenses	3.30	2.11
	Total	**53.34**	**49.61**

NOTE 34 CORPORATE SOCIAL RESPONSIBILITY

Company aims to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility ('CSR') agenda. CSR programmes undertaken are in the area of education, healthcare, livelihood, vocational skill development, sports and other areas such as relief and rehabilitation and environmental sustainability etc. The Company's CSR footprint has been consistently increasing over the years. As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend Rs 592.80 lakhs during the year on CSR activities.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Details of corporate social responsibility expenditure

(Amount in lakhs)

Sr No	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a)	Amount required to be spent during the year	592.80	546.32
b)	Amount spent during the year	311.00	246.00
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	311.00	246.00
	Total	**311.00**	**246.00**

NOTE 35 RELATED PARTY DISCLOSURE

Related party disclosures, as required by notified Ind AS 24 - 'Related Party Disclosures' are given below:

35.01. NAMES OF RELATED PARTIES

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
(a)	**Holding company:**		
	Kotak Mahindra Bank Limited	India	100.00%
(b)	**Fellow subsidiary:**		
	Kotak Securities Limited	India	
	Kotak Mahindra Capital Company Limited	India	
	Kotak Investment Advisors Limited.	India	
	Kotak General Insurance Company Limited	India	
	Kotak Mahindra Life Insurance Company (Kotak Life)	India	
	Kotak Mahindra Prime Limited	India	
	Kotak Infrastructure Debt fund Limited (KIDFL)	India	
	Kotak Mahindra Asset Management Company Limited	India	
	Kotak Mahindra Trusteeship Services Limited	India	
	Kotak Mahindra (UK) Limited	UK	
	Kotak Mahindra (International) Limited	Mauritius	
	Kotak Mahindra Asset Management (Singapore) Pte. Ltd.	Singapore	
	Kotak Mahindra Inc	USA	
	Kotak Mahindra Financial Services Limited	U.A.E.	
	Kotak Mahindra Trustee Company Ltd	India	
	Kotak Mahindra Pension Fund Limited	India	
	BSS Microfinance Limited	India	
	IVY Product Intermediaries Limited	India	
(c)	**Associate Company/Others:**		
	Phoenix ARC Private Limited (Associate)	India	
(d)	**Joint Venture:**		
	Matrix Business Services India Private Ltd. (Till 26th Apr, 2019)	India	

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
(e)	**Entities over which relative of director has significant influence**		
	Aero Agencies Limited	India	
	Kotak Commodity Services Private Limited	India	
	Business Standard Private Limited	India	
	Kotak Education Foundation (Till 27th Dec, 2019)	India	
(f)	**Key Management Personnel**		
	Mr. Amit Bagri (CEO from May 01, 2019)		
	Mr. Paritosh Kashyap (MD and CEO till April 30, 2019)		
	Mr. Uday Kotak		
	Mr. KVS Manian		
	Ms. Padmini Khare Kaicker *		
	Mr. Chandrashekhar Sathe *		
	Mr. Arvind Kathpalia		
(g)	**Relatives of Key Management Personnel**		
	Sumanth Kathpalia		

** Categorised as Key Management Personnel as per definition of ind AS 24, however directors continue to be Independent Director as defined in section 149 (6) of the Companies Act, 2013.*

35.02. TRANSACTIONS WITH RELATED PARTIES

Transactions with key management personnel

The table below describes the compensation to key management personnel which comprise directors and executive officers under Ind AS 24:

(a) Key management personnel compensation*

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
i.	Short-term employee benefits	184.37	234.08
ii.	Other Contribution to funds	7.66	9.94
iii.	Shared-based payments (ESOPS/SAR)**	**52.74**	**133.72**
iv.	Sitting fees and commission	24.00	36.30

* The above figures do not include provisions for encashable leave and gratuity, as separate actuarial valuation are not available.
** SARs considered based on actual payout during the year.\

Note 35 above provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Related Party Disclosures

A. During the year following transaction were entered into with related parties in the ordinary course of business:

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
I	**Holding Company**		
	- Kotak Mahindra Bank Limited		
a)	Transactions during the year :		
	FINANCE		
	ESOP Expenses (Refer note 39)	131.19	119.91
	Fixed Deposits Placed	251,015.08	237,949.60
	Fixed Deposits Repaid	217,013.00	248,289.12
	Interest Received on Fixed Deposits	212.35	523.78
	OTHER RECEIPTS and PAYMENTS		
	Demat Charges	5.07	4.26
	Service Charges Received	50.40	50.40
	Expense reimbursements paid	1,311.19	911.38
	Expense reimbursements received	6.88	0.39
	Licence Fees paid	646.37	632.24
	Referral Fees	71.63	236.43
	IPA Fees paid	2.00	1.19
	Employee Liability transfer out	115.24	6.55
	Employee Liability transfer in	76.92	13.04
	Asset transferred in	15.93	2.95
	Asset transferred out	0.80	-
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Balance in current account	22,034.46	24,313.23
	Capital contribution from Parent	429.48	298.29
	Term Deposits Placed	34,039.87	37.74
	OTHER RECEIPTS and PAYMENTS		
	Service charges payable	248.37	77.79
	Service charges receivable	0.34	4.52
	Referral Fees payable		-
	Demat Charges Payable	2.20	4.26
	* During the year, 131.19 lakhs (March 31, 2018: 119.93 lakhs) was charged to the Company's statement of profit or loss in respect of equity-settled share-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.		

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
II	**Fellow Subsidiaries**		
a)	**Transactions during the year :**		
	FINANCE		
	Interest on Non Convertible Debentures		
	- Kotak Securities Limited	1,556.95	1,555.50
	Interest on Non Convertible Debentures		
	- Kotak Mahindra Capital Company Ltd.	196.30	-
	INVESTMENTS		
	Inter Corporate Deposits issued		
	- Kotak Mahindra Prime Limited	-	18,800.00
	Inter Corporate Deposits repaid		
	- Kotak Mahindra Prime Limited	-	18,800.00
	Interest received on Inter Corporate Deposits		
	- Kotak Mahindra Prime Limited	-	21.53
	OTHER SECURITIES		
	Service Charges Received		
	- Kotak Mahindra Prime Limited	128.40	128.40
	- Kotak Infrastructure debt fund	16.86	15.00
	Sharing of Fee Income		
	Kotak Mahindra Capital Company Limited	427.81	268.26
	Brokerage paid		
	- Kotak Securities Limited	67.66	24.29

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
	Demat Charges paid		
	- Kotak Securities Limited	0.32	0.32
	License Fees Paid		
	- Kotak Securities Limited	7.86	7.86
	Insurance premium paid		
	- Kotak Mahindra General Insurance Company Limited	1.54	5.64
	- Kotak Mahindra Life Insurance Company Ltd.	2.57	-
	Expense reimbursement from other company		
	- Kotak Mahindra Prime Limited	0.13	0.13
	- Kotak Securities Limited		
	- Kotak Infrastructure Debt Fund Limited	3.13	2.10
	Expense reimbursement to other company		
	- Kotak Securities Limited	0.07	-
	- Kotak Mahindra Capital Company Limited	6.41	-
	Employee Liability transfer in		
	- Kotak Mahindra Prime Limited	-	10.37
	Employee Liability transfer out		

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
	- Kotak Securities Limited	-	5.98
	- Kotak Mahindra Prime Limited	-	2.74
	- Kotak Mahindra Capital Company Limited		0.72
	- Kotak Infrastructure Debt Fund Limited		55.13
	Repayment of Interest accrued on NCDs Issued		
	- Kotak Securities Limited	1,555.00	-
	Interest Accrued on NCDs Issued		
	- Kotak Securities Limited	1,556.92	-
	- Kotak Mahindra Capital Company Limited	104.14	-
	Issue of NCDs		
	- Kotak Mahindra Capital Company Limited	4,883.98	-
	Asset Transfer-out		
	- Kotak Infrastructure Debt Fund Limited	0.71	-
	- Kotak Mahindra Prime Limited	1.37	-
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Non Convertible Debentures issued		
	- Kotak Securities Limited	18,202.35	18,200.93
	- Kotak Mahindra Capital Company Ltd	5,143.67	-
	OTHER SECURITIES		
	Outstanding Receivable		
	- Kotak Securities Limited	374.18	-
	OTHER RECEIPTS and PAYMENTS		
	Demat charges payable		
	- Kotak Securities Limited	0.22	0.16
	Service charges Receivable		
	- Kotak Mahindra Prime Limited	11.56	11.56
	- Kotak Infrastructure Debt Fund Limited	1.49	-
	Service charges Payable		
	- Kotak Securities Limited	0.71	6.77
	Payable – Others		
	- Kotak Mahindra Prime Limited#	2,198.91	-
	#'Transactions involving related party executed on instruction of customers or on their behalf are not treated as related party transactions and accordingly have not been shown under the category of 'Transaction during the year'.		
	Insurance premium paid in advance		
	- Kotak Mahindra General Insurance Company Limited	2.08	0.83
	- Kotak Mahindra Life Insurance Company Ltd	3.5	-
	Insurance premium capitalised		
	- Kotak Mahindra General Insurance Company Limited	-	-
	Receivable towards Fee sharing income		
	- Kotak Mahindra Capital Company Limited	-	165.93

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
III			
a)	**Associate Company/Joint Ventures**		
	Transactions during the year :		
	OTHER RECEIPTS and PAYMENTS		
	Recruitment expenses		
	- Matrix Business Services India Pvt Limited	0	0.01
	Dividend Income		
	- Matrix Business Services India Pvt Limited	16.54	-
b)			
	Balances outstanding as at the year end :		
	INVESTMENTS		
	Investments - Gross		
	- Phoenix ARC Pvt Limited	6,100.50	6,100.50
	- Matrix Business Services India Pvt Limited	-	185.50
IV			
a)	**Entities over which relative of director has significant influence**		
	- Kotak Commodity Services Private Limited		-
	- Aero Agencies Limited	-	
	Expenses on Corporate Social Responsibility		
	- Kotak Education Foundation	39.00	85.00
b)			
	Balances outstanding as at the year end :		
	INVESTMENTS		
	Investments – Gross		
	- Business Standard Private Limited	0.20	0.20
	COMMODITY DERIVATIVES		
	Outstanding receivable		
	- Kotak Commodity Services Private Limited	0.31	0.31
	OTHER RECEIPTS and PAYMENTS		
	Fees on travel tickets purchased		
	- Aero Agencies Limited	5.15	7.21
	Outstanding Payable		
	- Aero Agencies Limited	-	0.22
	Prepayment to Suppliers		
	- Aero Agencies Limited	0.79	-
V			
	Relatives of Key Management Personnel (KMP)		
	Sumant Kathpalia		
a)			
	Transactions during the year :		
	Loan given	-	451.00
	Loan repaid	451.00	-
	Interest received	34.11	112.00
b)			
	Balance outstanding as at the year end :		
	Loan	-	451.00

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 36 Financial instruments – Fair values and risk management
36.1. Accounting classification

Carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below:

(Amount in lakhs)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Amortised Cost	FVTOCI	FVTPL	Others	Amortised Cost	FVTOCI	FVTPL	Others
Financial assets								
Cash and cash equivalents	158,990.51	-	-	-	27,418.60	-	-	-
Bank Balance other than cash and cash equivalent	1,497.07	-	-	-	22,798.78	-	-	-
Receivables:								
Trade receivables	58.78	-	-	-	539.70	-	-	-
Other receivables	382.25	-	-	-	181.56	-	-	-
Loans	535,036.55	-	-	-	874,210.27	-	-	-
Investments	49,721.18	0.00	27,363.45	6,100.50	49,701.65	3,844.22	41,117.06	6,286.00
Other financial assets	197.71	-	-	-	110.15	-	-	-
Total	**745,884.05**	**0.00**	**27,363.45**	**6,100.50**	**974,960.71**	**3,844.22**	**41,117.06**	**6,286.00**
Financial liabilities								
Derivative financial instruments	-	-	5,441.02	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-
Trade Payables	2,834.80	-	-	-	389.77	-	-	-
Other Payables	1,440.75	-	-	-	517.95	-	-	-
Debt securities	306,140.54	-	-	-	297,777.68	-	-	-
Borrowings (Other than Debt Securities)	263,996.56	-	-	-	549,826.27	-	-	-
Subordinated Liabilities	20,241.93	-	-	-	20,239.09	-	-	-
Other Financial liabilities	-	-	-	-	-	-	-	-
Total	**594,654.58**	**-**	**5,441.02**	**-**	**868,750.76**	**-**	**-**	**-**

36.2. Fair Value

Fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy, are presented below.

(Amount in lakhs)

Particulars	Fair value							
	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Mutual Funds	22,000.51	-	-	22,000.51	35,317.69	-	-	35,317.69
Investments in Venture Capital Funds	-	-	1,530.97	1,530.97	-	-	1,739.60	1,739.60
Investments in Preference Shares	-	-	3,766.10	3,766.10	-	-	3,993.90	3,993.90
Investments in Equity Instruments	-	-	65.87	65.87	-	-	65.87	65.87
Investments in Debt Securities	-	-	-	-	-	3,844.22	-	3,844.22
Total	**22,000.51**	**-**	**5,362.94**	**27,363.45**	**35,317.69**	**3,844.22**	**5,799.37**	**44,961.28**
Financial liabilities								
Derivative financial instruments	-	5,441.02	-	5,441.02	-	-	-	-
Total	**-**	**5,441.02**	**-**	**5,441.02**	**-**	**-**	**-**	**-**

Fair values of financial assets and financial liabilities not measured at fair value, including their levels in the fair value hierarchy, are presented below. It also includes the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Particulars	Fair value							
	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans	-	-	546,696.62	546,696.62	-	-	883,724.35	883,724.35
Investments	-	41,581.53	10,331.54	51,913.07	-	41,975.17	8,861.06	50,836.23
Total	**-**	**41,581.53**	**557,028.17**	**598,609.69**	**-**	**41,975.17**	**892,585.40**	**934,560.58**
Financial liabilities								
Debt securities	-	131,595.54	-	131,595.54	-	120,341.73	-	120,341.73
Borrowings (Other than Debt Securities)	-	26,614.58	-	26,614.58	-	20,376.81	-	20,376.81
Total	**-**	**158,210.12**	**-**	**158,210.12**	**-**	**140,718.54**	**-**	**140,718.54**

Fair value of Statement of Financial Position is presented below:

(Amount in lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	158,990.51	158,990.51	27,418.60	27,418.60
Bank Balance other than cash and cash equivalent	1,497.07	1,497.07	22,798.78	22,798.78
Receivables:				
Trade receivables	58.78	58.78	539.70	539.70
Other receivables	382.25	382.25	181.56	181.56
Loans	535,036.55	546,696.62	874,210.27	883,724.35
Investments*	83,185.13	85,058.67	100,948.93	101,705.32
Other financial assets	197.71	197.71	110.15	110.15
Total	**779,348.00**	**792,881.61**	**1,026,207.99**	**1,036,478.46**
Financial liabilities				
Derivative financial instruments	5,441.02	5,441.02	-	-
Payables				
Trade Payables				
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	2,834.80	2,834.80	389.77	389.77
Other Payables				
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	1,440.75	1,440.75	517.95	517.95
Debt securities	306,140.54	309,707.68	297,777.68	299,194.39
Borrowings (Other than Debt Securities)	263,996.56	264,172.62	549,826.27	550,253.49
Subordinated Liabilities	20,241.93	21,478.50	20,239.09	20,376.81
Total	**600,095.60**	**605,075.36**	**868,750.76**	**870,732.41**

*Fair valuation of the investments include investments in associate and Joint Ventures which has been carried at cost.

In case of Short term financial instrument such as trade receivable, trade payable, Short term Current and Term deposits with Bank/CBLO, carrying value is considered as close approximation of Fair value.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

36.3. MEASUREMENT OF FAIR VALUES

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued at the closing Net Asset Value (NAV).

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

36.3.1 FINANCIAL INSTRUMENTS VALUED AT CARRYING VALUE

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand and bank balances, trade receivables, trade payables, overdraft facility payable on demand certain other assets and liabilities that are considered financial instruments. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

36.3.2 VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUE:

36.3.2.1 INVESTMENTS IN MUTUAL FUNDS

The fair values of investments in mutual funds is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

36.3.2.2 INVESTMENTS IN PREFERENCE SHARES

The fair values have been calculated using the discounted cash flow approach.

36.3.2.3 INVESTMENT IN VENTURE CAPITAL FUNDS

The fair values of investments in venture capital funds is based on the net asset value ('NAV') as stated by the issuers of these venture capital fund units

36.3.2.4 INVESTMENT IN EQUITY INSTRUMENTS

The Cost Approach - Break Up Value method has been adopted for valuation of equity shares.

36.3.3 FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

36.3.3.1 LOANS

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on internal models and consequently for the purposes of level disclosures categorized under Level 3. Fair value of Level 3 loans would decrease (increase) in value depending on increase (decrease) in discount rate. Present value of Expected Cash flow from Impaired Loan at original Effective interest Rate is taken as fair value.

36.3.3.2 BORROWINGS

The fair values of the Company's borrowings and other debt securities are calculated based on a discounted cash flow model. The discount rates were based on yield curves appropriate for the remaining maturities of the instruments as published by Financial Benchmarks India Private Limited (FBIL).

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

36.4. FAIR VALUES MEASUREMENT ON LEVEL 3 INVESTMENTS

36.4.1. The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

(Amount in lakhs)

Particulars	As at 1st April, 2019	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2020
Investments in Preference Shares	3,993.90	(227.80)	-	-	-	3,766.10
Investments in Equity Instruments	65.87	-	-	-	-	65.87
Investments in Venture funds	1,739.60	(182.10)	-	(26.53)	-	1,530.97

(Amount in lakhs)

Particulars	As at 1st April, 2018	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2019
Investments in Preference Shares	3,519.82	474.08	-	-	-	3,993.90
Investments in Equity Instruments	219.64	(1.68)	-	(152.09)	-	65.87
Investments in Venture funds	1802.87	(48.85)	-	(14.41)	-	1,739.60

36.4.2. UNOBSERVABLE INPUTS USED IN MEASURING FAIR VALUE

Type of financial instrument	Valuation technique	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs
Investments in Preference Shares	Discounted cash flow	Interest rate to discount future cash flows	Significant decrease in discount factor would result in higher fair value
Investments in Equity Instruments	Cost Approach	Book values of assets and liabilities	Significant decrease in book value of assets and liabilities would result into lower fair value

Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects;

(Amount in lakhs)

Particulars	As at March 31st, 2020				As at March 31st, 2019			
	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow
Investments in Preference Shares	34.82	(35.47)	-	-	(27.44)	27.87	-	-
Investments in Equity Instruments	-	-	3.29	(3.29)	-	-	3.29	(3.29)

36.5. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of risks namely:

- Credit risk ;
- Liquidity risk ; and
- Interest rate risk

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

36.5.1. RISK MANAGEMENT FRAMEWORK

Risk Management policy outlines the approach and mechanisms of risk management in the company, including identification, reporting and measurement of risk in various activities undertaken by the company. The general objective of risk management is to support business units by ensuring risks are timely identified and adequately considered in decision-making, and are viewed in conjunction with the earnings.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how the management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Risk Management committee of Board exercises supervisory power in connection with the risk management of the company, monitoring of the exposures, reviewing adequacy of risk management process, reviewing internal control systems, ensuring compliance with the statutory/ regulatory framework of the risk management process.

The note below explains the sources of risk which the entity is exposed to and how the entity manages the risk in its financial statements\

Risk	Exposure arising from	Management
Liquidity Risk	Liquidity risk is the risk that the Company is unable to meet its financial obligations when they fall due without adversely affecting its financial condition. Liquidity risk arises because of mismatches in the timing of the cash flows.	Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerance limits. In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the ALCO. Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the ALCO. Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits.
Credit Risk	Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.	The company adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to assessment of promoters; group financial strength and leverage; operational and financial performance track record; client cash flows; valuation of collateral (real estate - considering status of project approvals, market benchmarking and current going rates; corporates – considering capital market trend / cash flows / peer comparison as applicable). The exposures are subjected to regular monitoring of (real estate - project performance, cash flows, security cover; corporates – exposures backed by listed securities, security cover is regularly monitored). The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties and by monitoring exposures in relation to such limits.
Interest rate risk	Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income. Interest rate risk arises from mismatches in re-pricing of interest rate sensitive assets (RSA) and rate sensitive liabilities (RSL).	Board of Directors (the Board) of the Company is the guiding body for management of its interest rate risk and sets the overall policy and risk limits. In order to manage/mitigate interest rate risk, the Company has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board. Treasury is entrusted with the responsibility of managing interest rate risk within the overall risk limits as approved by the Board. Further, the Company undertakes Net Interest Income (NII) analysis to assess the impact of changes in interest rate on the earnings of the Company. The Interest Rate Sensitivity (IRS) gaps are monitored by ALCO on monthly basis.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

36.5.2. CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

The company adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to assessment of promoters; group financial strength and leverage; operational and financial performance track record; client cash flows; valuation of collateral (real estate sector- considering status of project approvals, market benchmarking and current going rates; corporate sector – considering capital market trend / cash flows / peer comparison as applicable).

The exposures are subjected to regular monitoring of (real estate - project performance, cash flows, security cover; corporates – exposures backed by listed securities, security cover is regularly monitored). The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties and by monitoring exposures in relation to such limits.

The carrying amounts of following financial assets represent the maximum credit risk exposure:-

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans at amortised cost		
- Commercial Real Estate	354,136.16	313,429.29
- Loan against Securities and Structured Products	137,293.09	448,554.34
- Margin Funding	54,934.73	117,696.86
Investments	50,039.54	53,924.06
Other financial assets	160,967.01	51,061.33
Total	**757,370.53**	**984,665.88**

36.5.2.1. NARRATIVE DISCLOSURES OF CREDIT RISK

The amount of collateral obtained, if deemed necessary by the company while granting credit facility, is based on management's credit evaluation of the counterparty. Collateral primarily include mortgage of property and/ or pledge of securities and/or hypothecation of receivables and/ or undertaking to create a security.

36.5.2.2. QUANTITATIVE INFORMATION OF COLLATERAL - CREDIT IMPAIRED ASSETS

(Collateral Coverage - Value of collateral available to mitigate the credit exposure)

(Amount in lakhs)

Sr No	Loan To Value (LTV) range	Gross value of loan in stage 3	
		As at 31st March 2020	As at 31st March 2019
1	Upto 50% Coverage *	2,602.94	873.50
2	51% - 70% Coverage	-	-
3	71% - 100% Coverage	-	-
4	Above 100% coverage	4,917.65	3,202.10
		7,520.59	**4,075.60**

** Provision Created for Impairment allowance agains these Loans - ₹ 1912.88 Lakhs (Previous Year ₹ 803.66 Lakhs)*

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

36.5.2.3. FINANCIAL ASSETS RECEIVED AS COLLATERAL

Company has received Financial assets as collateral that it is permitted to sell in the absence of default.

At March 31st, 2020, the fair value of financial assets accepted as collateral against Loan that the Company is permitted to sell or repledge in the absence of default was Rs. 5,69,080.05 lakhs (March 31st, 2019: ₹ 12,17,700.53 lakhs).

During the year ended on March 31st, 2020, the fair value of financial assets accepted as collateral that had been sold was ₹ 36,853.43 lakhs (Year ended on March 31st, 2019: ₹ 6,836.43 lakhs). The Company adjusts the sales Proceed from carrying amount of loan and is not obliged to return equivalent securities.

36.5.2.4. AMOUNTS ARISING FROM ECL

The company uses the Expected Credit Loss Model to assess impairment loss or gain.

36.5.2.4.1. INPUTS, ASSUMPTIONS AND TECHNIQUES USED FOR ESTIMATING IMPAIRMENT ON LOANS

Inputs considered in the ECL model:

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk since initial recognition on an ongoing basis at each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, credit assessment and including forward looking information.

loans are categorized into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

The company categorises loan assets into stages based on the days past due status.

- Current	- Stage 1
- 0-30 days past due	- Stage 1
- 31- 60 days past due	- Stage 2
- 61- 89 days past due	- Stage 2
- 90 days and above past due	- Stage 3

The three stages reflect the general pattern of credit deterioration of a financial instrument.

Further, company considers following additional factors to determine significant increase in credit risk since initial recognition:

- 2 notch downgrade in Internal rating (wherever available) since initial recognition of loan
- 2 notch downgrade in external rating (wherever available) since initial recognition of loan
- management judgement of of significant increase in credit risk based on the internal assessment.

Company does not move Loan from higher stage to lower stage immediately after payment of overdue amount and applies following cooling off period for upgradation:

From Stage 2 to Stage 1

- Instrument should continue in lower than 30 dpd for at least six months

From Stage 3 to Stage 2

- Instrument should continue in lower than 90 dpd for at least six months or
- Moves to Zero dpd

Assumption considered in the ECL model:

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.

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The Company provides for Expected Credit Losses based on the following:

Category - Description	Basis for recognition of ECL
1. Stage 1 - Standard (Performing) Asset -	12 month PD
2. Stage 2 - Significant Credit Deteriorated Asset -	Life time PD
3. Stage 3- Default (Credit Impaired) Asset -	100% PD

Forward looking information:
The Company incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as real GDP, lending rate, private consumption, domestic demand, real estate price movement, real estate unsold inventory and money supply. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

Assessment of significant increase in credit risk:
The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been more than 30 days past due.

Credit Impaired:
A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days from the day it is due. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

Policy for write-off of Financial assets
Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

36.5.2.4.2. GROSS CARRYING VALUE

The following table shows reconciliations from the opening to the closing balance of the Gross Carrying value

Loans

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at March 31st, 2018	**687,269.68**	**75,524.57**	**1,022.44**	**763,816.69**
Transition From 12 month ECL	(60,045.44)	57,993.40	2,052.04	-
Transition From Lifetime ECL not credit impaired	29,476.27	(33,017.41)	3,541.14	-
Transition From Lifetime ECL credit impaired	50.42	180.57	(231.00)	-
Net remeasurement	(118,345.08)	(9,570.46)	(2,409.81)	(130,325.35)
New financial assets originated during the year	477,596.73	15,463.87	138.02	493,198.62
Financial assets that have been derecognised during the period	(220,076.11)	(26,896.14)	(37.22)	(247,009.47)
Balance as at March 31st, 2019	**795,926.47**	**79,678.42**	**4,075.60**	**879,680.49**
Transition From 12 month ECL	(41,067.17)	37,989.53	3,077.65	-
Transition From Lifetime ECL not credit impaired	21,279.28	(25,903.18)	4,623.90	-
Transition From Lifetime ECL credit impaired	25.28	48.19	(73.47)	-
Net remeasurement	(150,882.48)	(13,868.92)	(3,943.47)	(168,694.86)
New financial assets originated during the year	173,231.12	18,463.74	-	191,694.86
Financial assets that have been derecognised during the period	(324,694.38)	(31,382.51)	(167.64)	(356,244.53)
Write-offs	-	-	(71.98)	(71.98)
Balance as at March 31st, 2020	**473,818.12**	**65,025.27**	**7,520.59**	**546,363.98**

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Investments

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at March 31st, 2018	**15,455.82**	**12,512.50**	**-**	**27,968.32**	**-**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	-	-	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	-	-	-	-	-
New financial assets originated during the year	44,912.52	9,011.54	-	3,844.22	50,079.84
Financial assets that have been derecognised during the period	(15,455.82)	(12,512.50)	-	(27,968.32)	-
Balance as at March 31st, 2019	**44,912.52**	**9,011.54**	**-**	**3,844.22**	**50,079.84**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	9,011.54	(9,011.54)	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	(40.30)	-	-	-	(40.30)
New financial assets originated during the year	-	-	-	-	-
Financial assets that have been derecognised during the period	(3,844.22)	-	-	(3,844.22)	-
Write-offs	-	-	-	-	-
Balance as at March 31st, 2020	**50,039.54**	**-**	**-**	**-**	**50,039.54**

Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31st, 2018	**37,599.79**
Addition/Deletion during the year	13,352.37
Balance as at March 31st, 2019	**50,952.16**
Addition/Deletion during the year	110,014.85
Balance as at March 31st, 2020	**160,967.01**

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36.5.2.4.3. IMPAIRMENT LOSS ALLOWANCE

The following table shows reconciliations from the opening to the closing balance of the loss allowances and write offs:

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at March 31st, 2018	**1,072.91**	**1,442.56**	**179.53**	**2,695.00**
Transition From 12 month ECL	(99.85)	94.54	5.31	-
Transition From Lifetime ECL not credit impaired	332.80	(389.03)	56.23	-
Transition From Lifetime ECL credit impaired	1.08	1.19	(2.27)	-
Net remeasurement of loss allowance	(368.53)	849.26	1,624.12	2,104.85
New financial assets originated during the year	1,008.84	139.86	10.66	1,159.36
Financial assets that have been derecognised during the period	(283.55)	(201.53)	(3.91)	(488.99)
Write-offs	-	-	-	-
Balance as at March 31st, 2019	**1,663.70**	**1,936.85**	**1,869.67**	**5,470.22**
Transition From 12 month ECL	(112.55)	112.41	0.14	-
Transition From Lifetime ECL not credit impaired	148.56	(631.88)	483.32	-
Transition From Lifetime ECL credit impaired	0.39	0.06	(0.45)	-
Net remeasurement of loss allowance	953.27	2,047.28	778.23	3,778.78
New financial assets originated during the year	1,687.49	1,166.89	-	2,854.38
Financial assets that have been derecognised during the period	(618.34)	(127.51)	(29.27)	(775.12)
Write-offs	-	-	(0.83)	(0.83)
Balance as at March 31st, 2020	**3,722.52**	**4,504.10**	**3,100.81**	**11,327.43**

Investments

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at March 31st, 2018	**51.89**	**304.00**	**-**	**355.89**	**-**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	-	-	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-
New financial assets originated during the year	206.37	182.96	-	11.14	378.19
Financial assets that have been derecognised during the period	(51.89)	(304.00)	-	(355.89)	-
Write-offs	-	-	-		
Balance as at March 31st, 2019	**206.37**	**182.96**	**-**	**11.14**	**378.19**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	182.96	(182.96)	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement of loss allowance	(59.83)	-	-	-	(59.83)
New financial assets originated during the year	-	-	-	-	-
Financial assets that have been derecognised during the period	(11.14)	-	-	(11.14)	-
Write-offs	-	-	-	-	-
Balance as at March 31st, 2020	**318.36**	**-**	**-**	**-**	**318.36**

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Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31st, 2018	**12.56**
Addition/Deletion during the year	0.81
Balance as at March 31st, 2019	**13.37**
Addition/Deletion during the year	27.33
Balance as at March 31st, 2020	**40.70**

36.5.2.5. CREDIT QUALITY ANALYSIS

The following table sets out the information about the credit quality of financial assets measured at amortised cost.

(Amount in lakhs)

	As at 31st March, 2020				As at 31st March, 2019			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Commercial Real Estate								
Current	292,652.02	40,846.19	-	333,498.21	275,417.25	16,754.10	-	292,171.35
Past due 1–30 days	-	1,917.01	-	1,917.01	66.50	-	-	66.50
Past due 31–60 days	-	13,804.97	-	13,804.97	-	18,163.28	-	18,163.28
Past due 61–90 days	-	-	-	-	-	-	1,026.91	1,026.91
Past due 90 days	-	-	4,915.97	4,915.97	-	-	2,001.25	2,001.25
Gross carrying amount	**292,652.02**	**56,568.17**	**4,915.97**	**354,136.16**	**275,483.75**	**34,917.38**	**3,028.16**	**313,429.29**
Impairment loss allowance	(3,387.16)	(4,426.44)	(1,187.30)	(9,000.91)	(803.00)	(1,597.60)	(1,061.22)	(3,461.80)
Net carrying amount	**289,264.85**	**52,141.73**	**3,728.66**	**345,135.25**	**274,680.75**	**33,319.78**	**1,966.95**	**309,967.49**
Loan against Securities and Structured Products								
Current	133,576.59	1,029.74	-	134,606.33	427,311.92	4,513.45	-	431,825.37
Past due 1–30 days	1,068.18	-	-	1,068.18	78.94	-	-	78.94
Past due 31–60 days	-	70.69	-	70.69	-	16,601.84	-	16,601.84
Past due 61–90 days	-	-	-	-	-	-	48.19	48.19
Past due 90 days	-	-	1,547.89	1,547.89	-	-	-	-
Gross carrying amount	**134,644.77**	**1,100.43**	**1,547.89**	**137,293.09**	**427,390.86**	**21,115.29**	**48.19**	**448,554.34**
Impairment loss allowance	(113.25)	(2.29)	(870.98)	(986.51)	(629.07)	(5.21)	(0.06)	(634.34)
Net carrying amount	**134,531.53**	**1,098.14**	**676.91**	**136,306.58**	**426,761.79**	**21,110.08**	**48.13**	**447,920.00**
Margin Funding								
Current	45,559.19	5,686.18	-	51,245.37	82,585.57	14,173.68	0.00	96,759.25
Past due 1–30 days	962.14	923.52	-	1,885.66	10,466.28	5,875.40	50.42	16,392.10
Past due 31–60 days	-	746.97	-	746.97	-	3,272.85	73.85	3,346.70
Past due 61–90 days	-	-	-	-	-	323.82	-	323.82
Past due 90 days	-	-	1,056.73	1,056.73	-	-	874.99	874.99
Gross carrying amount	**46,521.33**	**7,356.67**	**1,056.73**	**54,934.73**	**93,051.85**	**23,645.75**	**999.26**	**117,696.86**
Impairment loss allowance	(222.13)	(75.34)	(1,042.53)	(1,340.00)	(231.63)	(334.03)	(808.41)	(1,374.07)
Net carrying amount	**46,299.20**	**7,281.33**	**14.20**	**53,594.73**	**92,820.22**	**23,311.72**	**190.85**	**116,322.79**

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(Amount in lakhs)

	As at 31st March, 2020				As at 31st March, 2019			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Debenture								
Current	50,039.54	-	-	50,039.54	41,068.30	9,011.54	-	50,079.84
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-	-	-
Gross carrying amount	**50,039.54**	**-**	**-**	**50,039.54**	**41,068.30**	**9,011.54**	**-**	**50,079.84**
Impairment loss allowance	(318.36)	-	-	(318.36)	(195.23)	(182.96)	-	(378.19)
Net carrying amount	**49,721.18**	**-**	**-**	**49,721.18**	**40,873.07**	**8,828.58**	**-**	**49,701.65**

The following table sets out the information about the credit quality of financial assets measured at Fair value through other comprehensive income(FVOCI).

(Amount in lakhs)

	As at 31st March, 2020				As at 31st March, 2019			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Investments (Debentures)								
Current	-	-	-	-	3,817.92		-	3,817.92
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-	-	-
Gross carrying amount	**-**	**-**	**-**	**-**	**3,817.92**	**-**	**-**	**3,817.92**
Impairment loss allowance	-	-	-	-	(11.14)		-	(11.14)
Net carrying amount	**-**	**-**	**-**	**-**	**3,806.78**	**-**	**-**	**3,806.78**
Fair Value		**-**	**-**	**-**	**3,844.22**		**-**	**3,844.22**

Covid-19 Impact

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. In respect of accounts where moratorium benefit has been granted, days past due (DPD) status of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020.

The granting of moratorium does not result in accounts becoming past due and automatically triggering forward movement to Stage 2 or Stage 3. However Company has assessed such accounts based on qualitative factors and wherever Company assessed, there may have been significant increase in credit Risk, financial assets have been classified to Stage II and accordingly impairment allowance for lifetime expected loss is provided.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

The following table sets out the information about the credit quality of Trade Receivables and other financial assets.

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	12-month ECL	12-month ECL
Current	160,967.01	50,952.16
Impairment loss allowance	(40.70)	(13.37)
Carrying amount	**160,926.31**	**50,938.79**

36.5.3. LIQUIDITY RISK

Liquidity risk is the risk that the Company is unable to meet its financial obligations when they fall due without adversely affecting its financial condition. Liquidity risk arises because of mismatches in the timing of the cash flows.

Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances. For further details on the Company's strategy to mitigate liquidity risk Refer Note 36.5.1.

Maturity Profile of Financial Liabilities

For financial liabilities the amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements. For financial assets, only carrying values (excluding any provision for impairment loss) as on the reporting date are considered.

(Amount in lakhs)

Particulars	1to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at 31st March, 2020										
Financial assets										
Cash and cash equivalents	22,431.73	136,589.79	-	-	-	-	-	-	-	159,021.52
Bank Balance other than cash and cash equivalents	-	-	-	-	-	1,457.14	40.22	-	-	1,497.36
Receivables										
(I) Trade receivables	59.65	-	-		-	-	-	-	-	59.65
(II) Other receivables	-	-	387.87	-	-	-	-	-	-	387.87
Loans	18,011.79	19,132.18	15,020.72	38,604.50	78,150.44	76,736.35	239,231.20	41,468.39	20,008.41	546,363.98
Investments	22,000.51	27.66	-	-	20,000.00	10,611.87	7,966.10	16,716.66	6,180.69	83,503.49
Other Financial assets	-	-	-	-	-	-	-	-	200.62	200.62
	62,503.68	**155,749.63**	**15,408.59**	**38,604.50**	**98,150.44**	**88,805.36**	**247,237.52**	**58,185.05**	**26,389.72**	**791,034.50**
Financial liabilities										
Derivative financial instruments	-	-	-	-	248.93	3,837.07	1,355.02	-	-	5,441.02
Payables										
(I) Trade payables	2,585.72	-	-	249.08	-	-	-	-	-	2,834.80
(II) Other payables	1,440.75	-	-	-	-	-	-	-	-	1,440.75
Debt securities	-	5,207.74	32,642.63	3,528.16	82,997.44	70,292.25	139,209.07	-	-	333,877.29
Borrowings (Other than Debt Securities)	10,568.39	39,300.00	24,277.24	46,500.00	61,158.11	83,355.52	5,199.70	-	-	270,358.96
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.00	3,445.00	22,992.71	31,605.21
	14,594.86	**44,507.74**	**56,919.87**	**50,277.24**	**144,404.48**	**159,207.34**	**149,208.79**	**3,445.00**	**22,992.71**	**645,558.03**

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(Amount in lakhs)

Particulars	1to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at 31st March, 2019										
Financial assets										
Cash and cash equivalents	27,423.95	-	-	-	-	-	-	-	-	27,423.95
Bank Balance other than cash and cash equivalents	0.52	-	37.74	-	2,701.77	20,063.20	-	-	-	22,803.23
Receivables										
(I) Trade receivables	250.42	-	129.60	-	162.00	-	-	-	0.00	542.02
(II) Other receivables	-	-	182.34	-	-	-	-	-	-	182.34
Loans	12,271.96	75,147.60	97,044.96	143,408.93	108,835.99	159,345.52	214,768.02	22,953.11	45,904.40	879,680.49
Investments	35,300.00	18.49	-	1,049.81	3,817.92	3,500.00	31,211.54	17,800.00	8,629.36	101,327.12
Other Financial assets	-	-	-	-	-	-	-	-	110.62	110.62
Total	**75,246.84**	**75,166.09**	**97,394.65**	**144,458.74**	**115,517.69**	**182,908.72**	**245,979.56**	**40,753.11**	**54,644.37**	**1,032,069.77**
Financial liabilities										
Payables										
(I) Trade payables	389.27	-	0.50	-	-	-	-	-	-	389.77
(II) Other payables	128.42	-	362.58	26.95	-	-	-	-	-	517.95
Debt securities	4,316.00	-	5,815.81	-	56,955.34	123,036.70	126,670.01	7,130.00	-	323,923.86
Borrowings (Other than Debt Securities)	48,004.13	48,086.93	81,131.91	70,358.34	128,684.12	192,007.86	-	-	-	568,273.29
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.00	3,445.00	24,715.21	33,327.71
Total	**52,837.82**	**48,086.93**	**87,310.80**	**70,385.29**	**185,639.46**	**316,767.06**	**130,115.01**	**10,575.00**	**24,715.21**	**926,432.58**

36.5.4. INTEREST RATE RISK

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing instruments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating rate bearing instruments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows.

(Amount in lakhs)

	31st March, 2020	31st March, 2019
Fixed-rate instruments		
Financial assets	382,773.60	542,697.59
Financial liabilities	(541,533.92)	(841,900.41)
Variable-rate instruments		
Financial assets	377,673.68	455,621.78
Financial liabilities	(48,845.10)	(25,942.63)
Rate Insensitive	9,184.14	26,980.89
Total Net	**179,252.40**	**157,457.22**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

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Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Amount in lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments (net)	3,288.29	(3,288.29)	4,296.79	(4,296.79)
Cash Flow Sensitivity	**3,288.29**	**(3,288.29)**	**4,296.79**	**(4,296.79)**

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

36.5.5. THE FOLLOWING TABLE PRESENTS THE RECOGNISED FINANCIAL INSTRUMENTS AND OTHER SIMILAR AGREEMENTS THAT CAN BE OFFSET BUT ARE NOT OFFSET

The column 'maximum exposure' shows the impact on the Company's balance sheet if all set-off rights are exercised.

(Amount in lakhs)

Particulars	Effect of offsetting on the balance sheet				
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Netting potential not recognised on the balance sheet - Financial collaterals obtained1	Maximum exposure
March 31, 2020					
Loans and advances					
Loans against securities and structured products	94,564.17	-	94,564.17	(93,553.36)	1,010.81
Margin funding	54,934.73	-	54,934.73	(53,768.95)	1,165.78
	149,498.90	**-**	**149,498.90**	**(147,322.31)**	**2,176.59**
March 31, 2019					
Loans and advances					
Loans against securities and structured products	327,377.69	-	327,377.69	(327,377.69)	-
Margin funding	117,696.86	-	117,696.86	(116,326.19)	1,370.67
	445,074.55	**-**	**445,074.55**	**(443,703.88)**	**1,370.67**

[1]Company obtains financial collateral from its borrowers towards, loans advanced as Loans against securities(LAS) and Margin funding portfoio. Fair value of the financial collateral obtained is more than the underlying loans exposure. Accordingly, amounts have been capped to the extent it does not exceed the net amount of financial assets presented on the balance sheet.

36.5.6. MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk which primarily includes risk of change in market value of investments. Thus, exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities . Objective of Market risk management is to minimize impact of change in Market value of lending/investments.

36.5.7. CURRENCY RISK

Company's operating currency is Indian Rupee only and not exposed to Foreign currency risk.

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NOTE 37 EMPLOYEE BENEFITS

A. The Company contributes to the following post-employment defined contribution and benefit plans in India.

(i) Defined Contribution Plans:

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognised provident fund and administered by a Board of Trustees. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The Company recognized Rs. 115.01 lakhs (Previous year. Rs. 111.99 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

The Company offers the following employee benefit schemes to its employees:

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of Rs. 20 lakhs. (Previous Year Rs. 20 lakhs).

The gratuity benefit is provided through unfunded plan and annual contributions are charged to the statement of profit and loss. Under the scheme, the settlement obligation remains with the Company. Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

(Amount in lakhs)

	Note	As at March 31st, 2020	As at March 31st, 2019
Net defined benefit liability	17 (i)	261.30	204.76
Total employee benefit liabilities		**261.30**	**204.76**

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

(Amount in lakhs)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Opening balance	**204.76**	**178.43**	**-**	**-**	**204.76**	**178.43**
Included in profit or loss	-	-	-	-		
Current service cost	32.16	26.24	-	-	32.16	26.24
Past service cost	-	-	-	-	-	-
Interest cost (income)	13.43	12.40	-	-	13.43	12.40
	250.35	**217.07**	**-**	**-**	**250.35**	**217.07**
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	16.14	-	-	-	16.14
Financial assumptions	0.99	1.84	-	-	0.99	1.84
Experience adjustment	18.88	27.59	-	-	18.88	27.59
Return on plan assets excluding interest income		-	-	-	-	-
	19.87	**45.57**	**-**	**-**	**19.87**	**45.57**

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(Amount in lakhs)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Other						
Benefits paid	(1.07)	(60.67)	-	-	(1.07)	(60.67)
Employers contribution		-	-	-	-	-
Liabilities assumed / (settled)	(7.85)	2.79			(7.85)	2.79
Closing balance	**261.30**	**204.76**	**-**	**-**	**261.30**	**204.76**
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					261.30	204.76
					261.30	**204.76**

C. Expenses recognised in Statement of profit and loss

(Amount in lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Current service cost	32.16	26.23
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	13.43	12.40
(Gains) / losses on settlement		-
Total	**45.59**	**38.63**

D. Remeasurements recognised in other comprehensive income

(Amount in lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Actuarial loss (gain) arising from:		
Demographic assumptions	-	16.14
Financial assumptions	0.99	1.84
Experience adjustment	18.88	27.59
	19.87	**45.57**
Return on plan assets excluding interest income	-	-
	19.87	**45.57**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

E. Defined benefit obligations

i. Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	As at 31st March, 2020	As at 31st March, 2019
Discount rate	6.40%	7.15%
Salary escalation rate	0.00% until year 1 inclusive, then 7.00%	7.00%
Mortality rate Age (Years)	Rates (p.a.)	Rates (p.a.)
18	0.09%	0.09%
23	0.09%	0.09%
28	0.09%	0.09%
33	0.11%	0.11%
38	0.15%	0.15%
43	0.21%	0.21%
48	0.35%	0.35%
53	0.62%	0.62%
58	0.97%	0.97%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Amount in lakhs)

	As at 31st March, 2020		As at 31st March, 2019	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.5% movement)	253.05	270.07	198.33	211.57
Future salary growth (0.5% movement)	266.45	256.31	208.57	201.02

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Experience Adjustments

(Amount in lakhs)

Particulars	Gratuity					
	Year ended 31st March					
	2020	2019	2018	2017	2016	2015
Defined benefit obligation	261.30	204.76	178.43	145.79	142.74	137.48
Plan assets	-	-	-	-	-	-
Surplus / (deficit)	261.30	204.76	178.43	145.79	142.74	137.48
Experience adjustments on plan liabilities	18.88	9.18	18.41	4.94	(3.45)	8.22
Experience adjustments on plan assets		-	-	-	-	-

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

G. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized Rs.-24.33 lakhs (Previous year. Rs. 25.21 lakhs) for Compensated Absences in the Statement of Profit and Loss.

H. Long Service Award

The Company provides for long service awards as at the balance sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of its fellow subsidiary.

NOTE 38 SHARE-BASED PAYMENT ARRANGEMENTS:

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, ("the Bank"), the shareholders of the Bank had unanimously passed Special Resolutions on 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 2007; and

(b) Kotak Mahindra Equity Option Scheme 2015

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank (IVBL) with the Bank, the Bank has renamed and adopted the ESOP Schemes of the erstwhile IVBL, as given below:

(a) Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2007

(b) Kotak Mahindra Bank Ltd. (IVBL) Employee Stock Option Scheme 2010; and

(c) Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2013

The fair value of the option is determined using a Black-Scholes options pricing model. During the year, 131.19 lakhs (March 31, 2018: 119.93 lakhs) was charged to the Company's statement of profit or loss in respect of equity-settled share-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

Consequent to the above, the Bank has granted stock options to employees of the Company.

Scheme Reference	31st March, 2020					31st March, 2019		
	Grant Date	Method of Settlement Accounting	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2007-44								
D	9-May-14	Equity settled				5,332	31-Dec-17	4.15
2007-47								
C	9-May-15	Equity settled				5,448	30-Jun-18	3.65
D	9-May-15	Equity settled	13,576	31-Dec-18	4.15	5,448	31-Dec-18	4.15
2007-47								
C	9-May-15	Equity settled				144	12-Mar-18	3.65
D	9-May-15	Equity settled				144	12-Mar-18	4.15
2015-02								
B	19-May-16	Equity settled				7,620	31-Jul-18	2.70
C	19-May-16	Equity settled	6,764	30-Jun-19	3.62	5,080	30-Jun-19	3.62
D	19-May-16	Equity settled	6,764	30-Nov-19	3.87	5,080	30-Nov-19	3.87
2015-02								
B	19-May-16	Equity settled				96	12-Mar-18	2.70
C	19-May-16	Equity settled				64	12-Mar-18	2.81
D	19-May-16	Equity settled				64	12-Mar-18	2.81

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Scheme Reference	31st March, 2020					31st March, 2019		
	Grant Date	Method of Settlement Accounting	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-03								
A	19-May-16	Equity settled	20,000	1-Jan-20	3.87	20,000	1-Jan-20	3.87
2015-05								
A	10-Aug-16	Equity settled	9,000	15-Aug-19	3.39	9,000	15-Aug-19	3.39
B	10-Aug-16	Equity settled	9,000	15-Aug-20	4.39	9,000	15-Aug-20	4.39
2015-07								
A	15-May-17	Equity settled				10,677	31-Aug-18	1.79
B	15-May-17	Equity settled	14,088	31-Oct-19	2.96	10,677	31-Oct-19	2.96
C	15-May-17	Equity settled	9,392	30-Jun-20	3.63	7,118	30-Jun-20	3.63
D	15-May-17	Equity settled	9,392	31-Dec-20	4.13	7,118	31-Dec-20	4.13
2015-07								
A	15-May-17	Equity settled				204	12-Mar-18	1.79
B	15-May-17	Equity settled				204	12-Mar-18	2.96
C	15-May-17	Equity settled				136	12-Mar-18	3.63
D	15-May-17	Equity settled				136	12-Mar-18	4.13
2015-14								
A	18-May-18	Equity settled	14,592	31-Jul-19	1.71	11,844	31-Jul-19	1.71
B	18-May-18	Equity settled	14,592	31-Oct-20	2.95	11,844	31-Oct-20	2.95
C	18-May-18	Equity settled	9,728	30-Jun-21	3.62	7,896	30-Jun-21	3.62
D	18-May-18	Equity settled	9,728	31-Dec-21	4.12	7,896	31-Dec-21	4.12
2015-16								
A	18-May-18	Equity settled	5,000	31-Jul-20	2.71			
B	18-May-18	Equity settled	5,000	31-Jul-21	3.71			
2015-19								
A	20-May-19	Equity settled	12,012	31-Jul-20	1.70			
B	20-May-19	Equity settled	12,012	31-Oct-21	2.95			
C	20-May-19	Equity settled	8,008	30-Jun-22	3.62			
D	20-May-19	Equity settled	8,008	31-Dec-22	4.12			

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

As at 31st March, 2020

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
2015-02	19-May-16	1.37 - 3.53	0.33 - 1.00	1.62 - 3.70	710.00	708.90	7.25% - 7.46%	0.07%	26.85% - 27.96%	134.08 - 229.80
2015-05	10-Aug-16	3.01 - 4.02	0.38 - 0.38	3.20 - 4.21	765.00	764.75	7.04% - 7.13%	0.07%	26.75% - 28.05%	225.33 - 261.42
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955.00	954.65	6.64% - 6.95%	0.06%	20.74% - 35.44%	145.98 - 349.84
2015-14	18-May-18	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,271.00	1,270.70	7.44% - 7.99%	0.06%	18.68% - 32.95%	184.60 - 465.70
2015-16	18-May-18	2.21 - 3.21	0.50 - 0.50	2.46 - 3.46	1,271.00	1,270.70	7.75% - 7.98%	0.06%	19.74% - 31.94%	277.78 - 438.73
2015-19	20-May-19	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,460.00	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

As at 31st March, 2019

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
2007-44	9-May-14	1.39 - 3.65	0.50 - 0.50	1.65 - 3.90	812.00	812.00	8.73% - 8.89%	0.10%	28.53% - 30.17%	171.64 - 303.42
2007-47	9-May-15	1.40 - 3.65	0.50 - 1.00	1.65 - 3.90	1,330.00	1,329.50	7.91% - 8.07%	0.07%	27.61% - 29.29%	267.02 - 473.14
2015-02	19-May-16	1.37 - 3.53	0.33 - 1.00	1.62 - 3.70	710.00	708.90	7.25% - 7.46%	0.07%	26.85% - 27.96%	134.08 - 229.80
2015-03	19-May-16	3.62 - 3.62	0.25 - 0.25	3.75 - 3.75	710.00	708.90	7.46% - 7.46%	0.07%	27.28% - 27.28%	231.24 - 231.24
2015-05	10-Aug-16	3.01 - 4.02	0.38 - 0.38	3.20 - 4.21	765.00	764.75	7.04% - 7.13%	0.07%	26.75% - 28.05%	225.33 - 261.42
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955.00	954.65	6.64% - 6.95%	0.06%	20.74% - 35.44%	145.98 - 349.84
2015-14	18-May-18	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,271.00	1,270.70	7.44% - 7.99%	0.06%	18.68% - 32.95%	184.60 - 465.70

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2020.

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of Kotak Mahindra Bank Limited's publicly traded equity shares.
Expected dividends	Dividend yield of the options is based on recent dividend activity.
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government securities yield in effect at the time of the grant.

C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme as at 31st March, 2020

Scheme	Grant Date	31st March, 2020							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2007-47	9-May-15	5,268	-	(9,472)	4,204	-	-	-	-
2015-02	19-May-16	10,160	-	(5,284)	(4,212)	-	-	664	664
2015-07	15-May-17	24,675	-	(2,367)	(3,241)	-	(272)	18,795	6,819
2015-05	10-Aug-16	18,000	-	(9,000)	-	-	-	9,000	-
2015-03	19-May-16	20,000	-	-	(20,000)	-	-	-	-
2015-14	18-May-18	39,480	-	(10,095)	(5,830)	-	(434)	23,121	-
2015-19	20-May-19	-	40,040	-	-	-	(880)	39,160	-
2015-16	18-May-18	-	-	-	10,000	-	-	10,000	-
		117,583	**40,040**	**(36,218)**	**(19,079)**	**-**	**(1,586)**	**100,740**	**7,483**

Scheme	Grant Date	31st March, 2019							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2007-47	9-May-15	11,184	-	(5,916)	-	-	-	5,268	5,268
2015-02	19-May-16	18,004	-	(7,844)	-	-	-	10,160	-
2015-07	15-May-17	34,900	1,370	(11,255)	(340)	-	-	24,675	-
2015-05	10-Aug-16	12,000	6,000	-	-	-	-	18,000	-
2007-44	9-May-14	5,332	-	(5,332)	-	-	-	-	-
2015-03	19-May-16	20,000	-	-	-	-	-	20,000	-
2015-14	18-May-18	-	39,480	-	-	-	-	39,480	-
		101,420	**46,850**	**(30,347)**	**(340)**	**-**	**-**	**117,583**	**5,268**

* This represents transfer of employees within Holding Company and its subsidiaries

The weighted average share price at the date of exercise for stock options exercised during the year was ₹1,547.78 (Previous year: ₹ 1,265.01).

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

		31st March, 2020			31st March, 2019		
ESOP Scheme	Range of exercise prices (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
2007-47	601-700	-	-	-	5,268	0.25	665.00
2015-02	701-800	664	0.70	761.22	10,160	1.07	730.56
2015-03	701-800	-	-	-	20,000	1.07	730.56
2015-05	701-800	9,000	0.70	761.22	18,000	1.07	730.56
2015-07	901-1000	18,795	0.67	955.00	24,675	1.61	955.00
2015-14	1201-1300	23,121	1.53	1,271.00	39,480	2.08	1,271.00
2015-16	1201-1300	10,000	1.53	1,271.00	-	-	-
2015-19	1401-1500	39,160	2.08	1,460.00	-	-	-

ii. Stock Appreciation Rights (cash-settled)

During the year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Company under its various plans / series has granted 10690 SARs during FY 2019- 20. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.20 years to 3.67 years

			31st March, 2020			31st March, 2019		
Scheme Reference	Grant Date	Method of Settlement Accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
Series 2015/04								
Tranche III	9-May-15	Cash settled				1884	30-Jun-18	3.15
Tranche V	9-May-15	Cash settled				1884	31-Dec-18	3.65
Scheme 2015 Series 4								
Tranche V-2A	19-May-16	Cash settled				729	31-Jul-18	2.20
Tranche V-2B	19-May-16	Cash settled				729	7-Aug-18	2.22
Tranche V-2C	19-May-16	Cash settled				729	14-Aug-18	2.24
Tranche V-3A	19-May-16	Cash settled	722	30-Jun-19	3.12	484	30-Jun-19	3.12
Tranche V-3B	19-May-16	Cash settled	722	7-Jul-19	3.13	484	7-Jul-19	3.13
Tranche V-3C	19-May-16	Cash settled	728	14-Jul-19	3.15	490	14-Jul-19	3.15
Tranche V-4A	19-May-16	Cash settled	722	30-Nov-19	3.53	484	30-Nov-19	3.53
Tranche V-4B	19-May-16	Cash settled	722	7-Dec-19	3.55	484	7-Dec-19	3.55
Tranche V-4C	19-May-16	Cash settled	728	14-Dec-19	3.57	490	14-Dec-19	3.57
Scheme 2015 Series 9								
Tranche V-1A	15-May-17	Cash settled				942	31-Aug-18	1.30
Tranche V-1B	15-May-17	Cash settled				942	7-Sep-18	1.32
Tranche V-1C	15-May-17	Cash settled				942	14-Sep-18	1.33
Tranche V-2A	15-May-17	Cash settled	1248	31-Oct-19	2.46	892	31-Oct-19	2.46
Tranche V-2B	15-May-17	Cash settled	1248	7-Nov-19	2.48	892	7-Nov-19	2.48
Tranche V-2C	15-May-17	Cash settled	1248	14-Nov-19	2.50	892	14-Nov-19	2.50
Tranche V-3A	15-May-17	Cash settled	828	30-Jun-20	3.13	591	30-Jun-20	3.13
Tranche V-3B	15-May-17	Cash settled	828	7-Jul-20	3.15	591	7-Jul-20	3.15
Tranche V-3C	15-May-17	Cash settled	840	14-Jul-20	3.17	602	14-Jul-20	3.17
Tranche V-4A	15-May-17	Cash settled	828	31-Dec-20	3.63	591	31-Dec-20	3.63

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			31st March, 2020			31st March, 2019		
Scheme Reference	**Grant Date**	**Method of Settlement Accounting**	**No of SARs outstanding**	**Vesting conditions / Dates**	**Contractual life of the options (Yrs)**	**No of SARs outstanding**	**Vesting conditions / Dates**	**Contractual life of the options (Yrs)**
Tranche V-4B	15-May-17	Cash settled	828	7-Jan-21	3.65	591	7-Jan-21	3.65
Tranche V-4C	15-May-17	Cash settled	840	14-Jan-21	3.67	602	14-Jan-21	3.67
Scheme 2015 Series 12								
Tranche V-1A	15-May-17	Cash settled				470	30-Jun-18	1.13
Tranche V-1B	15-May-17	Cash settled	470	30-Jun-19	2.13	470	30-Jun-19	2.13
Scheme 2015 Series 17								
Tranche V-1A	18-May-18	Cash settled	1254	31-Jul-19	1.20	971	31-Jul-19	1.20
Tranche V-1B	18-May-18	Cash settled	1254	7-Aug-19	1.22	971	7-Aug-19	1.22
Tranche V-1C	18-May-18	Cash settled	1254	14-Aug-19	1.24	971	14-Aug-19	1.24
Tranche V-2A	18-May-18	Cash settled	1254	31-Oct-20	2.46	971	31-Oct-20	2.46
Tranche V-2B	18-May-18	Cash settled	1254	7-Nov-20	2.48	971	7-Nov-20	2.48
Tranche V-2C	18-May-18	Cash settled	1254	14-Nov-20	2.50	971	14-Nov-20	2.50
Tranche V-3A	18-May-18	Cash settled	837	30-Jun-21	3.12	648	30-Jun-21	3.12
Tranche V-3B	18-May-18	Cash settled	837	7-Jul-21	3.14	648	7-Jul-21	3.14
Tranche V-3C	18-May-18	Cash settled	834	14-Jul-21	3.16	646	14-Jul-21	3.16
Tranche V-4A	18-May-18	Cash settled	837	31-Dec-21	3.62	648	31-Dec-21	3.62
Tranche V-4B	18-May-18	Cash settled	837	7-Jan-22	3.64	648	7-Jan-22	3.64
Tranche V-4C	18-May-18	Cash settled	834	14-Jan-22	3.66	646	14-Jan-22	3.66
Scheme 2015 Series 19								
Tranche V-1A	7-Jul-18	Cash settled	426	31-Jul-20	2.07	426	31-Jul-20	2.07
Tranche V-1B	7-Jul-18	Cash settled	425	7-Aug-20	2.09	425	7-Aug-20	2.09
Tranche V-1C	7-Jul-18	Cash settled	425	14-Aug-20	2.11	425	14-Aug-20	2.11
Tranche V-2A	7-Jul-18	Cash settled	425	31-Jul-21	3.07	425	31-Jul-21	3.07
Tranche V-2B	7-Jul-18	Cash settled	425	7-Aug-21	3.09	425	7-Aug-21	3.09
Tranche V-2C	7-Jul-18	Cash settled	425	14-Aug-21	3.11	425	14-Aug-21	3.11
Scheme 2015 Series 22								
Tranche V-1A	20-May-19	Cash settled	1069	31-Jul-20	1.20			
Tranche V-1B	20-May-19	Cash settled	1069	7-Aug-20	1.22			
Tranche V-1C	20-May-19	Cash settled	1069	14-Aug-20	1.24			
Tranche V-2A	20-May-19	Cash settled	1069	31-Oct-21	2.45			
Tranche V-2B	20-May-19	Cash settled	1069	7-Nov-21	2.47			
Tranche V-2C	20-May-19	Cash settled	1069	14-Nov-21	2.49			
Tranche V-3A	20-May-19	Cash settled	714	30-Jun-22	3.12			
Tranche V-3B	20-May-19	Cash settled	712	7-Jul-22	3.14			
Tranche V-3C	20-May-19	Cash settled	712	14-Jul-22	3.16			
Tranche V-4A	20-May-19	Cash settled	714	31-Dec-22	3.62			
Tranche V-4B	20-May-19	Cash settled	712	7-Jan-23	3.64			
Tranche V-4C	20-May-19	Cash settled	712	14-Jan-23	3.66			

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

The fair values were calculated using a Black-Scholes Model. The inputs were as follows:

As at 31st March, 2020

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (₹)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (Rs)
Scheme 2015 Series 9	15-May-17	0.25 - 0.79	0.25 - 0.79	-	1,293.70	4.31% - 4.74%	0.06%	38.78% - 58.01%	1293.07 - 1293.50
2015 SERIES 17	18-May-18	0.59 - 1.79	0.59 - 1.79	-	1,293.70	4.59% - 5.18%	0.06%	31.65% - 42.98%	1292.27 - 1293.23
Series 2015/19	7-Jul-18	0.33 - 1.37	0.33 - 1.37	-	1,293.70	4.38% - 5.06%	0.06%	33.41% - 51.43%	1292.60 - 1293.43
Scheme 2015 Series 22	20-May-19	0.33 - 2.79	0.33 - 2.79	-	1,293.70	4.38% - 5.4%	0.06%	27.74% - 51.43%	1291.47 - 1293.43

As at 31st March, 2019

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (Rs)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (Rs)
2015 SERIES 17	18-May-18	0.33 - 2.79	0.33 - 2.79	-	1,334.50	6.29% - 6.74%	0.05%	21.03% - 27.91%	1332.54 - 1334.27
2015 Series 9	15-May-17	0.59 - 1.79	0.59 - 1.79	-	1,334.50	6.39% - 6.65%	0.05%	22.31% - 28.06%	1333.24 - 1334.09
2015 Series 12	15-May-17	0.25 - 0.25	0.25 - 0.25	-	1,334.50	6.25% - 6.25%	0.05%	20.12% - 20.12%	1334.32 - 1334.32
2015 Series 4	19-May-16	0.25 - 0.71	0.25 - 0.71	-	1,334.50	6.25% - 6.44%	0.05%	19.74% - 27.53%	1334.00 - 1334.32
Series 2015/19	7-Jul-18	1.34 - 2.38	1.34 - 2.38	-	1,334.50	6.60% - 6.70%	0.05%	21.5% - 23.62%	1332.84 - 1047.55

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2020.

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of Kotak Mahindra Bank Limited's publicly traded equity shares.
Expected dividends	Dividend yield of the options is based on recent dividend activity.
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government securities yield in effect at the time of the grant.

Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme	Grant Date	31st March, 2020						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2014 Series 2	9-May-14	-	-	-	-	-	-	-
Scheme 2015 Series 9	15-May-17	6,244	-	(2,286)	(910)	-	(60)	2,988
Scheme 2015 Series 12	15-May-17	470	-	-	(470)	-	-	-
Scheme 2015 Series 4	19-May-16	2,880	-	(2,316)	(564)	-	-	-
Series 2015/04	9-May-15	-	-	-	-	-	-	-
2015 SERIES 17	18-May-18	9,710	-	(2,496)	(1,390)	-	(98)	5,726
Series 2015/19	7-Jul-18	2,551	-	-	-	-	-	2,551
Scheme 2015 Series 22	20-May-19	-	10,690	-	-	-	(180)	10,510
		21,855	**10,690**	**(7,098)**	**(3,334)**	**-**	**(338)**	**21,775**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Scheme	Grant Date	31st March, 2019						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2014 Series 2	9-May-14	-	-	-	-	-	-	-
Scheme 2015 Series 9	15-May-17	8,850	-	(2,826)	220	-	-	6,244
Scheme 2015 Series 12	15-May-17	940	-	(470)	-	-	-	470
Scheme 2015 Series 4	19-May-16	5,103	-	(2,223)	-	-	-	2,880
Series 2015/04	9-May-15	3,768	-	(3,768)	-	-	-	-
2015 SERIES 17	18-May-18	-	9,470	-	240	-	-	9,710
Series 2015/19	7-Jul-18	-	2,551	-	-	-	-	2,551
		18,661	**12,021**	**(9,287)**	**460**	**-**	**-**	**21,855**

* This represents transfer of employees within holding company and its subsidiaries

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

(Amount in lakhs)

Particulars	31st March, 2020	31st March, 2019
Total Employee compensation cost pertaining to share-based payment plans	274.81	278.48
Compensation cost pertaining to equity-settled employee share-based payment plan included above	131.19	119.91
Closing balance of liability for cash-settled options	160.65	156.70
Total intrinsic value of liabilities for vested benefits	0	0

Note 39 Capital Disclosure

The primary objectives of the capital management policy is to ensure that the Company continuously complies with capital requirements required by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to fund growth or comply with regulatory capital requirement, Company depends on internal accrual or may raise additional capital. Company may adjust the amount of dividend payment to shareholders, return capital to shareholders.

No changes have been made to the objectives, policies and processes from the previous years, however the same is constantly reviewed by the Board.

For Capital-to-Risk Weighted Assets (CRAR) as required by Regulator- Refer Note 48.01

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 40 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31st, 2020			As at March 31st, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	158,990.51	-	158,990.51	27,418.60	-	27,418.60
Bank Balance other than cash and cash equivalents	1,497.07	-	1,497.07	22,798.78	-	22,798.78
Receivables		-				
(I) Trade receivables	58.78	-	58.78	539.70	-	539.70
(II) Other receivables	382.25	-	382.25	181.56	-	181.56
Loans	242,665.91	292,370.63	535,036.55	593,458.81	280,751.46	874,210.27
Investments	52,445.19	30,739.94	83,185.13	43,155.81	57,793.12	100,948.93
Other Financial assets	-	197.71	197.71	-	110.15	110.15
Sub total	**456,039.72**	**323,308.28**	**779,348.00**	**687,553.26**	**338,654.73**	**1,026,207.99**
Non-financial assets						
Current Tax assets (Net)	-	995.19	995.19	-	472.90	472.90
Deferred Tax assets (Net)	-	2,911.86	2,911.86	-	2,656.84	2,656.84
Property, Plant and Equipment	-	218.75	218.75	-	198.72	198.72
Intangible assets under development	-	333.43	333.43		6.00	6.00
Other intangible assets	-	18.82	18.82	-	16.23	16.23
Other Non-financial assets	241.68	-	241.68	311.23	-	311.22
Sub total	**241.68**	**4,478.05**	**4,719.73**	**311.23**	**3,350.68**	**3,661.91**
Total Assets	**456,281.39**	**327,786.33**	**784,067.73**	**687,864.49**	**342,005.41**	**1,029,869.90**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	4,086.00	1,355.02	5,441.02			-
Payables		-				-
(I) Trade payables	2,834.80	-	2,834.80	389.77		389.77
(II) Other payables	1,440.75	-	1,440.75	517.95		517.95
Debt securities	178,705.74	127,434.80	306,140.54	178,690.57	119,087.11	297,777.68
Borrowings (Other than Debt Securities)	258,889.11	5,107.45	263,996.56	549,826.27	-	549,826.27
Subordinated Liabilities	-	20,241.93	20,241.93	-	20,239.09	20,239.09
Sub total	**445,956.40**	**154,139.20**	**600,095.60**	**729,424.56**	**139,326.20**	**868,750.76**
Non-Financial liabilities						
Current tax liabilities (Net)	852.90	-	852.90	1,651.85	-	1,651.85
Provisions	330.49	345.69	676.18	381.98	314.96	696.94
Other non-financial liabilities	755.02	-	755.02	1,310.30	-	1,310.30
Sub total	**1,938.41**	**345.69**	**2,284.10**	**3,344.13**	**314.96**	**3,659.09**
Total Liabilities	**447,894.81**	**154,484.89**	**602,379.70**	**732,768.69**	**139,641.16**	**872,409.85**

Schedules

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

NOTE 41 LITIGATION

The Company does not have any pending litigations as at March 31st, 2020 and March 31st, 2019 which would impact its financial position.

NOTE 42 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

All operating segments' results are regularly reviewed by the Board of Directors, which have been identified as the Chief Operating Decision Maker ('CODM') of the Group inter-Company revenues and expenses, for which discrete financial information is available. The Board of Directors, which have been identified as the CODM, regularly review the performance reports and make decisions about allocation of resources.

The Company has identified following reportable segments, performance reports of which is regularly reviewed by the Board of Directors.

- Loan against Securities and Structured Products

- Commercial Real Estate

- Margin Funding

- Treasury and Other Investments

A. Information about reportable segments

Amount in lakhs

For the year ended March 31st, 2020	Reportable segments							
Particulars	**Loan against Securities and Structured Products**	**Commercial Real Estate**	**Margin Funding**	**Treasury and Other Investments**	**Total Segments**	**Unallocated**	**Adjustments and Eliminations**	**Total**
Revenue								
External revenue	39,520.00	49,884.19	10,478.95	65,921.80	165,804.94	-	-	165,804.94
Inter-segment revenue	-	-	-	-	-	-	(60,732.50)	(60,732.50)
Total Revenue	**39,520.00**	**49,884.19**	**10,478.95**	**65,921.80**	**165,804.94**	**-**	**(60,732.50)**	**105,072.44**
Segment results / Profit before Tax	12,308.69	12,147.71	4,185.60	5,895.18	34,537.18	(1,178.12)	-	33,359.06
Segment assets	**170,067.64**	**365,584.09**	**54,844.37**	**189,863.96**	**780,360.07**	**3,707.66**	**-**	**784,067.73**
Segment liabilities	**2,447.57**	**851.22**	**921.49**	**596,066.59**	**600,286.87**	**2,092.83**	**-**	**602,379.70**
Other disclosures								
Depreciation and amortization	30.18	59.24	1.95	0.56	91.93	1.80	-	93.73
Capital expenditure	3.55	111.91	2.04	0.49	117.99	0.39	-	118.38

Amount in lakhs

For the year ended March 31st, 2019	Reportable segments							
Particulars	**Loan against Securities and Structured Products**	**Commercial Real Estate**	**Margin Funding**	**Treasury and Other Investments**	**Total Segments**	**Unallocated**	**Adjustments and Eliminations**	**Total**
Revenue								
External revenue	43,883.19	36,090.00	12,233.44	58,799.86	151,006.49	-	-	151,006.49
Inter-segment revenue	-	-	-	-	-	-	(54,848.13)	(54,848.13)
Total Revenue	**43,883.19**	**36,090.00**	**12,233.44**	**58,799.86**	**151,006.49**	**-**	**(54,848.13)**	**96,158.36**
Segment results / Profit before Tax	11,632.92	15,411.51	3,430.31	1,352.52	31,827.26	(987.68)	-	30,839.58
Segment assets	**482,097.66**	**352,300.70**	**116,391.60**	**75,975.46**	**1,026,765.42**	**3,104.48**	**-**	**1,029,869.90**
Segment liabilities	**438.09**	**511.59**	**188.27**	**868,089.39**	**869,227.34**	**3,182.51**	**-**	**872,409.85**
Other disclosures								
Depreciation and amortization	42.17	35.99	3.03	0.86	82.05	-	-	82.05
Capital expenditure	82.83	132.70	2.75	-	218.28	-	-	218.28

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

D. Information about major customers

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the company's total revenue in year ended March 31st, 2020 or March 31st, 2019.

NOTE 43 INTEREST IN ASSOCIATE AND JOINT VENTURE

Below are associates and joint ventures of the Group

Sr No.	Name of entity	Relationship (Associate/ Joint Venture)	Principal place of business	Accounting Method	Ownership interest	
					As at March 31st, 2020	As at March 31st, 2019
1	Phoenix ARC Private Limited	Associate	Mumbai	At Cost	30.00%	30.00%
2	Matrix Business Services India Private Limited	Joint Venture	Chennai	At Cost	-	19.77%

NOTE 44 DISAGGREGATION OF REVENUE

The management determines that the segment information reported under Note 42 Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no seperate disclosures of disaggregated revenues are reported.

NOTE 45 LEASE DISCLOSURES

Operating Lease as Lessee:

When applying Ind AS 116 for the first time, the Company has used the following practical expedients for leases previously classified as operating leases:

- exemption related to short-term leases and
- exemption related to leases of low value assets

Accordingly, rent payment to holding/fellow Subsidiary Company for sharing of Premises are recognized in Statement of profit & Loss under the head "Rent, taxes and energy costs" amounting to ₹ 674.74 lakhs (Previous year. ₹ 656.64 lakhs).

NOTE 46 LONG TERM CONTRACTS

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses, if any on such long term contracts has been made in the books of accounts.

NOTE 47 SEBI DISCLOSURE

Note 47.01 Initial Disclosure in terms of Para 4.1 of circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26 2018

Sr. No.	Particulars	Details
1	Name of the company	Kotak Mahindra Investments Limited
2	CIN	U65900MH1988PLC047986
3	Outstanding borrowing of company as on March 31st, 2020	₹ 5,92,320 lakhs*
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	NCD: CRISIL AAA NCD Tier II: CRISIL AAA and ICRA AAA CP: CRISIL A1+ and ICRA A1+ MLD: CRISIL PP-MLD AAAr/Stable.
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	Bombay Stock Exchange

The Company confirms that it is a Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Date – 29th Apr 2020

*** Face Value of Debenture and CPs and Principal Outstanding in case of Loans/ICDs**

- In terms para of 3.2(ii) of the circular, beginning F.Y 2022, in the event of shortfall in the mandatory borrowing through debt securities, a fine of 0.2% of the shortfall shall be levied by Stock Exchanges at the end of the two-year block period. Therefore, an entity identified as LC shall provide, in its initial disclosure for a financial year, the name of Stock Exchange to which it would pay the fine in case of shortfall in the mandatory borrowing through debt markets.

Note 47.02 Annual Disclosure to be made by an entity identified as Large Entities under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018

Sr. No.	Particulars	Details
1	Name of the company	Kotak Mahindra Investments Limited
2	CIN	U65900MH1988PLC047986
3	Incremental borrowing done in FY	1,90,870 Lakhs
4	Mandatory borrowing to be done through issuance of debt securities	47,718 Lakhs
5	Actual borrowings done through debt securities in FY	1,75,870 Lakhs
6	Shortfall in the mandatory borrowing through debt securities, if any	NIL
7	Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

Date – 29th Apr 2020

Note 47.03 Disclosures under Listing Agreement for Debt Securities

Disclosure under Regulation 53(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Debenture Trustees:
IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001
Tel. : 022-40807050
Fax : 022-40807021
Email: jimit@idbitrustee.com
Website: www.idbitrustee.com

Disclosure under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
Related Party transactions (Refer Note 35)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/companies in which directors are Interested	-	-
Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-

Disclosure under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Asset cover
The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's immovable property of Rs.10.26 lakhs (gross value) and further secured by way of hypothecation/mortgage of charged assets such as receivables arising out of loan, lease and hire purchase, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares) with an asset cover ratio of minimum 1.00 time value of the debentures during the tenure of the debentures.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 48 Disclosures as required by the NBFC Master Directions issued by RBI
Note 48.01 Capital to Risk Weighted Assets Ratio (CRAR)

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1.0	CRAR (%)	28.73%	18.06%
2.0	CRAR - Tier I Capital (%)	24.97%	15.59%
3.0	CRAR - Tier II Capital (%)	3.77%	2.48%
4.0	Amount of subordinated debt raised as Tier-II capital	19,219.30	20,239.09
5.0	Amount raised by issue of Perpetual Debt Instruments	-	-

NOTE 48.02 INVESTMENTS

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1.0	**Value of Investments**		
1.1	**Gross Value of Investments:**	**83,503.49**	**101,327.12**
i	In India	83,503.49	101,327.12
ii	Outside India,		-
1.2	**Provisions for Depreciation:**	**318.36**	**378.19**
i	In India	318.36	378.19
ii	Outside India,	-	-
1.3	**Net Value of Investments**	**83,185.13**	**100,948.93**
i	In India	83,185.13	100,948.93
ii	Outside India,	-	-
2.0	**Movement of provisions held towards depreciation on investments**		
2.1	**Opening balance**	**378.19**	**-**
2.2	Add : Provisions made during the year	-	378.19
2.3	Less : Write-off / write-back of excess provisions during the year	(59.83)	-
2.4	**Closing balance**	**318.36**	**378.19**

NOTE 48.03 DERIVATIVES

48.03.1. Forward Rate Agreement / Interest Rate Swap

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	The notional principal of swap agreements	-	-
2	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
3	Collateral required by the NBFC upon entering into swaps	-	-
4	Concentration of credit risk arising from the swaps $	-	-
5	The fair value of the swap book @	-	-

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

48.03.2. Exchange Traded Interest Rate (IR) Derivatives

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
2	Notional principal amount of exchange traded IR derivatives outstanding	-	-
3	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
4	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

48.03.3. Disclosures on Risk Exposure in Derivatives

The Company did not have any open interest in derivative contracts during the current year.

48.03.4. Quantitative Disclosures

Sr No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1.0	Derivatives (Notional Principal Amount)		
	For hedging	-	-
2.0	Marked to Market Positions		
i	Assets(+)	-	-
ii	Liability(-)	-	-
3.0	Credit Exposure	-	-
4.0	Unhedged Exposures	-	-

Note 48.04 Disclosures relating to Securitisation

48.04.1. Outstanding amount of securitized assets as per books of SPVs sponsored by NBFC and amount of exposures retained by the NBFC as on the date of balance sheet to comply with the Minimum Retention Requirements (MRR).

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2020
1.0	No of SPVs sponsored by the NBFC for securitization transactions*	-
2.0	Total amount of securitized assets as per books of the SPVs sponsored	-
3.0	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	
3.1	Off-balance sheet exposures	
	First loss	-
	Others	-
3.2	On-balance sheet exposures	
	First loss	-
	Others	-
4.0	Amount of exposures to securitization transactions other than MRR	

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2020
4.1	Off-balance sheet exposures	
i	Exposure to own securitizations	
	First loss	-
	Others	-
ii	Exposure to third party securitizations	
	First loss	-
	Others	-
4.2	On-balance sheet exposures	
i	Exposure to own securitizations	
	First loss	-
	Others	-
ii	Exposure to third party securitizations	
	First loss	-
	Others	-

** Only the SPVs relating to outstanding securitization transactions may be reported here*

48.04.2. Details of Assignment transactions undertaken by applicable NBFCs

(Amount in lakhs)

Sr No.	Particulars	As at March 31st, 2020	As at March 31st, 2019
1.0	No. of accounts	-	-
2.0	Aggregate value (net of provisions) of accounts sold	-	-
3.0	Aggregate consideration	-	-
4.0	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5.0	Aggregate gain / loss over net book value	-	-

48.04.3. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction.

(Amount in lakhs)

Sr No.	Particulars	As at March 31st, 2020	As at March 31st, 2019
1.0	No. of accounts	-	-
2.0	Aggregate value (net of provisions) of accounts sold to RC/SC	-	-
3.0	Aggregate consideration	-	-
4.0	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5.0	Aggregate gain / loss over net book value	-	-

48.04.4. Details of non-performing financial assets purchased / sold - Nil (Previous year Nil)

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 48.05 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31st, 2020

(Amount in lakhs)

Particulars	0-14 Days	14-31 Days	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-
Advances	18,011.79	19,132.18	15,020.72	38,604.50	78,150.44	76,736.35	239,231.20	41,468.39	20,008.41	546,363.98
Investments	22,000.51	27.66	-	-	20,000.00	10,611.87	7,966.10	16,716.66	6,180.69	83,503.49
Borrowings*	10,544.69	44,316.47	56,472.69	49,194.28	140,051.67	140,565.66	129,729.53	-	19,504.04	590,379.02
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-

As at March 31st, 2019

(Amount in lakhs)

Particulars	0-14 Days	14-31 Days	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits		-	-	-	-	-	-	-	-	-
Advances		87,419.56	97,044.96	143,408.93	108,835.99	159,345.52	214,768.02	22,953.11	45,904.40	879,680.49
Investments		35,318.49	-	1,049.81	3,817.92	3,500.00	31,211.54	17,800.00	8,629.36	101,327.12
Borrowings		101,742.26	86,842.52	69,172.66	177,421.32	294,213.15	113,519.53	5,494.15	19,437.45	867,843.04
Foreign Currency assets		-	-	-	-	-	-	-	-	-
Foreign Currency liabilities		-	-	-	-	-	-	-	-	-

Note:

(i) In computing the above information, the management has made certain estimates, assumptions and adjustments which are also used for regulatory submission.

(ii) Non Cash Items like adjustments on account of Effective Interest Rate, Expected Credit Loss etc have been adjusted in time bucket of Over 5 Years.

Note 48.06 Exposures

48.06.1. Exposure to Real Estate Sector:

(Amount in lakhs)

Sr No	Particulars	As at 31st March, 2020	As at 31st March, 2019
1.0	**Direct Exposure**		
1.1	Residential Mortgages:	-	-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
1.2	Commercial Real Estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include nonfund based (NFB) limits;**	391,415.12	355,335.07

Schedules

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Sr No	Particulars	As at 31st March, 2020	As at 31st March, 2019
1.3	Investment in Mortgage Backed Securities (MBS) and other securitised exposures	-	-
i	Residential,		
ii	Commercial Real Estate.		
2.0	**Indirect Exposure**		
2.1	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
2.2	Investment in Real Estate Venture Funds	-	-
	Total	**391,415.12**	**355,335.07**

***Includes Unsecured Loans to Real Estate Sector of Rs. 16,509.98 lakhs (Previous year. Rs. 20,291.90 lakhs)*

48.06.2. Exposure to Capital Market

(Amount in lakhs)

Sr No	Particulars	As at 31st March, 2020	As at 31st March, 2019
1.1	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	16,178.24	15,363.40
1.2	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	83,189.34	208,112.92
1.3	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	88,280.44	291,193.65
1.4	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	-	-
1.5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
1.6	Loans sanctioned to corporate 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	-	-
1.7	Bridge loans to companies against expected equity flows / issues	-	-
1.8	All exposures to Venture Capital Funds (both registered and unregistered)	14.31	48.40
	Total	**187,662.33**	**514,718.37**

48.06.3. Financing of parent company products : Nil (Previous year Nil)

48.06.4. Disclosure in respect of exposure where details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) has exceeded : Nil (Previous year Nil)

48.06.5. Unsecured Advances:

The amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral – ₹ Nil (Previous year Nil)

For other Unsecured Advances, Refer Note 5

Schedules

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 48.07 Registration obtained from other financial sector regulators: Nil

Note 48.08 Disclosure of Penalties imposed by RBI and other regulators: Nil (Previous year Nil)

Note 48.09 Related Party Transactions

48.09.1. Details of all material transactions with the related parties
Refer Note No. 35

48.09.2. Policy on dealing with Related Party transaction:
The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like Directors and Key Managerial Personnel (KMP). The Directors and KMP's are also required to inform the Company of any changes to such declaration during the year. All related party transactions are reported and referred for approval to the Audit Committee as per section 177 of the Companies Act, 2013. The Audit committee may grant general approval for repetitive related party transactions. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

As per section 188 of the Companies Act, 2013, the consent of the Board/Shareholders' approval is required, by a special resolution in a general meeting, for entering into the specified transactions with a related party, if they are not in ordinary course of business of the Company or at arm's length and exceeds the threshold limits as specified in the Act.

Note 48.10 Ratings assigned by credit rating agencies and migration of ratings during the year

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
CRISIL	Long Term Non-Convertible Debentures aggregating ₹65 billion	CRISIL AAA/stable	28-Feb-20	Till Date
CRISIL	Long Term Rating for Bank Loan Facilities aggregating ₹15 billion	CRISIL AAA/stable	3-Feb-20	Till Date
CRISIL	Long Term Rating for Subordinate Debt Issue aggregating ₹2 billion	CRISIL AAA/stable	28-Feb-20	Till Date
CRISIL	Commercial Paper Programme for Rs. 70.0 billion	CRISIL A1+	28-Feb-20	Till Date
ICRA	Commercial Paper Programme for Rs. 70.0 billion	ICRA A1+	28-Feb-20	Till Date
CRISIL	Market Linked Debentures for Rs. 5.0 billion	CRISIL PP-MLD AAAr/ Stable	28-Feb-20	Till Date
India Rating	Commercial Paper Programme for Rs. 80.0 billion	India Rating A1+	30-Mar-20	Till Date

Note 48.11 Remuneration of Directors
The details of transaction with Non-Executive Independent Directors are as below:

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Directors' Sitting Fees	14.00	26.30
Commission to Directors	10.00	10.00

Note 48.12 Provisions and Contingencies
Break up of 'Provisions and Contingencies' (including write – offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account.

(Amount in lakhs)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Provisions / (write back) for depreciation on Investment measured at FVOCI	(11.14)	(344.76)
Provisions / (write back) for depreciation on Investment measured at Amortised cost	(59.82)	378.19
Provision made towards Income tax (including Deferred Tax)	9,223.05	10,781.57
Other Provision and Contingencies (with details)	-	-
ECL on Stages I and 2 Loans and other financial assets	4,420.29	1,380.28
ECL on Stages 3 Loans and other financial assets	1,231.13	1,200.60

Note 48.13 Draw Down from Reserves
There was no draw down from reserves during the financial year. (Previous year Nil)

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 48.14 Concentration of Deposits, Advances, Exposures and NPAs

48.14.1. Concentration of Advances

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total Advances to twenty largest borrowers / customers	247,435.62	316,868.71
Percentage of Advances to twenty largest borrowers / customers to Total Advances of the company on borrowers / customers	41%	34%

48.14.2. Concentration of Exposure**

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total Exposure to twenty largest borrowers / customers	320,933.74	325,454.90
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers	27%	25%

*** Exposures refers to higher of sanctioned limits or outstanding. Sanctioned limits are unconditionally cancellable at any time by the company without prior notice.*

48.14.3. Concentration of NPAs

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total Exposure to top four NPA accounts	6,946.88	3,895.47

48.14.4. Sector-Wise NPAs %age to Total Advances in That Sector*

Particulars	As at 31st March, 2020 **	As at 31st March, 2019 **
Agriculture & allied activities		
MSME		
Corporate borrowers	1.52%	0.58%
Services		
Unsecured personal loans		
Auto loans		
Other personal loans	0.88%	0.19%

* Financial assets in Stage 3 as per Ind AS 109 are classified as NPA

** Represents Gross NPA to Gross Advances in the respective sector

Note 48.15 Movement of NPAs*

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Net NPAs to Net Advances (%)	**0.76%**	**0.24%**
Movement of NPAs (Gross)		
Opening balance	**4,075.60**	**1,022.44**
Additions during the year	12,481.47	5,731.20
Reductions during the year	(9,036.48)	(2,678.03)
Closing balance	**7,520.59**	**4,075.60**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Movement of Net NPAs		
Opening balance	**2,205.93**	**842.91**
Additions during the year	11,170.59	5,659.00
Reductions during the year	(8,956.73)	(4,295.98)
Closing balance	**4,419.79**	**2,205.93**
Movement of ECL on NPA Cases		
Opening balance	**1,869.67**	**179.53**
Provisions made during the year	1,310.88	1,696.32
Write-off / write-back of excess provisions	(79.74)	(6.18)
Closing balance	**3,100.81**	**1,869.67**

** Financial assets in Stage 3 as per Ind AS 109 are classified as NPA*

Note 48.16 Overseas Assets: Nil

Note 48.17 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil

Note 48.18 Customer Complaints

Particulars	As at 31st March, 2020
No. of complaints pending at the beginning of the year	-
No. of complaints received during the year	3.00
No. of complaints redressed during the year	2.00
No. of complaints pending at the end of the year	1.00

Note 48.19 Schedule to the Balance Sheet
Liabilities Side

(Amount in lakhs)

Sr No	Particulars	Amount Outstanding	Amount Overdue
1.0	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
a	Debentures: Secured #	306,140.54	
	Debentures: Unsecured #	20,241.93	
b	Deferred Credits		
c	Terms Loans		
d	Inter-corporate loans and borrowing	48,845.10	
e	Commercial Paper	178,501.90	
f	Public Deposits	-	
g	Other Loans – Secured Overdfraft facility from Bank	36,649.56	

 # Secured by way of pledge of securities and/or mortgage of property and/ or hypothecation of receivables and/ or undertaking to create a security.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Assets Side (Amount in lakhs)

Sr No		Particulars	Amount Outstanding
2.0		**Break-up of Loans and Advances including bills receivables (other than those included in (3) below:**	
	a	Secured	515,125.98
	b	Unsecured	31,237.99
3.0		**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities**	
	i	Leased Assets including lease rentals under sundry debtors	-
		a Financial Lease	-
		b Operating Lease	-
	ii	Stock on hire including hire charges under sundry debtors	-
		a Assets on hire	-
		b Repossessed Assets	-
	iii	Other loans counting towards AFC activities	-
		a Loans where assets have been repossessed	-
		b Loans other than (a) above	-
4.0		**Break-up of Investments:**	
		Current Investments:	
4.1		**Quoted:**	
	i	Shares:	-
		a Equity	-
		b Preference	-
	ii	Debentures and Bonds	-
	iii	Units of Mutual Funds	-
	iv	Government Securities	-
	v	Others (please specify)	-
4.2		**Unquoted:**	-
	i	Shares:	-
		a Equity	-
		b Preference	-
	ii	Debentures and Bonds	30,639.54
	iii	Units of Mutual Funds	22,000.51
	iv	Government Securities	-
	v	Others (please specify)	-
		Long Term Investments:	-
4.3		**Quoted:**	-
	i	Shares:	-
		a Equity	-
		b Preference	-
	ii	Debentures and Bonds	-
	iii	Units of Mutual Funds	-
	iv	Government Securities	-
	v	Others (please specify)	-
4.4		**Unquoted:**	-
	i	Shares:	-
		a Equity	6,166.37
		b Preference	3,766.10
	ii	Debentures and Bonds	19,400.00
	iii	Units of Mutual Funds	-
	iv	Government Securities	-
	v	Others (please specify)	1,530.97

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(Amount in lakhs)

Sr No	Particulars	Amount Net of provisions		
		Secured	Unsecured	Total
5.0	**Borrower group-wise classification of assets financed as in (2) and (3) above**			
5.1	Related Parties **			
	a Subsidiaries	-	-	-
	b Companies in the same group	-	-	-
	c Other related parties	-	-	-
5.2	Other Than Related Parties	505,223.24	29,813.31	535,036.55
	Total	**505,223.24**	**29,813.31**	**535,036.55**

** As per Indian Accounting Standard issued by MCA (Please see Note b)

(Amount in lakhs)

Sr No	Particulars	Amount Net of provisions	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
6.0	**Investor group-wise classification of all investments (current and long term) in the shares and securities (both quoted and unquoted)**		
6.1	Related Parties **		
	a Subsidiaries		
	b Companies in the same group	6,100.50	6,100.50
	c Other related parties		
6.2	Other Than Related Parties	77,084.63	75,475.59
	Total	**83,185.13**	**81,576.09**

*** As per Indian Accounting Standard issued by MCA (Please see Note b)*

(Amount in lakhs)

Sr No	Particulars	Amount
7.00	**Other information:**	
	i Gross Non-Performing Assets @	
	a Related parties	-
	b Other than related parties	7,520.59
	ii Net Non-Performing Assets @	
	a Related parties	-
	b Other than related parties	4,419.79
	iii Assets acquired in satisfaction of debt	-

@ NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS. 90 Days Past Due and other qualitative factors has been considered as default for classifying a financial instrument as credit impaired.

Notes:

a) As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

b) All Accounting Standards and Guidance Notes issued by MCA are applicable including for valuation of investments and other assets as assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 49 Disclosure Required by Reserve Bank of India on Liquidity Risk Under Liquidity Risk Management Framework

49.01. Funding Concentration based on significant counterparty (both deposits and borrowings)

(Amount in lakhs)

Sr No.	Number of Significant Counterparties *	Amount	% of Total deposits	% of Total Liabilities
1	24	467,017.49	-	78%

** A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities*

49.02. Top 20 large deposits Nil (Previous year Nil)

49.03. Top 10 Borrowings

(Amount in lakhs)

Sr No.	Name of the party	Amount	% of Total Borrowings
1	Axis Mutual Fund	40,735.44	7%
2	ICICI Prudential Mutual Fund	38,820.15	7%
3	Wipro Limited	34,781.64	6%
4	Birla Mutual Fund	32,102.52	5%
5	IIFL Wealth Finance Limited	29,659.90	5%
6	ICICI Prudential Life Insurance Co. Ltd	28,912.50	5%
7	Serum Institute of India Pvt Ltd	26,496.71	4%
8	IDFC Mutual Fund	24,752.01	4%
9	Tech Mahindra Limited	23,485.05	4%
10	IFCI Limited	19,320.88	3%
	Total	**299,066.79**	**51%**

49.04. Funding Concentration based on significant instrument/product

(Amount in lakhs)

Sr No.	Name of Significant Instrument / Product **	Amount	% of Total Liabilities
1	Non-Convertible Debenture	306,140.53	51%
2	Commercial Paper	178,501.90	30%
3	Borrowing from Banks	48,845.10	8%
4	Inter Corporate Deposit	36,649.56	6%
5	Unsecured Debentures	20,241.93	3%
	Total	**590,379.02**	**98%**

*** A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of total liabilities.*

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

49.05. Stock Ratios:

Sr No.	Instrument/Product	%age of		
		Total Public Funds	Total Liabilities	Total Assests
1	Commercial Papers	31%	30%	23%
2	Non Convertible Debentures (Original Maturity of Less than One Year)	0%	0%	0%
3	Other Short Term Liabilities	15%	8%	6%

49.06. Institutional set-up for liquidity risk management

Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances.

In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the ALCO.

Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the ALCO.

Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits.

Note 50 Disclosures as required by the Master Direction –Monitoring of frauds in NBFCs issued by RBI dated 29 September 2016 - None

Note 51 Disclosure under Guidance Note on Implementation of Indian Accounting Standards by Non-Banking Financial Companies and Asset Reconstruction Companies

Note 51.01: Number of accounts, total amount outstanding and the overdue amounts of accounts that are past due beyond 90 days but not treated as impaired - Nil

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Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Note 51.02: Comparison between provisions required under Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances as per Ind AS 109

As at 31st March, 2020

(Amount in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms @	Difference between Ind AS 109 provisions and IRACP norm
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	523,895.37	3,716.99	520,178.38	2,075.10	1,641.89
	Stage 2	65,025.26	4,349.96	60,675.30	1,614.56	2,735.40
Subtotal		**588,920.63**	**8,066.95**	**580,853.68**	**3,689.66**	**4,377.29**
Non-Performing Assets (NPA)						
Substandard	Stage 3	4,839.86	1,538.83	3,301.03	1,715.10	(176.27)
Doubtful	Stage 3	1,749.28	641.57	1,107.71	372.65	268.92
Loss	Stage 3	931.45	919.71	11.74	294.22	625.49
Subtotal for NPA		**7,520.59**	**3,100.11**	**4,420.48**	**2,381.97**	**718.14**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	456,119.44	364.62	455,754.82	-	364.62
	Stage 2	33,914.89	154.12	33,760.77	-	154.12
	Stage 3	88.26	0.70	87.56	-	0.70
Total	Stage 1	980,014.81	4,081.61	975,933.20	2,075.10	2,006.51
	Stage 2	98,940.15	4,504.08	94,436.07	1,614.56	2,889.52
	Stage 3	7,608.85	3,100.81	4,508.04	2,381.97	718.84
		1,086,563.81	**11,686.50**	**1,074,877.31**	**6,071.63**	**5,614.87**

@ Including ₹ 1355.47 lakhs general provision created against standard account on deferrement under Covid-19 relief package

NOTE 52 DISCLOSURE REQUIRED UNDER COVID19 REGULATORY PACKAGE - ASSET CLASSIFICATION AND PROVISIONING

(Amount in lakhs)

Particulars	As at 31st March, 2020
Amounts in SMA/overdue categories, where the moratorium/deferment was extended	27,498.04
Amount where asset classification benefits is extended	819.26
Provision Created*	2,569.13
Less: Provisions adjusted during the against slippages*	-
Residual provisions*	2,569.13

** Provision Created as per Ind AS 109*

Schedules

Note1: Notes forming part of Standalone Financial Statements for the year ended 31st March, 2020

Note 53

During the year, Kotak Mahindra Bank Limited (Holding Company) received communication from RBI dated June 12, 2019 advising the Holding Company to ensure that its subsidiaries should immediately stop providing the services of Loans against shares and IPO financing. However, RBI has allowed the subsidiaries to continue to service the loans that are already disbursed.The Company has accordingly stopped providing fresh sanctions, however continues to service the existing loans sanctioned before receipt of the communication from RBI.

Note 54

Previous year's figures have been regrouped / reclassified wherever necessary to conform to figures of the current period.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Sharad Vasant
Partner
Membership No: 101119

Date and Place: June 25, 2020, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: June 24, 2020, Mumbai

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