Annual Report 2022-23

Kotak Mahindra Investments Limited

Contents

Independent Auditor's Report

TO THE MEMBERS OF KOTAK MAHINDRA INVESTMENTS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Kotak Mahindra Investments Limited (hereinafter referred to as the "Holding Company") and its associate (refer note 1.2.D to the attached Consolidated Financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of report of other auditor on separate financial of the associate, 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 Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Holding Company and its associate as at March 31, 2023, of consolidated profit, consolidate total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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 and its associate , 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 Institute of Chartered Accountants of India ("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 auditor in terms of their report referred to in the Other Matter paragraph below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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 and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Expected Credit Loss (ECL) provision in respect of Loan	How our audit addressed the key audit matter
(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 ₹ 943,511.42 lakh (gross) and ₹ 36,979.99 lakhs (gross) respectively as at March 31, 2023. The Company holds ECL provision of ₹ 9,972.50 lakhs and ₹ 50.56 lakhs against such loans and investments respectively. The allowance for expected credit losses ("ECL") involves a significant level of management judgement. Key areas of judgement included: • Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). • Each borrower is classified into Stage 1 to 3 based on the objective criteria of Day Past Due (DPD) status as of the reporting date and other loss indicators, as applicable. Such classification by borrower is done across all facilities provided to the borrower, i.e. maximum of the DPDs among the facilities ["Max DPD"]. • Determining macro-economic factors impacting credit quality of receivables. • Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. We have identified the allowance for ECL as KAM because it requires a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.	We carried out following procedures in respect to ECL provision: • We have examined the policy approved by the Board of Directors of the Company that articulates the objectives of managing each portfolio and their business model. We have assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109. • Held discussion with management and obtain understanding of significant assumptions like probability of default, loss given default and exposure at default used for making assessment of ECL provision. • Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and testing of controls around ECL computation. • We tested the input data such as ratings and period of default, and other related information used in estimating the PD on a sample basis to assess their accuracy and completeness. • Tested appropriateness of staging of borrowers based on DPD and other loss indicators. • Ensured mathematical accuracy of the ECL provision by performing recalculations on sample basis. • Assessed the adequacy of the disclosures in the standalone financial statements.

II.	**Appropriateness of the recognition of interest income following Effective Interest Rate Approach** (refer Note 5 and 21 of the standalone Financial statements) The company has the interest income based on effective rate (EIR) approach. The total interest income recognized as loans in current year under EIR accounting is ₹ 77,741.41 lakhs. The Company's EIR methodology, recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given including timing of disbursement of unutilized limit. Key inputs used in the computation of EIR are impacted by the management's assumptions. Given the inherent subjectivity in respect of timing of future cash outflow (i.e disbursement of undrawn loans) 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 – • Verified reasonableness of key assumptions and accuracy of inputs data used for selected samples. • Tested the controls around EIR computation. • Tested the arithmetical accuracy of the calculation of EIR on test check basis. • Assessed the adequacy of the disclosures in the standalone financial statements

The following Key audit matters were included in the audit report dated April 25, 2023 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 Accountant reproduced as under

a)	**Impairment of financial instruments (loans, trade receivables and advances recoverable from trust)** Loans, trade receivables and advances recoverable from trusts amounting to INR 8,460.95 lakhs (net of impairment provision) at March 31, 2023 as disclosed in the consolidated Ind AS financial statements. Ind AS 109 Financial instruments requires the associate 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 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 advances 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 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. Given the complexity and significant judgement involved in the estimation of impairment of financial instruments, we have considered this area as a key audit matter.	• Our audit procedures included considering the associate's board approved 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 associate 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. • We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. • We tested the arithmetical accuracy of computation of ECL provision. • We assessed the disclosures included in the Consolidated Ind AS financial statements with respect to such allowance/estimate in accordance with the requirements of Ind AS 109 and Ind AS 107.
b)	**Fair valuation of Security Receipts (SR)** The associate holds investments in the form of security receipts which represent the investments in underlying pool of assets. The fair valuation of these investments at March 31, 2023 amounts to INR 1,02,412.40 lakhs as disclosed in the consolidated Ind AS financial statements of associate. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 on Fair Value measurement, 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.	• Audit procedure included an assessment of internal controls over measurement of fair value and we have understood the management process of providing key inputs to the CRAs such as resolution plan, security value, projected cash flows, restructuring plans, etc. in determining the fair value. • 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.

	As required by RBI regulations, these SR are valued on a half yearly basis by 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. The management and CRA have done an assessment to ascertain future recoverability estimates of the underlying assets while assessing the value of these SR. In making these assessments, the management and CRA have used several estimates, assumptions and sources of information (both internal and external). These assumptions, estimates and information used by the management and CRA may have an uncertainty and the actual results may differ from the estimates and assumptions made. Given the significance of fair valuation of investments in security receipts to overall consolidated Ind AS financial statements and the degree of management's judgement involved in the estimate and involvement of external CRA in the fair value estimation and the uncertainty on the recoverability of the SR, we have considered this area as a key audit matter.	• We have understood the valuation process followed by the CRAs and tested the fair valuation of sample cases. We 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 rationale for declaring the fair value of the SR as per the range provided by CRA, to assess for reasonableness of the NAV. • We have tested on a sample basis the assumptions and inputs used for this assessment with the help of our valuation experts. The assumptions and estimates used by the management on future recoverability may vary and actual results may differ from the estimates and assumptions. • We assessed disclosures included in consolidated Ind AS financial statements with respect to such fair valuation of SR in accordance with the requirements of Ind AS 113 and Ind AS 107.
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 associate has POCI assets (net of impairment) amounting to INR 77,012.49 lakhs as disclosed in the consolidated Ind AS financial statements of the associate as at March 31, 2023. These assets are measured using projected cash flows based on management estimates of recovery and then discounted at the credit adjusted effective interest rate. 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. • We verified on a sample basis, the calculation of the credit adjusted effective interest rate used for the purpose of discounting these assets. • The assumptions and estimates used by the management on future recoverability may vary and actual results may differ from the estimates and assumptions. • We have verified the arithmetical accuracy of the valuation of the POCI assets using the expected cash flow and discount rate performed by the associate 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 associate sets up trusts to acquire stressed assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction. These Trusts issue SR which represent the beneficial undivided right, title and interest in the assets of the respective trust to the beneficiaries. The associate acts as assets manager in respect of these trusts and consolidates the trusts which it controls. As per Ind AS 110 Consolidated Financial Statements, 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.	• 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. • 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 associate. We have assessed disclosures included in the financial statements with respect to these assets in accordance with Ind AS 107 and Ind AS 110.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 the other auditor as furnished to us, 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 Consolidated Financial Statements

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 changes in equity and consolidated cash flows of the holding Company and its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the holding Company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the holding Company and its associate and for preventing and detecting frauds and other irregularities; the 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 consolidated 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.

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

The respective Board of Directors of the companies included in the holding Company and its associate are responsible for overseeing the financial reporting process of the holding Company and its associate.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to 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 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 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 entities or business activities within the holding Company and its associate 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

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.

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 for the year ended March 31, 2023, 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

a. The consolidated financial statements also include the Holding Company's share of total comprehensive income (comprising of the consolidated profit and other comprehensive income) of ₹ 5,577.99 lakhs for the year ended March 31, 2023 as considered in the consolidated financial statements, in respect of one associate company whose consolidated financial statements have not been audited by us. These consolidated financial statements has been audited by other auditor whose report has been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as its relates to the amounts and disclosures included in respect of this associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as its relates to the aforesaid associate, is based solely on the report of the other auditor. 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 matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. 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 auditor.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the 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 maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian 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, 2023 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its associate company incorporated in India, none of the directors of the holding Company and its associate company incorporated in India are disqualified as on March 31, 2023 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 its associate and the operating effectiveness of such controls, refer to our separate report in "Annexure A" which is based on the auditor's report of the Holding Company and its associate company.

   (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 of pending litigations on the consolidated financial position of the Holding Company and its associates – Refer Note 41 to the consolidated financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its associate company incorporated in India.

      iv. (a) The respective Managements of the Holding Company and its associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such associate that, to the best of their knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any such associate to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Holding Company and its associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such associate that, to the best of their knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds have been received by the Holding Company or any such associate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any such associate shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the associate, which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding Company in this regard nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the holding Company, to its directors is within the limits prescribed under Section 197 of the Act and the rules thereunder. As mentioned by the component auditor of associate company in their audit report "The provisions of section 197 read with Schedule V of the Act are not applicable to the associate for the year ended March 31, 2023".

3. According to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and on consideration of CARO report by statutory auditor of associate included in the consolidated financial statements of the Holding Company to which reporting under CARO is applicable, we report that there are no qualifications/ adverse remarks.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No. 104607W/W100166

Roshni R. Marfatia
Partner
M. No.: 106548
UDIN: 23106548BGUVYT7568

Mumbai. May 26, 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KOTAK MAHINDRA INVESTMENTS LIMITED

[Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Kotak Mahindra Investments Limited on the consolidated Financial Statements for the March 31, 2023]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Kotak Mahindra Investments Limited (hereinafter referred to as "the Holding Company") and its associate Company, which is incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its associate company which is incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 ("the ICAI").

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its associate company, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its associate company, which is incorporated in India, 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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements 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.

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

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated 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 unauthorized 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

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 consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

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, which is company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No. 104607W/W100166

Roshni R. Marfatia
Partner
M. No.: 106548
UDIN: 23106548BGUVYT7568

Mumbai. May 26, 2023

Consolidated Balance Sheet

as at 31st March, 2023

(Amount in lakhs)

Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	2	33,347.36	36,964.89
Bank Balance other than cash and cash equivalents	3	47.09	45.03
Receivables			
(I) Trade receivables	4(A)	0.28	72.87
(II) Other receivables	4(B)	155.46	214.67
Loans	5	933,538.92	666,846.66
Investments			
Investments accounted for using the equity method	45(a)	22,124.47	16,546.48
Others	6	243,115.77	253,514.50
Other Financial assets	7	224.92	224.19
Total financial assets		**1,232,554.27**	**974,429.29**
Non-financial assets			
Current Tax assets (Net)	29(e)	766.78	1,702.42
Property, Plant and Equipment	8	90.90	87.40
Intangible assets under development	9	14.93	3.25
Other intangible assets	10	32.29	192.67
Other Non-financial assets	11	101.79	245.12
Total Non-financial assets		**1,006.69**	**2,230.86**
Total Assets		**1,233,560.96**	**976,660.15**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	5,891.36	-
Payables			
(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	13(A)	380.84	311.07
(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	13(B)	1,425.41	1,198.27
Debt securities	14	490,668.25	393,287.04
Borrowings (Other than Debt Securities)	15	417,296.29	3,03,082.87
Subordinated Liabilities	16	20,231.85	20,234.24
Total financial liabilities		**935,894.00**	**718,113.49**
Non-Financial liabilities			
Current tax liabilities (Net)	29(e)	2,699.32	2,427.98
Provisions	17	931.20	1,053.29
Deferred tax liabilities	29(d)	1,763.46	456.77
Other non-financial liabilities	18	598.06	531.06
Total Non-financial liabilities		**5,992.04**	**4,469.10**
EQUITY			
Equity Share Capital	19	562.26	562.26
Other equity	20	291,112.66	253,515.30
Sub total		**291,674.92**	**254,077.56**
Total Liabilities and Equity		**1,233,560.96**	**976,660.15**
Significant Accounting Policies and Notes on Accounts	1		

This is the Consolidated Balance sheet referred to in our report of even date

For KALYANIWALLA & MISTRY LLP
Firm Registration Number: 104607W/W100166

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 26, 2023, Mumbai

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701
Date and Place: May 26, 2023, Mumbai

Rajeev Kumar
Company Secretary
Membership No.: A15031

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2023

(Amount in lakhs)

	Particulars	Note no.	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	REVENUE FROM OPERATIONS			
(i)	Interest income	21	88,593.19	79,595.35
(ii)	Dividend income	22	177.01	204.12
(iii)	Net gain/(loss) on financial instruments measured on fair value	23	1,045.72	8,605.06
(iv)	Net gain on derecognition of financial instruments under amortised cost category		(3.61)	110.11
(v)	Others		648.34	630.70
(I)	**Total revenue from operations**		**90,460.65**	**89,145.34**
(II)	Other income	24	418.32	285.83
(III)	**Total income (I + II)**		**90,878.97**	**89,431.17**
	EXPENSES			
(i)	Finance costs	25	39,300.51	34,682.98
(ii)	Impairment on financial instruments	26	(1,413.18)	(5,276.10)
(iii)	Employee Benefits expenses	27	3,827.97	3,472.40
(iv)	Depreciation, amortization and impairment	8 & 10	208.54	221.76
(v)	Other expenses	28	3,242.47	3,117.80
(IV)	**Total expenses**		**45,166.31**	**36,218.84**
(V)	**Profit/(loss) before tax and Share of net profits of investments accounted using equity method (III-IV)**		**45,712.66**	**53,212.33**
(VI)	Share of net profits/(loss) of investments accounted using equity method		5,577.99	1,740.09
(VII)	Profit/(loss) before tax(V+VI)		51,290.65	54,952.42
(VI)	**Tax expense**	29		
	(1) Current tax		(11,611.38)	(12,471.53)
	(2) Deferred tax		(1,503.69)	(1,563.70)
	Total tax expense (1+2)		**(13,115.07)**	**(14,035.23)**
(VII)	**Profit/(loss) for the year (V+VI)**		**38,175.58**	**40,917.19**
(VIII)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Re-measurements of the defined benefit plans		14.00	(36.37)
	(ii) Income tax relating to above items		(3.52)	9.15
	Total (A)		**10.48**	**(27.22)**
	(B) Items that will be reclassified to profit or loss			
	(i) Financial Instruments measured at FVOCI		(796.69)	(256.55)
	(ii) Income tax relating to items that will be reclassified to profit or loss		200.51	66.15
	Total (B)		**(596.18)**	**(190.40)**
	Other comprehensive income (A + B)		**(585.70)**	**(217.62)**
(IX)	**Total Comprehensive Income for the year (IX+X)**		**37,589.88**	**40,699.57**
(X)	**Earnings per equity share - Basic and Diluted (₹)**	**30**	**678.97**	**727.73**
	Significant Accounting Policies and Notes on Accounts	**1**		

This is the Consolidated Balance sheet referred to in our report of even date

For KALYANIWALLA & MISTRY LLP
Firm Registration Number: 104607W/W100166

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 26, 2023, Mumbai

For and on behalf of the Board of Directors

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DIN : 09659093

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DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701
Date and Place: May 26, 2023, Mumbai

Rajeev Kumar
Company Secretary
Membership No.: A15031

Consolidated Statement of Cash Flow

for the year ended 31st March, 2023

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Cash flow from operating activities		
Profit before tax	**51,290.65**	**54,952.42**
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortization expense	208.54	221.76
Dividend Received	(177.01)	(204.12)
Profit on Sale of Property, Plant and Equipment	(4.28)	(7.98)
Impairment on financial instruments	(1,413.18)	(5,276.10)
Net gain/ (loss) on financial instruments at fair value through profit or loss	(1,042.11)	(8,605.06)
Interest on Borrowing	39,300.51	34,682.98
Interest on Borrowing paid	(33,491.45)	(35,413.30)
ESOP Expense	7.48	36.52
Remeasurements of the defined benefit plans	14.00	(36.37)
Share of Net profits of investment accounted under equity method	(5,577.99)	(1,740.09)
Debt Instruments through Other Comprehensive Income	(796.69)	(256.55)
Operating profit before working capital changes	**48,318.47**	**38,354.11**
Working capital adjustments		
(Increase) / Decrease in Bank Balance other than cash and cash equivalent	(2.06)	(2.13)
(Increase) / Decrease in Loans	(265,387.80)	(40,782.17)
(Increase) / Decrease in Receivables	133.13	441.16
(Increase) / Decrease in Other Financial Assets	(0.08)	(0.06)
(Increase) / Decrease in Other Non Financial Assets	143.33	25.34
Increase / (Decrease) in Trade payables	69.77	(15.37)
Increase / (Decrease) in other payables	227.14	606.21
Increase / (Decrease) in other non-financial liabilities	67.00	24.88
Increase / (Decrease) provisions	(122.09)	(249.54)
(Increase) / Decrease in unamortized discount	15,887.04	23,226.57
	(248,984.62)	**(16,725.11)**
Net Cash (used in) / generated from operations	(200,666.15)	21,629.00
Income tax paid (net)	(10,404.41)	(13,387.41)
Net cash (used in) / generated from operating activities	**(211,070.56)**	**8,241.59**
Cash flow from investing activities		
Purchase of investments	(3,871,138.89)	(4,533,177.89)
Sale of investments	3,879,560.17	4,419,219.09
Interest on Investments	3,237.54	7,528.03
Purchase of Property, Plant and Equipment	(73.65)	(85.58)
Sale of Property, Plant and Equipment	14.59	39.91
Dividend on investments	177.01	204.13
Net cash (used in) / generated from investing activities	**11,776.77**	**(106,272.31)**

Consolidated Statement of Cash Flow

for the year ended 31st March, 2023

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Cash flow from financing activities		
Proceeds from Debt Securities	230,474.96	243,049.36
Repayment of Debt Securities	(140,082.68)	(115,669.29)
Intercorporate Deposit issued	69,200.00	29,003.36
Intercorporate Deposit Redeemed	(64,200.00)	(27,003.36)
Commercial Paper issued	518,056.82	2,268,427.96
Commercial Paper Redeemed	(601,500.00)	(2,257,000.00)
Term Loans drawn/paid	111,831.25	(9,999.90)
Increase/(Decrease) in Bank overdraft(Net)	71,895.20	(10,500.01)
Net cash (used in) / generated from Financing Activites	**195,675.55**	**120,308.12**
Net (decrease) / increase in cash and cash equivalents	**(3,618.24)**	**22,277.40**
Cash and cash equivalents at the beginning of the year	36,972.10	14,694.70
Cash and cash equivalents at the end of the year	**33,353.86**	**36,972.10**
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	33,353.86	36,972.10
Cash and cash equivalents as restated as at the year end *	**33,353.86**	**36,972.10**

* Cash and cash equivalents shown in Balance Sheet is net of ECL provision of ₹ 6.50 lakhs as at March 31, 2023 (Previous year: ₹ 7.21 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) Non-cash financing activity : ESOP from parent of ₹ 7.48 lakh for year ended March 31, 2023 (March 31, 2022 - ₹ 36.52 lakh)

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

This is the Consolidated Balance sheet referred to in our report of even date

For KALYANIWALLA & MISTRY LLP
Firm Registration Number: 104607W/W100166

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 26, 2023, Mumbai

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701
Date and Place: May 26, 2023, Mumbai

Rajeev Kumar
Company Secretary
Membership No.: A15031

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2023

A. EQUITY SHARE CAPITAL

(Amount in Lakhs)

Particulars	Balance at the beginning of the year	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance at the end of the year
Equity shares of ₹ 10 each fully paid up					
As on March 31, 2022	**562.26**	**-**	**-**	**-**	**562.26**
As on March 31, 2023	**562.26**	**-**	**-**	-	**562.26**

B. OTHER EQUITY

(Amount in Lakhs)

Particulars	Reserves and Surplus						Financial instruments through OCI	Total
	Securities premium	Capital redemption reserve	General Reserve	Special Reserve	Capital Contribution from Parent	Retained earnings		
Opening balance as on March 31, 2021	**33,545.76**	**1,003.85**	**431.10**	**34,847.76**	**528.61**	**142,422.53**	**(0.40)**	**212,779.21**
Profit for the year	-	-	-	-	-	40,917.19	-	**40,917.19**
Other Comprehensive Income for the year	-	-	-	-	-	(27.22)	(190.40)	**(217.62)**
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	7,923.01	-	(7,923.01)	-	**-**
Fair value of ESOP	-	-	-	-	36.52	-	-	**36.52**
Changes during the period	**-**	**-**	**-**	**7,923.01**	**36.52**	**32,966.96**	**(190.40)**	**40,736.09**
Closing balance as on March 31, 2022	**33,545.76**	**1,003.85**	**431.10**	**42,770.77**	**565.13**	**175,389.49**	**(190.80)**	**253,515.30**
Opening balance as on March 31, 2022	**33,545.76**	**1,003.85**	**431.10**	**42,770.77**	**565.13**	**175,389.49**	**(190.80)**	**253,515.30**
Profit for the year	-	-	-	-	-	38,175.58	-	**38,175.58**
Other Comprehensive Income for the year	-	-	-	-	-	10.48	(596.18)	**(585.70)**
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	6,805.00	-	(6,805.00)	-	**-**
Fair value of ESOP	-	-	-	-	7.48	-	-	**7.48**
Changes during the period	**-**	**-**	**-**	**6,805.00**	**7.48**	**31,381.06**	**(596.18)**	**37,597.36**
Closing balance as on March 31, 2023	**33,545.76**	**1,003.85**	**431.10**	**49,575.77**	**572.61**	**206,770.55**	**(786.98)**	**291,112.65**

Nature and purpose of reserve - Refer Note 20.1

This is the Consolidated Balance sheet referred to in our report of even date

For KALYANIWALLA & MISTRY LLP
Firm Registration Number: 104607W/W100166

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 26, 2023, Mumbai

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701

Rajeev Kumar
Company Secretary
Membership No.: A15031

Date and Place: May 26, 2023, Mumbai

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

1.1 CORPORATE INFORMATION

Kotak Mahindra Investments Limited along with its Associate 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 26th May, 2023.

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 (refer accounting policy regarding share based payments)

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 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 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 associates, less any impairment in the value of the investments. Losses of an associate in excess of the Group's interest in that associate is 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 associates.

The financial statements of the associate is 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 associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

E. 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 the Group'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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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 36.

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.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 37.

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 35.

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 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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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:

COVID-19 has had an extraordinary impact on macroeconomic conditions in India and around the world post declaration of it as a pandemic by World Health Organisation in March 2020. Nation-wide lockdown in April-May 2020 followed by localised lockdown were imposed to restrict the spread in areas with significant number of cases. The restrictions were gradually lifted leading to improvement in economic activity. This was followed by two waves of COVID-19 with outbreak of new variants which led to the re-imposition of regional lockdowns which were subsequently lifted supported by administration of the COVID vaccines to a large population in the country.

India is emerging from the Covid-19 pandemic. The extent to which any new wave of COVID-19 pandemic will impact the Company's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

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 2023.

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:

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

Ind AS 103 – Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Property, Plant and Equipment

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Provisions, Contingent Liabilities & Contingent Assets

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

1.4 INTEREST IN ASSOCIATES

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 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 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 associates, less any impairment in the value of the investments. Losses of an associate in excess of the Group's interest in that associate is 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 associate.

The financial statements of the 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 associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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 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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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.

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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.

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 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 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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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.

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 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 is applied.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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.

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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.

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

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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.

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 National 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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

(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.

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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.

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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 2 CASH AND CASH EQUIVALENTS*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with banks:		
- In Current Account	33,353.86	36,972.10
	33,353.86	**36,972.10**
Less: Impairment loss allowance	(6.50)	(7.21)
Total	**33,347.36**	**36,964.89**

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

NOTE 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Fixed deposits with banks	47.10	45.04
	47.10	**45.04**
Less: Impairment loss allowance	(0.01)	(0.01)
Total	**47.09**	**45.03**

Note 4 RECEIVABLES

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
A. Trade receivables		
Unsecured, considered good	0.28	73.35
Less: Impairment loss allowance	(0.00)	(0.48)
Total (A)	**0.28**	**72.87**
B. Other receivables		
Unsecured, considered good	156.04	216.09
Less: Impairment loss allowance	(0.58)	(1.42)
Total (B)	**155.46**	**214.67**

NOTE 4A:TRADE RECEIVABLE AGEING SCHEDULE:

As on 31 March 2023:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	-	-	-	0.07	-	0.21	0.28
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**0.07**	**-**	**0.21**	**0.28**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

As on 31 March 2022:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	-	71.07	0.01	2.06	-	0.21	73.35
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
Total	**-**	**-**	**71.07**	**0.01**	**2.06**	**-**	**0.21**	**73.35**

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 31, 2023						
(A)	(i) Revolving Loan	17,987.13	-	-	-	-	17,987.13
	(ii) Term Loans	900,876.42	-	-	-	-	900,876.42
	(iii) Pass Through Certificates	24,647.87	-	-	-	-	24,647.87
	Total Gross (A)	**943,511.42**	**-**	**-**	**-**	**-**	**943,511.42**
	Less: Impairment loss allowance	(9,972.50)				-	(9,972.50)
	Total Net (A)	**933,538.92**	**-**	**-**	**-**	**-**	**933,538.92**
(B)	(i) Secured by tangible assets	744,326.00	-	-	-	-	744,326.00
	(ii) Covered by Bank/Government Guarantees	6,424.46	-	-	-	-	6,424.46
	(iii) Unsecured	192,760.96	-	-	-	-	192,760.96
	Total Gross (B)	**943,511.42**	**-**	**-**	**-**	**-**	**943,511.42**
	Less: Impairment loss allowance	(9,972.50)	-	-	-	-	(9,972.50)
	Total Net (B)	**933,538.92**	**-**	**-**	**-**	**-**	**933,538.92**
(C)	**Loans in India**						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	943,511.42	-	-	-	-	943,511.42
	Total Gross (C)	**943,511.42**	**-**	**-**	**-**	**-**	**943,511.42**
	Less: Impairment loss allowance	(9,972.50)	-	-	-	-	(9,972.50)
	Total Net (C)	**933,538.92**	**-**	**-**	**-**	**-**	**933,538.92**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(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 31, 2022						
(A)	(i) Revolving Loan	21,667.13	-	-	-	-	21,667.13
	(ii) Term Loans	616,904.75	-	-	-	-	616,904.75
	(iii) Pass Through Certificates	38,763.56	-	-	-	-	38,763.56
	Total Gross (A)	**677,335.44**	**-**	**-**	**-**	**-**	**677,335.44**
	Less: Impairment loss allowance	(10,488.78)				-	(10,488.78)
	Total Net (A)	**666,846.66**	**-**	**-**	**-**	**-**	**666,846.66**
(B)	(i) Secured by tangible assets	520,751.98	-	-	-	-	520,751.98
	(ii) Covered by Bank/Government Guarantees	38,536.97	-	-	-	-	38,536.97
	(iii) Unsecured	118,046.49	-	-	-	-	118,046.49
	Total Gross (B)	**677,335.44**	**-**	**-**	**-**	**-**	**677,335.44**
	Less: Impairment loss allowance	(10,488.78)	-	-	-	-	(10,488.78)
	Total Net (B)	**666,846.66**	**-**	**-**	**-**	**-**	**666,846.66**
(C)	**Loans in India**						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	677,335.44	-	-	-	-	677,335.44
	Total Gross (C)	**677,335.44**	**-**	**-**	**-**	**-**	**677,335.44**
	Less: Impairment loss allowance	(10,488.78)	-	-	-	-	(10,488.78)
	Total Net (C)	**666,846.66**	**-**	**-**	**-**	**-**	**666,846.66**

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 31, 2023							
(A)	Mutual funds	-	-	45,006.87	-	45,006.87	-	**45,006.87**
	Government securities	-	149,605.15	-	-	149,605.15	-	**149,605.15**
	Treasury bills	-	4,402.06	-	-	4,402.06	-	4,402.06
	Debt securities	36,979.99	-	-	-	-	-	**36,979.99**
	Equity instruments	-	-	5,916.06	-	5,916.06	-	**5,916.06**
	Venture Fund	-	-	1,256.06	-	1,256.06	-	**1,256.06**
	Preference Share	-	-	0.14	-	0.14	-	**0.14**
	Total Gross (A)	**36,979.99**	**154,007.21**	**52,179.13**	**-**	**206,186.34**	**-**	**243,166.33**
(B)	(i) Investments outside India	-	-	-	-	-	-	-
	(ii) Investments in India	36,979.99	154,007.21	52,179.13	-	206,186.34	-	243,166.33
	Total (B)	**36,979.99**	**154,007.21**	**52,179.13**	**-**	**206,186.34**	**-**	**243,166.33**
	Less: Impairment allowance	(50.56)	-	-	-	-	-	(50.56)
	Total Net	**36,929.43**	**154,007.21**	**52,179.13**	**-**	**206,186.34**	**-**	**243,115.77**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(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 31, 2022							
(A)	Mutual funds	-	-	46,402.49	-	46,402.49	-	46,402.49
	Government securities	-	151,119.57	-	-	151,119.57	-	151,119.57
	Debt securities	39,074.08	-	7,550.10	-	7,550.10	-	46,624.18
	Equity instruments	-	-	8,522.25	-	8,522.25	-	8,522.25
	Venture Fund	-	-	1,002.56	-	1,002.56	-	1,002.56
	Total Gross (A)	**39,074.08**	**151,119.57**	**63,477.40**	**-**	**214,596.97**	**-**	**253,671.05**
(B)	(i) Investments outside India	-	-	-	-	-	-	-
	(ii) Investments in India	39,074.08	151,119.57	63,477.40	-	214,596.97	-	253,671.05
	Total (B)	**39,074.08**	**151,119.57**	**63,477.40**	**-**	**214,596.97**	**-**	**253,671.05**
	Less: Impairment allowance	(156.55)	-	-	-	-	-	(156.55)
	Total Net	**38,917.53**	**151,119.57**	**63,477.40**	**-**	**214,596.97**	**-**	**253,514.50**

NOTE 7 OTHER FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Deposits with Clearing Corporation of India(CCIL)	200.00	200.00
Other deposits	25.75	25.68
	225.75	**25.68**
Less: Impairment loss allowance	(0.83)	(1.49)
Total	**224.92**	**224.19**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in Lakhs)

Particulars	Buildings*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
At cost as on March 31, 2021	**7.61**	**-**	**148.92**	**5.92**	**36.12**	**198.57**
Additions during the year	-	-	5.89	-	41.31	47.20
Disposals during the year	-	-	(64.66)	(2.40)	(8.81)	(75.87)
At cost as on March 31, 2022	**7.61**	**-**	**90.15**	**3.52**	**68.62**	**169.90**
Accumulated depreciation and impairment as on March 31, 2021	**0.71**	**-**	**42.06**	**5.77**	**22.77**	**71.31**
Depreciation for the year	0.17	-	45.41	0.15	12.68	58.41
Disposals during the year		-	(38.65)	(2.40)	(6.17)	(47.22)
Accumulated depreciation and impairment as on March 31, 2022	**0.88**	**-**	**48.82**	**3.52**	**29.28**	**82.50**
Net carrying amount as on March 31, 2022	**6.73**	**-**	**41.33**	**-**	**39.34**	**87.40**
At cost as on March 31, 2022	**7.61**	**-**	**90.15**	**3.52**	**68.62**	**169.90**
Additions during the year	-	-	26.66	-	35.31	61.97
Disposals during the year	-	-	(16.69)	-	(30.55)	(47.24)
At cost as on March 31, 2023	**7.61**	**-**	**100.12**	**3.52**	**73.38**	**184.63**
Accumulated depreciation and impairment as on March 31, 2022	**0.88**	**-**	**48.82**	**3.52**	**29.28**	**82.50**
Depreciation for the year	0.18	-	26.85	-	21.13	48.16
Disposals during the year	-	-	(11.57)	-	(25.36)	(36.93)
Accumulated depreciation and impairment as on March 31, 2023	**1.06**	**-**	**64.10**	**3.52**	**25.05**	**93.73**
Net carrying amount as on March 31, 2023	**6.55**	**-**	**36.02**	**-**	**48.33**	**90.90**

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

Impairment loss and reversal of impairment loss

There is no impairment loss on property, plant and equipment recognised/reversed during the year.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 9 INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Intangible assets under development (CIP software)	14.93	3.25
Total	**14.93**	**3.25**

NOTE 9A: AGEING SCHEDULE

As on 31 March 2023:

(Amount in Lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	11.68	3.25	-	-	14.93
Projects temporarily suspended	-	-	-	-	-
Total	**11.68**	**3.25**	**-**	**-**	**14.93**

As on 31 March 2022:

(Amount in Lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	3.25	-	-	-	3.25
Projects temporarily suspended	-	-	-	-	-
Total	**3.25**	**-**	**-**	**-**	**3.25**

There are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

NOTE 10 OTHER INTANGIBLE ASSETS

(Amount in lakhs)

Particulars	Software and System Development
Balance as at April 1, 2021	**486.67**
Additions during the year	35.13
Disposals during the year	**-**
Balance as at March 31, 2022	**521.80**
Accumulated Amortization and impairment as at April 1, 2021	**165.78**
Amortization for the year	163.35
Disposals during the year	
Accumulated Amortization and impairment as March 31, 2022	**329.13**
Net carrying amount as at March 31, 2022	**192.67**
Balance as at April 1, 2022	**521.80**
Additions during the year	-
Disposals during the year	**-**
Balance as at March 31, 2023	**521.80**
Accumulated Amortization and impairment as at April 1, 2022	**329.13**
Amortization for the year	160.38
Disposals during the year	**-**
Accumulated Amortization and impairment as March 31, 2023	**489.51**
Net carrying amount as at March 31, 2023	**32.29**

Impairment loss and reversal of impairment loss

There is no impairment loss on intangible assets recognised/reversed during the year.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 11 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Prepaid expenses	2.79	1.23
Prepayment to suppliers	60.30	58.14
GST/Service tax input	38.54	183.92
Advanced salary paid	0.16	1.83
Total	**101.79**	**245.12**

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives for risk management purposes. The Group has elected not to apply hedge accounting requirements.

The group has embedded option liability in the form of embedded derivative in Market linked debentures. Also group had entered into the Interest rate swap agreements whereby company receives fixed rate interest and pays variable rate interest.

The table below shows the fair values of 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, 2023		
Part I		
Derivative on Interest rate swaps	35,000.00	94.93
Embedded Derivative on Market linked debentures	-	5,796.43
Total Derivative financial instruments	**35,000.00**	**5,891.36**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
- Undesignated derivatives - IRS and Embedded option on MLD	-	5,891.36
Total derivative financial instruments	**-**	**5,891.36**
As at March 31, 2022		
Part I		
Embedded Derivative on Market 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 - Embedded option on MLD	-	-
Total derivative financial instruments	**-**	**-**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 13 PAYABLES*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
(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	380.84	311.07
Total (A)	**380.84**	**311.07**
(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	1,425.41	1,198.27
Total (B)	**1,425.41**	**1,198.27**
Total	**1,806.25**	**1,509.34**

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

Particulars	As at 31st March, 2023	As at 31st March, 2022
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
(vii) Further interest remaining due and payable for earlier years	-	-

13 A Trade Payable ageing schedule:

As on 31 March 2023:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME - Undisputed	-	-	-	-	-	-	-
(ii) Others - Undisputed	276.17	-	96.28	8.39	-	-	380.84
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**276.17**	**-**	**96.28**	**8.39**	**-**	**-**	**380.84**

As on 31 March 2022:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME - Undisputed	-	-	-	-	-	-	-
(ii) MSME - Undisputed	189.91	-	121.16	-	-	-	311.07
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**189.91**	**-**	**121.16**	**-**	**-**	**-**	**311.07**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 14 DEBT SECURITIES

(Amount in lakhs)

Particulars	At Amortised Cost (1)	At Fair Value Through Profit or Loss (2)	Designated at fair value through profit or loss (3)	Total (4 = 1+2+3)
As at March 31, 2023				
Debentures				
- Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	179,677.62	-	-	179,677.62
- Deep Discount, Non-Convertible Debentures, privately placed, Secured	272,330.91	-	-	272,330.91
- Market Linked Debentures, fully paid, privately placed, Secured	38,659.72	-	-	38,659.72
Total (A)	**490,668.25**	**-**	**-**	**490,668.25**
Debt securities in India	490,668.25	-	-	490,668.25
Debt securities outside India	-	-	-	-
Total (B)	**490,668.25**	**-**	**-**	**490,668.25**
As at March 31, 2022				
Debentures				
- Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	163,755.77	-	-	163,755.77
- Deep Discount, Non-Convertible Debentures, privately placed, Secured	229,531.27	-	-	229,531.27
Total (A)	**393,287.04**	**-**	**-**	**393,287.04**
Debt securities in India	393,287.04	-	-	393,287.04
Debt securities outside India	-	-	-	-
Total (B)	**393,287.04**	**-**	**-**	**393,287.04**

*There are no debt securities which are measured at fair value through profit and loss or designated at fair value through profit and loss.

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 and government securities).

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Interest and Repayment terms of Debt Securities-

(Amount in lakhs)

Residual Maturity	As at March 31, 2023			As at March 31, 2022		
	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
A) Debentures						
Repayable at maturity						
Jun-26	8.14%	11,422.58	11,350.00	-	-	-
Apr-26	7.99%	27,642.47	27,500.00	-	-	-
Feb-26	8.16%	27,817.98	27,600.00	-	-	-
Nov-25	8.00%	5,686.71	5,500.00	-	-	-
Dec-24	5.90%	10,194.14	10,000.00	5.90%	10,194.46	10,000.00
Nov-24	5.85%	20,426.23	20,000.00	5.85%	20,426.94	20,000.00
Sep-24	5.50%	30,822.31	30,000.00	5.50%	30,823.29	30,000.00
Feb-24	5.50%	40,601.99	40,000.00	5.50%	40,523.51	40,000.00
Jun-23	5.00%	5,063.21	5,000.00	5.00%	5,062.48	5,000.00
Oct-22	-	-	-	5.30%	40,977.92	40,000.00
Sep-22	-	-	-	5.18%	7,715.81	7,500.00
May-22	-	-	-	8.51%	8,031.36	7,500.00
Total (A)		**179,677.62**	**176,950.00**		**163,755.77**	**160,000.00**
B) Deep Discount Debentures						
Repayable at maturity						
May-26	7.99%	12,413.54	15,803.54	-	-	-
Jan-26	7.95% to 8.00%	39,232.80	48,770.00	-	-	-
Oct-25	8.01%	15,078.85	18,380.00	-	-	-
Feb-25	7.92%	8,639.95	10,000.00	-	-	-
Jan-25	6.00%	6,745.47	7,500.00	6.00%	6,363.56	7,500.00
Oct-24	8.31% to 8.57%	28,716.68	32,500.00	-	-	-
Apr-24	7.84% to 7.85%	13,134.20	14,260.00	-	-	-
Mar-24	5.65%	5,358.49	5,657.96	5.65%	5,071.82	5,657.96
Jan-24	5.30%	33,525.89	35,000.00	5.30%	31,837.77	35,000.00
Dec-23	5.45%	38,486.33	39,900.00	5.45%	36,496.31	39,900.00
Nov-23	5.35%	19,356.30	20,000.00	5.35%	18,372.87	20,000.00
Oct-23	5.25%	26,735.60	27,500.00	5.25%	25,401.43	27,500.00
Apr-23	5.38%	24,906.81	25,000.00	5.38%	23,634.58	25,000.00
Feb-23	-	-	-	5.55%	26,555.36	27,897.40
Dec-22	-	-	-	4.85%	26,526.79	27,455.28
Aug-22	-	-	-	5.40%	19,583.37	20,000.00
Jun-22	-	-	-	8.35%	1,666.95	1,700.00
Apr-22	-	-	-	8.70% to 9.50%	8,020.46	8,030.00
Total (B)		**272,330.91**	**300,271.50**		**229,531.27**	**245,640.64**
C) Secured - Market Linked Debentures						
Repayable at maturity						
Jan-25	7.70%	18,272.81	20,900.00	-	-	-
Aug-24	7.20%	20,386.91	22,500.00	-	-	-
Total (C)		**38,659.72**	**43,400.00**		**-**	**-**
Total (A+B+C)		**490,668.25**	**520,621.50**		**393,287.04**	**405,640.64**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 15 BORROWINGS OTHER THAN DEBT SECURITIES*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
At Amortised Cost		
Overdraft facility from banks	114,262.23	42,052.79
Commercial paper	144,781.74	220,303.34
Inter corporate deposits	26,096.76	20,748.71
Term loans from banks	132,155.56	19,978.03
Total (A)	**417,296.29**	**303,082.87**
Borrowings in India	417,296.29	303,082.87
Borrowings outside India	-	-
Total (B)	**417,296.29**	**303,082.87**
Secured Borrowings	246,417.79	62,030.82
Unsecured Borrowings	170,878.50	241,052.05
Total (C)	**417,296.29**	**303,082.87**

*There are no borrowings other than Debt Securities which are measured at fair value through profit and loss or designated at fair value through profit and loss.

The Group has obtained various borrowings from banks/ FI on basis of security of current assets wherein the quarterly returns/ statements of current assets as filed with banks/ FI are in agreement with the books.

Overdraft facilities and Term Loan are secured by way of First, pari passu, non exclusive charge on receivables, book debts, current assets and investments of company (excluding strategic investments of the Company which are in the nature of equity shares and government securities) 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, 2023			As at 31st March, 2022		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
A. Cash credit and Working Capital Demand Loan						
Repayable on demand						
0-1 year	7.15% to 8.70%	114,262.23	113,900.00	7.15% to 7.20%	42,052.79	42,000.00
Total (A)		**114,262.23**	**113,900.00**		**42,052.79**	**42,000.00**
B. Commercial Paper						
Repayable at maturity						
Mar-24	8.00%	20,901.81	22,500.00	-	-	-
Feb-24	8.07%	8,595.20	9,200.00	-	-	-
Dec-23	7.91%	2,370.73	2,500.00	-	-	-
Nov-23	7.87%	12,859.05	13,500.00	-	-	-
Sep-23	7.69%	3,855.56	4,000.00	-	-	-
Aug-23	7.69%	7,304.50	7,500.00	-	-	-
Jul-23	7.69% to 7.81%	12,228.25	12,500.00	-	-	-
Jun-23	6.80% to 7.71%	41,832.01	42,500.00	-	-	-
May-23	7.30%	24,838.69	25,000.00	-	-	-
Apr-23	7.51%	9,995.94	10,000.00	-	-	-
Mar-23	-	-	-	5.2% to 5.25%	30,944.21	32,500.00
Feb-23	-	-	-	5.10%	7,172.78	7,500.00
Jan-23	-	-	-	5.07%	7,208.70	7,500.00
Dec-22	-	-	-	5.02%	9,669.83	10,000.00
Nov-22	-	-	-	4.91%	9,685.25	10,000.00
Oct-22	-	-	-	4.85%	2,437.29	2,500.00
Jul-22	-	-	-	4.65%	2,467.20	2,500.00

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Residual Maturity	As at 31st March, 2023			As at 31st March, 2022		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Jun-22	-	-	-	4.50% to 4.70%	49,585.23	50,000.00
May-22	-	-	-	4.20% to 4.65%	53,703.31	54,000.00
Apr-22	-	-	-	4.20% to 4.50%	47,429.54	47,500.00
Total (B)		**144,781.74**	**149,200.00**		**220,303.34**	**224,000.00**
C. Intercorporate Deposits						
Repayable at maturity						
Mar-25	6.41% to 8.35%	4,507.15	4,500.00	6.41%	2,506.39	2,500.00
Jul-24	7.42%	3,158.89	3,000.00	-	-	-
Apr-24	8.15%	1,000.19	1,000.00	-	-	-
Feb-24	8.15%	5,035.74	5,000.00	-	-	-
Dec-23	5.65%	1,622.27	1,600.00	5.65%	1,624.80	1,600.00
Oct-23	7.45%	1,031.85	1,000.00	-	-	-
Sep-23	7.00%	1,034.11	1,000.00	-	-	-
Aug-23	7.00%	2,594.38	2,500.00	-	-	-
Jul-23	7.40%	3,611.84	3,500.00	-	-	-
Jun-23	6.60%	2,098.02	2,000.00	-	-	-
Apr-23	5.15%	402.32	400.00	5.15%	402.50	400.00
Feb-23	-	-	-	5.10%	1,017.80	1,000.00
Jan-23	-	-	-	5.10%	5,094.47	5,000.00
Nov-22	-	-	-	5.10% to 5.25%	5,048.65	5,000.00
Oct-22	-	-	-	5.10%	5,054.10	5,000.00
Total (C)		**26,096.76**	**25,500.00**		**20,748.71**	**20,500.00**
D. Term loans from banks						
Repayable on quarterly basis						
Feb-27	8.25%	22,514.08	22,500.00	-	-	-
Nov-26	8.25%	30,024.22	30,000.00	-	-	-
Nov-25	8.09%	18,454.80	18,333.33	-	-	-
Sep-25	7.88% to 8.18%	45,175.81	45,000.00	-	-	-
Mar-25	8.33%	15,986.65	16,000.00	5.37%	19,978.03	20,000.00
		132,155.56	**131,833.33**		**19,978.03**	**20,000.00**
Total (A+B+C+D)		**417,296.29**	**420,433.33**		**303,082.87**	**306,500.00**

NOTE 16 SUBORDINATED LIABILITIES*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
At Amortised Cost		
Redeemable Non-Convertible Subordinated Debt Bonds in form of Debentures, fully paid, privately placed, Unsecured	20,231.85	20,234.24
Total (A)	**20,231.85**	**20,234.24**
Subordinated liabilities in India	20,231.85	20,234.24
Subordinated liabilities outside India	-	-
Total (B)	**20,231.85**	**20,234.24**

*There are no Subordinated Liabilities which are measured at fair value through profit and loss or designated at fair value through profit and loss.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Interest and Repayment terms of Subordinate Liabilities -

(Amount in lakhs)

Residual Maturity	As at 31st March, 2023			As at 31st March, 2022		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Repayable at maturity						
Mar-27	8.55%	10,017.38	10,000.00	8.55%	10,017.90	10,000.00
Dec-26	8.35%	5,108.34	5,000.00	8.35%	5,107.52	5,000.00
Dec-25	9.00%	5,106.13	5,000.00	9.00%	5,108.82	5,000.00
Total		**20,231.85**	**20,000.00**		**20,234.24**	**20,000.00**

NOTE 17 PROVISIONS

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits		
(i) Gratuity (Refer Note 36)	308.34	309.29
(ii) Compensated absences	30.03	100.07
(iii) Stock appreciation rights (SARs) (Refer Note 37)	138.60	163.41
(iv) Long Service Award	4.23	5.52
(v) Provision for annual incentives	450.00	475.00
Total	**931.20**	**1,053.29**

NOTE 18 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Revenue received in advance	161.90	201.89
Statutory dues payable	436.16	329.17
Total	**598.06**	**531.06**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 19 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Authorised		
5,80,00,000 (March 31, 2022: 5,80,00,000) equity shares of ₹10 each with voting rights	5,800.00	5,800.00
1,200 (March 31, 2022: 1,200) Non Cumulative redeemable preference shares of ₹1,00,000 each	1,200.00	1,200.00
Issued, subscribed and paid up		
56,22,578 (March 31, 2022: 56,22,578) equity shares of ₹10 each fully paid up with voting rights	562.26	562.26

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 31, 2021	5,622,578	562.26
Add/(less) : Movement during the year	-	-
As at March 31, 2022	5,622,578	562.26
Add/(less) : Movement during the year	-	-
As at March 31, 2023	5,622,578	562.26

b. Rights, preferences and restrictions attached to equity shares

(i) The group has only one class of equity shares having a par value of ₹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 group, the holders of Equity Shares will be entitled to receive remaining assets of the group, 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, 2023		As at 31st March, 2022	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited, the holding company and its nominees*	5,622,578	100.00%	5,622,578	100.00%
	5,622,578	**100.00%**	**5,622,578**	**100.00%**

*Promoters as per Companies act , 2013

d. Details of shares held by each shareholder holding more than 5% shares in the group

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited and its nominees*	5,622,578	100.00%	5,622,578	100.00%
	5,622,578	**100.00%**	**5,622,578**	**100.00%**

*Promoters as per Companies act , 2013

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

e. Details of shares held by the Promoters:

As on 31 March 2023:

Promoter Name	Class of Shares	At the end of the year		At the beginning of the year		% Change during the year
		No. of Shares	% of total shares	No. of Shares	% of total shares	
Kotak Mahindra Bank Limited	Equity shares with voting rights	5,622,578	100.00%	5,622,578	100.00%	0.00%
		5,622,578	**100.00%**	**5,622,578**	**100.00%**	

As on 31 March 2022:

Promoter Name	Class of Shares	At the end of the year		At the beginning of the year		% Change during the year
		No. of Shares	% of total shares	No. of Shares	% of total shares	
Kotak Mahindra Bank Limited	Equity shares with voting rights	5,622,578	100.00%	5,622,578	100.00%	0.00%
		5,622,578	**100.00%**	**5,622,578**	**100.00%**	

NOTE 20 OTHER EQUITY

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
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	49,575.77	42,770.77
Retained Earnings	206,770.55	175,389.49
Capital Contribution from Parent	572.61	565.13
Financial instruments through OCI	(786.98)	(190.80)
Total	**291,112.66**	**253,515.30**

NOTE 20.1 NATURE AND PURPOSE OF RESERVE

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.

Financial instruments through OCI

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 20.2 Other equity movement

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
(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**
(iv) Special reserve		
Opening balance	**42,770.77**	**34,847.76**
Transfer from retained earnings	6,805.00	7,923.01
Closing balance	**49,575.77**	**42,770.77**
(v) Retained earnings		
Opening balance	**175,389.49**	**142,422.53**
Net profit for the year	38,175.58	40,917.19
Less : Other Comprehensive Income for the year	10.48	(27.22)
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	(6,805.00)	(7,923.01)
Closing balance	**206,770.55**	**175,389.49**
(vi) Capital contribution from parent		
Opening balance	**565.13**	**528.61**
Addition/deletion during the year	7.48	36.52
Closing balance	**572.61**	**565.13**
(vii) Financial instruments through OCI		
Opening balance	**(190.80)**	**(0.40)**
Addition/deletion during the year	(596.18)	(190.40)
Closing balance	**(786.98)**	**(190.80)**

*** Includes remeasurement gain/(loss) on employee benefit plans recognised in other comprehensive income**

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Opening balance	(90.72)	(63.50)
Other Comprehensive Income for the year	14.00	(36.37)
Income tax relating to above	(3.52)	9.15
Closing balance	**(80.24)**	**(90.72)**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 21 INTEREST INCOME

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2023				For the year ended 31st March, 2022			
	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	-	77,628.57	-	77,628.57	-	70,338.93	-	70,338.93
Interest income from investments	7,258.71	2,383.44	846.12	10,488.27	4,934.51	2,643.14	947.68	8,525.33
Interest on deposits with banks	-	476.35	-	476.35	-	730.78	-	730.78
Other interest income	-	-	-	-	-	0.31	-	0.31
Total	**7,258.71**	**80,488.36**	**846.12**	**88,593.19**	**4,934.51**	**73,713.16**	**947.68**	**79,595.35**

NOTE 22 DIVIDEND INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Dividend income on investments	177.01	204.12
Total	**177.01**	**204.12**

NOTE 23 NET GAIN/(LOSS) ON FINANCIAL INSTRUMENT MEASURED AT FAIR VALUE *

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
(A) Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Mutual funds	1,823.98	823.02
- Equity shares	322.33	7,406.54
Others		
- Equity Shares	(209.52)	(0.88)
- Venture fund	(521.50)	262.55
- Debt securities	(162.68)	(115.06)
- Commercial Paper	-	(0.10)
(B) Others		
- Derivatives	(206.89)	229.06
- Net gain on financial assets at FVOCI	-	(0.07)
Net gain/(loss) on fair value changes	**1,045.72**	**8,605.06**
Fair value changes:		
- Realised	2,535.11	8,347.74
- Unrealised /movement from unrealised to realised	(1,489.39)	257.32
Net gain/(loss) on fair value changes	**1,045.72**	**8,605.06**

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

NOTE 24 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Net gain on disposal of property, plant and equipment	4.28	7.98
Others	414.04	277.85
Total	**418.32**	**285.83**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 25 FINANCE COSTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
On financial liabilities measured at amortised cost		
Interest on borrowings (Other than Debt Securities)		
- On overdraft facility from banks	6,032.29	1,803.16
- Discount on commercial papers	7,921.58	13,297.90
- On inter corporate deposits	1,850.84	439.81
Interest on debt securities		
- on redeemable non-convertible debentures and deep discount debentures	20,594.33	16,963.51
- on Market linked debentures	944.19	281.60
Interest on subordinated liabilities	1,722.57	1,717.11
Other borrowing costs	234.71	179.89
Total	**39,300.51**	**34,682.98**

NOTE 26 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
On Financial instruments measured at amortised cost		
- Loans and other financial assets	(1,307.18)	(5,090.07)
- Investments	(106.00)	(186.03)
Total	**(1,413.18)**	**(5,276.10)**

NOTE 27 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Salaries and wages	3,457.20	3,105.15
Contribution to provident and other funds	158.86	133.83
Stock appreciation rights(Refer Note 37)	133.02	131.27
Share based payment expenses(Refer Note 37)	35.49	62.64
Staff welfare expenses	43.40	39.51
Total	**3,827.97**	**3,472.40**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 28 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Rent and electricity expenses	522.35	516.41
Repairs and maintenance	197.99	197.81
Communication costs	25.65	13.98
Printing and stationery	14.64	11.71
Royalty expenses	222.87	189.79
Director's fees, allowances and expenses (Refer Note 34.B)	56.80	38.00
Auditors' remuneration (Refer Note 32)	33.00	37.15
Legal and professional charges	268.23	399.10
Insurance	2.98	5.23
Rates, taxes and fees	234.39	228.92
Travelling and conveyance	149.57	62.56
Common establishment expenses *	549.98	565.51
Contribution to corporate social responsibility activities (Refer Note 33)	829.00	713.00
Miscellaneous expenses	135.02	138.63
Total	**3,242.47**	**3,117.80**

* Includes CSR admisnistration expenses of ₹ 14.48 lakhs (Previous Year: Nil)

NOTE 29 TAX EXPENSE AND RELATED BALANCES

(a) Amounts recognised in the Statement of Profit and Loss

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Current tax expense		
In respect of current year	11,564.08	12,501.67
In respect of prior years	47.30	(30.14)
Total current tax expense (A)	**11,611.38**	**12,471.53**
Deferred income tax liability / (asset), net		
Deferred tax expense	1,503.69	1,563.70
Deferred tax expense (B)	**1,503.69**	**1,563.70**
Total tax expense for the year (A) + (B)	**13,115.07**	**14,035.23**

(b) Amounts recognised in other comprehensive income

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023			For the year ended 31st March, 2022		
	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						
Remeasurements of defined benefit liability (asset)	14.00	(3.52)	10.48	(36.37)	9.15	(27.22)
Items that will be reclassified to profit or loss						
Financial instruments through other comprehensive income	(796.69)	200.51	(596.18)	(256.55)	66.15	(190.40)
Total	**(782.69)**	**196.99**	**(585.70)**	**(292.92)**	**75.30**	**(217.62)**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(c) Reconciliation of effective tax rate

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023		For the year ended 31st March, 2022	
	Amount	%age	Amount	%age
Profit before tax as per Statement of profit and loss	**45,712.66**		**53,212.33**	
Tax using the Company's domestic tax rate	11,504.96	25.17%	13,392.47	25.17%
Tax effect of:				
Non-deductible expenses under Income tax	233.69	0.51%	203.15	0.38%
Share of profit from associates	1,403.86	3.07%	437.95	0.82%
Difference in tax rate on account of capital gains	(44.64)	-0.10%	1.66	0.00%
Adjustment related to tax of prior years	47.30	0.10%	(30.14)	-0.06%
Others	(30.10)	-0.07%	30.14	0.06%
Total tax expense	**13,115.07**	**28.68%**	**14,035.23**	**26.37%**

(d) Movement in deferred tax balances

(Amount in lakhs)

Particulars	As at 31st March, 2023					
	Net balance March 31, 2022	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Tax effect of items constituting deferred tax assets / liabilities						
Property, plant and equipment	38.48	17.46	-	-	17.46	55.94
Loans and borrowings	2,123.04	(215.23)	-	-	(215.23)	1,907.81
Equity-settled share-based payments	41.14	(6.26)	-	-	(6.26)	34.88
Employee benefits	113.56	(15.62)	(3.52)	-	(19.14)	94.42
Financial instruments at fair value through OCI	66.28	-	200.51	-	200.51	266.79
Financial instruments at fair value through profit or loss	(243.63)	119.83	-	-	119.83	(123.80)
Share of Profit in Associates/JV	(2,606.38)	(1,403.87)	-	-	(1,403.87)	(4,010.25)
Others	10.74	-	-	-	-	10.74
Total	**(456.77)**	**(1,503.69)**	**196.99**	**-**	**(1,306.70)**	**(1,763.46)**

(Amount in lakhs)

Particulars	As at 31st March, 2022					
	Net balance March 31, 2021	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Tax effect of items constituting deferred tax assets / liabilities						
Property, plant and equipment	27.16	11.32	-	-	11.32	38.48
Loans	3,136.14	(1,013.10)	-	-	(1,013.10)	2,123.04
Equity-settled share-based payments	44.61	(3.47)	-	-	(3.47)	41.14
Employee benefits	88.57	15.84	9.15	-	24.99	113.56
Financial instruments at fair value through OCI	0.13	-	66.15	-	66.15	66.28
Financial instruments at fair value through profit or loss	(115.26)	(128.37)	-	-	(128.37)	(243.63)
Share of Profit in Associates/JV	(2,168.43)	(437.95)	-	-	(437.95)	(2,606.38)
Others	18.71	(7.97)	-	-	(7.97)	10.74
Total	**1,031.63**	**(1,563.70)**	**75.30**	**-**	**(1,488.40)**	**(456.77)**

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 judgement 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 and the period over which deferred income tax assets will be recovered.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(e) Current Tax Balances

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Current Tax Assets (Net)		
Net of provision for tax ₹ 21,800.73 lakhs (Previous year: ₹ 21,753.42 lakhs)	766.78	1,702.42
Current Tax Liabilities (Net)		
Net of Advance/self assessment tax of ₹ 67,793.09 lakhs (Previous year: ₹ 56,500.34 lakhs)	2,699.32	2,427.98

NOTE 30 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.

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Net Profit attributable to equity holders of the Company (₹ Lakhs)	38,175.58	40,917.19
Weighted average number of equity shares for basic and diluted EPS	5,622,578	5,622,578
Face value per share (₹)	10	10
Basic and Diluted earnings per share (₹)	678.97	727.73

NOTE 31 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
a)	**Contingent liabilities:**		
	Claims not acknowledged as debts	282.68	84.86
b)	**Capital Commitments**	1,725.00	-
		2,007.68	**84.86**

NOTE 32 AUDITORS' REMUNERATION(EXCLUSIVE OF TAXES)

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Payment to the auditor's for :		
a)	Statutory Audit and related services	30.30	30.00
b)	Other services	2.70	7.00
c)	Reimbursement of expenses	-	0.15
	Total	**33.00**	**37.15**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 33 CORPORATE SOCIAL RESPONSIBILITY

The Group's CSR project aims to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda. CSR project undertaken in FY2022-23 are in the area of education and livelihood.

As per the provisions of the Section 135 of the Companies Act, 2013, prescribed 2% CSR Expenditure requirement for FY2022-23 ₹ 826.26 lakhs (Previous year: ₹ 712.21 lakhs). After adjusting for excess spend of previous years, the CSR obligation for FY2022-23 is ₹ 825.47 Lakh.

(Amount in lakhs)

Sr. No.	Details of CSR Expenditure	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Amount of CSR Spend		
(a)	Kotak Education Foundation	-	70.23
(b)	Others	371.40*	249.25
	Accrual towards unspent obligations in relation to:		
	(i) Ongoing project	472.08	393.52
	(ii) Other than ongoing project	-	-
	Total	**843.48**	**713.00**
(c)	Amount required to be spent as per Section 135 of the Act	826.26	712.21
	(i) Amount approved by the Board to be spent during the year	829.00	713.00
(d)	Amount of cumulative unspent at the end of the year	740.21	683.78
	Amount spent during the year on		
	(i) Construction / acquisition of any asset	4.09#	-
	(ii) On purposes other than (i) above	367.31**	319.48

* Includes Administrative expenses incurred of 14.48 lakhs (previous year Nil).
# does not include amount spent on creation/acquisition of Capital assets out of Unspent CSR accounts of previous financial years and also assets which are under Capital Work in progress (WIP)

Details of ongoing CSR projects under Section 135(6) of the Act:

(Amount in lakhs)

Financial Year	Balance as at 1st April		Amount required to be spent during the year	Amount spent during the year		Balance as at 31th March	
	With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
FY 22-23	-	-	829.00	356.92 ^	-	472.08#	-
FY 21-22	393.52 *	-	-	-	251.65	-	141.87**
FY 20-21	-	290.26	-	-	164.00	-	126.26

** Excludes ₹ 6.71 lakh of unutilised CSR payment which was refunded by implementing organisation in April 2023.
* The amount was transferred to Kotak Mahindra Bank Limited Unspent Account FY 2021-22 in April, 2022.
# The amount was transferred to Kotak Mahindra Bank Limited Unspent CSR Account FY 2022-23 in April, 2023
^ Excludes Administrative expenses of ₹ 14.48 lakhs

Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

(Amount in lakhs)

Sr. No.	Balance unspent as at 1st April 2022	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 March 2023
a)	-	-	-	-	-

Details of excess CSR expenditure under Section 135(5) of the Act

(Amount in lakhs)

Sr. No.	Balance unspent as at 1st April 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at 31 March 2023
a)	0.79	826.26	843.48*	18.01

* Includes Administrative expenses incurred of 14.48 lakhs (previous year Nil).

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Details pertaining to corporate social responsibility activities:

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
a)	Corporate Social Responsibility expenses for the period	843.48	713.00
b)	Various Head of expenses included in above:		
	Note 28: Other Expenses: Contribution on Corporate Social Responsibility activities	829.00	713.00
	Note 28: Other Expenses: Common establishment expenses	14.48	-
c)	Gross amount required to be spent by the Company during the year.	829.00	713.00
d)	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	4.09	-
	(ii) On purposes other than (i) above	367.31	319.48
e)	Details of related party transactions		
	CSR Administrative Expesnes (Reimbursed to Parent Company)	14.48	-
f)	**Provision for CSR Expenses**		
	Opening Balance	683.78	340.80
	Add: Provision created during the period	843.48	713.00
	Less: Provision utilised during the period	(787.05)	(370.02)
	Closing Balance	740.21*	683.78
g)	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-	-
h)	The total of previous years' shortfall amounts	-	-
i)	The reason for above shortfalls by way of a note	-	-
j)	The nature of CSR activities undertaken by the Company	The CSR activities are undertaken in various focus areas viz. Healthcare, Education, Livelihood enhancement and Relief & Rehabilitation (COVID-19) in terms of Company's CSR policy	The CSR activities are undertaken in various focus areas viz. Healthcare, Education, Livelihood enhancement and Relief & Rehabilitation (COVID-19) in terms of Company's CSR policy

* Excludes ₹ 6.71 lakh of unutilised CSR payment which was refunded by implementing organisation in April 2023.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 34 RELATED PARTY DISCLOSURE

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

34.01. 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 Advisory Limited.	India	
	Kotak General Insurance Company Limited	India	
	Kotak Mahindra Life Insurance Company Limited	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	
	Infina Finance Private Limited (Others)	India	
(d)	**Entities over which relative of director has significant influence**		
	Aero Agencies Limited	India	
	Kotak Commodity Services Private Limited	India	
	Business Standard Private Limited	India	
(e)	**Key Management Personnel**		
	Mr. Amit Bagri		
	Mr. Uday Kotak		
	Ms. Padmini Khare Kaicker *		
	Mr. Chandrashekhar Sathe *		
	Mr. Paresh Parasnis * (Appointed w.e.f. 18.10.22)		
	Mr. Prakash Apte * (Appointed w.e.f. 13.02.23)		
	Mr. KVS Manian (Resigned w.e.f. 01.07.2022)		
	Mr. Arvind Kathpalia (Resigned w.e.f. 01.04.2022)		

* 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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

34.02. Transactions with related parties

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year:

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, 2023	For the year ended 31st March, 2022
i.	Short-term employee benefits	265.21	186.89
ii.	Other Contribution to funds	9.80	8.16
iii.	Shared-based payments (ESOPs/SAR)**	69.18	128.47
iv.	Sitting fees and commission	56.80	38.00

* 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.

(b) Transactions with related parties

Note 34 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, 2023	31st March, 2022
I	**Holding Company**		
	-Kotak Mahindra Bank Limited		
a)	**Transactions during the year :**		
	FINANCE		
	ESOP Expenses (Refer note 37)	35.49	62.64
	Fixed Deposits Placed	572,050.00	881,750.00
	Fixed Deposits Repaid	572,050.00	881,750.00
	Interest Received on Fixed Deposits	474.87	475.96
	Borrowings availed	49,400.00	54,930.60
	Borrowings repaid	24,900.00	60,000.00
	Interest accrued on borrowing	1,739.34	1,460.74
	Payment of Interest accrued on borrowing	1,579.95	764.16
	OTHER RECEIPTS AND PAYMENTS		
	Demat Charges	0.28	0.57
	Service Charges Received	105.36	50.40
	Expense reimbursements paid	217.21	215.34
	Share Service Cost	444.12	473.21
	Bank charges paid	1.19	0.23
	Royalty paid	222.87	189.79
	Interest on borrowings paid	1,724.92	1,028.07
	Licence Fees paid	504.32	503.28
	Referral fees paid	13.21	10.50
	IPA Fees paid	2.00	2.00
	Employee Liability transfer out	150.58	45.54
	Employee Liability transfer in	43.44	28.16
	Asset transferred in	3.04	6.21
	Asset transferred out	9.36	14.39
	Shared Services F & F Rent	35.46	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2023	31st March, 2022
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Balance in current account	32,618.93	36,683.79
	Capital contribution from Parent	572.61	565.13
	Term Deposits Placed	47.10	45.05
	Borrowings	50,167.81	25,513.45
	OTHER RECEIPTS and PAYMENTS		
	Service charges payable	55.11	114.71
	Service charges receivable	28.43	13.49
	Demat Charges Payable	-	0.67
	Fees payable / Charges payable / Other Payables	2.20	-
	Interest Accrued Payable on CIRS IRS FCIRS FRA	4.35	-

* During the year, ₹ 7.48 lakhs (March 31, 2022: 36.52 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.

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2023	31st March, 2022
II	**Fellow Subsidiaries**		
a)	**Transactions during the year :**		
	FINANCE		
	Interest on Non Convertible Debentures/Inter Corporate Deposits		
	-Kotak Securities Limited	1,555.50	1,555.51
	-Kotak Mahindra Capital Company Ltd.	-	119.43
	-BSS Microfinance Limited	41.35	-
	Interest paid on Non Convertible Debentures		
	-Kotak Mahindra Prime Limited	-	5.17
	Investment in Inter Corporate Deposits		
	-Kotak Mahindra Prime Limited	-	49,000.00
	Investment in Inter Corporate Deposits repaid		
	-Kotak Mahindra Prime Limited	-	49,000.00
	Interest received on Inter Corporate Deposits		
	- Kotak Mahindra Prime Limited	-	15.54
	OTHER SECURITIES		
	Service Charges Received		
	-Kotak Mahindra Prime Limited	128.40	128.40
	-Kotak Infrastructure debt fund	20.05	16.50
	Service Charges Expenses		
	-Kotak Infrastructure Debt Fund Limited	4.55	-
	Brokerage paid		
	-Kotak Securities Limited	22.75	-
	Demat Charges paid		
	- Kotak Securities Limited	0.24	0.62
	License Fees Paid		
	- Kotak Securities Limited	3.93	7.86
	Insurance premium paid		
	- Kotak Mahindra General Insurance Company Limited	1.94	2.07

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2023	31st March, 2022
	- Kotak Mahindra Life Insurance Company Ltd.	12.30	4.77
	Expense reimbursement to other company		
	- Kotak Securities Limited	0.12	0.22
	Employee Liability transfer in		
	-Kotak Infrastructure Debt Fund Limited	1.79	-
	- Kotak Investment Advisory Limited	20.71	-
	Employee Liability transfer out		
	-Kotak Securities Limited	3.86	-
	- Kotak Mahindra Prime Limited	0.45	9.88
	-Kotak Infrastructure Debt Fund Limited	0.37	-
	- Kotak Mahindra Asset Management Company Limited	-	0.36
	- Kotak Investment Advisory Limited	71.52	1.00
	Sale of Securities		
	- Kotak Securities Limited	30,128.28	11,661.17
	Payment of Interest accrued on NCDs Issued		
	- Kotak Securities Limited	1,555.50	1,555.50
	- Kotak Mahindra Capital Company Limited	-	414.28
	Payment of Interest accrued on ICD's Issued		
	- Kotak Mahindra Prime Limited	-	0.37
	Interest Accrued on NCDs Issued		
	- Kotak Securities Limited	1,555.51	1,555.51
	- Kotak Mahindra Capital Company Limited	-	135.39
	-BSS Microfinance Limited	41.35	-
	Issue of ICDs		
	- Kotak Mahindra Prime Limited	-	5,000.00
	Issue of NCDs		
	-BSS Microfinance Limited	5,000.00	-
	Repayment of NCDs		
	- Kotak Mahindra Capital Company Limited	-	4,800.00
	Repayment of ICDs		
	- Kotak Mahindra Prime Limited	-	9,000.00
	Asset Transfer-out		
	- Kotak Infrastructure Debt Fund Limited	0.62	-
	- Kotak Mahindra Prime Limited	0.49	-
	Asset Transfer-In		
	- Kotak Infrastructure Debt Fund Limited	0.68	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2023	31st March, 2022
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Non Convertible Debentures issued		
	- Kotak Securities Limited	18,191.33	18,194.67
	- BSS Microfinance Limited	5,039.63	-
	OTHER SECURITIES		
	Outstanding Receivable		
	- Kotak Securities Limited	-	175.24
	OTHER RECEIPTS and PAYMENTS		
	Demat charges payable		
	- Kotak Securities Limited	0.24	0.26
	Service charges Receivable		
	- Kotak Mahindra Prime Limited	127.12	19.51
	- Kotak Infrastructure Debt Fund Limited	-	1.49
	Service charges Payable		
	- Kotak Securities Limited	0.11	1.44
	- Kotak Infrastructure Debt Fund Limited	0.70	-
	Insurance premium paid in advance		
	- Kotak Mahindra General Insurance Company Limited	0.38	0.64
	- Kotak Mahindra Life Insurance Company Ltd	7.49	10.55
III	**Entities over which relative of director has significant influence**		
	Balances outstanding as at the year end :		
	INVESTMENTS		
	Investments - Business Standard Private Limited	0.20	0.20
	OTHER RECEIPTS and PAYMENTS		
	Fees on travel tickets purchased - Aero Agencies Limited	0.69	-
	Prepayment to Service Provider - Aero Agencies Limited	0.42	-
IV	**Key Management Personnel (KMP)**		
	OTHER RECEIPTS and PAYMENTS		
	Remuneration		
	Mr. Amit Bagri	344.19	323.52

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 35 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

35.1. Accounting classification

Classification of financial assets and financial liabilities:

(Amount in lakhs)

Particulars	As at 31st March, 2023				As at 31st March, 2022			
	Amortised Cost	FVOCI	FVTPL	Others	Amortised Cost	FVOCI	FVTPL	Others
Financial assets								
Cash and cash equivalents	33,347.36	-	-	-	36,964.89	-	-	-
Bank Balance other than cash and cash equivalent	47.09	-	-	-	45.03	-	-	-
Receivables:								
Trade receivables	0.28	-	-	-	72.87	-	-	-
Other receivables	155.46	-	-	-	214.67	-	-	-
Loans	933,538.92	-	-	-	666,846.66	-	-	-
Investments	36,929.43	154,007.21	52,179.13	-	38,917.53	151,119.57	63,477.40	-
Other financial assets	224.92	-	-	-	224.19	-	-	-
Total	**1,004,243.46**	**154,007.21**	**52,179.13**	**-**	**743,285.84**	**151,119.57**	**63,477.40**	**-**
Financial liabilities								
Derivative financial instruments	-	-	5,891.36	-	-	-	-	-
Payables								
Trade Payables	380.84	-	-	-	311.07	-	-	-
Other Payables	1,425.41	-	-	-	1,198.27	-	-	-
Debt securities	490,668.25	-	-	-	393,287.04	-	-	-
Borrowings (Other than Debt Securities)	417,296.29	-	-	-	303,082.88	-	-	-
Subordinated Liabilities	20,231.85	-	-	-	20,234.24	-	-	-
Total	**930,002.64**	**-**	**5,891.36**	**-**	**718,113.50**	**-**	**-**	**-**

35.2. 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, 2023				As at 31st March, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Mutual Funds	45,006.87	-	-	45,006.87	46,402.49	-	-	46,402.49
Investments in Venture Capital Funds	-	-	1,256.06	1,256.06	-	-	1,002.56	1,002.56
Investments in Preference Shares	-	-	0.14	0.14	-	-	-	-
Investments in Equity Instruments	5,865.61	-	50.45	5,916.06	8,468.20	-	54.05	8,522.25
Investments in Debt Securities	-	-	-	-	-	7,550.10	-	7,550.10
Investments in Government securities	149,605.15	-	-	149,605.15	151,119.57	-	-	151,119.57
Investments in Treasury bills	4,402.06	-	-	4,402.06	-	-	-	-
Total	**204,879.69**	**-**	**1,306.65**	**206,186.34**	**205,990.26**	**7,550.10**	**1,056.61**	**214,596.97**
Financial liabilities								
Derivative financial instruments	-	5,891.36	-	5,891.36	-	-	-	-
Total	**-**	**5,891.36**	**-**	**5,891.36**	**-**	**-**	**-**	**-**

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, 2023

(Amount in lakhs)

Particulars	Fair value									
	As at 31st March, 2023					As at 31st March, 2022				
	Level 1	Level 2	Level 3	Total	Carrying Value	Level 1	Level 2	Level 3	Total	Carrying Value
Financial assets										
Loans	-	-	947,248.83	947,248.83	933,538.92	-	-	672,796.28	672,796.28	666,846.66
Investments	25,403.32	11,725.69	-	37,129.01	36,929.43	-	38,379.34	-	38,379.34	38,917.53
Total	**25,403.32**	**11,725.69**	**947,248.83**	**984,377.84**	**970,468.35**	**-**	**38,379.34**	**672,796.28**	**711,175.62**	**705,764.19**
Financial liabilities										
Debt securities	-	488,547.91	-	488,547.91	490,668.25	-	393,295.91	-	393,295.91	393,287.04
Borrowings (Other than Debt Securities)	-	418,463.91	-	418,463.91	417,296.29	-	303,179.12	-	303,179.12	303,082.87
Subordinated Liabilities		20,533.85	-	20,533.85	20,231.85	-	21,982.40	-	21,982.40	20,234.24
Total	**-**	**927,545.67**	**-**	**927,545.67**	**928,196.39**	**-**	**718,457.43**	**-**	**718,457.43**	**716,604.15**

Fair value of Statement of Financial Position is presented below:

(Amount in lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	33,347.36	33,347.36	36,964.89	36,964.89
Bank Balance other than cash and cash equivalent	47.09	47.09	45.03	45.03
Receivables:				
Trade receivables	0.28	0.28	72.87	72.87
Other receivables	155.46	155.46	214.67	214.67
Loans	933,538.92	947,248.83	666,846.66	672,796.28
Investments	243,115.77	243,315.35	253,514.50	252,976.31
Other financial assets	224.92	224.92	224.19	224.19
Total	**1,210,429.80**	**1,224,339.29**	**957,882.81**	**963,294.24**
Financial liabilities				
Derivative financial instruments	5,891.36	5,891.36	-	-
Payables				
Trade Payables	380.84	380.84	311.07	311.07
Other Payables	1,425.41	1,425.41	1,198.27	1,198.27
Debt securities	490,668.25	488,547.91	393,287.04	393,295.91
Borrowings (Other than Debt Securities)	417,296.29	418,463.91	303,082.87	303,179.12
Subordinated Liabilities	20,231.85	20,533.85	20,234.24	21,982.40
Total	**935,894.00**	**935,243.28**	**718,113.49**	**719,966.77**

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, 2023

35.3. 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 Group 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 Group develops Level 3 inputs based on the best information available in the circumstances.

35.3.1 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.

35.3.2 Valuation techniques used to determine fair value:

35.3.2.1 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.

35.3.2.2 Investments in Preference Shares

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

35.3.2.3 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

35.3.2.4 Investment in Equity instruments

Unquoted: The Cost Approach - Break Up Value method has been adopted for valuation of equity shares. **Quoted:** Investment in quoted equity instruments have been determined under level 1 using quoted market prices of the underlying instruments.

35.3.2.5 Investment in Central Government Securities

Fair value of Central Government securities is based on ISIN-wise MTM price published by FBIL / FIMMDA / or any other reliable source

35.3.2.6 Investment in Treasury Bills

The fair values have been calculated using the discounted cash flow approach using interpolated yields published by FBIL / FIMMDA / or any other reliable source.

35.3.2.7 Investment in Debt Securities

The Fair value of listed Debt Securities is based on ISIN-wise MTM price published by respective rating agencies and The fair values of unlisted Debt Securities have been calculated using the discounted cash flow approach.

35.3.2.8 Derivative financial instruments

Interest Rate Swap: Fair value of IRS has been determined under Level 2 using discounted cash flow method. The cash flows for the Fixed Leg and the Floating Leg of the Interest Rate Swap are calculated/projected. The rate for the interest cash flows of the Fixed leg of the IRS deal is contained in the deal terms (contracted at the inception of the trade). The rates of the interest cash flows of the Floating leg of the IRS deal are derived from the Interest Rate Curve (Forward Estimation Curve) on the valuation date. The projected cash flows for each leg are discounted using the Interest Rate Curve (Discount Curve) for the valuation date. The value of the Swap is calculated as the difference between the discounted value of the receive-leg and the discounted value of the pay-leg of the swap. IRS trades entered are MIBOR OIS deals linked to the Overnight Mumbai Interbank Outright Rate (MIBOR) published by FBIL on daily basis (except Saturdays, Sundays and local holidays). This rate – published by FBIL- is used for fixing of interest rates on the Floating leg of the swap. The Forward Estimation Curve and Discount Curve for such deals are both the MIBOR OIS Curve.

Embedded Derivative on Market linked debentures: The valuation of the option portion is based on Monte Carlo simulation technique. Geometric Brownian Motion (GBM) Model along with implementation of the Local Volatility is used for simulating the underlying asset.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.3.3 Fair value of financial instruments carried at amortised cost

35.3.3.1 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.

35.3.3.2 Borrowings

The fair values of the Group'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).

35.4.Fair values measurement on level 3 Investments

35.4.1. 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, 2022	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2023
Investments in Equity Instruments	54.06	(3.61)	-	-	-	50.45
Investments in Preference shares	-	-	0.14	-	-	0.14
Investments in Venture funds	1,002.56	(521.50)	775.00	-	-	1,256.06

(Amount in lakhs)

Particulars	As at 1st April, 2021	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2022
Investments in Equity Instruments	54.93	(0.87)	-	-	-	54.06
Investments in Venture funds	1,524.05	262.55	-	(784.04)	-	1,002.56

35.4.2. 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
Loans	Discounted cash flow	Interest rate to discount future cash flows	Significant decrease in discount factor would result in higher fair value
Investment in debentures	Discounted cash flow	Net expected Cash flows used	Significant increase in net expected cash flows would result in higher fair value
Investments in Equity Instruments	Valuation is based on Net asset value method which is based on the asset and liabilities values as per the Latest financial statements of the investee company	Book values of assets and liabilities	Significant decrease in book value of assets and liabilities would result into lower fair value
Investments in venture fund	Net Asset Value	Net Asset Value	Significant decrease in book value of assets and liabilities would result into lower fair value

35.5. 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, 2023

35.5.1. Risk management framework

Risk Management policy outlines the approach and mechanisms of risk management in the Group, including identification, reporting and measurement of risk in various activities undertaken by the Group. 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 Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. 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 Group, 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
Credit Risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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 Group 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 Group 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.
Liquidity Risk	Liquidity risk is the risk that the Group 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.	Board of Directors (the Board) of the Group 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 Group has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the Board. Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the Board . ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board. 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. The Group has formulated a policy on Liquidity Risk Management Framework which covers liquidity risk management, maintaining LCR, stress testing, contingency funding plan, maturity profiling and liquidity risk measurement – stock approach, interest Rate Risk and liquidity risk monitoring tools.
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 Group 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 Group 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. ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5.2. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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 Group 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 Group 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 credit risk exposure:-

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Loans at amortised cost		
- Commercial Real Estate	461,092.06	378,833.10
- Loan against Securities and Structured Products	480,752.18	290,114.82
- Margin Funding	1,667.18	8,387.52
Investments	36,979.99	39,074.08
Other financial assets	33,783.03	37,532.26
Total	**1,014,274.44**	**753,941.78**

35.5.2.1. Narrative disclosures of credit risk

The amount of collateral obtained, if deemed necessary by the Group 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.

35.5.2.2. 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, 2023	As at 31st March, 2022
1	Upto 50% Coverage *	3,760.52	3,077.72
2	51% - 70% Coverage	-	-
3	71% - 100% Coverage	-	-
4	Above 100% coverage	8,097.46	5,793.33
		11,857.98	**8,871.05**

* Provision Created for Impairment allowance against these Loans - ₹ 3,760.52 Lakhs (Previous Year ₹ 3,077.72 Lakhs)

35.5.2.3. Financial assets received as collateral

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

At March 31, 2023, 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 ₹Nil (March 31, 2022: ₹ 98,157.51 lakhs).

During the year ended on March 31, 2023, the fair value of financial assets accepted as collateral that had been sold was ₹ Nil (Year ended on March 31, 2022: ₹ 103.51 lakhs). The Company adjusts the sales proceed from carrying amount of loan and is not obliged to return equivalent securities.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5.2.4. Amounts arising from ECL

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

35.5.2.4.1. Inputs, assumptions and techniques used for estimating impairment on loans

Inputs considered in the ECL model:

The Group 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 Group 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 Group 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 Group'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 Group 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, Group 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.

Group 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 Group.
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.

The Group 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

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Forward looking information:

The Group 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 Group 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 Group 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 Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

35.5.2.4.2. 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 31, 2021	**548,670.27**	**79,566.18**	**7,755.11**	**635,991.56**
Transition From 12 month ECL	(18,628.27)	18,628.27	-	-
Transition From Lifetime ECL not credit impaired	13,164.11	(16,314.72)	3,150.61	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement	(105,971.31)	(18,312.06)	406.71	(123,876.66)
New financial assets originated during the year	425,254.84	-	-	425,254.84
Financial assets that have been derecognised during the period	(230,601.01)	(26,991.91)	(2,441.38)	(260,034.30)
Write-offs	-	-	-	-
Balance as at March 31, 2022	**631,888.63**	**36,575.76**	**8,871.05**	**677,335.44**
Transition From 12 month ECL	(9,210.64)	9,210.64	-	-
Transition From Lifetime ECL not credit impaired	9,550.71	(15,140.12)	5,589.41	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement	(118,329.75)	(5,106.90)	54.10	(123,382.55)
New financial assets originated during the year	638,260.72	10,736.65	-	648,997.37
Financial assets that have been derecognised during the period	(244,454.64)	(12,327.62)	(2,656.58)	(259,438.84)
Write-offs	-	-	-	-
Balance as at March 31, 2023	**907,705.03**	**23,948.41**	**11,857.98**	**943,511.42**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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 31, 2021	**39,781.78**	**-**	**-**	**-**	**39,781.78**
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	39,074.08	-	-	-	39,074.08
Financial assets that have been derecognised during the period	(39,781.78)	-	-	-	(39,781.78)
Write-offs	-	-	-	-	-
Balance as at March 31, 2022	**39,074.08**	**-**	**-**	**-**	**39,074.08**
Transition From 12 month ECL	**-**	**-**	**-**	**-**	-
Transition From Lifetime ECL not credit impaired	**-**	**-**	**-**	**-**	-
Transition From Lifetime ECL credit impaired	**-**	**-**	**-**	**-**	-
Net remeasurement	**(7,351.89)**	**-**	**-**	**-**	(7,351.89)
New financial assets originated during the year	25,316.23	**-**	**-**	**-**	25,316.23
Financial assets that have been derecognised during the period	(20,058.43)	**-**	**-**	**-**	(20,058.43)
Write-offs	**-**	**-**	**-**	**-**	-
Balance as at March 31, 2023	**36,979.99**	**-**	**-**	**-**	**36,979.99**

Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31, 2021	**15,692.30**
Addition/Deletion during the year	21,839.96
Balance as at March 31, 2022	**37,532.26**
Addition/Deletion during the year	(3,749.23)
Balance as at March 31, 2023	**33,783.03**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5.2.4.3. Impairment loss allowance

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

Loans

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at March 31, 2021	**3,732.23**	**6,890.45**	**4,385.32**	**15,008.00**
Transition From 12 month ECL	(1,516.72)	1,516.72	-	-
Transition From Lifetime ECL not credit impaired	858.09	(1,252.20)	394.12	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(2,650.61)	(950.32)	863.60	(2,737.33)
New financial assets originated during the year	2,902.56	-	-	2,902.56
Financial assets that have been derecognised during the period	(1,186.46)	(2,878.92)	(619.07)	(4,684.45)
Write-offs	-	-	-	-
Balance as at March 31, 2022	**2,139.09**	**3,325.72**	**5,023.97**	**10,488.78**
Transition From 12 month ECL	(40.85)	40.85	-	-
Transition From Lifetime ECL not credit impaired	1,242.94	(1,547.02)	304.08	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(1,868.61)	168.26	1,083.07	(617.28)
New financial assets originated during the year	1,307.70	389.91	-	1,697.61
Financial assets that have been derecognised during the period	(929.81)	(561.27)	(105.53)	(1,596.61)
Write-offs	-	-	-	-
Balance as at March 31, 2023	**1,850.46**	**1,816.45**	**6,305.59**	**9,972.50**

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 31, 2021	**342.58**	**-**	**-**	**-**	**342.58**
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	156.55	-	-	-	156.55
Financial assets that have been derecognised during the period	(342.58)	-	-	-	(342.58)
Write-offs	-	-	-	-	**-**
Balance as at March 31, 2022	**156.55**	**-**	**-**	**-**	**156.55**
Transition From 12 month ECL	-	-	-	-	**-**
Transition From Lifetime ECL not credit impaired	-	-	-	-	**-**
Transition From Lifetime ECL credit impaired	-	-	-	-	**-**
Net remeasurement of loss allowance	(35.26)	-	-	-	**(35.26)**
New financial assets originated during the year	15.86	-	-	-	**15.86**
Financial assets that have been derecognised during the period	(86.59)	-	-	-	**(86.59)**
Write-offs	**-**	**-**	**-**	**-**	**-**
Balance as at March 31, 2023	**50.56**	**-**	**-**	**-**	**50.56**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31, 2021	**18.23**
Addition/Deletion during the year(Net)	(7.61)
Balance as at March 31, 2022	**10.62**
Addition/Deletion during the year(Net)	(2.70)
Balance as at March 31, 2023	**7.92**

35.5.2.5. Credit quality analysis

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

(Amount in lakhs)

Particulars	As at 31st March, 2023				As at 31st March, 2022			
	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 Bucket	429,457.57	23,537.03	-	452,994.60	340,483.27	19,699.55	-	360,182.82
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	12,856.95	-	12,856.95
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	8,097.46	8,097.46	-	-	5,793.33	5,793.33
Gross carrying amount	**429,457.57**	**23,537.03**	**8,097.46**	**461,092.06**	**340,483.27**	**32,556.50**	**5,793.33**	**378,833.10**
Impairment loss allowance	(1,449.45)	(1,816.45)	(2,545.07)	(5,810.97)	(1,419.44)	(3,325.57)	(1,946.25)	(6,691.26)
Net carrying amount	**428,008.12**	**21,720.58**	**5,552.39**	**455,281.09**	**339,063.83**	**29,230.93**	**3,847.08**	**372,141.84**
Loan against Securities and Structured Products								
Current Bucket	478,244.35	411.38	-	478,655.73	279,417.18	4,019.26	-	283,436.44
Past due 1–30 days	-	-	-	-	5,025.34	-	-	5,025.34
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	2,096.45	2,096.45	-	-	1,653.04	1,653.04
Gross carrying amount	**478,244.35**	**411.38**	**2,096.45**	**480,752.18**	**284,442.52**	**4,019.26**	**1,653.04**	**290,114.82**
Impairment loss allowance	(401.01)	-	(2,096.45)	(2,497.46)	(718.16)	(0.14)	(1,653.04)	(2,371.34)
Net carrying amount	**477,843.34**	**411.38**	**-**	**478,254.72**	**283,724.36**	**4,019.12**	**-**	**287,743.48**
Margin Funding								
Current Bucket	3.11	-	-	3.11	6,962.84	-	-	6,962.84
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	1,664.07	1,664.07	-	-	1,424.68	1,424.68
Gross carrying amount	**3.11**	**-**	**1,664.07**	**1,667.18**	**6,962.84**	**-**	**1,424.68**	**8,387.52**
Impairment loss allowance	-	-	(1,664.07)	(1,664.07)	(1.50)	-	(1,424.68)	(1,426.18)
Net carrying amount	**3.11**	**-**	**-**	**3.11**	**6,961.34**	**-**	**-**	**6,961.34**
Debenture								
Current Bucket	36,979.99			36,979.99	39,074.08	-	-	39,074.08
Gross carrying amount	**36,979.99**	**-**	**-**	**36,979.99**	**39,074.08**	**-**	**-**	**39,074.08**
Impairment loss allowance	(50.56)			(50.56)	(156.55)	-	-	(156.55)
Net carrying amount	**36,929.43**	**-**	**-**	**36,929.43**	**38,917.53**	**-**	**-**	**38,917.53**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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, 2023				As at 31st March, 2022			
	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 Bucket	154,007.21			154,007.21	151,119.57	-	-	151,119.57
Gross carrying amount	**154,007.21**	**-**	**-**	**154,007.21**	**151,119.57**	**-**	**-**	**151,119.57**
Impairment loss allowance	-			-	-		-	-
Net carrying amount	**154,007.21**	**-**	**-**	**154,007.21**	**151,119.57**	**-**	**-**	**151,119.57**
Fair Value		**-**	**-**	**-**			**-**	**-**

The following table sets out the information about the credit quality of Trade Receivables and other financial assets including Balance in Current and Time Deposit with Banks

(Amount in lakhs)

Particulars	**As at 31st March, 2023**	**As at 31st March, 2022**
	12-month ECL	**12-month ECL**
Current	33,783.03	37,532.27
Impairment loss allowance	(7.92)	(10.62)
Carrying amount	**33,775.11**	**37,521.65**

35.5.3. Liquidity Risk

Liquidity risk is the risk that the Group 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 Group defines its liquidity risk management strategy and sets the overall policy and risk tolerances. For further details on the Group's strategy to mitigate liquidity risk Refer Note 35.5.1.

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	1 day to 7 days	8 days to 14 days	15 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 March 31, 2023											
Financial assets											
Cash and cash equivalents	33,353.86	-	-	-	-	-	-	-	-	-	33,353.86
Bank Balance other than cash and cash equivalents	-	-	-	-	-	47.10	-	-	-	-	47.10
Receivables											
(I) Trade receivables	-	0.04	0.24	-	-	-	-	-	-	-	0.28
(II) Other receivables	-	-	-	-	156.04	-	-	-	-	-	156.04
Loans	2,685.12	274.33	3,375.72	7,756.50	66,096.02	81,566.39	136,298.41	542,335.42	92,533.29	10,590.22	943,511.42
Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	22,124.47	22,124.47
Other Investments	199,014.07	-	76.86	73.66	10,911.76	3,030.18	17,821.01	8,557.06	2,400.00	1,281.73	243,166.33
Other Financial assets	0.13	-	-	-	-	-	-	-	-	225.62	225.75
	235,053.18	**274.37**	**3,452.82**	**7,830.16**	**77,163.82**	**84,643.67**	**154,119.42**	**550,892.48**	**94,933.29**	**34,222.04**	**1,242,585.25**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Particulars	1 day to 7 days	8 days to 14 days	15 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	-	-	-	-	-	-	-	5,891.36	-	-	5,891.36
Payables											
(I) Trade payables	326.18	-	-	-	54.66	-	-	-	-	-	380.84
(II) Other payables	617.33	-	-	-	9.11	36.31	2.42	760.24	-	-	1,425.41
Debt securities	-	-	25,000.00	-	5,122.60	1,650.00	177,903.97	282,965.11	55,475.01	-	548,116.69
Borrowings (Other than Debt Securities)	124,231.14	403.30	828.10	27,565.85	55,646.96	45,475.21	83,525.11	90,694.76	12,140.58	-	440,511.01
Subordinated Liabilities	-	-	-	-	-	-	1,724.31	8,443.19	16,270.21	-	26,437.71
	125,174.65	**403.30**	**25,828.10**	**27,565.85**	**60,833.33**	**47,161.52**	**263,155.81**	**388,754.66**	**83,885.80**	**-**	**1,022,763.02**

(Amount in lakhs)

Particulars	1 day to 7 days	8 days to 14 days	15 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 March 31, 2022											
Financial assets											
Cash and cash equivalents	36,972.10	-	-	-	-	-	-	-	-	-	36,972.10
Bank Balance other than cash and cash equivalents	-	-	-	-	-	-	-	45.04	-	-	45.04
Receivables											-
(I) Trade receivables	-	68.96	4.39	-	-	-	-	-	-	-	73.35
(II) Other receivables	-	-	-	-	209.72	-	-	-	-	6.37	216.09
Loans	3,377.35	1,208.35	3,554.68	10,252.29	25,291.66	46,117.80	188,095.11	314,852.83	60,731.52	23,853.85	677,335.44
Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	16,546.48	16,546.48
Other Investments	197,522.06	-	7,667.67	6,152.04	198.38	2,252.90	5,783.98	20,358.68	12,766.67	968.67	253,671.05
Other Financial assets	0.06	-	-	-	-	-	-	-	-	225.62	225.68
Total	**237,871.57**	**1,277.31**	**11,226.74**	**16,404.33**	**25,699.76**	**48,370.70**	**193,879.09**	**335,256.55**	**73,498.19**	**41,600.99**	**985,085.23**
Financial liabilities											
Payables											
(I) Trade payables	194.92	-	-	-	116.15	-	-	-	-	-	311.07
(II) Other payables	458.06	-	683.71	-	-	5.00	-	51.49	-	-	1,198.26
Debt securities	8,030.00	-	-	8,138.16	1,700.00	29,544.89	101,345.14	275,023.79	-	-	423,781.98
Borrowings (Other than Debt Securities)	52,052.79	27,500.00	10,088.30	54,091.25	50,088.30	2,770.80	91,548.71	21,876.38	-	-	310,016.53
Subordinated Liabilities	-	-	-	-	-	-	1,722.50	3,445.04	22,992.67	-	28,160.21
Total	**60,735.77**	**27,500.00**	**10,772.01**	**62,229.41**	**51,904.45**	**32,320.69**	**194,616.35**	**300,396.70**	**22,992.67**	**-**	**763,468.05**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5.4. 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

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

(Amount in lakhs)

	31st March, 2023	31st March, 2022
Fixed-rate instruments		
Financial assets	745,181.16	725,736.01
Financial liabilities	(681,778.60)	(605,879.59)
Variable-rate instruments		
Financial assets	434,539.95	196,005.77
Financial liabilities	(246,417.79)	(110,724.55)
Rate Insensitive	45,135.55	51,178.16
Total Net	**296,660.27**	**256,315.80**

Fair value sensitivity analysis for fixed-rate instruments

The Group 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, 2023		As at 31st March, 2022	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments (net)	1,881.22	(1,881.22)	852.81	(852.81)
Cash Flow Sensitivity	**1,881.22**	**(1,881.22)**	**852.81**	**(852.81)**

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.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5.5. 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 Group'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, 2023					
Loans and advances					
Loans against securities and structured products	-	-	-	-	-
Margin funding	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
March 31, 2022					
Loans and advances					
Loans against securities and structured products	37,669.12	-	37,669.12	(37,669.12)	-
Margin funding	8,387.52	-	8,387.52	(6,958.99)	1,428.53
	46,056.64	**-**	**46,056.64**	**(44,628.11)**	**1,428.53**

[1]Group 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 Group'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 Group 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

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 36 EMPLOYEE BENEFITS

A. The Group 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 ₹ 146.34 lakhs (Previous year. ₹ 128.45 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

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

In accordance with Payment of Gratuity Act, the Group 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 Group 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 statement of profit and loss. Under the scheme, the settlement obligation remains with the Group. Group accounts for the liability for future gratuity benefits based on an 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.

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 Group's financial statements as at balance sheet date:

(Amount in lakhs)

	Note	As at 31st March, 2023	As at 31st March, 2022
Net defined benefit liability	17 (i)	308.34	309.29
Total employee benefit liabilities		**308.34**	**309.29**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
Opening balance	309.29	253.93	-	-	309.29	253.93
Included in profit or loss		-	-	-		
Current service cost	45.91	33.53	-	-	45.91	33.53
Past service cost	-	-	-	-	-	-
Interest cost (income)	18.31	14.35	-	-	18.31	14.35
Other adjustments	26.99	-	-	-	26.99	-
	400.50	**301.81**	**-**	**-**	**400.50**	**301.81**
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	8.95	-	-	-	8.95	-
Financial assumptions	(8.50)	(0.32)	-	-	(8.50)	(0.32)
Experience adjustment	12.54	36.69	-	-	12.54	36.69
Return on plan assets excluding interest income	-	-	-	-	-	-
Other adjustments	(26.99)	-	-	-	(26.99)	-
	(14.00)	**36.37**	**-**	**-**	**(14.00)**	**36.37**
Other						
Benefits paid	(41.06)	(36.97)	-	-	(41.06)	(36.97)
Liabilities assumed / (settled)	(37.10)	8.08			(37.10)	8.08
Closing balance	**308.34**	**309.29**	**-**	**-**	**308.34**	**309.29**
Represented by						
Net defined benefit asset	-	-	-	-	-	-
Net defined benefit liability	-	-	-	-	308.34	309.29
					308.34	**309.29**

C. Expenses recognised in Statement of profit and loss

(Amount in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Current service cost	45.91	33.53
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	18.31	14.35
(Gains) / losses on settlement	-	-
Other adjustments	26.99	-
Total	**91.21**	**47.88**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

D. Remeasurements recognised in other comprehensive income

(Amount in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Actuarial loss (gain) arising from:		
Demographic assumptions	8.95	-
Financial assumptions	(8.50)	(0.32)
Experience adjustment	12.54	36.69
	12.99	**36.37**
Return on plan assets excluding interest income	-	-
Other adjustments	(26.99)	-
	(14.00)	**36.37**

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, 2023	As at 31st March, 2022
Discount rate	7.30%	6.70%
Salary escalation rate	7.00%	12.00% until year 1 inclusive, then 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, 2023		As at 31st March, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	301.62	315.39	300.13	319.01
Future salary growth (0.5% movement)	312.46	304.28	314.94	303.50

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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

F. **Experience Adjustments**

(Amount in lakhs)

Particulars	Gratuity				
	Year ended 31st March				
	2023	2022	2021	2020	2019
Defined benefit obligation	308.34	309.29	253.93	261.30	204.75
Plan assets	-	-	-	-	-
Surplus / (deficit)	308.34	309.29	253.93	261.30	204.75
Experience adjustments on plan liabilities	12.54	36.69	(1.36)	18.88	9.18
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 ₹(64.44) lakhs (Previous year. ₹ 5.46 lakhs) for Compensated Absences in the Statement of Profit and Loss..

H. **Long Service Award**

The Group 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 37 SHARE-BASED PAYMENT ARRANGEMENTS:

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

At the General Meetings of the holding Group, 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, ₹ 7.48 lakhs (March 31, 2022: 36.52 lakhs) was charged to the Group'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 Group by the Parent.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2023			31st March, 2022		
			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)
2015-14								
A	18-May-18	Equity settled	-	-	-	3,386	31-Dec-21	4.12
2015-19								
A	20-May-19	Equity settled	-	-	-	6,591	31-Oct-21	2.95
B	20-May-19	Equity settled	-	-	-	4,542	30-Jun-22	3.62
C	20-May-19	Equity settled	2,604	31-Dec-22	3.62	4,542	31-Dec-22	4.12
2015-25								
A	7-Aug-20	Equity settled	1,482	30-Nov-22	2.32	4,089	30-Nov-22	2.32
B	7-Aug-20	Equity settled	1,028	30-Jun-23	2.90	2,726	30-Jun-23	2.90
C	7-Aug-20	Equity settled	1,028	31-Dec-23	3.40	2,726	31-Dec-23	3.40
2015-30								
A	20-May-21	Equity settled	-	-	-	3,739	30-Jun-22	1.11
B	20-May-21	Equity settled	2,075	30-Jun-23	2.11	3,739	30-Jun-23	2.11
C	20-May-21	Equity settled	2,075	30-Jun-24	3.12	3,739	30-Jun-24	3.12
D	20-May-21	Equity settled	2,085	30-Jun-25	4.12	3,743	30-Jun-25	4.12
2015-34								
A	10-May-22	Equity settled	1,863	31-May-23	1.06	-	-	-
B	10-May-22	Equity settled	1,863	31-May-24	2.06	-	-	-
C	10-May-22	Equity settled	1,863	31-May-25	3.06	-	-	-
D	10-May-22	Equity settled	1,861	31-May-26	4.06	-	-	-
2015-39								
A	18-Oct-22	Equity settled	1,105	31-Oct-23	1.04	-	-	-
B	18-Oct-22	Equity settled	1,105	31-Oct-24	2.04	-	-	-
C	18-Oct-22	Equity settled	1,105	31-Oct-25	3.04	-	-	-
D	18-Oct-22	Equity settled	1,105	31-Oct-26	4.04	-	-	-

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 31 March, 2023

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 (₹)
2015-19	20-May-19	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1460	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28
2015-25	7-Aug-20	1.07 - 3.40	0.50 - 0.50	1.13 - 3.65	1341	1,340.10	3.61% - 5.06%	0.06%	39.75% - 29.29%	267.12 - 395.03
2015-30	30-May-21	1.08 - 4.09	0.50 - 0.50	1.34 - 4.34	1801	1,800.75	4.05% - 5.53%	0.05%	29.80% - 42.76%	390.94 - 609.04
2015-34	10-May-22	1.06 - 4.06	0.50 - 0.50	1.31 - 4.31	1798	1,767.50	5.75% - 7.26%	0.06%	27.72% - 31.40%	268.84 - 654.77
2015-39	18-Oct-22	1.04 - 4.04	0.50 - 0.50	1.28 - 4.29	1834	1,858.15	7.01% - 7.52%	0.06%	26.77% - 31.76%	315.30- 721.39

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

As at 31 March, 2022

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 (₹)
2015-07	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
2015-07	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
2015-07	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
2015-07	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
2015-07	7-Aug-20	1.07 - 3.40	0.50 - 0.50	1.13 - 3.65	1,341.00	1,340.10	3.61% - 5.06%	0.06%	39.75% - 29.29%	267.12 - 395.03
2015-07	30-May-21	1.08 - 4.09	0.50 - 0.50	1.34 - 4.34	1,801.00	1,800.75	4.05% - 5.53%	0.05%	29.80% - 42.76%	390.94 - 609.04

The following table lists the average inputs to the models used for the plans for the year ended 31 March, 2023.

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 31 March, 2023

Scheme	Grant Date	31st March, 2023							
		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
2015-14	18-May-18	3,386	-	(2,572)	(814)	-	-	-	-
2015-16	18-May-18	15,675	-	(9,506)	(3,328)	(87)	(150)	2,604	2,604
2015-25	7-Aug-20	9,541	-	(60)	(5,383)	-	(560)	3,538	1,482
2015-30	30-May-21	14,960	-	(706)	(6,140)	(1,496)	(383)	6,235	-
2015-34	10-May-22	-	11,300	-	(3,850)	-	-	7,450	-
2015-39	18-Oct-22	-	4,420	-	-	-	-	4,420	-
		43,562	**15,720**	**(12,844)**	**(19,515)**	**(1,583)**	**(1,093)**	**24,247**	**4,086**

Scheme	Grant Date	31st March, 2022							
		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
2015-07	15-May-17	4,938	-	(4,664)	(274)	-	-	-	-
2015-14	18-May-18	14,778	-	(10,406)	(246)	-	(740)	3,386	3,386
2015-19	20-May-19	19,796	-	(1,272)	(1,449)	-	(1,400)	15,675	-
2015-16	18-May-18	5,000	-	(5,000)		-	-	-	6,591
2015-25	7-Aug-20	18,630	-	(5,229)	(1,620)	-	(2,240)	9,541	-
2015-30	30-May-21	-	17,560	-	730	-	(3,330)	14,960	-
		63,142	**17,560**	**(26,571)**	**(2,859)**	**-**	**(7,710)**	**43,562**	**9,977**

* This represents transfer of employees within Holding Group and its subsidiaries

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,742.11 (Previous year: ₹ 1,810.56).

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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

ESOP Scheme	Range of exercise prices (₹)	31st March, 2023			31st March, 2022		
		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 (₹)
2015-14	1201-1300	-	-	-	3,386	0.25	1,271.00
2015-19	1401-1500	2,604	0.25	1,460.00	15,675	0.25	1,460.00
2015-25	1300-1400	3,538	0.73	1,341.00	9,541	0.65	1,341.00
2015-30	1801-1900	6,235	1.75	1,801.00	14,960	2.25	1,801.00
2015-34	1701-1800	7,450	2.17	1,798.00	-	-	-
2015-39	1801-1900	4,420	2.58	1,834.00	-	-	-

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 16,520 SARs during FY 2022-23. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.04 years to 4.13 years (previous year - 1.09 years to 4.13 years).

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2023			31st March, 2022		
			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)
Scheme 2015 Series 22								
Tranche V-2A	20-May-19	Cash settled	-	-	-	476	30-Jun-22	3.12
Tranche V-2B	20-May-19	Cash settled	-	-	-	474	7-Jul-22	3.13
Tranche V-2C	20-May-19	Cash settled	-	-	-	474	14-Jul-22	3.15
Tranche V-3A	20-May-19	Cash settled	-	-	-	476	31-Dec-22	3.62
Tranche V-3B	20-May-19	Cash settled	-	-	-	474	7-Jan-23	3.64
Tranche V-3C	20-May-19	Cash settled	-	-	-	474	14-Jan-23	3.66
Scheme 2015 Series 28								
Tranche IV	7-Aug-20	Cash settled	-	-	-	445	30-Nov-22	2.32
Tranche V	7-Aug-20	Cash settled	-	-	-	445	7-Dec-22	2.33
Tranche VI	7-Aug-20	Cash settled	-	-	-	445	14-Dec-22	2.35
Tranche VII	7-Aug-20	Cash settled	148	30-Jun-23	2.90	294	30-Jun-23	2.90
Tranche VIII	7-Aug-20	Cash settled	150	7-Jul-23	2.92	298	7-Jul-23	2.92
Tranche IX	7-Aug-20	Cash settled	150	14-Jul-23	2.93	298	14-Jul-23	2.93
Tranche X	7-Aug-20	Cash settled	148	31-Dec-23	3.40	294	31-Dec-23	3.40
Tranche XI	7-Aug-20	Cash settled	150	7-Jan-24	3.42	298	7-Jan-24	3.42
Tranche XII	7-Aug-20	Cash settled	150	14-Jan-24	3.44	298	14-Jan-24	3.44
Scheme 2015 Series 31								
Tranche I	7-Aug-20	Cash settled	448	31-Aug-23	3.07	1268	31-Aug-23	3.07
Tranche II	7-Aug-20	Cash settled	448	7-Sep-23	3.08	1268	7-Sep-23	3.08
Tranche III	7-Aug-20	Cash settled	448	14-Sep-23	3.10	1268	14-Sep-23	3.10
Tranche IV	7-Aug-20	Cash settled	298	31-Aug-24	4.07	843	31-Aug-24	4.07
Tranche V	7-Aug-20	Cash settled	298	7-Sep-24	4.09	843	7-Sep-24	4.09
Tranche VI	7-Aug-20	Cash settled	300	14-Sep-24	4.11	850	14-Sep-24	4.11

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2023			31st March, 2022		
			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)
Scheme 2015 Series 32								
Tranche I	30-May-21	Cash settled	-	-	-	389	30-Jun-22	1.08
Tranche II	30-May-21	Cash settled	-	-	-	389	7-Jul-22	1.10
Tranche III	30-May-21	Cash settled	-	-	-	401	14-Jul-22	1.12
Tranche IV	30-May-21	Cash settled	241	30-Jun-23	2.08	389	30-Jun-23	2.08
Tranche V	30-May-21	Cash settled	241	7-Jul-23	2.10	389	7-Jul-23	2.10
Tranche VI	30-May-21	Cash settled	247	14-Jul-23	2.12	401	14-Jul-23	2.12
Tranche VII	30-May-21	Cash settled	241	30-Jun-24	3.09	389	30-Jun-24	3.09
Tranche VIII	30-May-21	Cash settled	241	7-Jul-24	3.11	389	7-Jul-24	3.11
Tranche IX	30-May-21	Cash settled	247	14-Jul-24	3.13	401	14-Jul-24	3.13
Tranche X	30-May-21	Cash settled	242	30-Jun-25	4.09	390	30-Jun-25	4.09
Tranche XI	30-May-21	Cash settled	242	7-Jul-25	4.11	390	7-Jul-25	4.11
Tranche XII	30-May-21	Cash settled	249	14-Jul-25	4.13	403	14-Jul-25	4.13
Scheme 2015 Series 40								
Tranche I	10-May-22	Cash settled	731	31-May-23	1.06	-	-	-
Tranche II	10-May-22	Cash settled	731	7-Jun-23	1.08	-	-	-
Tranche III	10-May-22	Cash settled	731	14-Jun-23	1.10	-	-	-
Tranche IV	10-May-22	Cash settled	731	31-May-24	2.06	-	-	-
Tranche V	10-May-22	Cash settled	731	7-Jun-24	2.08	-	-	-
Tranche VI	10-May-22	Cash settled	731	14-Jun-24	2.10	-	-	-
Tranche VII	10-May-22	Cash settled	731	31-May-25	3.06	-	-	-
Tranche VIII	10-May-22	Cash settled	731	7-Jun-25	3.08	-	-	-
Tranche IX	10-May-22	Cash settled	731	14-Jun-25	3.10	-	-	-
Tranche X	10-May-22	Cash settled	726	31-May-26	4.06	-	-	-
Tranche XI	10-May-22	Cash settled	726	7-Jun-26	4.08	-	-	-
Tranche XII	10-May-22	Cash settled	729	14-Jun-26	4.10	-	-	-
Scheme 2015 Series 51								
Tranche I	18-Oct-22	Cash settled	112	31-Oct-23	1.04	-	-	-
Tranche II	18-Oct-22	Cash settled	112	7-Nov-23	1.05	-	-	-
Tranche III	18-Oct-22	Cash settled	116	14-Nov-23	1.07	-	-	-
Tranche IV	18-Oct-22	Cash settled	112	31-Oct-24	2.04	-	-	-
Tranche V	18-Oct-22	Cash settled	112	7-Nov-24	2.06	-	-	-
Tranche VI	18-Oct-22	Cash settled	116	14-Nov-24	2.08	-	-	-
Tranche VII	18-Oct-22	Cash settled	112	31-Oct-25	3.04	-	-	-
Tranche VIII	18-Oct-22	Cash settled	112	7-Nov-25	3.06	-	-	-
Tranche IX	18-Oct-22	Cash settled	116	14-Nov-25	3.08	-	-	-
Tranche X	18-Oct-22	Cash settled	112	31-Oct-26	4.04	-	-	-
Tranche XI	18-Oct-22	Cash settled	112	7-Nov-26	4.06	-	-	-
Tranche XII	18-Oct-22	Cash settled	116	14-Nov-26	4.08	-	-	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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

As at 31 March, 2023

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 (₹)
Scheme 2015 Series 28	7-Aug-20	0.25 - 0.79	0.25 - 0.79	-	1,721.05	7.00% - 7.32%	0.06%	15.63% - 19.61%	1,720.18 - 1,720.77
Scheme 2015 Series 31	7-Aug-20	0.42 - 1.46	0.42 - 1.46	-	1,721.05	7.16% - 7.20%	0.06%	15.02% - 24.71%	1,719.44 - 1,720.59
Scheme 2015 Series 32	30-May-21	0.25 - 2.29	0.25 - 2.29	-	1,721.05	7.00% - 7.27%	0.06%	15.63% - 24.95%	1,718.53 - 1,720.77
Scheme 2015, Series 40	10-May-22	0.17 - 3.21	0.17 - 3.21	-	1,721.05	6.92% - 7.29%	0.06%	16.59% - 33.18%	1,717.52 - 1,720.87
Scheme 2015, Series 51	18-Oct-22	0.59 - 3.63	0.59 - 3.63	-	1,721.05	7.18% - 7.32%	0.06%	17.38% - 32.21%	1,717.06 - 1,720.40

As at 31 March, 2022

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 (₹)
Scheme 2015 Series 22	20-May-19	0.25 - 0.79	0.25 - 0.79	-	1,763.10	3.97% - 4.42%	0.05%	27.51% - 31.46%	1762.39 - 1762.87
Scheme 2015 Series 28	7-Aug-20	0.67 - 1.79	0.67 - 1.79	-	1,763.10	4.33% - 5.04%	0.05%	27.55% - 29.58%	1761.49 - 1762.50
Scheme 2015 Series 31	7-Aug-20	1.42 - 2.46	1.42 - 2.46	-	1,763.10	4.82% - 5.42%	0.05%	27.76% - 35.94%	1760.89 - 1761.82
Scheme 2015 Series 32	30-May-21	0.25 - 3.29	0.25 - 3.29	-	1,763.10	3.97% - 5.85%	0.05%	27.55% - 37.02%	1760.14 - 1762.87

The following table lists the average inputs to the models used for the plans for the year ended 31 March, 2023.

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	As at 31st March, 2023						
		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 2015 Series 22	20-May-19	2,848	-	(1,866)	(950)	-	(32)	-
Scheme 2015 Series 28	7-Aug-20	3,115	-	(672)	(1,400)	-	(147)	896
Scheme 2015 Series 31	7-Aug-20	6,340	-	-	(4,100)	-	-	2,240
Scheme 2015 Series 32	30-May-21	4,720	-	(944)	(1,480)	-	(105)	2,191
Scheme 2015, Series 40	10-May-22	-	15,160	-	(4,700)	-	(1,700)	8,760
Scheme 2015, Series 51	18-Oct-22	-	1,360	-	-	-	-	1,360
		17,023	**16,520**	**(3,482)**	**(12,630)**	**-**	**(1,984)**	**15,447**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Scheme	Grant Date	As at 31st March, 2022						
		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 2015 Series 17	18-May-18	2,272	-	(1,942)	(164)	-	(166)	-
Scheme 2015 Series 19	7-Jul-18	1,275	-	(1,275)	-	-	-	-
Scheme 2015 Series 22	20-May-19	5,789	-	(2,373)	(280)	-	(288)	2,848
Scheme 2015 Series 28	7-Aug-20	5,760	-	(1,635)	(422)	-	(588)	3,115
Scheme 2015 Series 31	7-Aug-20	6,340	-	-	-	-	-	6,340
Scheme 2015 Series 32	30-May-21	-	5,420	-	200	-	(900)	4,720
		21,436	**5,420**	**(7,225)**	**(666)**	**-**	**(1,942)**	**17,023**

* 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, 2023	31st March, 2022
Total Employee compensation cost pertaining to share-based payment plans	168.51	193.92
Compensation cost pertaining to equity-settled employee share-based payment plan included above	35.49	62.64
Closing balance of liability for cash-settled options	138.60	163.41
Total intrinsic value of liabilities for vested benefits	-	-

NOTE 38 CAPITAL DISCLOSURE

The primary objectives of the capital management policy is to ensure that the Group 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 Group 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, Group depends on internal accrual or may raise additional capital. Group 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.

NOTE 39 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 31st March, 2023			As at 31st March, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	33,347.36	-	33,347.36	36,964.89	-	36,964.89
Bank Balance other than cash and cash equivalents	47.09	-	47.09	45.03	-	45.03
Receivables						
(I) Trade receivables	0.28	-	0.28	72.87	-	72.87
(II) Other receivables	155.46	-	155.46	214.67	-	214.67
Loans	248,666.06	684,872.86	933,538.92	204,565.48	462,281.18	666,846.66
Investments accounted for using the equity method	-	22,124.47	22,124.47	-	16,546.48	16,546.48
Other Investments	230,909.71	12,206.06	243,115.77	219,558.97	33,555.53	253,514.50
Other Financial assets	-	224.92	224.92	-	224.19	224.19
Sub total	**513,125.96**	**719,428.31**	**1,232,554.27**	**461,421.91**	**512,607.38**	**974,429.29**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current Tax assets (Net)	-	766.78	766.78	-	1,702.42	1,702.42
Property, Plant and Equipment	-	90.90	90.90	-	87.40	87.40
Intangible assets under development	14.93	-	14.93	-	3.25	3.25
Other intangible assets	-	32.29	32.29	-	192.67	192.67
Other Non-financial assets	101.79	-	101.79	245.12	-	245.12
Sub total	**116.72**	**889.97**	**1,006.69**	**245.12**	**1,985.74**	**2,230.86**
Total Assets	**513,242.68**	**720,318.28**	**1,233,560.96**	**461,667.03**	**514,593.12**	**976,660.14**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	-	5,891.36	5,891.36	-	-	-
Payables						-
(I) Trade payables	380.84	-	380.84	311.07	-	311.07
(II) Other payables	1,425.41	-	1,425.41	1,198.27	-	1,198.27
Debt securities	196,408.28	294,259.97	490,668.25	141,299.23	251,987.81	393,287.04
Borrowings (Other than Debt Securities)	323,262.38	94,033.91	417,296.29	282,597.84	20,485.03	303,082.88
Subordinated Liabilities	245.14	19,986.71	20,231.85	247.60	19,986.64	20,234.24
Sub total	**521,722.05**	**414,171.95**	**935,894.00**	**425,654.01**	**292,459.48**	**718,113.50**
Non-Financial liabilities						
Current tax liabilities (Net)	2,699.32	-	2,699.32	2,427.98	-	2,427.98
Provisions	621.60	309.60	931.20	652.15	401.14	1,053.29
Deferred tax liabilities (Net)	-	1,763.46	1,763.46	-	456.77	456.77
Other non-financial liabilities	598.06	-	598.06	531.06	-	531.06
Sub total	**3,918.98**	**2,073.06**	**5,992.04**	**3,611.19**	**857.91**	**4,469.10**
Total Liabilities	**525,641.03**	**416,245.01**	**941,886.04**	**429,265.20**	**293,317.39**	**722,582.60**

NOTE 40 LITIGATION

The Group does not have any material litigations pending aginst it as at March 31, 2023 and March 31, 2022 which would impact its financial position.

NOTE 41 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 Group'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-Group 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 Group 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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

A. Information about reportable segments

(Amount in lakhs)

For the year ended March 31, 2023	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	32,331.92	50,188.21	49.53	45,315.09	**127,884.75**	-	-	127,884.75
Inter-segment revenue	-	-	-	-	**-**	-	(37,005.78)	(37,005.78)
Total Revenue	**32,331.92**	**50,188.21**	**49.53**	**45,315.09**	**127,884.75**	**-**	**(37,005.78)**	**90,878.97**
Segment results / Profit before Tax and share of net profits of investments accounted using equity method	12,676.45	27,297.71	(103.41)	6,465.73	**46,336.48**	(623.82)	-	45,712.66
Share of net Profit of investments accounted using equity method	-	-	-	5,577.99	**5,577.99**	-	-	5,577.99
Profit before tax	12,676.45	27,297.71	(103.41)	12,043.72	**51,914.47**	(623.82)	-	**51,290.65**
Segment assets	590,929.75	615,571.56	142.49	25,895.36	**1,232,539.16**	1,021.80	-	**1,233,560.96**
Segment liabilities	463,028.25	466,696.03	178.17	4,592.61	**934,495.06**	7,390.98	-	**941,886.04**
Other disclosures								
Depreciation and amortization	95.67	107.99	1.56	0.21	**205.43**	3.11	-	208.54
Capital expenditure	9.93	63.54	-	-	**73.47**	0.17	-	73.64

(Amount in lakhs)

For the year ended March 31, 2022	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	33,051.66	46,418.84	3,043.87	42,252.73	**124,767.10**	-	-	124,767.10
Inter-segment revenue	-	-	-	-	-	-	(35,335.93)	(35,335.93)
Total Revenue	**33,051.66**	**46,418.84**	**3,043.87**	**42,252.73**	**124,767.10**	**-**	**(35,335.93)**	**89,431.17**
Segment results / Profit before Tax and share of net profits of investments accounted using equity method	16,261.71	31,267.00	1,434.69	7,382.67	**56,346.07**	(3,133.74)	-	53,212.33
Share of net loss of investments accounted using equity method	-	-	-	1,740.09	**1,740.09**	-	-	1,740.09
Profit before tax	16,261.71	31,267.00	1,434.69	9,122.76	**58,086.16**	(3,133.74)	-	**54,952.42**
Segment assets	365,341.64	571,489.33	16,189.99	21,668.54	**974,689.50**	1,970.65	-	**976,660.15**
Segment liabilities	272,953.38	431,725.28	8,058.20	4,541.54	**717,278.40**	5,304.19	-	**722,582.59**
Other disclosures								
Depreciation and amortization	96.01	117.51	2.42	0.36	**216.30**	5.46	-	221.76
Capital expenditure	40.12	41.73	0.41	-	**82.26**	16.52	-	98.77

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 42 DISAGGREGATION OF REVENUE

The management determines that the segment information reported under Note 41 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 43 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 and Loss under the head "Rent and Electricity Expenses" amounting to ₹ 507.94 lakhs (Previous year. ₹ 511.14 lakhs).

NOTE 44 A LONG TERM CONTRACTS

The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Group 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 44 b

The Group has not guaranteed any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties, either severally or jointly with any other person, that are repayable on demand; or without specifying any terms or period of repayment.

Note 44 c

The Group does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

Note 44 d

The title deeds of immovable properties included in property, plant and equipment and intangible assets are held in the name of the Company. The Company has not revalued any of its property, plant and equipment and intangible assets.

Note 44 e

The Group has obtained various borrowings from banks/ FI on basis of security of current assets wherein the quarterly returns/ statements of current assets as filed with banks/ FI are in agreement with the books. The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. The Group is not declared as willful defaulter by any bank or financial Institution or other lender as at 31 March 2023.

Note 44 f

a The Group has not advanced / loaned / invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

  (I) directly or indirectly lend / invest in other person or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries)

  (II) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall:

  (I) directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries")

  (II) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note 44 g

No transactions have taken place with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the year 31 March 2023.

Note 44 h

There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 44 i

The Group has complied with the number of layers prescribed u/s (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. There are no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 as at 31 March 2022.

Note 44 j

There are no transactions that are not recorded in the books of accounts which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

Note 44 k

No crypto/ virtual currency was traded/ invested during the year. No deposits/advances were received from any person for the purpose of trading / investing in crypto currency during the year.

NOTE 45 INTEREST IN ASSOCIATE AND JOINT VENTURE

a) Below are associates and joint ventures of the Group as at March 31, 2023:

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 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Phoenix ARC Private Limited	Associate	Mumbai	Securitization of assets and reconstruction thereof	Equity Method	30.00%	30.00%	22,124.47	16,546.48
							22,124.47	16,546.48

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) 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	
	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalent	8,317.79	6,883.22
Financial assets other than cash and cash equivalents	187,925.58	125,308.30
Non-financial assets	6,175.47	7,432.42
Total Assets	**202,418.84**	**139,623.94**
Financial Liabilities, (including trade and other payables)	113,674.06	75,341.70
Non-financial liabilities	15,296.70	9,427.46
Total Liabilities	**128,970.76**	**84,769.16**
Net Assets	**73,448.08**	**54,854.78**
Percentage ownership	30.00%	30.00%
Group's share of net assets	**22,034.42**	**16,456.43**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Summarised Statement of Profit & Loss

Amount in lakhs

Particulars	Phoenix ARC Private Limited	
	As at March 31, 2023	As at March 31, 2022
Revenue		
Total Income	37,421.25	26,430.47
Depreciation and amortisation	99.67	90.76
Interest expense	4,767.39	4,000.85
Tax expense	6,821.42	3,058.48
Other Expense	7,144.12	13,475.24
Profit or loss from continuing operations	**18,588.65**	**5,805.14**
Other comprehensive income	4.65	(4.86)
Total comprehensive income	**18,593.30**	**5,800.28**
Percentage ownership	30.00%	30.00%
Group's share in profit for the year	5,576.60	1,741.55
Group's share in OCI for the year	1.39	(1.46)
Consolidation adjustment	-	-
Group's share of total comprehensive income	**5,577.99**	**1,740.09**

D) Impact of COVID 19 on Associate

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the financial year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The Q1FY21 was worst affected due to pandemic. However, there was an economic recovery in Q2FY21 and Q3FY21 as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Group continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients. While there is some improvement in the economic activity, the continued slowdown has a direct impact on the business of the Group including lengthening of collection cycles and resolution timelines of existing assets. There is still uncertainty regarding the time required for life and business to get back to normal completely. The extent to which COVID-19 pandemic will impact the Group's operations and financial results is dependent on future developments, which are still highly uncertain, including among many other things, the severity of the pandemic, effectiveness of vaccine and any action to contain its spread or mitigate its impact, whether Government mandated or elected by the Group.

The management has made judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, equity, income, and expenses. These estimates and associated assumptions are based on various factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances. The assessment done by the Group is subject to significant uncertainty and the assumptions and estimates used by the management and the external credit rating agencies may vary materially as events unfold.

Though the extent of the actual impact is difficult to assess without undue costs and efforts and depends upon the severity and duration of the outbreak, the Group's Board of Directors have concluded that the carrying values of the financial assets and liabilities as on March 31, 2023 have been adjusted as necessary on account of COVID-19.

(i) Impairment of Financial Assets

Financial assets measured at amortised cost includes Cash and cash equivalents amounting to ₹ 8,318.83 lakhs (March 31, 2022: ₹ 6,884.40 lakhs), Trade receivables amounting to ₹ 3,218.19 lakhs (March 31, 2022: ₹ 4,656.15 lakhs), Loans amounting to ₹ 104,797.74 lakhs (March 31, 2022: ₹ 54,917.51 lakhs) and Advances recoverable from trust amounting to ₹ 1,775.25 lakhs (March 31, 2022: ₹ 2,132.23 lakhs) as at March 31, 2023. The Group has used management overlay considering the nature of receivables, financial strength of the customers, recoverability timelines, and overall global economic conditions to arrive at the recoverability estimates. The Group as on March 31, 2023 holds provision for expected credit losses based on the information available. Basis this assessment, the allowance for expected credit loss on financial assets of ₹ 24,319.46 lakhs (March 31, 2022: ₹ 22,764.13 lakhs) as at March 31, 2023 is considered adequate and the Group will continue to closely monitor any material changes to these assumptions, estimates and future economic condition.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(ii) Measurement of fair values

In assessing the impact on the fair value of the investments in security receipts (classified as level III investments) and having a gross value of ₹ 1,46,541.68 lakhs (March 31, 2022: ₹ 1,28,112.84 lakhs) as at March 31, 2023, the Group has made estimates and associated assumptions based on historical experience and various other factors including the possible effects that may result from the pandemic, that are believed to be reasonable under the current circumstances. Group has also considered unobservable inputs such as discounting rates, cashflow estimates that reflects the risk and uncertainty associated with these investments due to impact of COVID-19. Basis this assessment, the fair value loss ₹ 44,129.28 lakhs (March 31, 2022: ₹ 42,014.52 lakhs) as at March 31, 2023 is considered adequate and the Group will continue to closely monitor any material changes to these assumptions, estimates and future economic conditions.

NOTE 46 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, 2023							
	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	95.88%	279,661.20	89.07%	34,001.45	100.00%	(585.70)	88.90%	33,415.75
Associates (as per the equity method)								
Indian								
Phoenix ARC Private Limited	5.49%	16,023.98	14.61%	5,577.99	0.00%	-	14.84%	5,577.99
Other adjustments	(1.37%)	(4,010.26)	(3.68%)	(1,403.86)	0.00%	-	(3.73%)	(1,403.86)
Total	**100.00%**	**291,674.92**	**100.00%**	**38,175.58**	**100.00%**	**(585.70)**	**100.00%**	**37,589.88**

Amount in lakhs

Name of the entity in the Group	As at March 31, 2022							
	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	96.91%	246,237.97	96.82%	39,615.05	100.00%	(217.62)	96.80%	39,397.43
Associates (as per the equity method)								
Indian								
Phoenix ARC Private Limited	4.11%	10,445.99	4.25%	1,740.09	0.00%	-	4.28%	1,740.09
Other adjustments	-1.03%	(2,606.40)	(1.07%)	(437.95)	0.00%	-	(1.08%)	(437.95)
Total	**100.00%**	**254,077.56**	**100.00%**	**40,917.19**	**100.00%**	**(217.62)**	**100.00%**	**40,699.57**

Note 47

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

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701
Date and Place: May 26, 2023, Mumbai

Rajeev Kumar
Company Secretary
Membership No.: A15031

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

Amount in lakhs

Particulars	Phoenix ARC Private Limited
Latest Audited Balance Sheet date	**31-Mar-23**
Shares of Associate held by the Group on the year end	
No of Equity Shares	50,400,000
Amount of gross Investment in Associates	6,100.50
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	**22,034.42**
Profit / Loss for the year	**18,593.30**
(i) Considered in the Consolidation	5,577.99
(ii) Not considered in the Consolidation	13,015.31

Note:

(1) Significant influence has been determined as per 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.

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701
Date and Place: May 26, 2023, Mumbai

Rajeev Kumar
Company Secretary
Membership No.: A15031

Directors' Report

To
The Members of

KOTAK MAHINDRA INVESTMENTS LIMITED

The Directors present their Thirty Fourth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2023.

FINANCIAL HIGHLIGHTS

	Year ended 31st March, 2023 ₹ in Lakhs	Year ended 31st March, 2022 ₹ in Lakhs
Gross income	90,878.97	89,431.17
Profit before tax	45,712.66	53,212.33
Provision for tax	11,711.21	13,597.28
Profit after tax	34,001.45	39,615.05
Total Comprehensive Income	33,415.75	39,397.43
Balance of Profit from previous years	1,67,549.90	1,35,885.08
Amount available for appropriation	201561.83	1,75,472.91
Appropriations :	-	-
Special Reserve u/s 45IC of the RBI Act, 1934	6,805.00	7,923.01
Net Profit after tax carried to Balance Sheet	1,94,756.83	1,67,549.90

DIVIDEND

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

TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves during the year.

SHARE CAPITAL

There was no change in the Share Capital of the Company during the year under review. As on 31st March, 2023, the paid-up equity Share Capital of your Company stood at ₹ 5,62,25,780 comprising of 56,22,578 equity shares of ₹ 10/- each. During the year under review the Company has neither issued any shares with differential voting rights nor has it granted any Stock Option or Sweat Equity.

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 Trustee to the issues. The contact details of the Debenture Trustee 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: itsl@idbitrustee.com
Website: www.idbitrustee.com

CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of the Company as on 31st March, 2023 was at 28.61% (Tier I – 27.33%). No change in the capital structure of the Company.

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 and ICRA Limited (long term secured borrowing rating from ICRA Limited is for an amount ₹1,000crs).

The Company's Market Linked Debentures program is rated 'CRISIL PP-MLD AAA/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. A prefix of 'PP-MLD' indicates that the instrument is a principal-protected market-linked debenture.

FINANCE

During the year, the Company witnessed a growth in the customer assets of 37%. The growth was supported by increase in Corporate Loan Book by 70%. The Company also made capital gains from the proprietary investments made in various IPOs. 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, 2023, 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 throughout the year and is geared to meet any challenges in future.

MANAGEMENT DISCUSSION AND ANALYSIS

Company Business

The Company is primarily into lending business comprising of lending to real estate sector and providing structured finance to corporates, apart from holding certain strategic investments of the Phoenix ARC Private Limited.

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 expertise in execution have made us a leading choice for Corporates, Real Estate Developers, Sponsors and PE & RE Funds for over a decade. The Company is well positioned to harness opportunities that may become available in the current economic environment. The Company endeavors to adopt best practices and ensures highest standards of Corporate Governance through ethical and transparent governance practices.

During the financial year, customer financial assets grew by about 37% to ₹ 9,805 crore as of March 2023 vis-à-vis ₹ 7,240 crore as of March 2022. Profit after tax for the year is ₹ 340.01 crore vis-a-vis ₹ 396.15 crore for previous year and Total Comprehensive Income for the year is ₹ 334.16 crore vis-à-vis ₹ 393.97 crore for previous year. Gross NPA Stage 3 and Stage 2 ratio to overall customer financial assets were at 1.21% (1.24% in FY22) and 2.44% (5.11% in FY22) respectively as of March 2023.

Industry Developments & Outlook

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

Real Estate:

The real estate industry has traditionally been largely a regional play with only a handful of players having meaningful presence in more than a couple of cities. We are seeing some signs of this changing with select developers trying to move out of their core markets and trying to make their presence felt across multiple cities. At the same time, consolidation in the sector continues with the large listed players seeing significant jump in sales & collections in FY23. Having said that, smaller developers will continue to have a presence in their niche market. The residential segment has continued to show resilience in FY23, taking forward the trend that started in mid-Q2 FY20, with sales hitting an all time high. We continue to see significant improvement in collections from the projects financed by us. Our increased focus on this segment has ensured that share of residential assets in the RE book has increased from 60% as at 31st March 2021 to 75% as at 31st March 2022 to 83% as at 31st March 2023.

The impact of COVID19 on commercial real estate segment has not been as severe as was estimated earlier. Leasing was at all time high in FY23, partly driven by the lower levels seen in FY21 & FY22. While, various organization have adopted different approach to "Work from Home", leasing trends have improved and large developers have re-worked their expansion plans in this segment. We are looking to change our approach from cautious to increasing our exposure to this segment. We are also looking to grow in warehousing and data centre lending segment.

KMIL continues to be judicious about the real estate developers that it works with and remains confident of the quality of the lending book. Our asset quality has continued to improve through FY23 with Non-Performing Assets (Stage III assets) remains flat 1.24% of customer assets as at March 22 to 1.21% as at March 23.

Structured Debt:

While the retail dominant NBFCs have largely recovered post the NBFC crisis of Feb / Mar 20, the wholesale NBFCs (barring a few) were not very aggressive in the market till FY22. While this changing, your Company remains well placed to take advantage of the market opportunities going forward. A lukewarm capital markets in FY23 also brought many structured deals to the market and we used the opportunity to increase our Corporate Loan book from ₹ 2,972 crore as at March 22 to ₹ 5,047 crore as at March 23.

Given the RBI letter (in FY20) to the holding company directing the group to stop providing services such as loan against shares and IPO financing, through its NBFC subsidiaries, the LAS business has now been completely closed.

Opportunities & Threats

While competition has increased, the Company continues to have opportunities to grow both in market share as well as book size in the lending business. Increasing interest rates in FY22 put margins under pressure and the Company is trying to do its best in FY23 to ensure that the impact is minimized. Higher inflation worldwide and related central bank actions means that there is an increased risk of a global recession. Capital market volatility which impacted the revenue from the IPO investment segment in FY22 may continue to be challenging in FY23 (even though early signs seem positive). Given the same, we continue to explore new avenues to achieve our growth targets, while treading carefully at the same time.

Key challenges going forward are (i) increasing credit risk (ii) liquidity challenges for NBFCs driven by tighter monetary policy; (iii) likely regulatory changes by RBI for the NBFCs.

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 company, 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

During the year, the Company has implemented system for automation of ECL and EIR computation. Currently, the output by the system is validated with parallel manual computation apart from that the Company has done various automation in existing system resulting to efficiency in operations coupled with strong systems and operational control. 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

The Board comprises of Mr. Uday Kotak (Chairman), Ms. Padmini Khare Kaicker (Independent Director), Mr. Chandrashekhar Sathe (Independent Director), Mr. Paresh Parasnis (Independent Director), Mr. Prakash Apte (Independent Director), Mr. Paritosh Kashyap (Non-Executive Non- Independent) and Mr. Phani Shankar (Non-Executive Non- Independent) as directors of the Company.

Mr. Arvind Kathpalia has resigned from the Directorship w.e.f. the closing of business hours of 1st April, 2022

Mr. Rajiv Gurnani was appointed as Additional Director w.e.f. 04th April 2022 and resigned w.e.f. 1st July, 2022. Mr. K.V.S. Manian resigned from the Board w.e.f. 1st July, 2022.

Mr. Phani Shankar was appointed as an Additional Director (Non- Executive Non Independent) w.e.f. 5th July, 2022, subject to the approval of the members of the Company. Further, the members of the Company had granted their consent to the aforesaid appointment of Mr. Phani Shankar at the Thirty Fourth Annual General Meeting held on 8th August, 2022.

Mr. Amit Bagri was appointed as an Additional Director (Executive Director) and re-designated as Managing Director w.e.f. 1st July, 2022, subject to the approval of the members of the Company. Further, the members of the Company had granted their consent to the aforesaid appointment of Mr. Amit Bagri at the Thirty Fourth Annual General Meeting held on 8th August, 2022.

The Board of Directors of the Company at their meeting held on 18th October, 2022, the Board had approved the appointment of Mr. Paresh Parasnis as an Independent Director for a term of five years, with effect from 18th October, 2022 up to 17th October, 2027 (both days inclusive), subject to the approval of the members of the Company. Further, the members of the Company had granted their consent to the aforesaid appointment of Mr. Paresh Parasnis at the Extra Ordinary General Meeting held on 17th January, 2023.

The Board of Directors of the Company at their meeting held on 13th February, 2023, had approved the appointment of Mr. Prakash Apte as an Independent Director for a term of five years, with effect from 13th February, 2023 up to 12th February, 2028 (both days inclusive), subject to the approval of the members of the Company. Further, the members of the Company had granted their consent to the aforesaid appointment of Mr. Prakash Apte at the Extra Ordinary General Meeting held on 9th May, 2023.

Director retiring by rotation

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

Declaration from Independent Directors

The Company has received all the necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25 of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties. The Board is of the opinion that all the Independent Directors appointed during the year are having good integrity and possess the requisite expertise and experience. All the Independent

Directors have confirmed that they are in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules 2014, with respect to registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Board Evaluation

The Nomination and Remuneration Committee 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, it's Committees, the Chairman and the individual Directors, a summary of the Board Evaluation and assessment report was placed before the meeting of the Independent Directors for consideration. Similarly, the Nomination & Remuneration Committee and 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)

As on 31st March, 2023, in terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Amit Bagri, Chief Executive Officer, Mr. Jay Joshi, Chief Financial Officer and Mr. Bhavesh Jadhav, Company Secretary, were the Key Managerial Personnel of the Company.

Mr. Jignesh Dave due to internal transfer within the Kotak Group, resigned from the position of Company Secretary and Compliance Officer w.e.f. 31st August, 2022. Thereafter Mr. Bhavesh Jadhav was appointed as a Company Secretary w.e.f. 13th February, 2023 upto 31st March, 2023.

Mr. Rajeev Kumar has been appointed as the Company Secretary and Compliance Officer w.e.f. 1st April, 2023.

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 Compensation 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
  - Fixed Fee Commission,

- 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.

The Compensation Policy of the Company is hosted on its website https://www.kmil.co.in/policies.html

Number of Board Meetings

During the year, Twenty One (21) 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
-	-	-	-

#Not applicable since there are no Executive Directors for the whole of FY 2021-22 and FY 2022-23 in the Company.

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. Amit Bagri	Chief Executive Officer & MD	**25.7%**	**36.9%**
Mr. Jignesh Dave*	CS & EVP - Legal	**-**	**-**
Mr. Jay Joshi#	Chief Financial Officer	-	-

* Mr. Jignesh Dave resigned from the position of Company Secretary and Compliance Officer w.e.f. closing of business hours of 31st August, 2022. Mr. Jignesh Dave was not part of full FY 2021-22 /FY 2022-2023.

Mr. Jay Joshi was not part of full FY 2021-22 / FY 2022-2023.

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

   11.92% considering employees who were in employment for the whole of FY 2021-22 and FY 2022-23.

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

   131 as on 31st March, 2023

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 2021-22 and FY 2022-23 the average increase is 20.11% and 20.01% excluding SARs.

   Average increase for managerial personnel who were in employment for the whole of FY 2021-22 and FY 2022-23 is 26.29% and 37.55% 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) *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 fixed commission.*
2) *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.*
3) *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 was reconstituted w.e.f. 29th June, 2022 and 20th October, 2022 respectively and consists of Four members, Ms. Padmini Khare Kaicker (Chairperson), Mr. Chandrashekhar Sathe, Mr. Paresh Parasnis and Mr. Phani Shankar with three members forming the quorum.

Mr. Phani Shankar has been appointed as Committee Member w.e.f. 29th June, 2022. Mr. Paresh Parasnis has been appointed as Committee Member w.e.f. 20th October, 2022.

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

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was re-constituted with effect from 29th June, 2022, 20th October, 2022 and 20th March, 2023 respectively and consists of four members, Mr. Paresh Parasnis (Chairman), Mr. Prakash Apte, Mr. Paritosh Kashyap and Mr. Amit Bagri with any two members forming the quorum.

Mr. Paresh Parasnis has been appointed as Chairman of the Committee w.e.f. 20th October, 2022.

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

Nomination & Remuneration Committee

The Nomination & Remuneration Committee was re-constituted with effect from 29th June, 2022 and 20th October, 2022 respectively and consists of three members. Ms. Padmini Khare Kaicker, (Chairman) Mr. Chandrashekhar Sathe and Mr. Paritosh Kashyap with any two members forming the quorum.

During the Financial Year five meetings of the Committee were held.

Credit Committee of the Board

The Credit Committee of the Board was re-constituted with effect from 29th June, 2022. It comprises of Mr. Phani Shankar, Mr. Paritosh Kashyap and Mr. Amit Bagri with any two members forming the quorum. The Committee considers the credit proposals upto a limit specified by the Board.

During the year, Thirty Eight meetings of the Committee were held.

Risk Management Committee (RMC)

Risk Management Committee, a supervisory Committee reviews the adequacy of the risk management process and up-gradation thereof. RMC was re-constituted on 29th June, 2022 and presently consists of Mr. Chandrashekhar Sathe, Mr. Phani Shankar, Mr. Paritosh Kashyap and Mr. Amit Bagri. The quorum comprises of any two members.

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

IT Strategy Committee

The IT Strategy Committee of the Board was re-constituted with effect from 29th June, 2022, 20th October, 2022 and 20th March, 2023 respectively. It comprises of Mr. Paresh Parasnis, Mr. Prakash Apte, Mr. Paritosh Kashyap and Mr. Amit Bagri with any three members forming the quorum. The Committee reviews the IT strategy of the Company and other matters related to IT governance.

During the year, two meeting of the Committee was 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, 2023 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 2022-2023.

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, 2023 once prepared shall be disclosed on the Company's website viz. Url: http://www.kmil.co.in/.

AUDITORS

In terms of Section 139 of the Companies Act, 2013, M/s. Kalyaniwala & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/W100166) were appointed as statutory auditors of the Company for a period of 3 (three) years commencing from conclusion of Thirty Third AGM till the conclusion of Thirty Sixth AGM for the period of Financial Year beginning from 1st April, 2021 to 31st March, 2024 in terms of the Circular dated 27th April, 2021 issued by the Reserve Bank of India (RBI) and the Act.

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 2022-2023 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

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

In accordance with the provisions of Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time Kotak Mahindra Investments Limited ("Company") , has constituted a Board Corporate Social Responsibility Committee (CSR Committee) which consists of the following Directors:

1. Mr. Paresh Parasnis (Chairman of the CSR Committee)
2. Mr. Prakash Apte.
3. Mr. Paritosh Kashyap
4. Mr. Amit Bagri

Mr. Paresh Parasnis has been appointed as Chairman of the Committee w.e.f 20th October, 2023.

Mr. Prakash Apte has been appointed as Committee Member w.e.f. 20th March, 2023.

Your Company's CSR policy sets out your Company's vision, mission, governance and CSR focus areas to fulfill its inclusive agenda across various geographies of India. The CSR Policy also highlights your Company's intent to contribute towards the economic, environmental and social growth of the nation and also reflects the organisation's commitment to contribute towards United Nation's ("UN") Sustainable Development Goals ("SDGs"). Your Company has collaborated with implementing agencies across to implement projects in the CSR focus areas viz. Education & Livelihood and Healthcare as defined under the CSR Policy .

The Company's CSR policy is available on the Company's website viz. URL:

https://www.kmil.co.in/pdf/CSR_Policy.pdf

Your Company's CSR, Projects and CSR Project Expenditure are compliant with the CSR mandate as specified under Section 134, Section 135 read with schedule VII of the Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time.

The 2% of Average net profit of the Company for FY 2022-23 as per Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time is ₹ 8.26 crore. After setting-off ₹ 0.0079 crore from the excess CSR spent of the previous FY 2021-22, the total CSR obligation of the Company for FY 2022-23 is ₹ 8.25 crore.

For the period 1st April, 2022 to 31st March, 2023 under Company's spend on CSR Project Expenditure is ₹ 3.57 crore of FY 2022-23, amount spent in CSR Administrative Overheads is ₹ 0.14 crore for FY 2022-23 . In addition an amount of ₹ 4.72 crore which is on account of the unutilised CSR Project Expenditure of ongoing CSR Projects of FY 2022-23 has been transferred to the Kotak Mahindra Investments Limited Unspent CSR Account FY 2022-23 in April 2023. Your Company is committed to utilise the unutilised CSR Project Expenditure of ongoing CSR Projects Expenditure FY 2022-23 of ₹ 4.72 crore within the stipulated timelines of three years i.e. from 1st April, 2023 to 31st March, 2026.

Together with the CSR Project Spend, administrative expenditure and Unspent CSR amount, the total CSR Expenditure for FY2022-23 is ₹ 8.43 crore which is an excess of ₹0.18 crore over and above the total CSR obligation for FY2022-23. The excess CSR spend of ₹0.18 crore for FY 2022-23 is being carried forward to succeeding financial years and would be available for set-off in those financial years. The details are more particularly described in section on Annual Report on CSR activities for FY 2022-23.

Your Company also maintains the following Unspent CSR Bank accounts pertaining to funds earmarked for its Ongoing CSR Projects for the previous financial years :-

Name of the Unspent account	Ongoing CSR Projects to which Unspent account relates	Amount transferred to Unspent account in respective financial years	Amount disbursed from unspent accounts till date	Balance as on 31st March, 2023
Kotak Mahindra Investments Limited Unspent CSR account FY 2020-21	FY 2020-21	3.41	2.15	1.26
Kotak Mahindra Investments Limited Unspent CSR account FY 2021-22	FY 2021-22	3.94	2.45	1.49

Your Company has committed the amount available in Unspent accounts towards completion of Board approved Ongoing CSR Projects within the stipulated time limit specified under the Act. The details of the same are more particularly described in the section on Annual Report on CSR activities for FY 2022-23 annexed to this Report.

The details of CSR Projects and Expenditure under Section 135 of the Act, for FY 2022-23, are annexed to this Report as Annexure II.

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.

In accordance with the requirements of various circulars issued by the Reserve Bank of India (RBI), Mr. Piyush Thakkar has been appointed as new Chief Risk Officer (CRO) of the Company with effect 1st April, 2022. He is responsible for overseeing the risk function and reporting key risk events and direction to the Risk Management Committee and the Board. The CRO is also a member of the Credit Committee and the ALCO of the Company. All the key policy and process notes of the Company are signed off by the risk team to verify key aspects of risk.

The Company conducts Risk management committee meetings on quarterly basis to discuss key risk in all areas and decide suitable course of action if required.

Credit Risk

Of the various types of risks which the Company assumes, credit risk contributes to the largest regulatory capital requirement. Credit risk arises as a result of failure or unwillingness on part of customer or counterparties' to fulfil their contractual obligations. The Company assumes credit risk in areas that are well understood and where it has sufficient expertise and infrastructure to effectively measure and balance risk with reward. Company credit policies and standards cover all stages of the credit cycle including origination; client ratings, risk assessment; credit approval; risk mitigation; documentation, administration, monitoring and recovery. Authorities are delegated to positions commensurate with their function and the level of credit knowledge and judgement that employees holding that position are required to possess. The delegation of authority is reviewed at least annually. Appropriate levels of collateralization is obtained based upon the nature of the transaction and the credit quality, size and structure of the borrower.

The Company has a SPR (special performance review) framework that considers various financial and non-financial parameters to identify signs of credit weakness at an early stage. In case of loans where there is significant deterioration, appropriate action is proposed by the SPR Committee.

Interest rate risk

The aim of managing interest-rate risk is to limit the sensitivity of the balance sheet to interest rate fluctuations. ALCO is the guiding body for management of interest rate risk and sets the overall policy and risk limits with approvals from RMC and the Board. The treasury team is entrusted with the responsibility of managing the same. No interest rate risk is retained within any business other than treasury.

Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due without adversely affecting its financial condition or not being able to finance growth of its assets without incurring a substantial increase in costs. The efficient management of liquidity is essential to the Company in order to retain the confidence of the financial markets and maintain the sustainability of the business. Liquidity is managed through the treasury team under guidance from the ALCO by maintaining high quality liquid assets to protect against adverse funding conditions and to support day-to-day operations.

Diversification of funding sources is a key element of the funding strategy. Cash flow management is critical for liquidity risk management and the Company has developed a framework to ensure liquidity in stress scenarios. This has been tested through the various liquidity events that happened in the financial markets through the past 4-5 years.

Operational Risks

The Company has an internal framework for reporting and capturing operational risk incidents. Significant incidents reported are investigated to assess weaknesses in controls and identify areas for improvement. The Company also has a Whistle Blower policy and platform, which is open to employees and vendors for raising their concerns, with full confidentiality, on any fraud, malpractice or any other untoward activity or event. Disaster recovery and Business Continuity Plans (BCP) have been established for significant businesses to ensure continuity of operations and minimal disruption to customer services. The Company has internal policies and processes in place for managing operational risk in material products, activities and systems.

Technology Risks

The Company has been committing higher resources to manage technology risk. The focus is towards higher automation and system based output with no or minimal manual intervention. Disaster recovery and Business Continuity Plans (BCP) have been established and various functional and technology initiatives have been taken to enhance system resiliency. Risk assessments are conducted at-least on yearly basis to identify and mitigate key risks for IT governance and Information security. Technology and Operational controls are implemented to manage privileged access to systems. Ongoing audits/ tests are conducted to assess the robustness of its technology controls and minimise the impact of any incidents.

Reputation Risk

Trust is the foundation for the finance industry and is critical to building a strong customer franchise. Reputation risk is the risk of current or prospective loss arising from stakeholder's adverse experience while dealing with the institution, which results in an adverse perception / loss of Trust in the institution. Managing reputation is a priority area for the Company Group and there is Zero tolerance for knowingly engaging in any activities that are not consistent with its values, Code of Conduct or policies and have the potential for unacceptable regulatory or reputational risk.

Compliance Risk

Compliance is given utmost importance with the senior management of the Company directly monitoring the same. The compliance framework, approved by the Board, broadly sets out the compliance risk management processes and tools to be used by businesses, management and Compliance Officers for managing its compliance risks. The Compliance team supports top management and manages and supervises the compliance framework along with providing compliance assistance to various businesses/support functions. The Company has put in place Compliance tracking and Monitoring system to ensure that the regulatory instructions are implemented effectively within the organization. Training on compliance matters is imparted to employees on an ongoing basis.

EMPLOYEES

The employee strength of your Company was one-hundred thirty one (131) as on 31st March, 2023.

Four (4) employees employed throughout the year were in receipt of remuneration of ₹ 102 lakh or more per annum and one (1) employee employed for part of the year were in receipt of remuneration of ₹ 8.5 lakh or more per month.

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.

INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company continues with the belief of zero tolerance towards sexual harassment at workplace and continues to uphold and maintain itself as a safe and non-discriminatory organisation. To achieve the same, your Company reinforces the understanding and awareness of Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH"). Your Company has formulated an Internal Committee for reporting any untoward instance of sexual harassment. Any complaints pertaining to sexual harassment are diligently reviewed and investigated and treated with great sensitivity. The Internal Committee members have been trained in handling and resolving complaints. The Company also has designed an online e-learning POSH Awareness module which covers the larger employee base.

No such instances were reported during the year.

DEPOSITS

The Company did not accept any deposits from the public during the year.

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, 2023 and of the profit of the Company for the financial year ended 31st March, 2023;

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.

DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any subsidiary (including step-down subsidiaries) and Joint Venture as on 31st March, 2023. There is one Associate company within the meaning of Section 2(6) of the Companies Act, 2013. There has been no material change in the nature of business of the associate Company.

During the year, the Board of Directors reviewed the affairs of the associate Company. Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ("Act"), a statement containing salient features of the financial statements of Company's associate companies is given in Form AOC-1 and the same forms part of the financial statement. The statement also provides the details of highlights of performance of associate Company.

UNPAID DIVIDEND & IEPF

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF; established by the Government of India, after completion of seven years. Further, according to the IEPF Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. However, the transfer of unpaid dividend to Investor Education and Protection Fund (IEPF) is not applicable to the Company for FY 2022-23 and no amount is lying in Unpaid Dividend Account of the Company.

REPORTING OF FRAUDS BY STATUTORY AUDITORS

There was no incidence of reporting of fraud by Statutory Auditors of the Company under Section 143(12) of the Act read with Companies (Accounts) Rules, 2014.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There was no material change and commitment affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

MAINTENANCE OF COST RECORDS

The Maintenance of Cost Records pursuant to Section 148(1) of the Companies Act, 2013 is not required by the Company and accordingly such accounts and records are not made and maintained by the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There is no significant or material order passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

CHANGES IN NATURE OF BUSINESS

There is no change in the nature of business of the Company during the year.

ANNEXURES

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

(a) Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013.

(b) 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.

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
DIN: 00007467

Place : Mumbai
Date : 26th May, 2023

Annexure I

Corporate Social Responsibility Report

For the financial year ended 31st March 2023

1. Brief outline on CSR Policy of the Company.

Kotak Mahindra Investments Ltd. (KMIL) recognizes its responsibility to bring about a positive change in the lives of the communities through its business operations and Corporate Social Responsibility ("CSR") initiatives.

KMIL aspires to be a trusted partner and contributes significantly towards the economic, environmental and social growth of the nation. It is also committed to contribute towards United Nation's (UN) Sustainable Development Goals (SDGs). KMIL's CSR policy sets out its vision, mission, governance and CSR focus areas to fulfill its inclusive growth agenda in India.

While ensuring that its CSR Policy, projects and programmes are 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, KMIL also endeavours to align its CSR projects and programmes with government initiated social development programmes and interventions and last but not the least, United Nation's Sustainable Development Goals (SDGs).

2 Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Paresh Parasnis#	Chairman, Independent Director	1	1
2.	Mr. Prakash Apte	Member, Independent Director	0	0
3.	Mr. Paritosh Kashyap	Member, Non-Executive Director	2	2
4.	Mr. Amit Bagri	Member, Managing Director and CEO	2	2

#Mr. Paresh Parasnis was appointed as the Chairperson of the Committee w.e.f 20th October, 2022 and
* Mr. Prakash Apte was appointed as the Committee Member w.e.f. 20th March, 2023
During the year under review Mr. Rajiv Gurnani and Mr. K.V.S. Manian resigned as the Board of Directors w.e.f 1st July, 2022.

3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company. https://www.kmil.co.in/pdf/CSR_Policy.pdf

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

The impact assessment is not mandatory for the Company as its CSR obligation is less than ₹ 10 crore (limit for mandatory Impact assessment prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time)

5. (a) Average net profit of the Company as per as per sub-section (5) of section 135. - ₹ 413.13 crore

(b) Two percent of average net profit of the Company as per sub-section (5) of section 135 - ₹ 8.26 crore

(c) Surplus arising out of the CSR projects, programmes, or activities of the previous financial years. – Not applicable

(d) Amount required to be set off for the financial year, if any – ₹ 0.0079 crore

(e) Total CSR obligation for the financial year [(b) + (c) – (d)] - ₹ 8.25 crore

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) – ₹ 3.57 crore

(b) Amount spent in Administrative Overheads. – ₹ 0. 14 crore

(c) Amount spent on Impact Assessment, if applicable.- Not applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. – ₹ 3.71 crore

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ crore)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6) of the Act.		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act.		
	Amount.	Date of transfer.	Name of the Fund	Amount	Date of transfer
3.71*	4.72	27th April, 2023	N.A	N.A	N.A

* includes administrative overhead cost of ₹ 0.14 crore

(f) Excess amount of set-off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5) of the Act	8.26
(ii)	Total amount spent for the Financial Year	8.43*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.18
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.18**

*Includes unspent amount transferred to unspent CSR account and administrative overheads
** Including set off amount of previous financial year

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹ crore)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹ crore)	Amount spent in the reporting Financial Year (in ₹ crore). *	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹ crore.) *
					Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2020-21	3.41	2.90	1.64	N.A	N.A	N.A	1.26
2	2021-22	3.94	3.94	2.45	N.A	N.A	N.A	1.49

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes ✓ No [ ] 0.04 crore

If Yes, enter the number of capital assets created / acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

A. Capital assets created or acquired through Corporate Social Responsibility Projects of FY 2022-23 :

S. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ lakh)	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	Laptops and Office Equipments	414001, 413516, 445402, 400024	31st May, 2022, 30th August, 2022, 8th March, 2023, 16th March, 2023, 24th March, 2023, 28th March, 2023, 31st March, 2023	4.09	CSR00000258	Pratham Education Foundation	24D, Kamgaar Nagar, Off SG Barve Marg, Kurla East, Mumbai - 400024
	TOTAL			**4.09**			

* The capital assets created/acquired does not include the capital assets which are under work –in progress, and the number indicates implementing agency/ organisation-wise creation and acquisition of capital asset

B. Capital assets created/ acquired from Unspent Corporate Social responsibility spent of financial year 2021-22 :

S. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ lakh)	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	Laptops and Office Equiments	400024, 416008, 413516, 414001	1st April, 2022	9.25	CSR00000258	Pratham Education Foundation	24D, Kamgaar Nagar, Off SG Barve Marg, Kurla East, Mumbai - 400024
	TOTAL			**9.25**			

C. Capital assets created/ acquired from Unspent Corporate Social responsibility spent of financial year 2020-21

S. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ lakh)	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	Laptops	400088	FY 2022-23	0.31*	CSR00001785	Kotak Education Foundation	1st Floor, North Side, Ujagar Compound, Sunder Baug, Opp. Deonar Bus Depot,Off Sion-Trombay Road, Deonar, Mumbai - 400 088
	TOTAL			**4.09**			

* The capital asset is procured for Project Excel which is collaborative CSR Project of Kotak Group companies and of ₹ 2.46 lakh of total capital assets purchased under the CSR Project Excel, ₹ 0.31 lakh was allocated to the Company.

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) of the Act. **– Not Applicable**

Amit Bagri
DIN: 09659093
Managing Director and Chief Executive Officer

Paresh Parasnis
DIN: 02412035
Chairman of CSR Committee

Annexure II

FORM No. MR-3

Secretarial Audit Report FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

(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, 2023 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, 2023 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 and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)

   (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act 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, 2021; (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 (SS-1) and general meetings (SS-2).

(ii) The Listing Agreement entered into by the Company with 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 generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above however certain forms were filed after the due date.

In the case of Corporate Social Responsibility ("CSR"), the Company has spent an amount of ₹ 3.67 crores towards CSR out of the amount of ₹ 8.26 crores required to be spent during the year. The unspent amount of CSR Expenditure of ₹ 4.72 crores during the year has been transferred to the unspent CSR account of the Company in accordance with the provisions of the Act. The unspent amount of CSR for the FY 2020-2021 and FY 2021-2022, as on March 31, 2023 is ₹ 1.26 crores and ₹ 1.41 crores respectively.

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.

We report that as regards the compliance of Regulations 16 to 27 of SEBI LODR, 2015 made applicable to the Company on a comply or explain basis until 31st March, 2023, the Company has been providing the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchange under Regulation 27(2)(a) of SEBI LODR, 2015.

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 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. The same are required to be strengthened.

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 for an aggregate amount of ₹ 2,515.10 crore, on a private placement basis during financial year 2022-2023.

b) Redemption of secured, redeemable, non-convertible debentures for an aggregate amount of ₹ 1,347.30 crore during financial year 2022-2023.

c) Issuance of Commercial Papers aggregating to ₹ 5267 crore (face value) during financial year 2022-2023.

d) Redemption of Commercial Papers aggregating to ₹ 6015 crore (face value) during financial year 2022-2023.

For **Parikh & Associates**
Company Secretaries

Signature
Jeenal Jain
Partner
ACS No: 43855 CP No: 21246
UDIN:
PR No.: 1129/2021

Place : Mumbai
Date : 26th May, 2023

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
Signature
Jeenal Jain
Partner
ACS No: 43855 CP No: 21246
UDIN: A043855D000364087
PR No.: 1129/2021

Place : Mumbai
Date : 26th May, 2023

Independent Auditor's Report

TO THE MEMBERS OF KOTAK MAHINDRA INVESTMENTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Kotak Mahindra Investments Limited** (hereinafter referred to as the "the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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.

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 Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind-AS) and with other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Expected Credit Loss (ECL) provision in respect of Loan	**How our audit addressed the key audit matter**
(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 ₹ 943,511.42 lakh (gross) and ₹ 36,979.99 lakhs (gross) respectively as at March 31, 2023. The Company holds ECL provision of ₹ 9,972.50 lakhs and ₹ 50.56 lakhs against such loans and investments respectively. The allowance for expected credit losses ("ECL") involves a significant level of management judgement. Key areas of judgement included: • Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). • Each borrower is classified into Stage 1 to 3 based on the objective criteria of Day Past Due (DPD) status as of the reporting date and other loss indicators, as applicable. Such classification by borrower is done across all facilities provided to the borrower, i.e. maximum of the DPDs among the facilities ["Max DPD"]. • Determining macro-economic factors impacting credit quality of receivables. • Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. We have identified the allowance for ECL as KAM because it requires a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.	We carried out following procedures in respect to ECL provision: • We have examined the policy approved by the Board of Directors of the Company that articulates the objectives of managing each portfolio and their business model. We have assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109. • Held discussions with management and obtained an understanding of significant assumptions like Probability of Default, Loss Given Default and exposure at default used for making assessment of ECL provision. • Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and testing of controls around ECL computation. • We tested the input data such as ratings and period of default, and other related information used in estimating the PD on a sample basis to assess their accuracy and completeness. • Tested appropriateness of staging of borrowers based on DPD and other loss indicators. • Ensured mathematical accuracy of the ECL provision by performing recalculations on sample basis. • Assessed the adequacy of the disclosures in the standalone financial statements.

II.	**Appropriateness of the recognition of interest income following Effective Interest Rate Approach** (refer Note 5 and 21 of the standalone Financial statements) The company has the interest income based on effective rate (EIR) approach. The total interest income recognized as loans in current year under EIR accounting is ₹ 77,628.57 lakhs. The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given including timing of disbursement of unutilized limit. Key inputs used in the computation of EIR, are impacted by the management's assumptions. Given the inherent subjectivity in respect of timing of future cash outflow (i.e disbursement of undrawn loans) 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 – • Verified reasonableness of key assumptions and accuracy of inputs data used for selected samples. • Tested the controls around EIR computation. • Tested the arithmetical accuracy of the calculation of EIR on test check basis. • Assessed the adequacy of the disclosures in the standalone financial statements.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the accompanying standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information 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.

Management's Responsibility for the Standalone Financial Statements

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 Indian 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the 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 the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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

Our objectives are to obtain reasonable assurance about whether the 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.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

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.

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 for the year ended March 31, 2023 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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 standalone Balance Sheet, the standalone Statement of Profit and Loss (including Other Comprehensive Income), the standalone Statement of Changes in Equity and the Statement of Cash Flows 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 Ind-AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule 2014.
    e) On the basis of the written representations received from the Directors of the Company as on March 31, 2023, taken on record by the Board of Directors, none of the Directors of the Company are disqualified as on March 31, 2023, 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 B".
    g) As required by the Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act read with Schedule V and the rules thereunder.
    h) 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 has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 41 to the standalone financial statements;
        ii. The Company has made provisions, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note … 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.
        iv. The Management has represented that:

a) to the best of its knowledge and belief, as disclosed in the Note 46 (f) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) to the best of its knowledge and belief, as disclosed in the Note 46 (f) to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations made by the management, under sub-clause (i) and (ii) of Rule 11(e), in Note 46 (f) of the standalone financial statements contain any material misstatement

v. As per the information and explanations given to us, and based on the audit procedures performed by us, no dividend has been declared or paid during the year by the Company. Accordingly, compliance with the provisions of Section 123 of the Act is not applicable.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No. 104607W/W100166

Roshni R. Marfatia
Partner
M. No.: 106548
UDIN: 23106548BGUVYM8000

Mumbai. May 26, 2023

Annexure A to the Independent Auditors' Report

The Annexure referred to in paragraph 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2023:

i) Property, Plant and Equipment

a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of other intangible assets.

b) Property, Plant and Equipment have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and based on our examination of the registered sale deeds provided to us, we report that, the title deeds of all immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements are held in the name of the Company,

d) According to the information and explanations given to us, and based on the audit procedures performed by us, the Company has not revalued any of its Property, Plant and Equipment or intangible assets. Accordingly, reporting under paragraph 3(i)(d) of the Order is not applicable to the Company.

e) According to the information and explanations given to us, and based on the audit procedures performed by us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i)(e) of the Order are not applicable to the Company.

ii) Inventory

a) The Company is involved in the business of rendering services. Accordingly, reporting under paragraph 3(ii)(a) of the Order is not applicable to the Company.

b) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us and based on audit procedures performed by us, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

iii) Loans

a) The Company's principal business is to grant loans accordingly, reporting under paragraph 3(iii)(a) of the Order is not applicable to the Company.

b) According to the information and explanations given to us, and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees are not prejudicial to the Company's interest.

c) The Company is a non-banking financial company engaged in the business of granting loans and according to the information and explanations given to us, and based on the audit procedures performed by us, we are of the opinion that in respect of the loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Further, the borrowers are generally regular in payment of principal and interest as per contractual terms. Loans with principal/interest outstanding for more than thirty days are classified under 'significant increase in credit risk' and 'default' categories based on ageing and other criteria. The Company has recognised necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) for such loan accounts.

d) The amounts overdue for more than ninety days in respect of the loans is ₹ 10,529.01 lakhs. According to the information and explanations given to us, and based on the audit procedures performed by us, reasonable steps have been taken by the Company for recovery of principal and interest.

e) According to the information and explanations given to us, and based on the audit procedures performed by us, the Company's principal business is to grant loans. Accordingly, reporting under paragraph 3(iii)(e) of the Order is not applicable to the Company.

f) In our opinion and according to the information and explanations given to us and based on the audit procedures performed by us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Accordingly, reporting under paragraph 3(iii)(f) of the Order is not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, and based on the audit procedures performed by us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to loans and advances granted, guarantees and securities provided and investments made by the Company during the year.

v) The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the directives issued by the Reserve Bank of India, provisions of sections 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Hence, reporting under clause 3(v) of the Order is not applicable.

vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products / services of the Company. Accordingly, the provisions stated in paragraph 3(vi) of the Order is not applicable to the Company.

vii) Statutory Dues

a) According to the information and explanations given to us, and based on the audit procedures performed by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, income-tax, cess and other material statutory dues applicable to it, have been generally regularly deposited by the Company with appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of goods and services tax, provident fund, income-tax, cess and other material statutory dues applicable to it, for a period of more than six months from the date they became payable.

b) According to the information and explanation given to us, and based on the audit procedures performed by us, in our opinion, there are no dues of goods and services tax, provident fund, income tax, cess and other material statutory dues applicable to it which have not been deposited on account of any dispute. The provisions relating to employees' state insurance, sales-tax, duty of custom, duty of excise, value added tax are not applicable to the Company.

viii) According to the information and explanations given to us, and based on the audit procedures performed by us, we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix) Borrowings

a) In our opinion and according to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any to banks, financial institution and any lender. The Company not taken any loans or borrowings from Government.

b) According to the information and explanations given to us, and based on the audit procedures performed by us, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) According to the information explanation given to us, and based on the audit procedures performed by us, the term loans were applied for purpose for which the loans were obtained.

d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its associate company. The Company does not have any subsidiary or joint ventures.

f) According to the information and explanations given to us and audit procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its associate company. The Company does not have any subsidiary or joint ventures.

x) Allotment of Shares

a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under paragraph 3 (x)(a) of the Order is not applicable to the Company.

b) The Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

xi) Frauds

a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year.

b) We have not come across any instance of material fraud on the Company by its officers or employees during the course of audit of the financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph 3(xi)(b) of the Order is not applicable to the Company.

c) As represented to us by the Management there are no whistle blower complaints received by the Company during the year.

xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under paragraphs 3(xii)(a) to (c) of the Order is not applicable to the Company.

xiii) According to the information and explanations and records made available to us by the Company and audit procedures performed by us, all transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in notes to the standalone financial statements as required by the applicable accounting standards.

xiv) Internal Audit System

a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

b) We have considered internal audit reports issued during our audit in accordance with the guidance provided in SA 610 - 'Using the work of internal auditors'.

xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Act are not applicable to the company.

xvi) a) In our opinion, and according to the information and explanations given to us, The Company is required to obtain the registration under section 45-IA of the Reserve Bank of India Act, 1934 and the necessary registration has been obtained.

b) The Company has obtained Certificate of Registration from RBI for conducting activities relating to Non-banking financing activities.

c) The Company is not a Core investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under paragraph clause 3 (xvi)(c) of the Order is not applicable to the Company.

d) In our opinion, and according to the information and explanations given to us, the Company does not have any CIC as a part of its group.

xvii) The Company has not incurred any cash loss during the current financial year and in the immediately preceding financial year.

xviii) There has been no resignation of the statutory auditors during the year. Accordingly, the provisions stated in paragraph 3(xviii) of the Order is not applicable to the Company.

xix) According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx) Corporate Social Responsibility

a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act.

b) In respect of ongoing projects, the Company has transferred Unspent Amount to a special account, within a period of thirty days from the end of the financial year and is in compliance with provision of section 135(6) of the Act.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No. 104607W/W100166

Roshni R. Marfatia
Partner
M. No.: 106548
UDIN: 23106548BGUVYM8000

Mumbai. May 26, 2023.

Annexure B to the Independent Auditor's Report

Independent Auditor's report on the Internal Financial Controls with reference to standalone financial statements under Clause (j) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the standalone financial statements of **Kotak Mahindra Investments Limited** (hereinafter referred to as the 'the Company'), as of March 31, 2023, 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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone 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 over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "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 Companies Act, 2013 (the "Act").

Auditors' Responsibility

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements 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 judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A Company's internal financial control 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 control with reference to standalone financial statements includes those policies and procedures that:

i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

ii) 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 authorizations of management and directors of the Company; and

iii) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 standalone financial statements

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 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

In our opinion, to the best of our information and according to the explanations given to us, the Company has in all material respects, an adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal controls with reference standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Registration No. 104607W/W100166

Roshni R. Marfatia
Partner
M. No.: 106548
UDIN: 23106548BGUVYM8000

Mumbai. May 26, 2023

Standalone Balance Sheet

as at 31st March, 2023

(Amount in lakhs)

Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	2	33,347.36	36,964.89
Bank Balance other than cash and cash equivalents	3	47.09	45.03
Receivables			
(I) Trade receivables	4(A)	0.28	72.87
(II) Other receivables	4(B)	155.46	214.67
Loans	5	933,538.92	666,846.66
Investments	6	249,216.27	259,615.00
Other Financial assets	7	224.92	224.19
Total financial assets		**1,216,530.30**	**963,983.31**
Non-financial assets			
Current Tax assets (Net)	29(e)	766.78	1,702.42
Deferred Tax assets (Net)	29(d)	2,246.79	2,149.62
Property, Plant and Equipment	8	90.90	87.40
Intangible assets under development	9	14.93	3.25
Other intangible assets	10	32.29	192.67
Other Non-financial assets	11	101.79	245.12
Total Non-financial assets		**3,253.48**	**4,380.48**
Total Assets		**1,219,783.78**	**968,363.79**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	5,891.36	-
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		380.84	311.07
(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		1,425.41	1,198.27
Debt securities	14	490,668.25	393,287.04
Borrowings (Other than Debt Securities)	15	417,296.29	303,082.87
Subordinated Liabilities	16	20,231.85	20,234.24
Total financial liabilities		**935,894.00**	**718,113.49**
Non-Financial liabilities			
Current tax liabilities (Net)	29(e)	2,699.32	2,427.98
Provisions	17	931.20	1,053.29
Other non-financial liabilities	18	598.06	531.06
Total Non-financial liabilities		**4,228.58**	**4,012.33**
EQUITY			
Equity Share Capital	19	562.26	562.26
Other equity	20	279,098.94	245,675.71
Sub total		**279,661.20**	**246,237.97**
Total Liabilities and Equity		**1,219,783.78**	**968,363.79**
Significant Accounting Policies and Notes on Accounts	1		

This is the Standalone Balance sheet referred to in our report of even date

For KALYANIWALLA & MISTRY LLP
Firm Registration Number: 104607W/W100166

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 26, 2023, Mumbai

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701

Rajeev Kumar
Company Secretary
Membership No.: A15031

Date and Place: May 26, 2023, Mumbai

Standalone Statement of Profit and Loss

for the year ended 31st March, 2023

(Amount in lakhs)

	Particulars	Note no.	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	REVENUE FROM OPERATIONS			
(i)	Interest income	21	88,593.19	79,595.35
(ii)	Dividend income	22	177.01	204.12
(iii)	Net gain/(loss) on financial instruments measured on fair value	23	1,045.72	8,605.06
(iv)	Net gain on derecognition of financial instruments under amortised cost category		(3.61)	110.11
(v)	Others		648.34	630.70
(I)	**Total revenue from operations**		**90,460.65**	**89,145.34**
(II)	Other income	24	418.32	285.83
(III)	**Total income (I + II)**		**90,878.97**	**89,431.17**
	EXPENSES			
(i)	Finance costs	25	39,300.51	34,682.98
(ii)	Impairment on financial instruments	26	(1,413.18)	(5,276.10)
(iii)	Employee Benefits expenses	27	3,827.97	3,472.40
(iv)	Depreciation, amortization and impairment	8 & 10	208.54	221.76
(v)	Other expenses	28	3,242.47	3,117.80
(IV)	**Total expenses**		**45,166.31**	**36,218.84**
(V)	**Profit/(loss) before tax**		**45,712.66**	**53,212.33**
(VI)	**Tax expense**	29		
	(1) Current tax		(11,611.38)	(12,471.53)
	(2) Deferred tax		(99.83)	(1,125.75)
	Total tax expense (1+2)		**(11,711.21)**	**(13,597.28)**
(VII)	**Profit/(loss) for the year (V+VI)**		**34,001.45**	**39,615.05**
(VIII)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Re-measurements of the defined benefit plans		14.00	(36.37)
	(ii) Income tax relating to above items		(3.52)	9.15
	Total (A)		**10.48**	**(27.22)**
	(B) Items that will be reclassified to profit or loss			
	(i) Financial Instruments measured at FVOCI		(796.69)	(256.55)
	Sub total		**(796.69)**	**(256.55)**
	(ii) Income tax relating to items that will be reclassified to profit or loss		200.51	66.15
	Total (B)		**(596.18)**	**(190.40)**
	Other comprehensive income (A + B)		**(585.70)**	**(217.62)**
(IX)	**Total Comprehensive Income for the year (VII+VIII)**		**33,415.75**	**39,397.43**
(X)	**Earnings per equity share - Basic and Diluted (₹)**	**30**	**604.73**	**704.57**
	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 KALYANIWALLA & MISTRY LLP
Firm Registration Number: 104607W/W100166

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 26, 2023, Mumbai

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701

Rajeev Kumar
Company Secretary
Membership No.: A15031

Date and Place: May 26, 2023, Mumbai

Statement of Cash Flow

for the year ended 31st March, 2023

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Cash flow from operating activities		
Profit before tax	**45,712.66**	**53,212.33**
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortization expense	208.54	221.76
Dividend Received	(177.01)	(204.12)
Profit on Sale of Property, Plant and Equipment	(4.28)	(7.98)
Impairment on financial instruments	(1,413.18)	(5,276.10)
Net gain/ (loss) on financial instruments at fair value through profit or loss	(1,042.11)	(8,605.06)
Interest on Borrowing	39,300.51	34,682.98
Interest on Borrowing paid	(33,491.45)	(35,413.30)
ESOP Expense	7.48	36.52
Remeasurements of the defined benefit plans	14.00	(36.37)
Debt Instruments through Other Comprehensive Income	(796.69)	(256.55)
Operating profit before working capital changes	**48,318.47**	**38,354.11**
Working capital adjustments		
(Increase) / Decrease in Bank Balance other than cash and cash equivalent	(2.06)	(2.13)
(Increase) / Decrease in Loans	(265,387.80)	(40,782.17)
(Increase) / Decrease in Receivables	133.13	441.16
(Increase) / Decrease in Other Financial Assets	(0.08)	(0.06)
(Increase) / Decrease in Other Non Financial Assets	143.33	25.34
Increase / (Decrease) in Trade payables	69.77	(15.37)
Increase / (Decrease) in other payables	227.14	606.21
Increase / (Decrease) in other non-financial liabilities	67.00	24.88
Increase / (Decrease) provisions	(122.09)	(249.54)
(Increase) / Decrease in unamortized discount	15,887.04	23,226.57
	(248,984.62)	**(16,725.11)**
Net Cash (used in) / generated from operations	(200,666.15)	21,629.00
Income tax paid (net)	(10,404.41)	(13,387.41)
Net cash (used in) / generated from operating activities	**(211,070.56)**	**8,241.59**
Cash flow from investing activities		
Purchase of investments	(3,871,138.89)	(4,533,177.89)
Sale of investments	3,879,560.17	4,419,219.09
Interest on Investments	3,237.54	7,528.03
Purchase of Property, Plant and Equipment	(73.65)	(85.58)
Sale of Property, Plant and Equipment	14.59	39.91
Dividend on investments	177.01	204.13
Net cash (used in) / generated from investing activities	**11,776.77**	**(106,272.31)**

Statement of Cash Flow
for the year ended 31st March, 2023

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Cash flow from financing activities		
Proceeds from Debt Securities	230,474.96	243,049.36
Repayment of Debt Securities	(140,082.68)	(115,669.29)
Intercorporate Deposit issued	69,200.00	29,003.36
Intercorporate Deposit Redeemed	(64,200.00)	(27,003.36)
Commercial Paper issued	518,056.82	2,268,427.96
Commercial Paper Redeemed	(601,500.00)	(2,257,000.00)
Term Loans drawn	122,500.00	20,000.10
Term Loans Paid	(10,668.75)	(30,000.00)
Increase/(Decrease) in Bank overdraft(Net)	71,895.20	(10,500.01)
Net cash (used in) / generated from financing Activites	**195,675.55**	**120,308.12**
Net (decrease) / increase in cash and cash equivalents	**(3,618.24)**	**22,277.40**
Cash and cash equivalents at the beginning of the year	36,972.10	14,694.70
Cash and cash equivalents at the end of the year	**33,353.86**	**36,972.10**
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	33,353.86	36,972.10
Cash and cash equivalents as restated as at the year end *	**33,353.86**	**36,972.10**

* Cash and cash equivalents shown in Balance Sheet is net of ECL provision of ₹ 6.50 lakhs as at March 31, 2022 (Previous year: ₹ 7.21 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) Non-cash financing activity : ESOP from parent of ₹ 7.48 lakh for year ended March 31, 2023 (March 31, 2022 - ₹ 36.52 lakh)

III) 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 KALYANIWALLA & MISTRY LLP
Firm Registration Number: 104607W/W100166

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 26, 2023, Mumbai

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701

Rajeev Kumar
Company Secretary
Membership No.: A15031

Date and Place: May 26, 2023, Mumbai

Standalone Statement of Changes in Equity

for the year ended 31st March, 2023

A. EQUITY SHARE CAPITAL

(Amount in Lakhs)

Particulars	Balance at the beginning of the year	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance at the end of the year
Equity shares of ₹ 10 each fully paid up					
As on March 31, 2022	**562.26**	**-**	**-**	**-**	**562.26**
As on March 31, 2023	**562.26**	**-**	**-**	-	**562.26**

B. OTHER EQUITY

(Amount in Lakhs)

Particulars	Reserves and Surplus						Financial instruments through OCI	Total
	Securities premium	Capital redemption reserve	General Reserve	Special Reserve	Capital Contribution from Parent	Retained earnings		
Opening balance as on March 31, 2021	**33,545.76**	**1,003.85**	**431.10**	**34,847.76**	**528.61**	**135,885.08**	**(0.40)**	**206,241.76**
Profit for the year	-	-	-	-	-	39,615.05	-	**39,615.05**
Other Comprehensive Income for the year	-	-	-	-	-	(27.22)	(190.40)	**(217.62)**
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	7,923.01	-	(7,923.01)	-	**-**
Fair value of ESOP	-	-	-	-	36.52	-	-	**36.52**
Changes during the period	**-**	**-**	**-**	**7,923.01**	**36.52**	**31,664.82**	**(190.40)**	**39,433.95**
Closing balance as on March 31, 2022	**33,545.76**	**1,003.85**	**431.10**	**42,770.77**	**565.13**	**167,549.90**	**(190.80)**	**245,675.71**
Opening balance as on March 31, 2022	**33,545.76**	**1,003.85**	**431.10**	**42,770.77**	**565.13**	**167,549.90**	**(190.80)**	**245,675.71**
Profit for the year	-	-	-	-	-	34,001.45	-	**34,001.45**
Other Comprehensive Income for the year	-	-	-	-	-	10.48	(596.18)	**(585.70)**
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	6,805.00	-	(6,805.00)	-	**-**
Fair value of ESOP	-	-	-	-	7.48	-	-	**7.48**
Changes during the period	**-**	**-**	**-**	**6,805.00**	**7.48**	**27,206.93**	**(596.18)**	**33,423.23**
Closing balance as on March 31, 2023	**33,545.76**	**1,003.85**	**431.10**	**49,575.77**	**572.61**	**194,756.83**	**(786.98)**	**279,098.94**

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 KALYANIWALLA & MISTRY LLP
Firm Registration Number: 104607W/W100166

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 26, 2023, Mumbai

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701

Rajeev Kumar
Company Secretary
Membership No.: A15031

Date and Place: May 26, 2023, Mumbai

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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 26th May, 2023.

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. 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.

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 36.

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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 37.

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 35.

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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:

COVID-19 has had an extraordinary impact on macroeconomic conditions in India and around the world post declaration of it as a pandemic by World Health Organisation in March 2020. Nation-wide lockdown in April-May 2020 followed by localised lockdown were imposed to restrict the spread in areas with significant number of cases. The restrictions were gradually lifted leading to improvement in economic activity. This was followed by two waves of COVID-19 with outbreak of new variants which led to the re-imposition of regional lockdowns which were subsequently lifted supported by administration of the COVID vaccines to a large population in the country.

India is emerging from the Covid-19 pandemic. The extent to which any new wave of COVID-19 pandemic will impact the Company's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

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 reporting date.

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 Government Securities, Treasury Bills and 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:

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Property, Plant and Equipment

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

Ind AS 37 – Provisions, Contingent Liabilities & Contingent Assets

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

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.

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

- 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.

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

(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 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 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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

– 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 35.5.2.4.1) 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.

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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.

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).

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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

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 ₹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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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 National Pension Scheme (NPS) 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.

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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".

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2023

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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 2 CASH AND CASH EQUIVALENTS*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with banks:		
- In Current Account	33,353.86	36,972.10
	33,353.86	**36,972.10**
Less: Impairment loss allowance	(6.50)	(7.21)
Total	**33,347.36**	**36,964.89 excluding unspent CSR account**

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

NOTE 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Fixed deposits with banks	47.10	45.04
Less: Impairment loss allowance	(0.01)	(0.01)
Total	**47.09**	**45.03**

Note 4 RECEIVABLES

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
A. Trade receivables		
Unsecured, considered good	0.28	73.35
Less: Impairment loss allowance	(0.00)	(0.48)
Total (A)	**0.28**	**72.87**
B. Other receivables		
Unsecured, considered good	156.04	216.09
Less: Impairment loss allowance	(0.58)	(1.42)
Total (B)	**155.46**	**214.67**

NOTE 4A:TRADE RECEIVABLE AGEING SCHEDULE:

As on 31 March 2023:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered good	-	-	-	-	0.07	-	0.21	0.28
Total	**-**	**-**	**-**	**-**	**0.07**	**-**	**0.21**	**0.28**

As on 31 March 2022:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered good	-	-	71.07	0.01	2.06	-	0.21	73.35
Total	**-**	**-**	**71.07**	**0.01**	**2.06**	**-**	**0.21**	**73.35**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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 31, 2023						
(A)	(i) Revolving Loan	17,987.13	-	-	-	-	17,987.13
	(ii) Term Loans	900,876.42	-	-	-	-	900,876.42
	(iii) Pass Through Certificates	24,647.87	-	-	-	-	24,647.87
	Total Gross (A)	**943,511.42**	**-**	**-**	**-**	**-**	**943,511.42**
	Less: Impairment loss allowance	(9,972.50)				-	(9,972.50)
	Total Net (A)	**933,538.92**	**-**	**-**	**-**	**-**	**933,538.92**
(B)	(i) Secured by tangible assets	744,326.00	-	-	-	-	744,326.00
	(ii) Covered by Bank/Government Guarantees	6,424.46	-	-	-	-	6,424.46
	(iii) Unsecured	192,760.96	-	-	-	-	192,760.96
	Total Gross (B)	**943,511.42**	**-**	**-**	**-**	**-**	**943,511.42**
	Less: Impairment loss allowance	(9,972.50)	-	-	-	-	(9,972.50)
	Total Net (B)	**933,538.92**	**-**	**-**	**-**	**-**	**933,538.92**
(C)	**Loans in India**						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	943,511.42	-	-	-	-	943,511.42
	Total Gross (C)	**943,511.42**	**-**	**-**	**-**	**-**	**943,511.42**
	Less: Impairment loss allowance	(9,972.50)	-	-	-	-	(9,972.50)
	Total Net (C)	**933,538.92**	**-**	**-**	**-**	**-**	**933,538.92**

(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 31, 2022						
(A)	(i) Revolving Loan	21,667.13	-	-	-	-	21,667.13
	(ii) Term Loans	616,904.75	-	-	-	-	616,904.75
	(iii) Pass Through Certificates	38,763.56	-	-	-	-	38,763.56
	Total Gross (A)	**677,335.44**	**-**	**-**	**-**	**-**	**677,335.44**
	Less: Impairment loss allowance	(10,488.78)				-	(10,488.78)
	Total Net (A)	**666,846.66**	**-**	**-**	**-**	**-**	**666,846.66**
(B)	(i) Secured by tangible assets	520,751.98	-	-	-	-	520,751.98
	(ii) Covered by Bank/Government Guarantees	38,536.97	-	-	-	-	38,536.97
	(iii) Unsecured	118,046.49	-	-	-	-	118,046.49
	Total Gross (B)	**677,335.44**	**-**	**-**	**-**	**-**	**677,335.44**
	Less: Impairment loss allowance	(10,488.78)	-	-	-	-	(10,488.78)
	Total Net (B)	**666,846.66**	**-**	**-**	**-**	**-**	**666,846.66**
(C)	**Loans in India**						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	677,335.44	-	-	-	-	677,335.44
	Total Gross (C)	**677,335.44**	**-**	**-**	**-**	**-**	**677,335.44**
	Less: Impairment loss allowance	(10,488.78)	-	-	-	-	(10,488.78)
	Total Net (C)	**666,846.66**	**-**	**-**	**-**	**-**	**666,846.66**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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 31, 2023							
(A) Mutual funds	-	-	45,006.87	-	45,006.87	-	45,006.87
Government securities	-	149,605.15	-	-	149,605.15	-	149,605.15
Treasury bills	-	4,402.06	-	-	4,402.06	-	4,402.06
Debt securities	36,979.99	-	-	-	-	-	36,979.99
Equity instruments	-	-	5,916.06	-	5,916.06	-	5,916.06
Associates	-	-	-	-	-	6,100.50	6,100.50
Venture Fund	-	-	1,256.06	-	1,256.06	-	1,256.06
Preference Share	-	-	0.14	-	0.14	-	0.14
Total Gross (A)	**36,979.99**	**154,007.21**	**52,179.13**	**-**	**206,186.34**	**6,100.50**	**249,266.83**
(B) (i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	36,979.99	154,007.21	52,179.13	-	206,186.34	6,100.50	249,266.83
Total (B)	**36,979.99**	**154,007.21**	**52,179.13**	**-**	**206,186.34**	**6,100.50**	**249,266.83**
Less: Impairment allowance	(50.56)	-	-	-	-	-	(50.56)
Total Net	**36,929.43**	**154,007.21**	**52,179.13**	**-**	**206,186.34**	**6,100.50**	**249,216.27**

(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 31, 2022							
(A) Mutual funds	-	-	46,402.49	-	46,402.49	-	46,402.49
Government securities	-	151,119.57	-	-	151,119.57		151,119.57
Debt securities	39,074.08	-	7,550.10	-	7,550.10	-	46,624.18
Equity instruments	-	-	8,522.25	-	8,522.25	-	8,522.25
Associates	-	-	-	-	-	6,100.50	6,100.50
Venture Fund	-	-	1,002.56	-	1,002.56	-	1,002.56
Total Gross (A)	**39,074.08**	**151,119.57**	**63,477.40**	**-**	**214,596.97**	**6,100.50**	**259,771.55**
(B) (i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	39,074.08	151,119.57	63,477.40	-	214,596.97	6,100.50	259,771.55
Total (B)	**39,074.08**	**151,119.57**	**63,477.40**	**-**	**214,596.97**	**6,100.50**	**259,771.55**
Less: Impairment allowance	(156.55)	-	-	-	-	-	(156.55)
Total Net	**38,917.53**	**151,119.57**	**63,477.40**	**-**	**214,596.97**	**6,100.50**	**259,615.00**

*Investments in Associates are measured at cost as per Ind AS 27.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 7 OTHER FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Deposits with Clearing Corporation of India(CCIL)	200.00	200.00
Other deposits	25.75	25.68
	225.75	**225.68**
Less: Impairment loss allowance	(0.83)	(1.49)
Total	**224.92**	**224.19**

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in Lakhs)

Particulars	Buildings*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
At cost as on March 31, 2021	**7.61**	**-**	**148.92**	**5.92**	**36.12**	**198.57**
Additions during the year	-	-	5.89		41.31	47.20
Disposals during the year	-	-	(64.66)	(2.40)	(8.81)	(75.87)
At cost as on March 31, 2022	**7.61**	**-**	**90.15**	**3.52**	**68.62**	**169.90**
Accumulated depreciation and impairment as on March 31, 2021	**0.71**	**-**	**42.06**	**5.77**	**22.77**	**71.31**
Depreciation for the year	0.17	-	45.41	0.15	12.68	58.41
Disposals during the year	-	-	(38.65)	(2.40)	(6.17)	(47.22)
Accumulated depreciation and impairment as on March 31, 2022	**0.88**	**-**	**48.82**	**3.52**	**29.28**	**82.50**
Net carrying amount as on March 31, 2022	**6.73**	**-**	**41.33**	**-**	**39.34**	**87.40**
At cost as on March 31, 2022	**7.61**	**-**	**90.15**	**3.52**	**68.62**	**169.90**
Additions during the year	-	-	26.66	-	35.31	61.97
Disposals during the year	-	-	(16.69)	-	(30.55)	(47.24)
At cost as on March 31, 2023	**7.61**	**-**	**100.12**	**3.52**	**73.38**	**184.63**
Accumulated depreciation and impairment as on March 31, 2022	**0.88**	**-**	**48.82**	**3.52**	**29.28**	**82.50**
Depreciation for the year	0.18	-	26.85	-	21.13	48.16
Disposals during the year	-	-	(11.57)	-	(25.36)	(36.93)
Accumulated depreciation and impairment as on March 31, 2023	**1.06**	**-**	**64.10**	**3.52**	**25.05**	**93.73**
Net carrying amount as on March 31, 2023	**6.55**	**-**	**36.02**	**0.00**	**48.33**	**90.90**

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

Impairment loss and reversal of impairment loss

There is no impairment loss on property, plant and equipment recognised/reversed during the year.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 9 INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Intangible assets under development (CIP software)	14.93	3.25
Total	**14.93**	**3.25**

NOTE 9A: AGEING SCHEDULE

As on 31 March 2023:

(Amount in Lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	11.68	3.25	-	-	14.93
Projects temporarily suspended	-	-	-	-	-
Total	**11.68**	**3.25**	**-**	**-**	**14.93**

As on 31 March 2022:

(Amount in Lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	3.25	-	-	-	3.25
Projects temporarily suspended	-	-	-	-	-
Total	**3.25**	**-**	**-**	**-**	**3.25**

There are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 10 OTHER INTANGIBLE ASSETS

(Amount in lakhs)

Particulars	Software and System Development
Balance as at April 1, 2021	**486.67**
Additions during the year	35.13
Disposals during the year	-
Balance as at March 31, 2022	**521.80**
Accumulated Amortization and impairment as at April 1, 2021	**165.78**
Amortization for the year	163.35
Disposals during the year	-
Accumulated Amortization and impairment as March 31, 2022	**329.13**
Net carrying amount as at March 31, 2022	**192.67**
Balance as at April 1, 2022	**521.80**
Additions during the year	-
Disposals during the year	-
Balance as at March 31, 2023	**521.80**
Accumulated Amortization and impairment as at April 1, 2022	**329.13**
Amortization for the year	160.38
Disposals during the year	-
Accumulated Amortization and impairment as March 31, 2023	**489.51**
Net carrying amount as at March 31, 2023	**32.29**

Impairment loss and reversal of impairment loss

There is no impairment loss on intangible assets recognised/reversed during the year.

NOTE 11 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Prepaid expenses	2.79	1.23
Prepayment to suppliers	60.30	58.14
GST/Service tax input	38.54	183.92
Advanced salary paid	0.16	1.83
Total	**101.79**	**245.12**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivatives for risk management purposes. The Company has elected not to apply hedge accounting requirements.

The company also has embedded option liability in the form of embedded derivative in Market linked debentures.

Also company had entered into the Interest rate swap agreements whereby company receives fixed rate interest and pays variable rate interest.

The table below shows the fair values of 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, 2023		
Part I		
Interest rate swaps	35,000.00	94.93
Embedded option on Market linked debentures	-	5,796.43
Total derivative financial instruments	**35,000.00**	**5,891.36**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
- Undesignated derivatives	-	5,891.36
Total derivative financial instruments	**-**	**5,891.36**
As at March 31, 2022		
Part I		
Embedded Derivative on Market 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	**-**	**-**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 13 PAYABLES*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
(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	380.84	311.07
Total (A)	**380.84**	**311.07**
(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	1,425.41	1,198.27
Total (B)	**1,425.41**	**1,198.27**
Total	**1,806.25**	**1,509.34**

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

Particulars	As at 31st March, 2023	As at 31st March, 2022
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
(vii) Further interest remaining due and payable for earlier years	-	-

13 A Trade Payable ageing schedule:

As on 31 March 2023:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME - undisputed	-	-	-	-	-	-	-
(ii) Others - undisputed	276.17	-	96.28	8.39	-	-	380.84
Total	**276.17**	**-**	**96.28**	**8.39**	**-**	**-**	**380.84**

As on 31 March 2022:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME - undisputed	-	-	-	-	-	-	-
(ii) Others - undisputed	189.91	-	121.16	-	-	-	311.07
Total	**189.91**	**-**	**121.16**	**-**	**-**	**-**	**311.07**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 14 DEBT SECURITIES

(Amount in lakhs)

Particulars	At Amortised Cost (1)	At Fair Value Through Profit or Loss (2)	Designated at fair value through profit or loss (3)	Total (4 = 1+2+3)
As at March 31, 2023				
Debentures				
-Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	179,677.62	-	-	179,677.62
-Deep Discount, Non-Convertible Debentures, privately placed, Secured	272,330.91	-	-	272,330.91
-Market Linked Debentures, fully paid, privately placed, Secured	38,659.72	-	-	38,659.72
Total (A)	**490,668.25**	**-**	**-**	**490,668.25**
Debt securities in India	490,668.25	-	-	490,668.25
Debt securities outside India	-	-	-	-
Total (B)	**490,668.25**	**-**	**-**	**490,668.25**
As at March 31, 2022				
Debentures				
-Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	163,755.77	-	-	163,755.77
-Deep Discount, Non-Convertible Debentures, privately placed, Secured	229,531.27	-	-	229,531.27
Total (A)	**393,287.04**	**-**	**-**	**393,287.04**
Debt securities in India	393,287.04	-	-	393,287.04
Debt securities outside India	-	-	-	-
Total (B)	**393,287.04**	**-**	**-**	**393,287.04**

*There are no debt securities which are measured at fair value through profit and loss or designated at fair value through profit and loss.

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 and government securities).

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Interest and Repayment terms of Debt Securities-

(Amount in lakhs)

Residual Maturity	As at March 31, 2023			As at March 31, 2022		
	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
A) Debentures						
Repayable at maturity						
Jun-26	8.14%	11,422.58	11,350.00	-	-	-
Apr-26	7.99%	27,642.47	27,500.00	-	-	-
Feb-26	8.16%	27,817.98	27,600.00	-	-	-
Nov-25	8.00%	5,686.71	5,500.00	-	-	-
Dec-24	5.90%	10,194.14	10,000.00	5.90%	10,194.46	10,000.00
Nov-24	5.85%	20,426.23	20,000.00	5.85%	20,426.94	20,000.00
Sep-24	5.50%	30,822.31	30,000.00	5.50%	30,823.29	30,000.00
Feb-24	5.50%	40,601.99	40,000.00	5.50%	40,523.51	40,000.00
Jun-23	5.00%	5,063.21	5,000.00	5.00%	5,062.48	5,000.00
Oct-22	-	-	-	5.30%	40,977.92	40,000.00
Sep-22	-	-	-	5.18%	7,715.81	7,500.00
May-22	-	-	-	8.51%	8,031.36	7,500.00
Total (A)		**179,677.62**	**176,950.00**		**163,755.77**	**160,000.00**
B) Deep Discount Debentures						
Repayable at maturity						
May-26	7.99%	12,413.54	15,803.54	-	-	-
Jan-26	7.95% to 8.00%	39,232.80	48,770.00	-	-	-
Oct-25	8.01%	15,078.85	18,380.00	-	-	-
Feb-25	7.92%	8,639.95	10,000.00	-	-	-
Jan-25	6.00%	6,745.47	7,500.00	6.00%	6,363.56	7,500.00
Oct-24	8.31% to 8.57%	28,716.68	32,500.00	-	-	-
Apr-24	7.84% to 7.85%	13,134.20	14,260.00	-	-	-
Mar-24	5.65%	5,358.49	5,657.96	5.65%	5,071.82	5,657.96
Jan-24	5.30%	33,525.89	35,000.00	5.30%	31,837.77	35,000.00
Dec-23	5.45%	38,486.33	39,900.00	5.45%	36,496.31	39,900.00
Nov-23	5.35%	19,356.30	20,000.00	5.35%	18,372.87	20,000.00
Oct-23	5.25%	26,735.60	27,500.00	5.25%	25,401.43	27,500.00
Apr-23	5.38%	24,906.81	25,000.00	5.38%	23,634.58	25,000.00
Feb-23	-	-	-	5.55%	26,555.36	27,897.40
Dec-22	-	-	-	4.85%	26,526.79	27,455.28
Aug-22	-	-	-	5.40%	19,583.37	20,000.00
Jun-22	-	-	-	8.35%	1,666.95	1,700.00
Apr-22	-	-	-	8.70% to 9.50%	8,020.46	8,030.00
Total (B)		**272,330.91**	**300,271.50**		**229,531.27**	**245,640.64**
C) Secured - Market Linked Debentures						
Repayable at maturity						
Jan-25	7.70%	18,272.81	20,900.00	-	-	-
Aug-24	7.20%	20,386.91	22,500.00	-	-	-
Total (C)		**38,659.72**	**43,400.00**	**-**	**-**	**-**
Total (A+B+C)		**490,668.25**	**520,621.50**		**393,287.04**	**405,640.64**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 15 BORROWINGS OTHER THAN DEBT SECURITIES*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
At Amortised Cost		
(a) Term loans		
Overdraft facility from banks	114,262.23	42,052.79
Commercial paper	144,781.74	220,303.34
Inter corporate deposits	26,096.76	20,748.71
Term loans from banks	132,155.56	19,978.03
Total (A)	**417,296.29**	**303,082.87**
Borrowings in India	417,296.29	303,082.87
Borrowings outside India	-	-
Total (B)	**417,296.29**	**303,082.87**
Secured Borrowings	246,417.79	62,030.82
Unsecured Borrowings	170,878.50	241,052.05
Total (C)	**417,296.29**	**303,082.87**

*There are no borrowings other than debt securities which are measured at fair value through profit and loss or designated at fair value through profit and loss.

The Company has obtained various borrowings from banks/ FI on basis of security of current assets wherein the quarterly returns/ statements of current assets as filed with banks/ FI are in agreement with the books.

Overdraft facilities and Term Loan 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, 2023			As at 31st March, 2022		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
A. Cash credit and Working Capital Demand Loan						
Repayable on demand						
0-1 year	7.15% to 8.70%	114,262.23	113,900.00	7.15% to 7.20%	42,052.79	42,000.00
Total (A)		**114,262.23**	**113,900.00**		**42,052.79**	**42,000.00**
B. Commercial Paper						
Repayable at maturity						
Mar-24	8.00%	20,901.81	22,500.00	-	-	-
Feb-24	8.07%	8,595.20	9,200.00	-	-	-
Dec-23	7.91%	2,370.73	2,500.00	-	-	-
Nov-23	7.87%	12,859.05	13,500.00	-	-	-
Sep-23	7.69%	3,855.56	4,000.00	-	-	-
Aug-23	7.69%	7,304.50	7,500.00	-	-	-
Jul-23	7.69% to 7.81%	12,228.25	12,500.00	-	-	-
Jun-23	6.80% to 7.71%	41,832.01	42,500.00	-	-	-
May-23	7.30%	24,838.69	25,000.00	-	-	-
Apr-23	7.51%	9,995.94	10,000.00	-	-	-
Mar-23	-	-	-	5.2% to 5.25%	30,944.21	32,500.00
Feb-23	-	-	-	5.10%	7,172.78	7,500.00
Jan-23	-	-	-	5.07%	7,208.70	7,500.00
Dec-22	-	-	-	5.02%	9,669.83	10,000.00
Nov-22	-	-	-	4.91%	9,685.25	10,000.00
Oct-22	-	-	-	4.85%	2,437.29	2,500.00
Jul-22	-	-		4.65%	2,467.20	2,500.00

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Residual Maturity	As at 31st March, 2023			As at 31st March, 2022		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Jun-22	-	-		4.50% to 4.70%	49,585.23	50,000.00
May-22	-	-		4.20% to 4.65%	53,703.31	54,000.00
Apr-22	-	-		4.20% to 4.50%	47,429.54	47,500.00
Total (B)		**144,781.73**	**149,200.00**		**220,303.34**	**224,000.00**
C. Intercorporate Deposits						
Repayable at maturity						
Mar-25	6.41% to 8.35%	4,507.15	4,500.00	6.41%	2,506.39	2,500.00
Jul-24	7.42%	3,158.89	3,000.00	-	-	-
Apr-24	8.15%	1,000.19	1,000.00	-	-	-
Feb-24	8.15%	5,035.74	5,000.00	-	-	-
Dec-23	5.65%	1,622.27	1,600.00	5.65%	1,624.80	1,600.00
Oct-23	7.45%	1,031.85	1,000.00	-	-	-
Sep-23	7.00%	1,034.11	1,000.00	-	-	-
Aug-23	7.00%	2,594.38	2,500.00	-	-	-
Jul-23	7.40%	3,611.84	3,500.00	-	-	-
Jun-23	6.60%	2,098.02	2,000.00	-	-	-
Apr-23	5.15%	402.32	400.00	5.15%	402.50	400.00
Feb-23	-	-	-	5.10%	1,017.80	1,000.00
Jan-23	-	-	-	5.10%	5,094.47	5,000.00
Nov-22	-	-		5.10% to 5.25%	5,048.65	5,000.00
Oct-22	-	-		5.10%	5,054.10	5,000.00
Total (C)		**26,096.76**	**25,500.00**		**20,748.71**	**20,500.00**
D. Term loans from banks						
Repayable on quarterly basis						
Feb-27	8.25%	22,514.08	22,500.00	-	-	-
Nov-26	8.25%	30,024.22	30,000.00	-	-	-
Nov-25	8.09%	18,454.80	18,333.33	-	-	-
Sep-25	7.88% to 8.18%	45,175.81	45,000.00	-	-	-
Mar-25	8.33%	15,986.65	16,000.00	5.37%	19,978.03	20,000.00
		132,155.56	**131,833.33**		**19,978.03**	**20,000.00**
Total (A+B+C+D)		**417,296.28**	**420,433.33**		**303,082.87**	**306,500.00**

NOTE 16 SUBORDINATED LIABILITIES*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
At Amortised Cost		
Redeemable Non-Convertible Subordinated Debt Bonds in form of Debentures, fully paid, privately placed, Unsecured	20,231.85	20,234.24
Total (A)	**20,231.85**	**20,234.24**
Subordinated liabilities in India	20,231.85	20,234.24
Subordinated liabilities outside India	-	-
Total (B)	**20,231.85**	**20,234.24**

*There are no Subordinated Liabilities which are measured at fair value through profit and loss or designated at fair value through profit and loss.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Interest and Repayment terms of Subordinate Liabilities -

(Amount in lakhs)

Residual Maturity	As at 31st March, 2023			As at 31st March, 2022		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Repayable at maturity						
Mar-27	8.55%	10,017.38	10,000.00	8.55%	10,017.90	10,000.00
Dec-26	8.35%	5,108.34	5,000.00	8.35%	5,107.52	5,000.00
Dec-25	9.00%	5,106.13	5,000.00	9.00%	5,108.82	5,000.00
Total		**20,231.85**	**20,000.00**		**20,234.24**	**20,000.00**

NOTE 17 PROVISIONS

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provision for employee benefits		
(i) Gratuity (Refer Note 36)	308.34	309.29
(ii) Compensated absences	30.03	100.07
(iii) Stock appreciation rights (SARs) (Refer Note 37)	138.60	163.41
(iv) Long Service Award	4.23	5.52
(v) Provision for annual incentives	450.00	475.00
Total	**931.20**	**1,053.29**

NOTE 18 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Revenue received in advance	161.90	201.89
Statutory dues payable	436.16	329.17
Total	**598.06**	**531.06**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 19 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Authorised		
5,80,00,000 (March 31, 2022: 5,80,00,000) equity shares of ₹ 10 each with voting rights	5,800.00	5,800.00
1,200 (March 31, 2022: 1,200) Non Cumulative redeemable preference shares of ₹ 1,00,000 each	1,200.00	1,200.00
Issued, subscribed and paid up		
56,22,578 (March 31, 2022: 56,22,578) equity shares of ₹ 10 each fully paid up with voting rights	562.26	562.26

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 31, 2021	**5,622,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at March 31, 2022	**5,622,578**	**562.26**
Add/(less) : Movement during the year	**-**	**-**
As at March 31, 2023	**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 ₹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, 2023		As at 31st March, 2022	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited, the holding company and its nominees*	5,622,578	100.00%	5,622,578	100.00%
	5,622,578	**100.00%**	**5,622,578**	**100.00%**

*Promoters as per Companies act , 2013

d. Details of shares held by each shareholder holding more than 5% shares in the Company

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited and its nominees*	5,622,578	100.00%	5,622,578	100.00%
	5,622,578	**100.00%**	**5,622,578**	**100.00%**

*Promoters as per Companies act , 2013

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

e. Details of shares held by the Promoters:

As on 31 March 2023:

Promoter Name	Class of Shares	At the end of the year		At the beginning of the year		% Change during the year
		No. of Shares	% of total shares	No. of Shares	% of total shares	
Kotak Mahindra Bank Limited	Equity shares with voting rights	5,622,578	100.00%	5,622,578	100.00%	0.00%
		5,622,578	**100.00%**	**5,622,578**	**100.00%**	

As on 31 March 2022:

Promoter Name	Class of Shares	At the end of the year		At the beginning of the year		% Change during the year
		No. of Shares	% of total shares	No. of Shares	% of total shares	
Kotak Mahindra Bank Limited	Equity shares with voting rights	5,622,578	100.00%	5,622,578	100.00%	0.00%
		5,622,578	**100.00%**	**5,622,578**	**100.00%**	

NOTE 20 OTHER EQUITY

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
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	49,575.77	42,770.77
Retained Earnings	194,756.83	167,549.90
Capital Contribution from Parent	572.61	565.13
Financial instruments through OCI	(786.98)	(190.80)
Total	**279,098.94**	**245,675.71**

NOTE 20.1 NATURE AND PURPOSE OF RESERVE

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.

Financial instruments through OCI

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 20.2 Other equity movement

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
(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**
(iv) Special reserve		
Opening balance	**42,770.77**	**34,847.76**
Transfer from retained earnings	6,805.00	7,923.01
Closing balance	**49,575.77**	**42,770.77**
(v) Retained earnings*		
Opening balance	**167,549.90**	**135,885.08**
Net profit for the year	34,001.45	39,615.05
Less : other comprehensive income for the year		
Remeasurement gain/(loss) on defined benefit plans, net of taxes	10.48	(27.22)
Less : transferred to special reserve under Section 45IC of Reserve Bank of India, Act, 1934	(6,805.00)	(7,923.01)
Closing balance	**194,756.83**	**167,549.90**
(vi) Capital contribution from parent		
Opening balance	**565.13**	**528.61**
Addition/deletion during the year	7.48	36.52
Closing balance	**572.61**	**565.13**
(vii) Financial instruments through OCI		
Opening balance	**(190.80)**	**(0.40)**
Addition/deletion during the year	(596.18)	(190.40)
Closing balance	**(786.98)**	**(190.80)**

*** Includes remeasurement gain/(loss) on employee benefit plans recognised in other comprehensive income**

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Opening balance	(90.72)	(63.50)
Remeasurement gain/(loss) for the year	14.00	(36.37)
Income tax relating to above	(3.52)	9.15
Closing balance	**(80.24)**	**(90.72)**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 21 INTEREST INCOME

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2023				For the year ended 31st March, 2022			
	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	-	77,628.57	-	77,628.57	-	70,338.93	-	70,338.93
Interest income from investments	7,258.71	2,383.44	846.12	10,488.27	4,934.51	2,643.14	947.68	8,525.33
Interest on deposits with banks	-	476.35	-	476.35	-	730.78	-	730.78
Other interest income	-	-	-	-	-	0.31	-	0.31
Total	**7,258.71**	**80,488.36**	**846.12**	**88,593.19**	**4,934.51**	**73,713.16**	**947.68**	**79,595.35**

NOTE 22 DIVIDEND INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Dividend income on investments	177.01	204.12
Total	**177.01**	**204.12**

NOTE 23 NET GAIN/(LOSS) ON FINANCIAL INSTRUMENT MEASURED AT FAIR VALUE *

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
(A) Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Mutual funds	1,823.98	823.02
- Equity shares	322.33	7,406.54
Others		
- Equity Shares	(209.52)	(0.88)
- Venture fund	(521.50)	262.55
- Debt securities	(162.68)	(115.06)
- Commercial Paper	-	(0.10)
(B) Others		
- Derivatives	(206.89)	229.06
- Net gain on financial assets at FVOCI	-	(0.07)
Net gain/(loss) on fair value changes	**1,045.72**	**8,605.06**
Fair value changes:		
- Realised	2,535.11	8,347.74
- Unrealised /movement from unrealised to realised	(1,489.39)	257.32
Net gain/(loss) on fair value changes	**1,045.72**	**8,605.06**

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

NOTE 24 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Net gain on disposal of property, plant and equipment	4.28	7.98
Others	414.04	277.85
Total	**418.32**	**285.83**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 25 FINANCE COSTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
On financial liabilities measured at amortised cost		
Interest on borrowings (Other than debt securities)		
- On overdraft facility and term loans from banks	6,032.29	1,803.16
- Discount on commercial papers	7,921.58	13,297.90
- On inter corporate deposits	1,850.84	439.81
Interest on debt securities		
- on redeemable non-convertible debentures and deep discount debentures	20,594.33	16,963.51
- on Market linked debentures	944.19	281.60
Interest on subordinated liabilities	1,722.57	1,717.11
Other borrowing costs	234.71	179.89
Total	**39,300.51**	**34,682.98**

NOTE 26 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
On Financial instruments measured at amortised cost		
- Loans and other financial assets	(1,307.18)	(5,090.07)
- Investments	(106.00)	(186.03)
Total	**(1,413.18)**	**(5,276.10)**

NOTE 27 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Salaries and wages	3,457.20	3,105.15
Contribution to provident and other funds	158.86	133.83
Stock appreciation rights (Refer Note 37)	133.02	131.27
Share based payment expenses (Refer Note 37)	35.49	62.64
Staff welfare expenses	43.40	39.51
Total	**3,827.97**	**3,472.40**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 28 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Rent and electricity expenses	522.35	516.41
Repairs and maintenance	197.99	197.81
Communication costs	25.65	13.98
Printing and stationery	14.64	11.71
Royalty expenses	222.87	189.79
Director's fees, allowances and expenses (Refer Note 34.02)	56.80	38.00
Auditors' remuneration (Refer Note 32)	33.00	37.15
Legal and professional charges	268.23	399.10
Insurance	2.98	5.23
Rates, taxes and fees	234.39	228.92
Travelling and conveyance	149.57	62.56
Common establishment expenses	549.98	565.51
Contribution to corporate social responsibility activities (Refer Note 33)	829.00	713.00
Miscellaneous expenses	135.02	138.63
Total	**3,242.47**	**3,117.80**

** Includes CSR admisnistration expenses of ₹ 14.48 lakhs (Previous Year: Nil)*

NOTE 29 TAX EXPENSE AND RELATED BALANCES

(a) Amounts recognised in the Statement of Profit and Loss

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Current tax expense		
In respect of current year	11,564.08	12,501.67
In respect of prior years	47.30	(30.14)
Total current tax expense (A)	**11,611.38**	**12,471.53**
Deferred tax expense	99.83	1,125.75
Deferred tax expense (B)	**99.83**	**1,125.75**
Total tax expense for the year (A) + (B)	**11,711.21**	**13,597.28**

(b) Amounts recognised in other comprehensive income

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023			For the year ended 31st March, 2022		
	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						
Remeasurements of defined benefit liability (asset)	14.00	(3.52)	10.48	(36.37)	9.15	(27.22)
Items that will be reclassified to profit or loss						
Financial instruments through other comprehensive income	(796.69)	200.51	(596.18)	(256.55)	66.15	(190.40)
Total	**(782.69)**	**196.99**	**(585.70)**	**(292.92)**	**75.30**	**(217.62)**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(c) Reconciliation of effective tax rate

(Amount in lakhs)

Particulars	For the year ended 31st March, 2023		For the year ended 31st March, 2022	
	Amount	%age	Amount	%age
Profit before tax as per Statement of profit and loss	**45,712.66**		**53,212.33**	
Tax using the Company's domestic tax rate	11,504.96	25.17	13,392.47	25.17
Tax effect of:				
Non-deductible expenses under Income tax	233.69	0.51	203.15	0.38
Difference in tax rate on account of capital gains	(44.64)	(0.10)	1.66	0.00
Adjustments relating to tax of prior years	47.30	0.10	(30.14)	(0.06)
Others	(30.10)	(0.07)	30.14	0.06
Total tax expense	**11,711.21**	**25.62**	**13 597.28**	**25.55**

(d) Movement in deferred tax balances

(Amount in lakhs)

Particulars	As at 31st March, 2023					
	Net balance March 31, 2022	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Tax effect of items constituting deferred tax asset/ (liabilities)						
Property, plant and equipment	38.48	17.46	-	-	17.46	55.94
Loans and Borrowings	2,123.05	(215.23)	-	-	(215.23)	1,907.82
Equity-settled share-based payments	41.14	(6.26)	-	-	(6.26)	34.88
Employee benefits	113.56	(15.62)	(3.52)	-	(19.14)	94.42
Financial instruments at fair value through OCI	66.28	-	200.51	-	200.51	266.79
Financial instruments at fair value through profit or loss	(243.63)	119.83	-	-	119.83	(123.80)
Others	10.74	-	-	-	-	10.74
Total	**2,149.62**	**(99.83)**	**196.99**	**-**	**97.17**	**2,246.79**

(Amount in lakhs)

Particulars	As at 31st March, 2022					
	Net balance March 31, 2021	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Tax effect of items constituting deferred tax asset/ (liabilities)						
Property, plant and equipment	27.16	11.32	-	-	11.32	38.48
Loans and Borrowings	3,136.15	(1,013.10)	-	-	(1,013.10)	2,123.05
Equity-settled share-based payments	44.61	(3.47)	-	-	(3.47)	41.14
Employee benefits	88.57	15.84	9.15	-	24.99	113.56
Financial instruments at fair value through OCI	0.13	-	66.15	-	66.15	66.28
Financial instruments at fair value through profit or loss	(115.26)	(128.37)	-	-	(128.37)	(243.63)
Others	18.71	(7.97)	-	-	(7.97)	10.74
Total	**3,200.07**	**(1,125.75)**	**75.30**	**-**	**(1,050.45)**	**2,149.62**

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 and the period over which deferred income tax assets will be recovered.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(e) Current Tax Assets

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Current Tax Assets (Net)	766.78	1,702.42
Net of provision for tax ₹ 21,800.73 lakhs (Previous year: ₹21,753.42 lakhs)		
Current Tax Liabilities (Net)	2,699.32	2,427.98
Net of advance/self assessment tax of ₹ 67,793.09 lakhs (Previous year: ₹ 56,500.34 lakhs)		

NOTE 30 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.

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Net Profit attributable to equity holders of the Company (₹ Lakhs)	34,001.45	39,615.05
Weighted average number of equity shares for basic and diluted EPS	5,622,578	5,622,578
Face value per share (₹)	10	10
Basic and Diluted earnings per share (₹)	604.73	704.57

NOTE 31 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
a)	**Contingent liabilities:**		
	Claims not acknowledged as debts	282.68	84.86
b)	Capital Commitments	1,725.00	-
	Total	**2,007.68**	**84.86**

NOTE 32 AUDITORS' REMUNERATION(EXCLUSIVE OF TAXES)

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Payment to the auditor's for :		
a)	Statutory Audit and related services	30.30	30.00
b)	Other services	2.70	7.00
c)	Reimbursement of expenses	-	0.15
	Total	**33.00**	**37.15**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 33 CORPORATE SOCIAL RESPONSIBILITY

The Company's CSR project aims to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda. CSR project undertaken in FY2022-23 are in the area of education and livelihood.
As per the provisions of the Section 135 of the Companies Act, 2013, prescribed 2% CSR Expenditure requirement for FY 2022-23 ₹ 826.26 lakhs (Previous year: ₹ 712.21 lakhs). After adjusting for excess spend of previous years, the CSR obligation for FY2022-23 is ₹ 825.47 Lakh.

(Amount in lakhs)

Sr. No.	Details of CSR Expenditure	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Amount of CSR Spend		
(a)	Kotak Education Foundation	-	70.23
(b)	Others	371.40*	249.25
	Accrual towards unspent obligations in relation to:		
	(i) Ongoing project	472.08	393.52
	(ii) Other than ongoing project	-	-
	Total	**843.48**	**713.00**
(c)	Amount required to be spent as per Section 135 of the Act	826.26	712.21
(i)	Amount approved by the Board to be spent during the year	829.00	713.00
(d)	Amount of cumulative unspent at the end of the year	740.21	683.78
	Amount spent during the year on		
	(i) Construction / acquisition of any asset	4.09#	-
	(ii) On purposes other than (i) above	367.31**	319.48

* Includes Administrative expenses incurred of 14.48 lakhs (previous year Nil).
\# does not include amount spent on creation/acquisition of Capital assets out of Unspent CSR accounts of previous financial years and also assets which are under Capital Work in progress (WIP)

Details of ongoing CSR projects under Section 135(6) of the Act:

(Amount in lakhs)

Financial Year	Balance as at 1st April		Amount required to be spent during the year	Amount spent during the year		Balance as at 31th March	
	With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
FY 22-23	-	-	829.00	356.92 ^	-	472.08#	-
FY 21-22	393.52*	-	-	-	251.65	-	141.87**
FY 20-21	-	290.26	-	-	164.00	-	126.26

** Excludes ₹ 6.71 lakh of unutilised CSR payment which was refunded by implementing organisation in April 2023.
* The amount was transferred to Kotak Mahindra Bank Limited Unspent Account FY 2021-22 in April, 2022.
# The amount was transferred to Kotak Mahindra Bank Limited Unspent CSR Account FY 2022-23 in April, 2023
^ Excludes Administrative expenses of ₹ 14.48 lakhs

Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

(Amount in lakhs)

Sr. No.	Balance unspent as at 1st April 2022	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 March 2023
a)	-	-	-	-	-

Details of excess CSR expenditure under Section 135(5) of the Act

(Amount in lakhs)

Sr. No.	Balance unspent as at 1st April 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at 31 March 2023
a)	0.79	826.26	843.48*	18.01

* Includes Administrative expenses incurred of 14.48 lakhs (previous year Nil).

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Details pertaining to corporate social responsibility activities:

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
a)	Corporate Social Responsibility expenses for the period	843.48	713.00
b)	Various Head of expenses included in above:		
	Note 28: Other Expenses: Contribution on Corporate Social Responsibility activities	829.00	713.00
	Note 28: Other Expenses: Common establishment expenses	14.48	-
c)	Gross amount required to be spent by the company during the year.	829.00	713.00
d)	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	4.09	-
	(ii) On purposes other than (i) above	367.31	319.48
e)	Details of related party transactions		
	CSR Administrative Expesnes (Reimbursed to Parent Company)	14.48	-
f)	**Provision for CSR Expenses**		713.00
	Opening Balance	683.78	340.80
	Add: Provision created during the period	843.48	713.00
	Less: Provision utilised during the period	(787.05)	(370.02)
	Closing Balance	740.21*	683.78
g)	"The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year"	-	-
h)	The total of previous years' shortfall amounts	-	-
i)	The reason for above shortfalls by way of a note	-	-
j)	The nature of CSR activities undertaken by the Company	The CSR activities are undertaken in various focus areas viz. Healthcare, Education, Livelihood enhancement and Relief & Rehabilitation (COVID-19) in terms of Company's CSR policy	The CSR activities are undertaken in various focus areas viz. Healthcare, Education, Livelihood enhancement and Relief & Rehabilitation (COVID-19) in terms of Company's CSR policy

* Excludes Rs. 6.71 lakh of unutilised CSR payment which was refunded by implementing organisation in April 2023.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 34 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 Advisory Limited.	India	
	Kotak General Insurance Company Limited	India	
	Kotak Mahindra Life Insurance Company Limited	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	
	Infina Finance Private Limited (Others)	India	
(d)	**Entities over which relative of director has significant influence**		
	Aero Agencies Limited	India	
	Kotak Commodity Services Private Limited	India	
	Business Standard Private Limited	India	
(e)	**Key Management Personnel**		
	Mr. Amit Bagri		
	Mr. Uday Kotak		
	Ms. Padmini Khare Kaicker *		
	Mr. Chandrashekhar Sathe *		
	Mr. Paresh Parasnis * (Appointed w.e.f. 18.10.22)		
	Mr. Prakash Apte * (Appointed w.e.f. 13.02.23)		
	Mr. KVS Manian (Resigned w.e.f. 01.07.2022)		
	Mr. Arvind Kathpalia (Resigned w.e.f. 01.04.2022)		

* 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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

B. Transactions with related parties

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year:

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, 2023	For the year ended 31st March, 2022
i.	Short-term employee benefits	265.21	186.89
ii.	Other Contribution to funds	9.80	8.16
iii.	Shared-based payments (ESOPs/SAR)**	69.18	128.47
iv.	Sitting fees and commission	56.80	38.00

* 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.

(b) Transactions with related parties

Note 34 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, 2023	31st March, 2022
I	**Holding Company**		
	-Kotak Mahindra Bank Limited		
a)	**Transactions during the year :**		
	FINANCE		
	ESOP Expenses (Refer note 37)	35.49	62.64
	Fixed Deposits Placed	572,050.00	8,81,750.00
	Fixed Deposits Repaid	572,050.00	8,81,750.00
	Interest Received on Fixed Deposits	474.87	475.96
	Borrowings availed	49,400.00	54,930.60
	Borrowings repaid	24,900.00	60,000.00
	Interest accrued on borrowing	1,739.34	1,460.74
	Payment of Interest accrued on borrowing	1,579.95	764.16
	OTHER RECEIPTS AND PAYMENTS		
	Demat Charges	0.28	0.57
	Service Charges Received	105.36	50.40
	Expense reimbursements paid	217.21	215.34
	Share Service Cost	444.12	473.21
	Bank charges paid	1.19	0.23
	Royalty paid	222.87	189.79
	Interest on borrowings paid	1,724.92	1,028.07
	Licence Fees paid	504.32	503.28
	Referral fees paid	13.21	10.50
	IPA Fees paid	2.00	2.00
	Employee Liability transfer out	150.58	45.54
	Employee Liability transfer in	43.44	28.16
	Asset transferred in	3.04	6.21
	Asset transferred out	9.36	14.39
	Shared Services F & F Rent	35.46	-

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2023	31st March, 2022
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Balance in current account	32,618.93	36,683.79
	Capital contribution from Parent	572.61	565.13
	Term Deposits Placed	47.10	45.05
	Borrowings	50,167.81	25,513.45
	OTHER RECEIPTS and PAYMENTS		
	Service charges payable	55.11	114.71
	Service charges receivable	28.43	13.49
	Demat Charges Payable	-	0.67
	Fees payable / Charges payable / Other Payables	2.20	-
	Interest Accrued Payable on CIRS IRS FCIRS FRA	4.35	-

* During the year, ₹ 7.48 lakhs (March 31, 2022: 36.52 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.

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2023	31st March, 2022
II	**Fellow Subsidiaries**		
a)	**Transactions during the year :**		
	FINANCE		
	Interest on Non Convertible Debentures/Inter Corporate Deposits		
	- Kotak Securities Limited	1,555.50	1,555.51
	- Kotak Mahindra Capital Company Ltd.	-	119.43
	- BSS Microfinance Limited	41.35	-
	Interest paid on Non Convertible Debentures		
	- Kotak Mahindra Prime Limited	-	5.17
	Investment in Inter Corporate Deposits		
	- Kotak Mahindra Prime Limited	-	49,000.00
	Investment in Inter Corporate Deposits repaid		
	- Kotak Mahindra Prime Limited	-	49,000.00
	Interest received on Inter Corporate Deposits		
	- Kotak Mahindra Prime Limited	-	15.54
	OTHER SECURITIES		
	Service Charges Received		
	- Kotak Mahindra Prime Limited	128.40	128.40
	- Kotak Infrastructure debt fund	20.05	16.50
	Service Charges Expenses		
	- Kotak Infrastructure Debt Fund Limited	4.55	-
	Brokerage paid		
	- Kotak Securities Limited	22.75	-
	Demat Charges paid		
	- Kotak Securities Limited	0.24	0.62
	License Fees Paid		
	- Kotak Securities Limited	3.93	7.86
	Insurance premium paid		
	- Kotak Mahindra General Insurance Company Limited	1.94	2.07

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2023	31st March, 2022
	- Kotak Mahindra Life Insurance Company Ltd.	12.30	4.77
	Expense reimbursement to other company		
	- Kotak Securities Limited	0.12	0.22
	Employee Liability transfer in		
	-Kotak Infrastructure Debt Fund Limited	1.79	-
	- Kotak Investment Advisory Limited	20.71	-
	Employee Liability transfer out		
	- Kotak Securities Limited	3.86	-
	- Kotak Mahindra Prime Limited	0.45	9.88
	-Kotak Infrastructure Debt Fund Limited	0.37	-
	- Kotak Mahindra Asset Management Company Limited	-	0.36
	- Kotak Investment Advisory Limited	71.52	1.00
	Sale of Securities		
	- Kotak Securities Limited	30,128.28	11,661.17
	Payment of Interest accrued on NCDs Issued		
	- Kotak Securities Limited	1,555.50	1,555.50
	- Kotak Mahindra Capital Company Limited	-	414.28
	Payment of Interest accrued on ICD's Issued		
	- Kotak Mahindra Prime Limited	-	0.37
	Interest Accrued on NCDs Issued		
	- Kotak Securities Limited	1,555.51	1,555.51
	- Kotak Mahindra Capital Company Limited	-	135.39
	-BSS Microfinance Limited	41.35	-
	Issue of ICDs		
	- Kotak Mahindra Prime Limited	-	5,000.00
	Issue of NCDs		
	- BSS Microfinance Limited	5,000.00	-
	Repayment of NCDs		
	- Kotak Mahindra Capital Company Limited	-	4,800.00
	Repayment of ICDs		
	- Kotak Mahindra Prime Limited	-	9,000.00
	Asset Transfer-out		
	- Kotak Infrastructure Debt Fund Limited	0.62	-
	- Kotak Mahindra Prime Limited	0.49	-
	Asset Transfer-In		
	- Kotak Infrastructure Debt Fund Limited	0.68	-

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2023	31st March, 2022
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Non Convertible Debentures issued		
	- Kotak Securities Limited	18,191.33	18,194.67
	- BSS Microfinance Limited	5,039.63	-
	OTHER SECURITIES		
	Outstanding Receivable		
	- Kotak Securities Limited	-	175.24
	OTHER RECEIPTS and PAYMENTS		
	Demat charges payable		
	- Kotak Securities Limited	0.24	0.26
	Service charges Receivable		
	- Kotak Mahindra Prime Limited	127.12	19.51
	- Kotak Infrastructure Debt Fund Limited	-	1.49
	Service charges Payable		
	- Kotak Securities Limited	0.11	1.44
	- Kotak Infrastructure Debt Fund Limited	0.70	-
	Insurance premium paid in advance		
	- Kotak Mahindra General Insurance Company Limited	0.38	0.64
	- Kotak Mahindra Life Insurance Company Ltd	7.49	10.55
III	**Associate Company/Joint Ventures**		
	Balances outstanding as at the year end :		
	INVESTMENTS		
	Investments -Phoenix ARC Pvt Limited	6,100.50	6,100.50
IV	**Entities over which relative of director has significant influence**		
	Balances outstanding as at the year end :		
	INVESTMENTS		
	Investments -Business Standard Private Limited	0.20	0.20
	OTHER RECEIPTS and PAYMENTS		
	Fees on travel tickets purchased - Aero Agencies Limited	0.69	-
	Prepayment to Service Provider - Aero Agencies Limited	0.42	-
V	**Key Management Personnel (KMP)**		
	Remuneration*		
	Mr. Amit Bagri	344.19	323.52

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 35 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

35.1. Accounting classification

Classification of financial assets and financial liabilities:

(Amount in lakhs)

Particulars	As at 31st March, 2023				As at 31st March, 2022			
	Amortised Cost	FVOCI	FVTPL	Others	Amortised Cost	FVOCI	FVTPL	Others
Financial assets								
Cash and cash equivalents	33,347.36	-	-	-	36,964.89	-	-	-
Bank Balance other than cash and cash equivalents	47.09	-	-	-	45.03	-	-	-
Receivables:								
Trade receivables	0.28	-	-	-	72.87	-	-	-
Other receivables	155.46	-	-	-	214.67	-	-	-
Loans	933,538.92	-	-	-	666,846.66	-	-	-
Investments	36,929.43	154,007.21	52,179.13	6,100.50	38,917.53	151,119.57	63,477.40	6,100.50
Other financial assets	224.92	-	-	-	224.19	-	-	-
Total	**1,004,243.46**	**154,007.21**	**52,179.13**	**6,100.50**	**743,285.84**	**151,119.57**	**63,477.40**	**6,100.50**
Financial liabilities								
Derivative financial instruments	-	-	5,891.36	-	-	-	-	-
Payables								
Trade Payables	380.84	-	-	-	311.07	-	-	-
Other Payables	1,425.41	-	-	-	1,198.27	-	-	-
Debt securities	490,668.25	-	-	-	393,287.04	-	-	-
Borrowings (Other than Debt Securities)	417,296.29	-	-	-	303,082.87	-	-	-
Subordinated Liabilities	20,231.85	-	-	-	20,234.24		-	-
Total	**930,002.64**	**-**	**5,891.36**	**-**	**718,113.49**	**-**	**-**	**-**

35.2. 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, 2023				As at 31st March, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Mutual Funds	45,006.87	-	-	45,006.87	46,402.49	-	-	46,402.49
Investments in Venture Capital Funds	-	-	1,256.06	1,256.06	-	-	1,002.56	1,002.56
Investments in Preference Shares	-	-	0.14	0.14	-	-	-	-
Investments in Equity Instruments	5,865.61	-	50.45	5,916.06	8,468.20	-	54.05	8,522.26
Investments in Debt Securities	-	-	-	-	-	7,550.10	-	7,550.10
Investments in Government securities	149,605.15	-	-	149,605.15	151,119.57	-	-	151,119.57
Investments in Treasury bills	4,402.06	-	-	4,402.06	-	-	-	-
Total	**204,879.69**	**-**	**1,306.65**	**206,186.34**	**205,990.26**	**7,550.10**	**1,056.61**	**214,596.98**
Financial liabilities								
Derivative financial instruments	-	5,891.36	-	5,891.36	-	-	-	-
Total	**-**	**5,891.36**	**-**	**5,891.36**	**-**	**-**	**-**	**-**

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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Particulars	Fair value									
	As at 31st March, 2023					As at 31st March, 2022				
	Level 1	Level 2	Level 3	Total	Carrying Value	Level 1	Level 2	Level 3	Total	Carrying Value
Financial assets										
Loans	-	-	9,47,248.83	9,47,248.83	9,33,538.92	-	-	6,72,796.28	6,72,796.28	6,66,846.66
Investments	25,403.32	11,725.69	-	37,129.01	36,929.43	-	38,379.34	-	38,379.34	38,917.53
Total	**25,403.32**	**11,725.69**	**9,47,248.83**	**9,84,377.84**	**9,70,468.35**	**-**	**38,379.34**	**6,72,796.28**	**7,11,175.62**	**7,05,764.19**
Financial liabilities										
Debt securities	-	4,88,547.91	-	4,88,547.91	4,90,668.25	-	3,93,295.91	-	3,93,295.91	3,93,287.04
Borrowings (Other than Debt Securities)	-	4,18,463.91	-	4,18,463.91	4,17,296.29	-	3,03,179.12	-	3,03,179.12	3,03,082.87
Subordinated Liabilities	-	20,533.85	-	20,533.85	20,231.85	-	21,982.40	-	21,982.40	20,234.24
Total	**-**	**9,27,545.67**	**-**	**9,27,545.67**	**9,28,196.39**	**-**	**7,18,457.43**	**-**	**7,18,457.43**	**7,16,604.15**

Fair value of Statement of Financial Position is presented below:

(Amount in lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	33,347.36	33,347.36	36,964.89	36,964.89
Bank Balance other than cash and cash equivalent	47.09	47.09	45.03	45.03
Receivables:				
Trade receivables	0.28	0.28	72.87	72.87
Other receivables	155.46	155.46	214.67	214.67
Loans	9,33,538.92	9,47,248.83	6,66,846.66	6,72,796.28
Investments*	2,49,216.27	2,49,415.85	2,59,615.00	2,59,076.81
Other financial assets	224.92	224.92	224.19	224.19
Total	**12,16,530.30**	**12,30,439.79**	**9,63,983.31**	**9,69,394.74**
Financial liabilities				
Derivative financial instruments	5,891.36	5,891.36	-	-
Payables				
Trade Payables	380.84	380.84	311.07	311.07
Other Payables	1,425.41	1,425.41	1,198.27	1,198.27
Debt securities	4,90,668.25	4,88,547.91	3,93,287.04	3,93,295.91
Borrowings (Other than Debt Securities)	4,17,296.29	4,18,463.91	3,03,082.87	3,03,179.12
Subordinated Liabilities	20,231.85	20,533.85	20,234.24	21,982.40
Total	**9,35,894.00**	**9,35,243.28**	**7,18,113.49**	**7,19,966.77**

* 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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.3. 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.

35.3.1 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.

35.3.2 Valuation techniques used to determine fair value:

35.3.2.1 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.

35.3.2.2 Investments in Preference Shares

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

35.3.2.3 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.

35.3.2.4 Investment in Equity instruments

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

Quoted: Investment in quoted equity instruments have been determined under level 1 using quoted market prices of the underlying instruments.

35.3.2.5 Investment in Central Government Securities

Fair value of Central Government securities is based on ISIN-wise MTM price published by FBIL / FIMMDA / or any other reliable source

35.3.2.6 Investment in Treasury Bills

The fair values have been calculated using the discounted cash flow approach using interpolated yields published by FBIL / FIMMDA / or any other reliable source.

35.3.2.7 Investment in Debt Securities

The Fair value of listed Debt Securities is based on ISIN-wise MTM price published by respective rating agencies and The fair values of unlisted Debt Securities have been calculated using the discounted cash flow approach.

35.3.2.8 Derivative financial instruments

Interest Rate Swap: Fair value of IRS has been determined under Level 2 using discounted cash flow method. The cash flows for the Fixed Leg and the Floating Leg of the Interest Rate Swap are calculated/projected. The rate for the interest cash flows of the Fixed leg of the IRS deal is contained in the deal terms (contracted at the inception of the trade). The rates of the interest cash flows of the Floating leg of the IRS deal are derived from the Interest Rate Curve (Forward Estimation Curve) on the valuation date. The projected cash flows for each leg are discounted using the Interest Rate Curve (Discount Curve) for the valuation date. The value of the Swap is calculated as the difference between the discounted value of the receive-leg and the discounted value of the pay-leg of the swap. IRS trades entered are MIBOR OIS deals linked to the Overnight Mumbai Interbank Outright Rate (MIBOR) published by FBIL on daily basis (except Saturdays, Sundays and local holidays). This rate – published by FBIL- is used for fixing of interest rates on the Floating leg of the swap. The Forward Estimation Curve and Discount Curve for such deals are both the MIBOR OIS Curve.

Embedded Derivative on Market linked debentures: The valuation of the option portion is based on Monte Carlo simulation technique. Geometric Brownian Motion (GBM) Model along with implementation of the Local Volatility is used for simulating the underlying asset.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.3.3 Fair value of financial instruments carried at amortised cost

35.3.3.1 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.

35.3.3.2 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).

35.4.Fair values measurement on level 3 Investments

35.4.1. 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, 2022	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2023
Investments in Equity Instruments	54.06	(3.61)	-	-	-	50.45
Investments in Preference shares	-	-	0.14	-	-	0.14
Investments in Venture funds	1,002.56	(521.50)	775.00	-	-	1,256.06

(Amount in lakhs)

Particulars	As at 1st April, 2021	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2022
Investments in Equity Instruments	54.93	(0.87)	-	-	-	54.06
Investments in Venture funds	1,524.05	262.55	-	(784.04)	-	1,002.56

35.4.2. 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
Loans	Discounted cash flow	Interest rate to discount future cash flows	Significant decrease in discount factor would result in higher fair value
Investment in debentures	Discounted cash flow	Net expected Cash flows used	Significant increase in net expected cash flows would result in higher fair value
Investments in Equity Instruments	Valuation is based on Net asset value method which is based on the asset and liabilities values as per the Latest financial statements of the investee company	Book values of assets and liabilities	Significant decrease in book value of assets and liabilities would result into lower fair value
Investments in venture fund	Net Asset Value	Net Asset Value	Significant decrease in book value of assets and liabilities would result into lower fair value

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5. Financial risk management

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

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

35.5.1. 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
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.
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.	Board of Directors (the Board) 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 Board. Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the Board . ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board. 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. The Company has formulated a policy on Liquidity Risk Management Framework which covers liquidity risk management, maintaining LCR, stress testing, contingency funding plan, maturity profiling and liquidity risk measurement – stock approach, interest Rate Risk and liquidity risk monitoring tools. (Refer Note 48.02.08)

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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. ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board.

35.5.2. 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 credit risk exposure:-

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Loans at amortised cost		
- Commercial Real Estate	461,092.06	378,833.10
- Loan against Securities and Structured Products	480,752.18	290,114.82
- Margin Funding	1,667.18	8,387.52
Investments	36,979.99	39,074.08
Other financial assets	33,783.03	37,532.27
Total	**1,014,274.44**	**753,941.78**

35.5.2.1. 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.

35.5.2.2. 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, 2023	As at 31st March, 2022
1	Upto 50% Coverage *	3,760.52	3,077.72
2	51% - 70% Coverage	-	-
3	71% - 100% Coverage	-	-
4	Above 100% coverage	8,097.46	5,793.33
		11,857.98	**8,871.05**

* Provision Created for Impairment allowance against these Loans - ₹ 3,760.52 Lakhs (Previous Year ₹ 3,077.72 Lakhs)

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5.2.3. 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 31, 2023, 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 ₹ Nil (March 31, 2022: ₹ 98,157.51 lakhs).

During the year ended on March 31, 2023, the fair value of financial assets accepted as collateral that had been sold was ₹ Nil (Year ended on March 31, 2022: ₹ 103.51 lakhs). The Company adjusts the sales Proceed from carrying amount of loan and is not obliged to return equivalent securities.

35.5.2.4. Amounts arising from ECL

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

35.5.2.4.1. 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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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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.

35.5.2.4.2. 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 31, 2021	**5,48,670.27**	**79,566.18**	**7,755.11**	**6,35,991.56**
Transition From 12 month ECL	(18,628.27)	18,628.27	-	-
Transition From Lifetime ECL not credit impaired	13,164.11	(16,314.72)	3,150.61	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement	(1,05,971.31)	(18,312.06)	406.71	(1,23,876.66)
New financial assets originated during the year	4,25,254.84	-	-	4,25,254.84
Financial assets that have been derecognised during the period	(2,30,601.01)	(26,991.91)	(2,441.38)	(2,60,034.30)
Write-offs	-	-	-	-
Balance as at March 31, 2022	**6,31,888.63**	**36,575.76**	**8,871.05**	**6,77,335.44**
Transition From 12 month ECL	(9,210.64)	9,210.64	-	-
Transition From Lifetime ECL not credit impaired	9,550.71	(15,140.12)	5,589.41	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement	(1,18,329.75)	(5,106.90)	54.10	(1,23,382.55)
New financial assets originated during the year	6,38,260.72	10,736.65	-	6,48,997.37
Financial assets that have been derecognised during the period	(2,44,454.64)	(12,327.62)	(2,656.58)	(2,59,438.84)
Write-offs	-	-	-	-
Balance as at March 31, 2023	**9,07,705.03**	**23,948.41**	**11,857.98**	**9,43,511.42**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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 31, 2021	**39,781.78**	**-**	**-**	**-**	**39,781.78**
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	39,074.08	-	-	-	39,074.08
Financial assets that have been derecognised during the period	(39,781.78)	-	-	-	(39,781.78)
Write-offs	-	-	-	-	-
Balance as at March 31, 2022	**39,074.08**	**-**	**-**	**-**	**39,074.08**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	-	-	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	(7,351.89)	-	-	-	(7,351.89)
New financial assets originated during the year	25,316.23	-	-	-	25,316.23
Financial assets that have been derecognised during the period	(20,058.43)	-	-	-	(20,058.43)
Write-offs	-	-	-	-	-
Balance as at March 31, 2023	**36,979.99**	**-**	**-**	**-**	**36,979.99**

Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31, 2021	**15,692.30**
Addition/Deletion during the year	21839.96
Balance as at March 31, 2022	**37,532.26**
Addition/Deletion during the year	(3,749.23)
Balance as at March 31, 2023	**33,783.03**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5.2.4.3. Impairment loss allowance

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

Loans

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at March 31, 2021	**3,732.23**	**6,890.45**	**4,385.32**	**15,008.00**
Transition From 12 month ECL	(1,516.72)	1,516.72	-	-
Transition From Lifetime ECL not credit impaired	858.09	(1,252.20)	394.12	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(2,650.61)	(950.32)	863.60	(2,737.33)
New financial assets originated during the year	2,902.56	-	-	2,902.56
Financial assets that have been derecognised during the period	(1,186.46)	(2,878.92)	(619.07)	(4,684.45)
Write-offs	-	-	-	-
Balance as at March 31, 2022	**2,139.09**	**3,325.72**	**5,023.97**	**10,488.78**
Transition From 12 month ECL	(40.85)	40.85	-	-
Transition From Lifetime ECL not credit impaired	1,242.94	(1,547.02)	304.08	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(1,868.61)	168.26	1,083.07	(617.28)
New financial assets originated during the year	1,307.70	389.91	-	1,697.61
Financial assets that have been derecognised during the period	(929.81)	(561.27)	(105.53)	(1,596.61)
Write-offs	-	-	-	-
Balance as at March 31, 2023	**1,850.46**	**1,816.45**	**6,305.59**	**9,972.50**

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 31, 2021	**342.58**	**-**	**-**	**-**	**342.58**
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	156.55	-	-	-	**156.55**
Financial assets that have been derecognised during the period	(342.58)	-	-	-	**(342.58)**
Write-offs	-	-	-	-	**-**
Balance as at March 31, 2022	**156.55**	**-**	**-**	**-**	**156.55**
Transition From 12 month ECL	-	-	-	-	**-**
Transition From Lifetime ECL not credit impaired	-	-	-	-	**-**
Transition From Lifetime ECL credit impaired	-	-	-	-	**-**
Net remeasurement of loss allowance	(35.26)	-	-	-	**(35.26)**
New financial assets originated during the year	15.86	-	-	-	**15.86**
Financial assets that have been derecognised during the period	(86.59)	-	-	-	**(86.59)**
Write-offs	**-**	**-**	**-**	**-**	**-**
Balance as at March 31, 2023	**50.56**	**-**	**-**	**-**	**50.56**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31, 2021	**18.23**
Addition/Deletion during the year(Net)	(7.61)
Balance as at March 31, 2022	**10.62**
Addition/Deletion during the year(Net)	(2.70)
Balance as at March 31, 2023	**7.92**

35.5.2.5. Credit quality analysis

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

(Amount in lakhs)

Particulars	As at 31st March, 2023				As at 31st March, 2022			
	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 Bucket	429,457.57	23,537.03	-	452,994.60	340,483.27	19,699.55	-	360,182.82
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	12,856.95	-	12,856.95
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	8,097.46	8,097.46	-	-	5,793.33	5,793.33
Gross carrying amount	**429,457.57**	**23,537.03**	**8,097.46**	**461,092.06**	**340,483.27**	**32,556.50**	**5,793.33**	**378,833.10**
Impairment loss allowance	(1,449.45)	(1,816.45)	(2,545.07)	(5,810.97)	(1,419.44)	(3,325.57)	(1,946.25)	(6,691.26)
Net carrying amount	**428,008.12**	**21,720.58**	**5,552.39**	**455,281.09**	**339,063.83**	**29,230.93**	**3,847.08**	**372,141.84**
Loan against Securities and Structured Products								
Current Bucket	478,244.35	411.38	-	478,655.73	279,417.18	4,019.26	-	283,436.44
Past due 1–30 days	-	-	-	-	5,025.34	-	-	5,025.34
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	2,096.45	2,096.45	-	-	1,653.04	1,653.04
Gross carrying amount	**478,244.35**	**411.38**	**2,096.45**	**480,752.18**	**284,442.52**	**4,019.26**	**1,653.04**	**290,114.82**
Impairment loss allowance	(401.01)	-	(2,096.45)	(2,497.46)	(718.16)	(0.14)	(1,653.04)	(2,371.34)
Net carrying amount	**477,843.34**	**411.38**	**-**	**478,254.72**	**283,724.36**	**4,019.12**	**-**	**287,743.48**
Margin Funding								
Current Bucket	3.11	-	-	3.11	6,962.84	-	-	6,962.84
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	1,664.07	1,664.07	-	-	1,424.68	1,424.68
Gross carrying amount	**3.11**	**-**	**1,664.07**	**1,667.18**	**6,962.84**	**-**	**1,424.68**	**8,387.52**
Impairment loss allowance	-	-	(1,664.07)	(1,664.07)	(1.50)	-	(1,424.68)	(1,426.18)
Net carrying amount	**3.11**	**-**	**-**	**3.11**	**6,961.34**	**-**	**-**	**6,961.34**
Debenture								
Current Bucket	36,979.99	-	-	36,979.99	39,074.08	-	-	39,074.08
Gross carrying amount	**36,979.99**	**-**	**-**	**36,979.99**	**39,074.08**	**-**	**-**	**39,074.08**
Impairment loss allowance	(50.56)	-	-	(50.56)	(156.55)	-	-	(156.55)
Net carrying amount	**36,929.43**	**-**	**-**	**36,929.43**	**38,917.53**	**-**	**-**	**38,917.53**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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, 2023				As at 31st March, 2022			
	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								
Current Bucket	154,007.21	-	-	154,007.21	151,119.57	-	-	151,119.57
Gross carrying amount	**154,007.21**	**-**	**-**	**154,007.21**	**151,119.57**	**-**	**-**	**151,119.57**
Impairment loss allowance	-	-	-	-	-	-	-	-
Net carrying amount	**154,007.21**	**-**	**-**	**154,007.21**	**151,119.57**	**-**	**-**	**151,119.57**
Fair Value	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The following table sets out the information about the credit quality of Trade Receivables and other financial assets including Balance in Current and Time Deposit with Banks

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
	12-month ECL	12-month ECL
Current	33,783.03	37,532.27
Impairment loss allowance	(7.92)	(10.62)
Carrying amount	**33,775.11**	**37,521.65**

35.5.3. 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 35.5.1.

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	1 day to 7 days	8 days to 14 days	15 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 March 31, 2023											
Financial assets											
Cash and cash equivalents	33,353.86	-	-	-	-	-	-	-	-	-	33,353.86
Bank Balance other than cash and cash equivalents	-	-	-	-	-	47.10	-	-	-	-	47.10
Receivables											-
(I) Trade receivables	-	0.04	0.24	-	-	-	-	-	-	-	0.28
(II) Other receivables	-	-	-	-	156.04	-	-	-	-	-	156.04
Loans	2,685.12	274.33	3,375.72	7,756.50	66,096.02	81,566.39	1,36,298.41	5,42,335.42	92,533.29	10,590.22	9,43,511.42
Investments	1,99,014.07	-	76.86	73.66	10,911.76	3,030.18	17,821.01	8,557.06	2,400.00	7,382.23	2,49,266.83
Other Financial assets	0.13	-	-	-	-	-	-	-	-	225.62	225.75
	2,35,053.18	**274.37**	**3,452.82**	**7,830.16**	**77,163.82**	**84,643.67**	**1,54,119.42**	**5,50,892.48**	**94,933.29**	**18,198.07**	**12,26,561.28**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Particulars	1 day to 7 days	8 days to 14 days	15 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	-	-	-	-	-	-	-	5,891.36	-	-	5,891.36
Payables											
(I) Trade payables	326.18	-	-	-	54.66	-	-	-	-	-	380.84
(II) Other payables	617.33	-	-	-	9.11	36.31	2.42	760.24	-	-	1,425.41
Debt securities	-	-	25,000.00	-	5,122.60	1,650.00	1,77,903.97	2,82,965.11	55,475.01	-	5,48,116.69
Borrowings (Other than Debt Securities)	1,24,231.14	403.30	828.10	27,565.85	55,646.96	45,475.21	83,525.11	90,694.76	12,140.58	-	4,40,511.01
Subordinated Liabilities	-	-	-	-	-	-	1,724.31	8,443.19	16,270.21	-	26,437.71
	1,25,174.65	**403.30**	**25,828.10**	**27,565.85**	**60,833.33**	**47,161.52**	**2,63,155.81**	**3,88,754.66**	**83,885.80**	**-**	**10,22,763.02**

(Amount in lakhs)

Particulars	1 day to 7 days	8 days to 14 days	15 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 March 31, 2022											
Financial assets											
Cash and cash equivalents	36,972.10	-	-	-	-	-	-	-	-	-	36,972.10
Bank Balance other than cash and cash equivalents	-	-	-	-	-	-	-	45.04	-	-	45.04
Receivables											
(I) Trade receivables	-	68.96	4.39	-	-	-	-	-	-	-	73.35
(II) Other receivables	-	-	-	-	209.72	-	-	-	-	6.37	216.09
Loans	3,377.35	1,208.35	3,554.68	10,252.29	25,291.66	46,117.80	188,095.11	314,852.83	60,731.52	23,853.85	677,335.44
Investments	197,522.06	-	7,667.67	6,152.04	198.38	2,252.90	5,783.98	20,358.68	12,766.67	7,069.17	259,771.55
Other Financial assets	0.06	-	-	-	-	-	-	-	-	225.62	225.68
	237,871.57	**1,277.31**	**11,226.74**	**16,404.33**	**25,699.76**	**48,370.70**	**193,879.09**	**335,256.55**	**73,498.19**	**31,155.01**	**974,639.25**
Financial liabilities											
Payables											
(I) Trade payables	194.92	-	-	-	116.15	-	-	-	-	-	311.07
(II) Other payables	458.06	-	683.71	-	-	5.00	-	51.49	-	-	1,198.26
Debt securities	8,030.00	-	-	8,138.16	1,700.00	29,544.89	101,345.14	275,023.79	-	-	423,781.98
Borrowings (Other than Debt Securities)	52,052.79	27,500.00	10,088.30	54,091.25	50,088.30	2,770.80	91,548.71	21,876.38	-	-	310,016.53
Subordinated Liabilities	-		-	-	-	-	1,722.50	3,445.04	22,992.67	-	28,160.21
	60,735.77	**27,500.00**	**10,772.01**	**62,229.41**	**51,904.45**	**32,320.69**	**194,616.35**	**300,396.70**	**22,992.67**	**-**	**763,468.05**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5.4. 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 financial instruments. 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, 2023	31st March, 2022
Fixed-rate instruments		
Financial assets	7,45,181.16	7,25,736.01
Financial liabilities	(6,81,778.60)	(6,05,879.59)
Variable-rate instruments		
Financial assets	4,34,539.95	1,96,005.77
Financial liabilities	(2,46,417.79)	(1,10,724.55)
Rate Insensitive	29,111.58	40,732.18
Total Net	**2,80,636.30**	**2,45,869.82**

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, 2023		As at 31st March, 2022	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments (net)	1,881.22	(1,881.22)	852.81	(852.81)
Cash Flow Sensitivity	**1,881.22**	**(1,881.22)**	**852.81**	**(852.81)**

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.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

35.5.5. 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, 2023					
Loans and advances					
Loans against securities and structured products	-	-	-	-	-
Margin funding	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
March 31, 2022					
Loans and advances					
Loans against securities and structured products	37,669.12	-	37,669.12	(37,669.12)	-
Margin funding	8,387.52	-	8,387.52	(6,958.99)	1,428.53
	46,056.64	**-**	**46,056.64**	**(44,628.11)**	**1,428.53**

[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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 36 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 ₹ 146.34 lakhs (Previous year. ₹ 128.45 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 ₹ 20 lakhs. (Previous Year ₹ 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 31st March, 2023	As at 31st March, 2022
Net defined benefit liability	17 (i)	308.34	309.29
Total employee benefit liabilities		**308.34**	**309.29**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2023	As at 31st March, 2022
Opening balance	309.29	253.93	-	-	309.29	253.93
Included in profit or loss			-	-		
Current service cost	45.91	33.53	-	-	45.91	33.53
Past service cost	-	-	-	-	-	-
Interest cost (income)	18.31	14.35	-	-	18.31	14.35
Other adjustments	26.99	-	-	-	26.99	-
	400.50	**301.81**	**-**	**-**	**400.50**	**301.81**
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	8.95	-	-	-	8.95	-
Financial assumptions	(8.50)	(0.32)	-	-	(8.50)	(0.32)
Experience adjustment	12.54	36.69	-	-	12.54	36.69
Return on plan assets excluding interest income	-	-	-	-	-	-
Other adjustments	(26.99)	-	-	-	(26.99)	-
	(14.00)	**36.37**	**-**	**-**	**(14.00)**	**36.37**
Other						
Benefits paid	(41.06)	(36.97)	-	-	(41.06)	(36.97)
Liabilities assumed / (settled)	(37.10)	8.08			(37.10)	8.08
Closing balance	**308.34**	**309.29**	**-**	**-**	**308.34**	**309.29**
Represented by						
Net defined benefit asset	-	-	-	-	-	-
Net defined benefit liability	-	-	-	-	308.34	309.29
					308.34	**309.29**

C. Expenses recognised in Statement of profit and loss

(Amount in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Current service cost	45.91	33.53
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	18.31	14.35
(Gains) / losses on settlement	-	-
Other adjustments	26.99	-
Total	**91.21**	**47.88**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2023

D. Remeasurements recognised in other comprehensive income

(Amount in lakhs)

	As at 31st March, 2023	As at 31st March, 2022
Actuarial loss (gain) arising from:		
Demographic assumptions	8.95	-
Financial assumptions	(8.50)	(0.32)
Experience adjustment	12.54	36.69
	12.99	**36.37**
Return on plan assets excluding interest income	-	-
Other adjustments	(26.99)	-
Total	**(14.00)**	**36.37**

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, 2023	As at 31st March, 2022
Discount rate	7.30%	6.70%
Salary escalation rate	7.00%	12.00% until year 1 inclusive, then 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, 2023		As at 31st March, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	301.62	315.39	300.13	319.01
Future salary growth (0.5% movement)	312.46	304.28	314.94	303.50

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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

F. Experience Adjustments

(Amount in lakhs)

Particulars	Gratuity				
	Year ended 31st March				
	2023	2022	2021	2020	2019
Defined benefit obligation	308.34	309.29	253.93	261.30	204.75
Plan assets	-	-	-	-	-
Surplus / (deficit)	308.34	309.29	253.93	261.30	204.75
Experience adjustments on plan liabilities	12.54	36.69	(1.36)	18.88	9.18
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 ₹(64.44) lakhs (Previous year. ₹ 5.46 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 37 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, ₹ 7.48 lakhs (March 31, 2022: ₹ 36.52 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, 2023

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

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2023			31st March, 2022		
			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)
2015-14								
A	18-May-18	Equity settled	-	-	-	3,386	31-Dec-21	4.12
2015-19								
A	20-May-19	Equity settled	-	-	-	6,591	31-Oct-21	2.95
B	20-May-19	Equity settled	-	-	-	4,542	30-Jun-22	3.62
C	20-May-19	Equity settled	2,604	31-Dec-22	3.62	4,542	31-Dec-22	4.12
2015-25								
A	7-Aug-20	Equity settled	1,482	30-Nov-22	2.32	4,089	30-Nov-22	2.32
B	7-Aug-20	Equity settled	1,028	30-Jun-23	2.90	2,726	30-Jun-23	2.90
C	7-Aug-20	Equity settled	1,028	31-Dec-23	3.40	2,726	31-Dec-23	3.40
2015-30								
A	20-May-21	Equity settled	-	-	-	3,739	30-Jun-22	1.11
B	20-May-21	Equity settled	2,075	30-Jun-23	2.11	3,739	30-Jun-23	2.11
C	20-May-21	Equity settled	2,075	30-Jun-24	3.12	3,739	30-Jun-24	3.12
D	20-May-21	Equity settled	2,085	30-Jun-25	4.12	3,743	30-Jun-25	4.12
2015-34								
A	10-May-22	Equity settled	1,863	31-May-23	1.06	-	-	-
B	10-May-22	Equity settled	1,863	31-May-24	2.06	-	-	-
C	10-May-22	Equity settled	1,863	31-May-25	3.06	-	-	-
D	10-May-22	Equity settled	1,861	31-May-26	4.06	-	-	-
2015-39								
A	18-Oct-22	Equity settled	1,105	31-Oct-23	1.04	-	-	-
B	18-Oct-22	Equity settled	1,105	31-Oct-24	2.04	-	-	-
C	18-Oct-22	Equity settled	1,105	31-Oct-25	3.04	-	-	-
D	18-Oct-22	Equity settled	1,105	31-Oct-26	4.04	-	-	-

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 31 March, 2023

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 (₹)
2015-19	20-May-19	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1460	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28
2015-25	07-Aug-20	1.07 - 3.40	0.50 - 0.50	1.13 - 3.65	1341	1,340.10	3.61% - 5.06%	0.06%	39.75% - 29.29%	267.12 - 395.03
2015-30	30-May-21	1.08 - 4.09	0.50 - 0.50	1.34 - 4.34	1801	1,800.75	4.05% - 5.53%	0.05%	29.80% - 42.76%	390.94 - 609.04
2015-34	10-May-22	1.06 - 4.06	0.50 - 0.50	1.31 - 4.31	1798	1,767.50	5.75% - 7.26%	0.06%	27.72% - 31.40%	268.84 - 654.77
2015-39	18-Oct-22	1.04 - 4.04	0.50 - 0.50	1.28 - 4.29	1834	1,858.15	7.01% - 7.52%	0.06%	26.77% - 31.76%	315.30- 721.39

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

As at 31 March, 2022

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 (₹)
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955	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	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	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	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28
2015-25	7-Aug-20	1.07 - 3.40	0.50 - 0.50	1.13 - 3.65	1,341	1,340.10	3.61% - 5.06%	0.06%	39.75% - 29.29%	267.12 - 395.03
2015-30	30-May-21	1.08 - 4.09	0.50 - 0.50	1.34 - 4.34	1,801	1,800.75	4.05% - 5.53%	0.05%	29.80% - 42.76%	390.94 - 609.04

The following table lists the average inputs to the models used for the plans for the year ended 31 March, 2023.

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 31 March, 2023

Scheme	Grant Date	31st March, 2023							
		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
2015-14	18-May-18	3,386	-	(2,572)	(814)	-	-	-	-
2015-19	20-May-19	15,675	-	(9,506)	(3,328)	(87)	(150)	2,604	2,604
2015-25	07-Aug-20	9,541	-	(60)	(5,383)		(560)	3,538	1,482
2015-30	30-May-21	14,960	-	(706)	(6,140)	(1,496)	(383)	6,235	-
2015-34	10-May-22	-	11,300	-	(3,850)	-	-	7,450	-
2015-39	18-Oct-22	-	4,420	-	-	-	-	4,420	-
		43,562	**15,720**	**(12,844)**	**(19,515)**	**(1,583)**	**(1,093)**	**24,247**	**4,086**

Scheme	Grant Date	31st March, 2022							
		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
2015-07	15-May-17	4,938	-	(4,664)	(274)	-	-	-	-
2015-14	18-May-18	14,778	-	(10,406)	(246)	-	(740)	3,386	3,386
2015-16	18-May-18	5,000	-	(5,000)	-	-	-	-	-
2015-19	20-May-19	19,796	-	(1,272)	(1,449)	-	(1,400)	15,675	6,591
2015-25	7-Aug-20	18,630	-	(5,229)	(1,620)	-	(2,240)	9,541	-
2015-30	30-May-21	-	17,560	-	730	-	(3,330)	14,960	-
		63,142	**17,560**	**(26,571)**	**(2,859)**	**-**	**(7,710)**	**43,562**	**9,977**

* This represents transfer of employees within Holding Company and its subsidiaries

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

The weighted average share price at the date of exercise for stock options exercised during the year was Rs. 1,742.11 (Previous year: Rs. 1,810.56).
The details of exercise price for stock options outstanding at the end of the year are:

ESOP Scheme	Range of exercise prices (₹)	31st March, 2023			31st March, 2022		
		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 (₹)
2015-14	1201-1300	-	-	-	3,386	0.25	1,271.00
2015-19	1401-1500	2,604	0.25	1,460.00	15,675	0.25	1,460.00
2015-25	1300-1400	3,538	0.73	1,341.00	9,541	0.65	1,341.00
2015-30	1801-1900	6,235	1.75	1,801.00	14,960	2.25	1,801.00
2015-34	1701-1800	7,450	2.17	1,798.00	-	-	-
2015-39	1801-1900	4,420	2.58	1,834.00	-	-	-

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 16,520 SARs during FY 2022-23. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.04 years to 4.13 years.

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2023			31st March, 2022		
			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)
Scheme 2015 Series 22								
Tranche V-2A	20-May-19	Cash settled	-	-	-	476	30-Jun-22	3.12
Tranche V-2B	20-May-19	Cash settled	-	-	-	474	07-Jul-22	3.13
Tranche V-2C	20-May-19	Cash settled	-	-	-	474	14-Jul-22	3.15
Tranche V-3A	20-May-19	Cash settled	-	-	-	476	31-Dec-22	3.62
Tranche V-3B	20-May-19	Cash settled	-	-	-	474	07-Jan-23	3.64
Tranche V-3C	20-May-19	Cash settled	-	-	-	474	14-Jan-23	3.66
Scheme 2015 Series 28								
Tranche IV	07-Aug-20	Cash settled	-	-	-	445	30-Nov-22	2.32
Tranche V	07-Aug-20	Cash settled	-	-	-	445	07-Dec-22	2.33
Tranche VI	07-Aug-20	Cash settled	-	-	-	445	14-Dec-22	2.35
Tranche VII	07-Aug-20	Cash settled	148	30-Jun-23	2.90	294	30-Jun-23	2.90
Tranche VIII	07-Aug-20	Cash settled	150	07-Jul-23	2.92	298	07-Jul-23	2.92
Tranche IX	07-Aug-20	Cash settled	150	14-Jul-23	2.93	298	14-Jul-23	2.93
Tranche X	07-Aug-20	Cash settled	148	31-Dec-23	3.40	294	31-Dec-23	3.40
Tranche XI	07-Aug-20	Cash settled	150	07-Jan-24	3.42	298	07-Jan-24	3.42
Tranche XII	07-Aug-20	Cash settled	150	14-Jan-24	3.44	298	14-Jan-24	3.44
Scheme 2015 Series 31								
Tranche I	07-Aug-20	Cash settled	448	31-Aug-23	3.07	1268	31-Aug-23	3.07
Tranche II	07-Aug-20	Cash settled	448	07-Sep-23	3.08	1268	07-Sep-23	3.08
Tranche III	07-Aug-20	Cash settled	448	14-Sep-23	3.10	1268	14-Sep-23	3.10
Tranche IV	07-Aug-20	Cash settled	298	31-Aug-24	4.07	843	31-Aug-24	4.07
Tranche V	07-Aug-20	Cash settled	298	07-Sep-24	4.09	843	07-Sep-24	4.09
Tranche VI	07-Aug-20	Cash settled	300	14-Sep-24	4.11	850	14-Sep-24	4.11

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2023			31st March, 2022		
			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)
Scheme 2015 Series 32								
Tranche I	30-May-21	Cash settled	-	-	-	389	30-Jun-22	1.08
Tranche II	30-May-21	Cash settled	-	-	-	389	07-Jul-22	1.10
Tranche III	30-May-21	Cash settled	-	-	-	401	14-Jul-22	1.12
Tranche IV	30-May-21	Cash settled	241	30-Jun-23	2.08	389	30-Jun-23	2.08
Tranche V	30-May-21	Cash settled	241	07-Jul-23	2.10	389	07-Jul-23	2.10
Tranche VI	30-May-21	Cash settled	247	14-Jul-23	2.12	401	14-Jul-23	2.12
Tranche VII	30-May-21	Cash settled	241	30-Jun-24	3.09	389	30-Jun-24	3.09
Tranche VIII	30-May-21	Cash settled	241	07-Jul-24	3.11	389	07-Jul-24	3.11
Tranche IX	30-May-21	Cash settled	247	14-Jul-24	3.13	401	14-Jul-24	3.13
Tranche X	30-May-21	Cash settled	242	30-Jun-25	4.09	390	30-Jun-25	4.09
Tranche XI	30-May-21	Cash settled	242	07-Jul-25	4.11	390	07-Jul-25	4.11
Tranche XII	30-May-21	Cash settled	249	14-Jul-25	4.13	403	14-Jul-25	4.13
Scheme 2015 Series 40								
Tranche I	10-May-22	Cash settled	731	31-May-23	1.06	-	-	-
Tranche II	10-May-22	Cash settled	731	07-Jun-23	1.08	-	-	-
Tranche III	10-May-22	Cash settled	731	14-Jun-23	1.10	-	-	-
Tranche IV	10-May-22	Cash settled	731	31-May-24	2.06	-	-	-
Tranche V	10-May-22	Cash settled	731	07-Jun-24	2.08	-	-	-
Tranche VI	10-May-22	Cash settled	731	14-Jun-24	2.10	-	-	-
Tranche VII	10-May-22	Cash settled	731	31-May-25	3.06	-	-	-
Tranche VIII	10-May-22	Cash settled	731	07-Jun-25	3.08	-	-	-
Tranche IX	10-May-22	Cash settled	731	14-Jun-25	3.10	-	-	-
Tranche X	10-May-22	Cash settled	726	31-May-26	4.06	-	-	-
Tranche XI	10-May-22	Cash settled	726	07-Jun-26	4.08	-	-	-
Tranche XII	10-May-22	Cash settled	729	14-Jun-26	4.10	-	-	-
Scheme 2015 Series 51								
Tranche I	18-Oct-22	Cash settled	112	31-Oct-23	1.04	-	-	-
Tranche II	18-Oct-22	Cash settled	112	07-Nov-23	1.05	-	-	-
Tranche III	18-Oct-22	Cash settled	116	14-Nov-23	1.07	-	-	-
Tranche IV	18-Oct-22	Cash settled	112	31-Oct-24	2.04	-	-	-
Tranche V	18-Oct-22	Cash settled	112	07-Nov-24	2.06	-	-	-
Tranche VI	18-Oct-22	Cash settled	116	14-Nov-24	2.08	-	-	-
Tranche VII	18-Oct-22	Cash settled	112	31-Oct-25	3.04	-	-	-
Tranche VIII	18-Oct-22	Cash settled	112	07-Nov-25	3.06	-	-	-
Tranche IX	18-Oct-22	Cash settled	116	14-Nov-25	3.08	-	-	-
Tranche X	18-Oct-22	Cash settled	112	31-Oct-26	4.04	-	-	-
Tranche XI	18-Oct-22	Cash settled	112	07-Nov-26	4.06	-	-	-
Tranche XII	18-Oct-22	Cash settled	116	14-Nov-26	4.08	-	-	-
Tranche XII	18-Oct-22	Cash settled	116	14-Nov-26	4.08	-	-	-

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

As at 31 March, 2023

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 (₹)
Scheme 2015, Series 28	7-Aug-20	0.25 - 0.79	0.25 - 0.79	-	1,721.05	7.00% - 7.32%	0.06%	15.63% - 19.61%	1,720.18 - 1,720.77
Scheme 2015 Series 31	7-Aug-20	0.42 - 1.46	0.42 - 1.46	-	1,721.05	7.16% - 7.20%	0.06%	15.02% - 24.71%	1,719.44 - 1,720.59
Scheme 2015 Series 32	30-May-21	0.25 - 2.29	0.25 - 2.29	-	1,721.05	7.00% - 7.27%	0.06%	15.63% - 24.95%	1,718.53 - 1,720.77
Scheme 2015, Series 40	10-May-22	0.17 - 3.21	0.17 - 3.21	-	1,721.05	6.92% - 7.29%	0.06%	16.59% - 33.18%	1,717.52 - 1,720.87
Scheme 2015, Series 51	18-Oct-22	0.59 - 3.63	0.59 - 3.63	-	1,721.05	7.18% - 7.32%	0.06%	17.38% - 32.21%	1,717.06 - 1,720.40

As at 31 March, 2022

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 (₹)
Scheme 2015 Series 22	20-May-19	0.25 - 0.79	0.25 - 0.79	-	1,763.10	3.97% - 4.42%	0.05%	27.51% - 31.46%	1762.39 - 1762.87
Scheme 2015 Series 28	7-Aug-20	0.67 - 1.79	0.67 - 1.79	-	1,763.10	4.33% - 5.04%	0.05%	27.55% - 29.58%	1761.49 - 1762.50
Scheme 2015 Series 31	7-Aug-20	1.42 - 2.46	1.42 - 2.46	-	1,763.10	4.82% - 5.42%	0.05%	27.76% - 35.94%	1760.89 - 1761.82
Scheme 2015 Series 32	30-May-21	0.25 - 3.29	0.25 - 3.29	-	1,763.10	3.97% - 5.85%	0.05%	27.55% - 37.02%	1760.14 - 1762.87

The following table lists the average inputs to the models used for the plans for the year ended 31 March, 2023.

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	As at 31st March, 2023						
		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 2015 Series 22	20-May-19	2,848	-	(1,866)	(950)	-	(32)	-
Scheme 2015 Series 28	7-Aug-20	3,115	-	(672)	(1,400)	-	(147)	896
Scheme 2015 Series 31	7-Aug-20	6,340	-	-	(4,100)	-	-	2,240
Scheme 2015 Series 32	30-May-21	4,720	-	(944)	(1,480)	-	(105)	2,191
Scheme 2015, Series 40	10-May-22	-	15,160	-	(4,700)	-	(1,700)	8,760
Scheme 2015, Series 51	18-Oct-22	-	1,360	-	-	-	-	1,360
		17,023	**16,520**	**(3,482)**	**(12,630)**	**-**	**(1,984)**	**15,447**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Scheme	Grant Date	As at 31st March, 2022						
		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 2015 Series 17	18-May-18	2,272	-	(1,942)	(164)	-	(166)	-
Scheme 2015 Series 19	7-Jul-18	1,275	-	(1,275)	-	-	-	-
Scheme 2015 Series 22	20-May-19	5,789	-	(2,373)	(280)	-	(288)	2,848
Scheme 2015 Series 28	7-Aug-20	5,760	-	(1,635)	(422)	-	(588)	3,115
Scheme 2015 Series 31	7-Aug-20	6,340	-	-	-	-	-	6,340
Scheme 2015 Series 32	30-May-21	-	5,420	-	200	-	(900)	4,720
		21,436	**5,420**	**(7,225)**	**(666)**	**-**	**(1,942)**	**17,023**

* 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, 2023	31st March, 2022
Total Employee compensation cost pertaining to share-based payment plans	168.51	193.92
Compensation cost pertaining to equity-settled employee share-based payment plan included above	35.49	62.64
Closing balance of liability for cash-settled options	138.60	163.41
Total intrinsic value of liabilities for vested benefits	-	-

NOTE 38 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 47.01

NOTE 39 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 31st March, 2023			As at 31st March, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	33,347.36	-	33,347.36	36,964.89	-	36,964.89
Bank Balance other than cash and cash equivalents	47.09	-	47.09	45.03	-	45.03
Receivables						
(I) Trade receivables	0.28	-	0.28	72.87	-	72.87
(II) Other receivables	155.46	-	155.46	214.67	-	214.67
Loans	248,666.06	684,872.86	933,538.92	204,565.48	462,281.18	666,846.66
Investments	230,909.71	18,306.56	249,216.27	219,558.97	40,056.03	259,615.00
Other Financial assets	-	224.92	224.92	-	224.19	224.19
Sub total	**513,125.96**	**703,404.34**	**1,216,530.30**	**461,421.91**	**502,561.40**	**963,983.31**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current Tax assets (Net)	-	766.78	766.78	-	1,702.42	1,702.42
Deferred Tax assets (Net)	-	2,246.79	2,246.79	-	2,149.62	2,149.62
Property, Plant and Equipment	-	90.90	90.90	-	87.40	87.40
Intangible assets under development	14.93	-	14.93	-	3.25	3.25
Other intangible assets	-	32.29	32.29	-	192.67	192.67
Other Non-financial assets	101.79	-	101.79	245.12	-	245.12
Sub total	**116.72**	**3,136.76**	**3,253.48**	**245.12**	**4,135.36**	**4,380.48**
Total Assets	**513,242.68**	**706,541.10**	**1,219,783.78**	**461,667.03**	**506,696.76**	**968,363.79**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	-	5,891.36	5,891.36	-	-	-
Payables						
(I) Trade payables	380.84	-	380.84	311.07	-	311.07
(II) Other payables	1,425.41	-	1,425.41	1,198.27	-	1,198.27
Debt securities	1,96,408.28	2,94,259.97	4,90,668.25	1,41,299.23	2,51,987.81	3,93,287.04
Borrowings (Other than Debt Securities)	3,23,262.38	94,033.91	4,17,296.29	2,82,597.84	20,485.03	3,03,082.87
Subordinated Liabilities	245.14	19,986.71	20,231.85	247.60	19,986.64	20,234.24
Sub total	**5,21,722.05**	**4,14,171.95**	**9,35,894.00**	**4,25,654.01**	**2,92,459.48**	**7,18,113.49**
Non-Financial liabilities						
Current tax liabilities (Net)	2,699.32	-	2,699.32	2,427.98	-	2,427.98
Provisions	621.60	309.60	931.20	652.15	401.14	1,053.29
Other non-financial liabilities	598.06	-	598.06	531.06	-	531.06
Sub total	**3,918.98**	**309.60**	**4,228.58**	**3,611.19**	**401.14**	**4,012.33**
Total Liabilities	**5,25,641.03**	**4,14,481.55**	**9,40,122.58**	**4,29,265.20**	**2,92,860.62**	**7,22,125.82**

NOTE 40 LITIGATION

The Company does not have any material litigations pending aginst it as at March 31, 2023 and March 31, 2022 which would impact its financial position.

NOTE 41 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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

A. Information about reportable segments

(Amount in lakhs)

For the year ended March 31, 2023	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	32,331.92	50,188.21	49.53	45,315.08	**127,884.74**	-	-	**127,884.74**
Inter-segment revenue	-	-	-	-	-	-	(37,005.78)	**(37,005.78)**
Total Revenue	**32,331.92**	**50,188.21**	**49.53**	**45,315.08**	**127,884.74**	**-**	**(37,005.78)**	**90,878.95**
Segment results / Profit before Tax								
Segment assets	12,676.45	27,297.71	(103.41)	6,465.73	**46,336.49**	(623.85)	-	**45,712.64**
Segment liabilities	590,929.75	615,571.56	142.49	9,871.39	**1,216,515.21**	3,268.61	-	**1,219,783.81**
Other disclosures	463,028.25	466,696.03	178.17	4,592.61	**934,495.05**	5,627.52	-	**940,122.57**
Depreciation and amortization	95.67	107.99	1.56	0.21	**205.44**	3.10	-	**208.54**
Capital expenditure	9.93	63.54	-	-	**73.47**	0.17	-	**73.64**

(Amount in lakhs)

For the year ended March 31, 2022	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	33,051.66	46,418.84	3,043.87	42,252.73	**124,767.10**	-	-	**124,767.10**
Inter-segment revenue	-	-	-	-	-	-	(35,335.93)	**(35,335.93)**
Total Revenue	**33,051.66**	**46,418.84**	**3,043.87**	**42,252.73**	**124,767.10**	**-**	**(35,335.93)**	**89,431.17**
Segment results / Profit before Tax	16,261.71	31,267.00	1,434.69	7,382.67	**56,346.07**	(3,133.74)		**53,212.33**
Segment assets	365,341.64	571,489.33	16,189.99	11,222.56	**964,243.52**	4,120.27	-	**968,363.79**
Segment liabilities	272,953.38	431,725.28	8,058.20	4,541.54	**717,278.40**	4,847.42	-	**722,125.82**
Other disclosures								
Depreciation and amortization	96.01	117.51	2.42	0.36	**216.30**	5.46	-	**221.76**
Capital expenditure	40.12	41.73	0.41	-	**82.26**	16.52	-	**98.78**

NOTE 42 INTEREST IN ASSOCIATE AND JOINT VENTURE

Below is Associate and joint venture of the Group

Name of entity	Relationship (Associate/ Joint Venture)	Principal place of business	Accounting Method	Ownership interest	
				As at 31st March, 2023	As at 31st March, 2022
Phoenix ARC Private Limited	Associate	Mumbai	At Cost	30.00%	30.00%

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

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 Statement of profit and Loss under the head "Rent and Electricity Expenses" amounting to ₹ 507.94 lakhs (Previous year. ₹ 511.14 lakhs).

NOTE 45 a. 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 45 b. The Company has not guaranteed any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties, either severally or jointly with any other person, that are repayable on demand; or without specifying any terms or period of repayment.

Note 45 c. The Company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

Note 45 d. The title deeds of immovable properties included in property, plant and equipment and intangible assets are held in the name of the Company. The Company has not revalued any of its property, plant and equipment and intangible assets.

Note 45 e. The Company has obtained various borrowings from banks/ FI on basis of security of current assets wherein the quarterly returns/ statements of current assets as filed with banks/ FI are in agreement with the books. The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. The company is not declared as willful defaulter by any bank or financial Institution or other lender as at 31 March 2023.

Note 45 f.

a) The company has not advanced / loaned / invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

  (I) directly or indirectly lend / invest in other person or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries)

  (II) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall:

  (I) directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries")

  (II) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note 45 g. No transactions have taken place with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the year 31 March 2023.

Note 45 h. There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

Note 45 i. The company has complied with the number of layers prescribed u/s (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. There are no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 as at 31 March 2022.

Note 45 j. There are no transactions that are not recorded in the books of accounts which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

Note 45 k. No crypto/ virtual currency was traded/ invested during the year. No deposits/advances were received from any person for the purpose of trading / investing in crypto currency during the year.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 46 SEBI DISCLOSURE

Note 46.01 Initial Disclosure in terms of Chapter XII of circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10 2021 (updated as on April 13, 2022) - Annexure A

Sr. No.	Particulars	Details
1	Name of the company	Kotak Mahindra Investments Limited
2	CIN	U65900MH1988PLC047986
3	Outstanding borrowing of company as on March 31, 2023	₹ 9568.43 Crores*
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	"NCD: CRISIL AAA/Stable NCD Tier II: CRISIL AAA/Stable and ICRA AAA CP. CRISIL A1+, ICRA A1+ and IND A+ 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 Chapter XII of SEBI Operational circular dated August 10, 2021.

Signatories name

Rajeev Kumar
Company Secretary

Jay Joshi
Chief Financial officer

Date – April 25, 2023

* Face Value of Debenture and CPs and Principal Outstanding in case of Loans/ICDs

- *In terms paragraph of 2.2(d) of the circular, beginning FY 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 46.02. Annual Disclosure to be made by an entity identified as Large Entities under Chapter XII of circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10 2021 (updated as on April 13, 2022) read with circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/049 dated March 31, 2023 (Annexure B2)

Sr. No.	Particulars	Details
1	Name of the company	Kotak Mahindra Investments Limited
2	CIN	U65900MH1988PLC047986
3	Report filed for FY (T)	2022-2023
4	Details of Current Block:	
i)	3-year block period (Specify financial years)	FY -2020-2021, FY -2021-2022, FY- 2022-2023
ii)	Incremental borrowing done in FY (T) (a)	₹ 3489.68 Crores
iii)	Mandatory borrowing to be done through debt securities in FY (T) (b) = (25% of a)	₹ 872.42 Crores
iv)	Actual borrowing done through debt securities in FY (T) (c)	₹ 2515.10 Crores
v)	Shortfall in the borrowing through debt securities, if any, for FY (T-1) carried forward to FY (T). (d)	NIL
vi)	Quantum of (d), which has been met from (c) (e)	NIL
vii)	Shortfall, if any, in the mandatory borrowing through debt securities for FY (T) {after adjusting for any shortfall in borrowing for FY (T-1) which was carried forward to FY (T)} (f)= (b)-[(c)-(e)] {If the calculated value is zero or negative, write "nil"}	NIL
5	Details of penalty to be paid, if any, in respect to previous block (all figures in ₹ crore):	
i)	3-year block period (Specify financial years)	FY -2020-2021, FY -2021-2022, FY- 2022-2023
ii)	Amount of fine to be paid for the block, if applicable Fine = 0.2% of {(d)-(e)}	NIL

Signatories name

Rajeev Kumar
Company Secretary
Date – April 25, 2023

Jay Joshi
Chief Financial officer

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 46.03 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 34)

Particulars	As at 31st March, 2023	As at 31st March, 2022
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 ₹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. The assets of the Company provide coverage of 1.42 times of the interest and principal amount, which is in accordance with the terms of issue/ debenture trust deed

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 46.04 Disclosures under Listing Agreement for Debt Securities

Disclosure in compliance with Regulation 52(4) of Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015

Sr. No.	Particulars	Ratio
a)	Debt Equity Ratio*	3.32:1
b)	Debt Service Coverage Ratio	Not applicable
c)	Interest Service Coverage Ratio	Not applicable
d)	Outstanding Reedemable Preference Shares(Quantity and value)	Nil
e)	Capital redemption reserve/ Debenture redemption reserve	Capital redemption reserve: ₹ 1,003.85 Lakhs Debenture redemption reserve is not required in respect of privately placed debentures in terms of rule 18(7)(b)(ii) of Companies(Share capital and debentures) Rules ,2014
f)	Net Worth	₹ 27,9661.20 Lakhs
g)	Net Profit after Tax	₹ 34,001.45 Lakhs
h)	Earning per share	Basic & Diluted - ₹ 604.73
i)	Current Ratio	0.98:1
j)	Long term debt to working capital ratio	(32.93):1
k)	Bad Debt to account receivable ratio	0%
l)	Current Liability Ratio	55.91%
m)	Total Debt to Total assets*	76.10%
n)	Debtors Turnover	Not Applicable
o)	Inventory Turnover	Not Applicable
p)	Operating Margin(%)*	48.75%
q)	Net profit Margin(%)*	37.41%
r)	Sector Specific equivalent ratios such as	
	(i) Stage III ratio*	1.21%
	(ii) Provision coverage Ratio*	53.18%
	(iii) LCR Ratio	91.61%
	(iv) CRAR	28.61%

*Formula for Computation of Ratios are as follows :-

(i)	Debt Equity Ratio	(Debt Securites+Borrowing other than Debt Securities+Subordinate Liabilities)/(Equity Share Capital+Reserve and Surplus)
(ii)	Total Debt to Total assets	(Debt Securites+Borrowing other than Debt Securities+Subordinate Liabilities)/Total assets
(iii)	Operating Margin	(Profit before tax+Impairment on financial instruments)/Total Income
(iv)	Net profit Margin	Profit after tax/Total Income
(v)	Stage III ratio	Gross Stage III assets/Total Gross advances and credit Substitutes
(vi)	Provision coverage Ratio	Impairment loss allowance for Stage III/Gross Stage III assets

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 47 DISCLOSURES AS REQUIRED BY THE NBFC MASTER DIRECTIONS ISSUED BY RBI

Note 47.01 Capital to Risk Weighted Assets Ratio (CRAR) *

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
1.0	CRAR (%)	28.61%	34.17%
2.0	CRAR - Tier I Capital (%)	27.32%	31.87%
3.0	CRAR - Tier II Capital (%)	1.29%	2.30%
4.0	Amount of subordinated debt raised as Tier-II capital	11,117.88	15,165.63
5.0	Amount raised by issue of Perpetual Debt Instruments	-	-

**For the purpose of calculating Capital Risk Adequacy Ratio (CRAR), Reserve Bank of India (RBI) vide their letter dated Januray 7, 2021 directed Company to include balance in current account with Kotak Mahindra Bank Limited (Kotak Bank) in 'Receivable from Group Companies' instead of 'Bank Balances'. Company has represented to RBI to reconsider this direction as current account is maintained for carrying out normal banking operation in ordinary course of business. Pending decision on its representation, company has included balance in current account with Kotak Bank in 'Bank Balances'.*

Note 47.02 Investments

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
1.0	**Value of Investments**		
1.1	**Gross Value of Investments:**	**249,266.83**	**259,771.55**
i	In India	249,266.83	259,771.55
ii	Outside India,		-
1.2	**Provisions for Depreciation:**	**50.56**	**156.55**
i	In India	50.56	156.55
ii	Outside India,	-	-
1.3	**Net Value of Investments**	**249,216.27**	**259,615.00**
i	In India	249,216.27	259,615.00
ii	Outside India,	-	-
2.0	**Movement of provisions held towards depreciation on investments**		
2.1	**Opening balance**	**156.55**	**342.58**
2.2	Add : Provisions made during the year	15.86	156.55
2.3	Less : Write-off / write-back of excess provisions during the year	(121.85)	(342.58)
2.4	**Closing balance**	**50.56**	**156.55**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 47.03 Derivatives

47.03.1. Forward Rate Agreement / Interest Rate Swap

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	The notional principal of swap agreements	35,000.00	-
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 derivative liability	94.93	-

47.03.2. Exchange Traded Interest Rate (IR) Derivatives

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
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)	-	-

47.03.3. Disclosures on Risk Exposure in Derivatives

The Company did not have any open interest in derivative contracts during the current year.

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who have banking relationship with the Company. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled.

47.03.4. Quantitative Disclosures

(Amount in lakhs)

S. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
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	-	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 47.04 Disclosures relating to Securitisation

47.04.1. 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, 2023
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	
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

47.04.2. Details of Assignment transactions undertaken by applicable NBFCs

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
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	-	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 47.04 Disclosures relating to Securitisation

47.04.3. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction.

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
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	-	-

47.04.4. Details of non-performing financial assets purchased / sold - Nil (Previous year Nil)

Note 47 Disclosures as required by the NBFC Master Directions issued by RBI

Note 47.05 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2023

(Amount in lakhs)

Particulars	1 day -7 Days	8 days-14 Days	15 days -1 month	Over 1 month upto 2 Months	Over 2 months upto 3 Months	Over 3 months upto 6 Months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits											
Advances	2,685.12	274.33	3,375.72	7,756.50	66,096.02	81,566.39	1,36,298.41	5,42,335.42	92,533.29	10,590.22	9,43,511.42
Investments	1,99,014.07	-	76.86	73.66	10,911.76	3,030.18	17,821.01	8,557.06	2,400.00	7,382.23	2,49,266.83
Borrowings	10,587.74	490.51	24,947.90	41,508.32	59,072.65	53,547.45	3,29,875.87	3,25,837.47	82,328.48	-	9,28,196.39
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2022

(Amount in lakhs)

Particulars	1 day -7 Days	8 days-14 Days	15 days -1 month	Over 1 month upto 2 Months	Over 2 months upto 3 Months	Over 3 months upto 6 Months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits											-
Advances	3,377.35	1,208.35	3,554.68	10,252.29	25,291.66	46,117.80	1,88,095.11	3,14,852.83	60,731.52	23,853.85	6,77,335.44
Investments	1,97,522.06	-	7,667.67	6,152.04	198.38	2,252.90	5,783.98	20,358.68	12,766.67	7,069.17	2,59,771.55
Borrowings	52,052.79	27,500.00	24,993.41	61,741.55	51,256.43	57,575.36	1,83,055.12	2,72,449.51	19,986.65	-	7,16,604.14
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.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 47 Disclosures as required by the NBFC Master Directions issued by RBI

Note 47.06 Exposures

47.06.1. Exposure to Real Estate Sector:

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
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;**	472,007.57	400,762.11
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	**472,007.57**	**400,762.11**

***Includes Unsecured Loans to Real Estate Sector of ₹ 23,208.99 lakhs (Previous year. ₹ 17,490.74 lakhs)*

47.06.2. Exposure to Capital Market

(Amount in lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
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	12,016.56	32,502.68
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	24,525.35	51,362.90
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	2,096.45	9,591.82
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	41,739.04	-
1.7	Bridge loans to companies against expected equity flows / issues	-	-
1.8	All exposures to Venture Capital Funds (both registered and unregistered)	689.71	3.14
	Total	**81,067.11**	**93,460.54**

47.06.3. Financing of parent company products : Nil (Previous year Nil)

47.06.4. Disclosure in respect of exposure where details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) has exceeded : Nil (Previous year Nil)

47.06.5. 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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 47 Disclosures as required by the NBFC Master Directions issued by RBI

Note 47.07 Registration obtained from other financial sector regulators: Nil

Note 47.08 Disclosure of Penalties imposed by RBI and other regulators: Nil (Previous year Nil)

Note 47.09 Related Party Transactions

47.09.1. Details of all material transactions with the related parties

Refer Note No. 34

47.09.2. 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 47.10 Ratings assigned by credit rating agencies and migration of ratings during the year

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
CRISIL	Long Term Rating for Non-Convertible Debentures aggregating ₹68 billion	"CRISIL AAA/stable"	2/3/2023	Till Date
CRISIL	Long Term Rating for Bank Lines (Overdraft) aggregating ₹ 35 billion	"CRISIL AAA/stable"	2/3/2023	Till Date
CRISIL	Long Term Rating for Subordinated Debt aggregating ₹ 2 billion	"CRISIL AAA/stable"	2/3/2023	Till Date
CRISIL	Long Term Rating for Principal Protected Market Linked Debentures aggregating ₹ 10 billion	CRISIL PPMLD AAA/ Stable	2/3/2023	Till Date
CRISIL	Short Term Debt Programmed (including Commercial Paper) for ₹ 70 billion	"CRISIL A1+"	2/3/2023	Till Date
CRISIL	Short Term Debt Programmed (including Commercial Paper) for ₹ 35 billion	"CRISIL A1+"	2/3/2023	Till Date
ICRA	Long Term Rating for Subordinated Debt aggregating ₹ 2 billion	ICRA AAA/stable"	3/3/2023	
ICRA	Short Term Debt Programmed (including Commercial Paper) for ₹ 70 billion	"ICRA A1+"	3/3/2023	Throughout the life
India Rating	Short Term Debt Programmed (including Commercial Paper) for ₹ 80 billion	India Rating A1+	24/03/2023	Till Date

Note 47.11 Remuneration of Directors

The details of transaction with Non-Executive Independent Directors are as below:

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Directors' Sitting Fees	29.30	18.00
Commission to Directors	27.50	20.00

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 47.12 Provisions and Contingencies

Break up of 'Provisions and Contingencies' (including write – offs; net of write-backs) shown under the head Expenditure in Statement of profit and loss:

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Provisions / (write back) for depreciation on Investment measured at FVOCI	-	-
Provisions / (write back) for depreciation on Investment measured at Amortised cost	(106.00)	(186.03)
Provision made towards Income tax (including Deferred Tax)	11,711.21	13,597.28
Other Provision and Contingencies (with details)	-	-
ECL on Stages 1 and 2 Loans and other financial assets	(1,800.59)	(5,165.48)
ECL on Stages 3 Loans and other financial assets	493.41	75.41

Note 47.13 Draw Down from Reserves

There was no draw down from reserves during the financial year. (Previous year Nil)

Note 47 Disclosures as required by the NBFC Master Directions issued by RBI

Note 47.14 Concentration of Deposits, Advances, Exposures and NPAs

47.14.1. Concentration of Advances

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Total Advances to twenty largest borrowers / customers	386,768.85	290,440.50
%age of Advances to twenty largest borrowers / customers to Total Advances of the company on borrowers / customers	39%	40%

47.14.2. Concentration of Exposure*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Total Exposure to twenty largest borrowers / customers	422,896.63	320,503.77
%age of Exposures to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers	**37%**	**35%**

* Exposures refers to higher of sanctioned limits or outstanding. Sanctioned limits are unconditionally cancellable at any time by the company without prior notice.

47.14.3. Concentration of NPAs

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Total Exposure to top four NPA accounts	8,583.07	6,913.67

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

47.14.4. Sector-Wise NPAs %age to Total Advances in That Sector*

Particulars	As at March 31, 2023**	As at March 31, 2022**
Agriculture & allied activities		
MSME		
Corporate borrowers	1.02%	0.93%
Services		
Unsecured personal loans		
Auto loans		
Other personal loans	1.83%	2.26%

* 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 47.15 Movement of NPAs*

(Amount in lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Net NPAs to Net Advances (%)	0.57%	0.55%
Movement of NPAs (Gross)		
Opening balance	**8,871.05**	**7,755.11**
Additions during the year	4,521.10	3,557.32
Reductions during the year	(1,534.17)	(2,441.38)
Closing balance	**11,857.98**	**8,871.05**
Movement of Net NPAs		
Opening balance	**3,847.07**	**3,369.79**
Additions during the year	2,798.23	2,299.60
Reductions during the year	(1,092.91)	(1,822.31)
Closing balance	**5,552.39**	**3,847.07**
Movement of ECL on NPA Cases		
Opening balance	**5,023.97**	**4,385.32**
Provisions made during the year	1,722.88	1,257.72
Write-off / write-back of excess provisions	(441.26)	(619.07)
Closing balance	**6,305.59**	**5,023.97**

* Financial assets in Stage 3 as per Ind AS 109 are classified as NPA

Note 47.16 Overseas Assets: Nil

Note 47.17 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil

Note 47.18 Customer Complaints

Particulars	As at 31st March, 2023	As at 31st March, 2022
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	5	1
No. of complaints redressed during the year	5	1
No. of complaints pending at the end of the year	-	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 47 Disclosures as required by the NBFC Master Directions issued by RBI

Note 47.19 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 #	490,668.25	-
	Debentures: Unsecured #	20,231.85	-
b	Deferred Credits	-	-
c	Terms Loans#	132,155.56	-
d	Inter-corporate loans and borrowing	26,096.76	-
e	Commercial Paper	144,781.74	-
f	Public Deposits	-	-
g	Other Loans – Secured Overdfraft facility from Bank#	114,262.23	-

Secured by way of pledge of securities and/or mortgage of property and/ or hypothecation of receivables and/ or undertaking to create a security.

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 3.0) below:**	
a	Secured	750,750.46
b	Unsecured	192,760.96
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	5,865.62
b	Preference	-
ii	Debentures and Bonds	25,316.24
iii	Units of Mutual Funds	-
iv	Government Securities	149,605.15
v	Others (please specify)	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Sr No	Particulars	Amount Outstanding
4.2	Unquoted:	
i	Shares:	
a	Equity	-
b	Preference	-
ii	Debentures and Bonds	729.71
iii	Units of Mutual Funds	45,006.87
iv	Government Securities	-
v	Treasury Bills	4,402.06
	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	6,150.94
b	Preference	0.14
ii	Debentures and Bonds	10,934.04
iii	Units of Mutual Funds	-
iv	Government Securities	-
v	Others - Venture Funds	1,256.06

(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	744,792.89	188,746.03	933,538.92
	Total	**744,792.89**	**188,746.03**	**933,538.92**

* As per Indian Accounting Standard issued by MCA (Please see Note b)

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(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	2,43,315.35	2,43,115.77
	Total	**2,49,415.85**	**2,49,216.27**

* As per Indian Accounting Standard issued by MCA (Please see Note b)

(Amount in lakhs)

Sr No	Particulars	Amount
7.0	**Other information:**	
i	**Gross Non-Performing Assets @**	
a	Related parties	**-**
b	Other than related parties	11,857.98
ii	**Net Non-Performing Assets @**	
a	Related parties	**-**
b	Other than related parties	5,552.39
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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

NOTE 47.20 DISCLOSURE REQUIRED BY RESERVE BANK OF INDIA ON LIQUIDITY RISK UNDER LIQUIDITY RISK MANAGEMENT FRAMEWORK

47.20.01 Liquidity Coverage Ratio (LCR)

(Amount in lakhs)

S. No.	Particulars	Average Q1 2022-23		Average Q2 2022-23		Average Q3 2022-23		Average Q4 2022-23	
		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA)	1,53,964.77	1,53,964.77	1,50,354.67	1,50,354.67	1,63,846.44	1,63,846.44	1,54,091.88	1,54,091.88
	Cash Outflow:								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	45,500.00	52,325.00	13,333.33	15,333.33	22,166.67	25,491.67	18,201.11	20,931.28
4	Secured wholesale funding	3,066.67	3,526.67	25,833.33	29,708.33	12,383.33	14,240.83	12,726.66	14,635.66
5	Additional requirements, of which:								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	340.38	391.44	2,687.56	3,090.69	2,845.00	3,271.75	2,237.85	2,573.53
7	Other contingent funding obligations	1,42,122.13	1,63,440.45	1,62,540.00	1,86,921.00	1,49,328.20	1,71,727.43	1,54,487.00	1,77,660.00
8	**Total Cash Outflow**	**1,91,029.18**	**2,19,683.56**	**2,04,394.22**	**2,35,053.35**	**1,86,723.20**	**2,14,731.68**	**1,87,652.62**	**2,15,800.47**
	Cash Inflows:								
9	Secured lending	14,983.35	11,237.51	16,398.33	12,298.75	11,540.42	8,655.32	25,747.50	19,310.63
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows:	39,640.96	29,730.72	45,301.33	33,976.00	18,146.80	13,610.10	37,702.09	28,276.57
12	**Total Cash Inflow**	**54,624.31**	**40,968.23**	**61,699.66**	**46,274.75**	**29,687.22**	**22,265.42**	**63,449.59**	**47,587.20**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		1,53,964.77		1,50,354.67		1,63,846.44		1,54,091.88
14	Total Net Cash Outflows		1,78,715.33		1,88,778.60		1,92,466.26		1,68,213.27
15	**Liquidity Coverage Ratio % ***		**86.15%**		**79.65%**		**85.13%**		**91.61%**

* Reserve Bank of India (RBI) has made maintenance of Liquidity Coverage Ratio (LCR) in form of High Quality Liquid Assets (HQLA) like government securities, highly rated non-financial corporate bonds and listed equity investments applicable from 1st Dec 2020. Prior to 1st Dec 2020, the Company was maintaining sufficient liquid surplus to meet its short-term liquidity requirements in form of Bank Fixed Deposits and Overnight/Liquid Mutual Funds.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

47.20.02. Qualitative disclosure around LCR

Liquidity Coverage Ratio (LCR) is aimed at measuring and promoting short-term resilience of Company to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. The ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator.

HQLA has been divided into two parts i.e. Part A: Assets to be included as HQLA without any haircut i.e. cash, government securities etc. and Part B: Assets to be considered for HQLA with haircuts (ranging 15% to 50%) which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off balance sheet commitments by the outflow run-off rates. Cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in as prescribed by the regulator.

The LCR requirement has been introduced in a phased manner with Company required to maintain minimum LCR of 30% from 1 Dec 2020 eventually increasing to 100% by 1 December 2024. The Company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold. Apart from LCR, company also uses various stock liquidity indicators to measure and monitor the liquidity risk in terms of funding stability, concentration risk etc.

Asset Liability Committee (ALCO) of the Company is the primary governing body for Liquidity Risk Management supported by Risk Management Department (RMD), Finance and ALCO Support Group. Treasury is the central repository of funds within the Company and is vested with the responsibility of managing liquidity risk within the risk appetite of the Company.

47.20.03. Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr No.	Number of Significant Counterparties *	Amount (₹ Lakhs)	% of Total deposits	% of Total Liabilities
1	23	747,893.33	0%	80%

* 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

47.20.04. Top 20 large deposits Nil (Previous year Nil)

47.20.05. Top 10 Borrowings

		(Amount in lakhs)
1	Top 10 Borrowings	578,233.33
2	% age of Total Borrowings	60%

47.20.06. Funding Concentration based on significant instrument/product

Sr No.	Name of Significant Instrument / Product *	Amount (₹ Lakhs)	% of Total Liabilities**
1	Non-Convertible Debenture	516,410.00	55%
2	Commercial Paper	149,200.00	16%
3	Bank Borrowing	245,733.33	26%
4	Inter Corporate Deposit	25,500.00	3%
5	Subordinated Debt	20,000.00	2%
	Total	**956,843.33**	**102%**

* A "significant instrument/product" is defined as a single instrument/product or group of similar instruments/products which in aggregate amount to > 1% of total liabilities.

** Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

47.20.07. Stock Ratios:

Sr No.	Instrument/Product	%age of		
		Total Public Funds	Total Liabilities	Total Assets
1	Commercial Papers	15%	15%	12%
2	Non Convertible Debentures (Original Maturity of Less than One Year)	0%	0%	0%
3	Other Short Term Liabilities	12%	12%	9%
4	Inter Corporate Deposits (short term borrowings)	2%	2%	1%

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

47.20.08. Institutional set-up for liquidity risk management

The Company's ALCO monitors asset liability mismatches to reduce imbalances on its Balance Sheet. The Company continuously monitors liquidity in the market; and as a part of its ALM strategy, the Company maintains a liquidity buffer to reduce this risk. In a normal economic scenario liquidity buffer (primarily in the form Bank deposits, MFs) of 1 to 2 months of debt repayment is maintained by the Company. During the year, amidst pandemic, the Company maintained significantly higher amount of liquidity buffer to safeguard itself against any potential significant liquidity disruption event.

RBI vide Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 has come up with guidelines on liquidity risk framework for NBFCs. It covers various aspects of liquidity risk management in NBFCs such as granular level classification of buckets in structural liquidity statement and tolerance limits thereupon, liquidity risk management tools and principles. The Company has formulated a policy on Liquidity Risk Management Framework which covers liquidity risk management, maintaining LCR, stress testing, contingency funding plan, maturity profiling and liquidity risk measurement – stock approach, interest Rate Risk and liquidity risk monitoring tools.

NOTE 48 DISCLOSURES AS REQUIRED BY THE MASTER DIRECTION –MONITORING OF FRAUDS IN NBFCS ISSUED BY RBI DATED 29 SEPTEMBER 2016 - There are no cases which has been identified as Fraud.

NOTE 49 DISCLOSURE REGARDING RESOLUTION FRAMEWORK FOR COVID-19-RELATED STRESS

Type of Borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, Including between Invocation of plan & implementation	Increase in provisions on account of the implementation of the resolution plan
	(A)	(B)	(C)	(D)	(E)
Personal Loans	-	-	-	-	-
Corporate persons*	1.00	2,600.28	-	-	440.69
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**1.00**	**2,600.28**	**-**	**-**	**440.69**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Note 50 Disclosure under Guidance Note on Implementation of Indian Accounting Standards by Non-Banking Financial Companies and Asset Reconstruction Companies

Note 50.01: 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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 50.02: 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 March 31, 2023

(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	944,673.29	1,900.97	942,772.32	3,673.19	(1,772.22)
	Stage 2	23,948.41	1,816.45	22,131.96	832.40	984.05
Subtotal		**968,621.70**	**3,717.42**	**964,904.28**	**4,505.59**	**(788.17)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,877.26	807.68	2,069.58	410.23	397.45
Doubtful	Stage 3	4,642.24	1,535.10	3,107.14	1,485.63	49.47
Loss	Stage 3	4,338.48	3,962.81	375.67	1,943.16	2,019.65
Subtotal for NPA		**11,857.98**	**6,305.59**	**5,552.39**	**3,839.02**	**2,466.57**
Other items such as guarantees, loan commitments/unused Limits, 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	33,794.76	7.97	33,786.79	-	7.97
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	Stage 1	978,468.05	1,908.94	976,559.11	3,673.19	(1,764.25)
	Stage 2	23,948.41	1,816.45	22,131.96	832.40	984.05
	Stage 3	11,857.98	6,305.59	5,552.39	3,839.02	2,466.57
		1,014,274.44	**10,030.98**	**1,004,243.46**	**8,344.61**	**1,686.37**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

As at March 31, 2022

(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	670,957.51	2,295.64	668,661.87	2,678.12	(382.49)
	Stage 2	36,575.76	3,325.72	33,250.04	833.85	2,491.86
Subtotal		**707,533.27**	**5,621.36**	**701,911.91**	**3,511.97**	**2,109.37**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,014.97	623.82	1,391.15	289.19	334.63
Doubtful	Stage 3	3,778.36	1,322.43	2,455.93	1,348.21	(25.78)
Loss	Stage 3	3,077.72	3,077.72	-	1,573.63	1,504.09
Subtotal for NPA		**8,871.05**	**5,023.97**	**3,847.08**	**3,211.03**	**1,812.94**
Other items such as guarantees, loan commitments/unused Limits, 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	37,537.47	10.63	37,526.82	-	10.63
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Stage 1	708,494.98	2,306.27	706,188.71	2,678.12	(371.85)
Total	Stage 2	36,575.76	3,325.72	33,250.04	833.85	2,491.87
	Stage 3	8,871.05	5,023.97	3,847.08	3,211.03	1,812.94
		753,941.79	**10,655.96**	**743,285.83**	**6,723.00**	**3,932.96**

Note 51

The company has not transferred and acquired any loans directly to / from any lenders defined in RBI Master Direction on Transfer of Loan Exposure Directions, 2021

Note 52 Disclosure Required by Reserve Bank of India Direction DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19th April, 2022 on Notes to Accounts as per Scale Based Regulations

Note 52.01 Exposures

Note 52.01.1. Exposure to Real Estate Sector:

(Amount in lakhs)

Sr No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	**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 estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	472,007.57	400,762.11
1.3	Investment in Mortgage Backed Securities (MBS) and other securitised exposures	-	-
i	Residential,		
ii	Commercial Real Estate.		
2	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
	Total Exposure to Real Estate Sector	**472,007.57**	**400,762.11**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 52.01.2. Exposure to Capital Market

(Amount in lakhs)

Sr No.	Particulars	As at March 31, 2023	As at March 31, 2022
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	12,016.56	32,502.68
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	24,525.35	51,362.90
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	2,096.45	9,591.82
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	41,739.04	-
1.7	Bridge loans to companies against expected equity flows / issues	-	-
1.8	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
1.9	Financing to stockbrokers for margin trading		
1.10	"All exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III"	689.71	3.14
	Total exposure to capital market	**81,067.11**	**93,460.54**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 52.01.3 Sectoral Exposure

(Amount in lakhs)

Sectors	March 31, 2023			As at 31st March, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
i....	-	-	-	-	-	-
ii....	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total of Industry	**-**	**-**	**-**	**-**	**-**	**-**
(i+ii+...+Others)	-	-	-	-	-	-
3. Services						
i Commercial Real Estate	6,28,294.04	8,097.46	1.29%	5,46,925.72	5,793.32	1.06%
ii NBFCs	2,64,142.01	-	0.00%	1,70,551.53	-	0.00%
Others	-	-	-	-	-	-
Total of Services	**8,92,436.05**	**8,097.46**	**0.91%**	**7,17,477.25**	**5,793.32**	**0.81%**
(i+ii+...+Others)	-	-	-	-	-	-
4. Personal Loans						
i. Advances to Individuals against Shares, Bonds	5,319.17	2,308.67	43.40%	14,700.58	1,833.34	12.47%
ii. Other Retail loans	1,454.96	1,451.86	99.79%	1,258.51	1,244.38	98.88%
Others	-	-	-	-	-	-
Total of Personal Loans	**6,774.13**	**3,760.53**	**55.51%**	**15,959.09**	**3,077.72**	**19.29%**
(i+ii+...+Others)	-	-	-	-	-	-
5. Others, if any (please specify)						
i. Structured Advances	2,55,159.60	-	0.00%	1,64,108.51	-	0.00%
ii. Employee Loan	11.73	-	0.00%	5.22	-	0.00%
Total of Other Loans	**2,55,171.33**	**-**	**0.00%**	**1,64,113.73**	**-**	**0.00%**

Note 52.01.4 Intra-group Exposure

Name of Significant Instrument / Product *	March 31, 2023	March 31, 2022
i) Total amount of intra-group exposures	-	-
ii) Total amount of top 20 intra group exposures	-	-
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	-	-

Note 52.01.5 Unhedged foreign currency exposure - Nil

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 52.02 Related Party Disclosure

(Amount in lakhs)

Related Parties/ Items	Parent (as per ownership or control)		Subsidiaries		Associates/Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others*		Fellow Subsidiaries		Total	
	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022
-Kotak Mahindra Bank Limited																
Borrowings																
A. Outstanding at the year end	50,167.81	25,513.45	-	-	-	-	-	-	-	-	-	-	-	-	50,167.81	25,513.45
B. Maximum outstanding during the year	50,167.81	75,152.40	-	-	-	-	-	-	-	-	-	-	-	-	50,167.81	75,152.40
Placement of deposits (Term Deposit)																
A. Outstanding at the year end	47.10	45.05	-	-	-	-	-	-	-	-	-	-	-	-	47.10	45.05
B. Maximum outstanding during the year	1,40,645.96	1,82,043.46	-	-	-	-	-	-	-	-	-	-	-	-	1,40,645.96	1,82,043.46
Investments																
A. Outstanding at the year end	-	-	-	-	6,100.50	6,100.50	-	-	-	-	-	-	-	-	6,100.50	6,100.50
B. Maximum outstanding during the year	-	-	-	-	6,100.50	6,100.50	-	-	-	-	-	-	-	-	6,100.50	6,100.50
Interest paid (on borrowing)	1,724.92	1,028.07	-	-	-	-	-	-	-	-	-	-	-	-	1,724.92	1,028.07
Interest received (on Fixed Deposits)	474.87	475.96	-	-	-	-	-	-	-	-	-	-	-	-	474.87	475.96
Balance in current account	32,618.93	36,683.79	-	-	-	-	-	-	-	-	-	-	-	-	32,618.93	36,683.79
Equity Shares Held by Kotak Mahindra Bank Limited	562.26	562.26	-	-	-	-	-	-	-	-	-	-	-	-	562.26	562.26
Preference Shares Held by Kotak Mahindra Bank Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Contribution from parents	572.61	565.13	-	-	-	-	-	-	-	-	-	-	-	-	572.61	565.13
Others	90.09	128.87	-	-	-	-	-	-	-	-	-	-	-	-	90.09	128.87
Kotak Infrastructure Debt Fund Limited																
Others	-	-	-	-	-	-	-	-	-	-	-	-	0.70	1.49	0.70	1.49
Kotak General Insurance Company Limited																
Others	-	-	-	-	-	-	-	-	-	-	-	-	0.38	0.64	0.38	0.64
Kotak Mahindra Life Insurance Company Limited																
Others	-	-	-	-	-	-	-	-	-	-	-	-	7.49	10.55	7.49	10.55
Kotak Mahindra Prime Limited																
Others	-	-	-	-	-	-	-	-	-	-	-	-	127.12	19.51	127.12	19.51

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

(Amount in lakhs)

Related Parties/ Items	Parent (as per ownership or control)		Subsidiaries		Associates/Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others*		Fellow Subsidiaries		Total	
	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022
Kotak Securities Limited																
Non Convertible Debentures issued	-	-	-	-	-	-	-	-	-	-	-	-	18,191.33	18,194.67	18,191.33	18,194.67
Outstanding Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	175.24	-	175.24
Others													0.35	1.70		1.70
BSS Microfinance Limited																
Non Convertible Debentures issued	-	-	-	-	-	-	-	-	-	-	-	-	5,039.63	-	5,039.63	-
Mr. Amit Bagri																
Remuneration	-	-	-	-	-	-	344.19	323.52	-	-	-	-	-	-	344.19	323.52
Total	**86,258.58**	**65,002.58**	**-**	**-**	**6,100.50**	**6,100.50**	**344.19**	**323.52**	**-**	**-**	**-**	**-**	**23,367.00**	**18,403.80**	**1,16,069.92**	**89,830.40**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 52 Disclosure Required by Reserve Bank of India Direction DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19th April, 2022 on Notes to Accounts as per Scale Based Regulations

Note 52.03 Customer Complaints

Name of Significant Instrument / Product *		March 31, 2023	March 31, 2022
A)	Number of complaints pending at beginning of the year	-	-
B)	Number of complaints received during the year	5.00	1.00
C)	Number of complaints disposed during the year	5.00	1.00
	- Number of complaints rejected by the NBFC	-	-
D)	Number of complaints pending at the end of the year	-	-
Maintainable complaints received by the NBFC from Office of Ombudsman			
Number of maintainable complaints received by the NBFC from Office of Ombudsman		-	-
- Number of complaints resolved in favour of the NBFC by Office of Ombudsman		-	-
- Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman		-	-
- Number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC		-	-
Number of Awards unimplemented within the stipulated time (other than those appealed)		-	-

Note 52.04 Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
March 2023					
Loan and Advances	-	5	400%	-	4
Total	**-**	**5**		**-**	**4**
March 2022					
Levy of foreclosure charges	-	1	-75%	-	1
Total	**-**	**1**		**-**	**1**

Note 53 Disclosure Required by Reserve Bank of India Direction DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19th April, 2022 on Notes to Accounts as per Scale Based Regulations

Note 53.01 Corporate Governance

Note 53.01.1 Composition of the Board

(Amount in lakhs)

S No	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	DIN	Held	Attended	No. of other Directorships	Salary and other compensation	Sitting Fee	Commission	No. of shares held in and convertible instruments held in the NBFC
1	Mr. Uday Suresh Kotak	13.12.1996	Chairman - Non -Executive	00007467	21	17	7	-	-	-	Nil
2	Mr. Chandrashekhar Sathe	30.03.2015	Independent Director	00017605	21	16	5	-	10.30	10.00	Nil
3	Ms. Padmini Khare	17.08.2015	Independent Director	00296388	21	18	6	-	10.80	10.00	Nil
4	Mr. Phani Shankar	05.07.2022	Non-Executive Director	09663183	18	13	2	-	-	-	Nil
5	Mr. Paritosh Kashyap	09.12.2016	Non-Executive Director	07656300	21	16	2	-	-	-	Nil
6	Mr. Amit Bagri	01.07.2022	Executive Director (MD and CEO)	09659093	18	18	1	344.19	-	-	Nil
7	Mr. Paresh Parasnis	18.10.2022	Independent Director	02412035	11	11	3	-	7.20	5.00	Nil
8	Mr. Prakash Apte	13.02.2023	Independent Director	00196106	2	2	6	-	1.00	2.50	Nil

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Details of change in composition of the Board during the current and previous financial year.

S No	Name of Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	Nature of change (resignation, appointment)	Reason for Resignation	Effective Date
1	Mr. Arvind Kathpalia	Non-Executive Director	Resignation	Pre-occupation	01-04-2022
2	Mr. Rajiv Gurani	Non-Executive Director	Appointment	NA	04-04-2022
3	Mr. Phani Shankar	Executive Director	Appointment	NA	05-07-2022
4	Mr. Amit Bagri	Executive Director	Appointment	NA	01-07-2022
5	Mr. Rajiv Gurani	Non-Executive Director	Resignation	Personal	01-07-2022
6	Mr. KVS Manian	Non-Executive Director	Resignation	Personal	01-07-2022
7	Mr. Paresh Parasnis	Independent Director	Appointment	NA	18-10-2022
8	Mr. Prakash Apte	Independent Director	Appointment	NA	13-02-2023

Note 53.01.2 Committees of the Board and their compositions

Committees of the Board

S No	Name of Director
1	Audit Committee
2	Nomination and Remuneration Committee
3	Corporate Social Responsibility Committee
4	Stakeholders Relationship Committee
5	IT Strаregy
6	Risk Management Committee

Composition of Audit Committee

S No	Name of Director	(Audit Committee) Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Ms. Padmini Khare Kaicker	Since Formation	Independent	10	10	0
2	Mr. Chandrashekhar Sathe	Since Formation	Independent	10	10	0
3	Mr. Paresh Parasnis	20.10.2022	Independent	4	4	0
4	Mr. Phani Shankar	29.06.2022	Non-Executive	7	6	0

Composition of Nomination and Remuneration Committee

S No	Name of Director	(Nomination and Remuneration Committee) Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Ms. Padmini Khare Kaicker	Since Formation	Independent	4	4	0
2	Mr. Chandrashekhar Sathe	Since Formation	Independent	4	3	0
3	Mr. Paritosh Kashyap	29.06.2022	Non-Executive	1	1	0

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Composition of Corporate Social Responsibility Committee

S No	Name of Director	(CSR Committee) Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Paresh Parasnis	20.10.2022	Independent	1	1	0
2	Mr. Prakash Apte	20.03.2024	Independent	0	0	0
3	Mr. Paritosh Kashyap	Since Formation	Non-Executive	2	2	0
4	Mr. Amit Bagri	29.06.2022	Executive	2	2	0

Composition of Stakeholders Relationship Committee

S No	Name of Director	(Statkeholder Relationship Committee) Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Prakash Apte	20.03.2024	Independent	0	0	0
2	Mr. Paritosh Kashyap	20.03.2024	Non-Executive	0	0	0
3	Mr. Amit Bagri	20.03.2024	Executive	0	0	0

Composition of IT Strategy

S No	Name of Director	(IT Stratedy) Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Paresh Parasnis	20.10.2022	Independent	1	1	0
2	Mr. Prakash Apte	20.03.2023	Independent	0	0	0
3	Mr. Paritosh Kashyap	Since Formation	Non-Executive	2	2	0
4	Mr. Amit Bagri	29.06.2022	Executive	1	1	0

Composition of Risk Management Committee

S No	Name of Director	(Risk Management Committee) Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Chandrashekhar Sathe	Since Formation	Independent	4	1	0
2	Mr. Phani Shankar	29.06.2022	Non-Executive	4	3	0
3	Mr. Paritosh Kashyap	Since Formation	Non-Executive	4	4	0
4	Mr. Amit Bagri	29.06.2022	Executive	4	3	0

Note 53.01.3. General Body Meetings

S No	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	Annual General Meeting	Video Conferencing	Approval for issuing secured/unsecured non-convertible debentures on private placement basis in one or more series/tranches from time to time. Appointment of Mr. Phani Shankar as Director of the Company. Appointment of Mr. Amit Bagri as Director of the Company. Change of designation of Mr. Amit Bagri as Managing Director of the Company.
2	Extra Ordinary General Meeting	Video Conferencing	Appointment of Mr. Paresh Parasnis as an Independent Director

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2023

Note 53.01.4 Details of non-compliance with requirements of Companies Act, 2013 - Nil

Note 53.01.5 Details of penalties and strictures - Nil

Note 53.02 Breach of Covenant - Nil

Note 54 Disclosure Required by Reserve Bank of India Direction DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19th April, 2022 on Notes to Accounts as per Scale Based Regulations

Divergence in Asset Classification and Provisioning

a) The additional provisioning requirements assessed by RBI exceeds 5% of the reported profits before tax and impairment loss on financial instruments for the reference period

NIL

b) Additional Gross NPAs identified by RBI exceeds 5 percent of the reported Gross NPAs for the reference period*

Sr No	Particulars	Amount
1	Gross NPAs as on March 31, 2023 as reported by the NBFC	NIL
2	Gross NPAs as on March 31, 2023 as assessed by the Reserve Bank of India/ NHB	NIL
3	Divergence in Gross NPAs (2-1)	-
4	Net NPAs as on March 31, 2023 as reported by the NBFC	NIL
5	Net NPAs as on March 31, 2023 as assessed by Reserve Bank of India/ NHB	NIL
6	Divergence in Net NPAs (5-4)	-
7	Provisions for NPAs as on March 31, 2023 as reported by the NBFC	NIL
8	Provisions for NPAs as on March 31, 2023 as assessed by Reserve Bank of India/ NHB	NIL
9	Divergence in provisioning (8-7)	-
10	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31, 2023	NIL
11	Reported Net Profit after Tax (PAT) for the year ended March 31, 2023	NIL
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2023 after considering the divergence in provisioning	NIL

* March 31, 2022 is the close of the reference period in respect of which divergences were assessed

NOTE 55

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

For and on behalf of the Board of Directors

Amit Bagri
Managing Director and
Chief Executive Officer
DIN : 09659093

Paritosh Kashyap
Director
DIN : 07656300

Jay Joshi
Chief Financial Officer
Membership No.: 113701

Rajeev Kumar
Company Secretary
Membership No.: A15031

Date and Place: May 26, 2023, Mumbai

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Bandra (E), Mumbai - 400 051
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Kotak Mahindra Bank Website: www.kotak.com

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