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Kotak Mahindra Investments Limited

Annual Report 2020-21

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Independent Auditors' Report

To The Members Of Kotak Mahindra Investments Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Kotak Mahindra Investments Limited (hereinafter referred to as the 'Holding Company") and its associate (refer Note 1.2 D to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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 prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Holding Company and its associate as at March 31, 2021, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis of Opinion

3. We conducted our audit in 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 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 sub-paragraph 17 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

4. We draw attention to Note 1.2 E XIII to the consolidated financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

5. The following Emphasis of Matter was included in the audit report dated April 24, 2021, containing an unmodified audit opinion on the consolidated financial statements of Phoenix ARC Private Limited, an associate of the Holding Company issued by an independent firm of Chartered Accountants and reproduced by us as under:

   We also draw attention to Note XIII of the notes to accounts of the accompanying consolidated Ind AS financial statements which describes the uncertainties arising from COVID-19 pandemic on the Group's operations and recoverability of its assets. Our opinion is not modified in this matter.

   Note XIII as mentioned above corresponds to note 46 D of the consolidated financial statements

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
I. Expected Credit Loss (ECL) provision in respect of Loans (refer Note 1.4 C for accounting policy and Note 5 and 6 for ECL provision) As detailed in Note 5 and 6, the Holding Company has loans and investments carried at amortised cost amounting to ₹ 635,991.57 lakh and ₹ 39,781.78 lakh respectively as at March 31, 2021. The Holding Company holds ECL provision of ₹ 15,008 lakh and ₹ 342.58 lakh against such loans and investments respectively. As discussed in note 1.4 C, ECL provision has been determined in accordance with Ind AS 109 - Financial Instruments and is significant to the financial statements. We focused on this area as determining ECL provision requires significant judgements by the management. Key areas of judgement included: – Assumptions used in the expected credit loss provision such as the financial condition of the counterparty, probability of default, expected future cash flows, expected loss in case or default. – The identification of exposures with a significant increase in credit risk from initial recognition of loans.	We carried out following procedures in respect to ECL provision: – held discussions with management and obtained understanding of significant assumptions like probability of default, loss given default and exposure at default used for making assessment of ECL provision. – Understood from the management and evaluated the design and tested operating effectiveness of controls in respect of significant assumptions like probability of default, loss given default and exposure at default including appropriate approvals and mathematical accuracy, which are used in making the assessment of ECL provision. – Involved auditor's expert to assess the appropriateness of the assumptions and judgement made by management used to calculate ECL provision. – Traced key data inputs used to compute the ECL provision on a sample basis to assess their accuracy and completeness. – Ensured mathematical accuracy of the ECL provision by performing recalculations on sample basis. – Assessed the adequacy of the disclosures in the financial statements. Based on above audit procedures performed, we did not note any significant exceptions to Expected Credit Loss (ECL) provision in respect of financial assets.
II. Appropriateness of the recognition of Interest Income following Effective Interest Rate Approach (Refer Note 5 and 21 of the financial statements) The Company has the interest income based on effective interest rate (EIR) approach. The total interest income recognised on loans in current year under EIR accounting is ₹ 63,859.23 lakh. For computation of EIR, the Company has identified the cost and revenue (called as EIR component) which directly attributed to the respective loan account. The Company has followed two approaches for treating the EIR component for the respective loans. In ease of loans which are having revolving facility, the identified EIR component is amortised over the tenure of the respective loans on straight line basis and in case of fixed period loan, the EIR component is amortised on the basis of effective interest rate over the period of the respective loans. Key inputs used in the computation of EIR, in case of fixed period loan, is impacted by the management's assumptions in respect of timing of future cash outflow (i.e. disbursement of loans). Given the inherent subjectivity in the assumptions and the nature and ex-tent of audit procedures involved, we determined this to be a key audit matter.	We carried out following procedures in respect income recognition as per EIR approach — – Understood from the management and tested the design and operating effectiveness of the key controls surrounding the calculations of EIR and computation of interest income based on the same. – For selected samples, assessed the reasonableness of key assumptions / inputs used in assessing the customers' behavior which is used for estimating future cash out flows (i.e. disbursement of loans) in case of fixed period loan. – For selected samples, tested the arithmetical accuracy of the calculation of EIR and amortisation of interest income, over the period of the loan. – Assessed the adequacy of the disclosures in the financial statements. Based on available evidence and above procedures performed, we did not find any material exceptions to the recognition of interest income following EIR approach.

7. The following Key audit matters were included in the audit report dated April 24, 2021 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:

Key audit matter	How our audit addressed the key audit matter
(a) Impairment of financial instruments (loans, trade receivables and advance recoverable from trust) (Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the consolidated Ind AS financial statements)	
Loans, trade receivables (majorly management fee receivable) and advance recoverable from trust amount to ₹ 6,176.33 lacs (net of impairment provision) as disclosed in the consolidated Ind AS financial statements as at March 31, 2021. Ind AS 109 Financial instruments (Ind AS 109) requires the Group to provide for impairment of its financial instruments (designated as amortised 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 recoverable from trust under homogenous pools in order to determine probability of default (PD) on a collective basis. b) Determining the staging of loans, trade receivables and advance recoverable from trust c) Determining effect of past defaults on future probability of default. d) Estimation of management overlay for macro-economic factors which could impact the ECL provisions. e) Estimation of loss given default (LGD) based on past recovery rates Further, in light of the business disruption caused due to the COVID-19 situation, the management has done an assessment of the impact on the ECL on the above mentioned financial assets. The management has used certain statistical assumptions/models to stress test the PDs and the LGDs derived from its model to arrive at a probable impact on COVID-19 on the ECL provision. These assumptions and judgements used have an inherent uncertainty of the actual impact of COVID-19 and the impact may be different from these estimates. Given the complexity, significant judgement and the uncertainty of impact of COVID-19 involved in the estimation of impairment of financial assets, we have considered this area as a key audit matter.	• Our audit procedures included considering the Group'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 Group in their model for grouping and staging of financial assets into various categories and default buckets and for determining the PD and LGD rates including the macro-economic factors • We have understood the methodology applied by the management to stress test its PD and LGD to ascertain a best estimate impact of COVID-19 on the ECL provision and tested the key assumptions and judgements made by the management. The actual impact may vary from the estimates made by the management. We tested the operating effectiveness of the controls for staging of loans and receivables based on their past-due status. We performed test of details to verify the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • We tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets. • We assessed the disclosures included in the consolidated Ind AS financial statements with respect to such allowance/estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.

Key audit matter	How our audit addressed the key audit matter
(b) Fair valuation of Security Receipts (SR) **(Refer note P of the significant accounting policies and XIII (ii) of the notes to accounts of the consolidated Ind AS financial statements)**	
The Group holds investments in the form of security receipts which represent the investments in underlying pool of assets. The fair valuation of these investments as at March 31, 2021 is ₹ 69,856.98 lacs as disclosed in the consolidated Ind AS financial statements. These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions As required by RBI regulations, these SRs are valued on a half yearly basis from eligible credit rating agencies ("CRA"). These CRA perform an independent evaluation of the underlying assets based on certain estimates and judgements and provide range of recovery of these underlying assets. The management then decides the fair value of the security receipts based on its best estimate of recovery, based on the range of recovery provided by the CRA. Further, the recoverability from the underlying assets of SRs could be impacted due to the COVID-19 situation. The management and CRA have done an assessment to ascertain future recoverability estimates of the underlying assets while assessing the value of these SRs. 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 have an inherent uncertainty of the impact of COVID-19 and the actual results may differ from the estimates and assumptions made. Given the significant judgement exercised by the management, involvement of external CRA in the fair value estimation and uncertainty of the impact of COVID-19 on the recoverability of the SRs, we have considered this area as key audit matter	• We have understood the management process of providing key inputs to the CRAs such as, resolution plan, security value, projected cash flows, restructuring plans, etc. including the impact of COVID-19 on key inputs required for the purpose of valuation. • We tested the operating effectiveness of the controls for the purpose of fair valuation of security receipts. • We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values. • We have involved our valuation experts for the process understanding of the valuation process followed by the CRAs and test the fair valuation of sample cases. They understood the key inputs, judgements and discounting factors applied by the CRAs and independently verified sample cases including key inputs used to ascertain fair valuation of the SRs. • We have tested on a sample basis, the management rationale for declaring the fair value of the SRs in range provided by CRA, to assess for reasonableness of the recovery range declared. • We have understood the management's assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis we have tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold. • We assessed disclosures included in consolidated Ind AS financial statements with respect to such fair valuation.
(c) Valuation of Purchase or originated credit impaired assets (POCI) **(Refer note M of the significant accounting policies and XIII (i) of the notes to accounts of the consolidated Ind AS financial statements)**	

Key audit matter	How our audit addressed the key audit matter
The trusts that are consolidated, have assets on their books which are impaired and accordingly in accordance with Ind AS 109 classified as purchased or originated credit impaired assets ("POCI"). The Group has POCI assets (net of impairment) assets amounting to ₹ 17,837.96 as disclosed in the consolidated Ind AS financial statements as at 31 March 2021. These assets are measured using projected cash flows based on management estimates of recovery and then discounted at the credit adjusted effective interest rate. Further, the recoverability of these assets could be impacted due to the COVID-19 situation. The management has made an assessment on each POCI asset to ascertain future recoverability estimates. In making this assessment, the management has used several estimates, assumptions and sources of information (both internal and external), including but not limited to quality of collateral available, external credit reports, economic forecasts for future expected performance of the underlying companies etc. The assumptions and estimates used by the management may vary and actual results may differ from the estimates and assumptions Considering the significant management estimate and judgement involved in assessing cash flows and the discount rate, we have considered this as a key audit matter.	• For POCI, assets, we have understood methodology applied by the management to value these assets including the key inputs in that process which included future cash flow projections and the calculation of credit adjusted effective interest rate for discounting those cash flows and tested for samples these key inputs and estimates used. • We tested the operating effectiveness of the controls for collating the information for future recovery estimates and past collections records. • Verified on a sample basis the calculation of the credit adjusted effective interest rate used for the purpose of discounting these assets. • We have understood the management's assessment process to ascertain the impact of COVID-19 on the future recoverability of the POCI along with key inputs used and judgements made. For sample cases verified the assumptions and inputs used for this assessment to ascertain future recoverability estimates. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold. • We have verified the arithmetical accuracy of the valuation of the POCI assets using the expected cash flow and discount rate performed by the Group using spreadsheets. • We have assessed disclosures included in the financial statements with respect to these assets in accordance with Ind AS 107 and Ind AS 109.
(d) Consolidation of Trusts **(Refer note 4 of the notes to accounts of the consolidated Ind AS financial statements)**	
The Group sets up trusts to acquire stressed assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction. These Trusts issue SRs which represent the beneficial undivided right, title and interest in the assets of the respective trust to the beneficiaries. The Group acts as assets manager in respect of these trusts and consolidates the trusts which it controls. As per Ind AS 110 Consolidated Financial Statements (Ind AS 110), the company needs to consolidate the entity when it controls it. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To assess control various factors need to be considered based on relevant facts and circumstances. Considering the significant management judgement and estimate involved in assessing control, we have considered this a key audit matter	• 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 Group. • We have assessed disclosures included in the financial statements with respect to these assets in accordance with Ind AS 107 and Ind AS 110.

Other Information

8. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include 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 do not express any form of assurance conclusion thereon.

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

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

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and consolidated changes in equity of the Holding Company including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Holding Company and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of

the respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the Holding Company and of its associate are responsible for assessing the ability of the Holding Company and of 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 respective management either intends to liquidate the Holding Company / its associate or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional 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 of 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 entity included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Holding Company 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.

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

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

Other Matter

17. 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 ₹ 380.93 lakh for the year ended March 31, 2021 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

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

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

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

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

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

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its associate company incorporated in India, none of the directors of the Holding company and its associate company incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

        i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Holding Company and its associate - Refer Note 32 to the consolidated financial statements.

        ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2021 – Refer (a) Notes 5, 6 and 12 to the consolidated financial statements in respect of such items as it relates to the Holding Company and its associate and (b) the Holding Company's share of net profit in respect of its associate.

        iii. During the year ended March 31, 2021, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate company incorporated in India.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company and its associate for the year ended March 31, 2021.

19. The Holding Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. 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 Group for the year ended March 31, 2021".

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

Sharad Agarwal
Partner
Membership Number: 118522
UDIN: 21118522AAAACI7919

Place: Mumbai
Date: 18th May, 2021

Annexure A to Independent Auditors' Report

Referred to in paragraph 18(f) of the Independent Auditors' Report of even date to the members of Kotak Mahindra Investments Limited on the consolidated financial statements for the year ended 31st March, 2021

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

1. In conjunction with our audit of the consolidated financial statements of Kotak Mahindra Investments Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Holding Company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraphs 4 and 5 of the main audit report.

Other Matter

9. The following Other Matter was included in the Annexure 1 to the main audit report dated April 24, 2021, containing an unmodified audit opinion on the consolidated financial statements of Phoenix ARC Private Limited, an associate of the Holding Company issued by an independent firm of Chartered Accountants and reproduced by us as under:

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

10. 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 associate company, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not modified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Sharad Agarwal
Partner
Membership Number: 118522
UDIN: 21118522AAAACI7919

Place: Mumbai
Date: 18th May, 2021

Consolidated Balance Sheet

as at 31st March, 2021

(Amount in lakh)

Particulars	Note No	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	2	14,691.83	158,990.51
Bank Balance other than cash and cash equivalents	3	42.90	1,497.07
Receivables			
(I) Trade receivables	4(A)	122.85	58.78
(II) Other receivables	4(B)	594.51	382.25
Loans	5	620,983.57	535,036.55
Investments			
Investments accounted for using the equity method	45	14,806.39	14,425.46
Others	6	138,521.68	77,084.63
Other Financial assets	7	221.99	197.71
Total financial assets		**789,985.72**	**787,672.96**
Non-financial assets			
Current Tax assets (Net)	30	1,517.82	995.19
Deferred Tax assets (Net)	30	1,031.63	839.29
Property, Plant and Equipment	8	127.26	218.75
Intangible assets under development	9	3.30	333.43
Other intangible assets	10	320.89	18.82
Other Non-financial assets	11	270.46	241.68
Total Non-financial assets		**3,271.36**	**2,647.16**
Total Assets		**793,257.08**	**790,320.12**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	1,524.25	5,441.02
Payables	13		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		667.17	2,834.80
(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		251.32	1,440.75
Debt securities	14	255,442.86	306,140.54
Borrowings (Other than Debt Securities)	15	296,822.12	263,996.56
Subordinated Liabilities	16	20,239.62	20,241.93
Total financial liabilities		**574,947.34**	**600,095.60**
Non-Financial liabilities			
Current tax liabilities (Net)	30	3,159.26	852.90
Provisions	17	1,302.83	676.18
Other non-financial liabilities	18	506.18	755.02
Total Non-financial liabilities		**4,968.27**	**2,284.10**
EQUITY			
Equity Share Capital	19	562.26	562.26
Other equity	20	212,779.21	187,378.16
Sub total		**213,341.47**	**187,940.42**
Total Liabilities and equity		**793,257.08**	**790,320.12**
Significant Accounting Policies and Notes on Accounts	1		

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

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Consolidated Statement of Profit and Loss Account

for the year ended 31st March, 2021

(Amount in lakh)

Particulars		Note No	For the year ended 31st March, 2020	For the year ended 31st March, 2020
REVENUE FROM OPERATIONS				
(i)	Interest income	21	70,893.03	100,340.39
(ii)	Dividend income	22	-	323.74
(iii)	Fees and commission income	23	799.77	427.81
(iv)	Net gain/(loss) on financial instruments measured on fair value	24	4,213.66	2,827.40
(v)	Others		7.61	96.35
(I)	**Total revenue from operations**		**75,914.07**	**104,015.69**
(II)	Other income	25	214.63	435.80
(III)	**Total income (I + II)**		**76,128.70**	**104,451.49**
	EXPENSES			
(i)	Finance costs	26	32,547.43	59,897.09
(ii)	Impairment on financial instruments	27	3,347.58	5,580.46
(iii)	Employee Benefits expenses	28	3,063.03	3,026.04
(iv)	Depreciation, amortisation and impairment	8 & 10	208.28	93.73
(v)	Other expenses	29	3,351.46	3,116.06
(IV)	**Total expenses**		**42,517.78**	**71,713.38**
(V)	**Profit/(loss) before tax and Share of net profits of investments accounted using equity method (III-IV)**		**33,610.92**	**32,738.11**
(VI)	**Share of net profits/(loss) of investments accounted using equity method**		**380.94**	**(358.78)**
(VII)	**Profit/(loss) before tax(V+VI)**		**33,991.86**	**32,379.33**
(VIII)	**Tax expense**	30		
	(1) Current tax		(8,879.85)	(9,459.99)
	(2) Deferred tax		191.73	(596.65)
	Total tax expense (1+2)		**(8,688.12)**	**(10,056.64)**
(IX)	**Profit/(loss) for the year (V+VI)**		**25,303.74**	**22,322.69**
(X)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		(1.90)	(19.87)
	(ii) Income tax relating to above items		0.48	5.00
	Total (A)		**(1.42)**	**(14.87)**
	(B) Items that will be reclassified to profit or loss			
	(i) Financial Instruments measured at FVOCI		(0.53)	(37.44)
	(ii) Income tax relating to items that will be reclassified to profit or loss		0.13	13.09
	Total (B)		**(0.40)**	**(24.35)**
	Other comprehensive income (A + B)		**(1.82)**	**(39.22)**
(XI)	**Total Comprehensive Income for the year (IX+X)**		**25,301.92**	**22,283.47**
(XII)	**Earnings per equity share - Basic and Diluted (₹)**	31	**450.04**	**397.02**
	Significant Accounting Policies and Notes on Accounts	1		

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

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Consolidated Statement of Cash Flows

for the year ended 31st March, 2021

(Amount in lakh)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Cash flow from operating activities		
Profit before tax	**33,991.86**	**32,379.33**
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortisation expense	208.28	93.73
Dividend Received	-	(323.74)
Profit on Sale of Property, Plant and Equipment	(7.61)	(7.00)
Impairment on financial instruments	3,347.58	5,580.46
Net gain/ (loss) on financial instruments at fair value through profit or loss	(4,176.60)	(2,850.09)
Interest on Borrowing	32,547.43	59,897.09
Interest on Borrowing paid	(37,182.90)	(56,871.57)
ESOP Expense	99.13	131.19
Remeasurements of the defined benefit plans	(1.90)	(19.87)
Share of Net profits of investment accounted under equity method	(380.94)	358.78
Debt Instruments through Other Comprehensive Income	(0.53)	(37.44)
Operating profit before working capital changes	**28,443.80**	**38,330.89**
Working capital adjustments		
(Increase) / Decrease in Bank Balance other than cash and cash equivalent	1,454.46	21,305.86
(Increase) / Decrease in Loans	(87,773.37)	324,790.95
(Increase) / Decrease in Receivables	(282.70)	278.28
(Increase) / Decrease in Other Financial Assets	(25.00)	(90.00)
(Increase) / Decrease in Other Non Financial Assets	(28.78)	69.54
Increase / (Decrease) in Trade payables	(2,167.63)	2,445.03
Increase / (Decrease) in other payables	(1,189.42)	922.79
Increase / (Decrease) in other non-financial liabilities	(248.84)	(555.29)
Increase / (Decrease) provisions	626.65	(20.76)
(Increase) / Decrease in unamortised discount	14,800.86	38,733.44
	(74,833.77)	**387,879.84**
Net Cash (used in) / generated from operations	(46,389.97)	426,210.73
Income tax paid (net)	(7,096.09)	(10,781.22)
Net cash (used in) / generated from operating activities	**(53,486.06)**	**415,429.51**
Cash flow from investing activities		
Purchase of investments	(2,648,612.42)	(9,587,025.71)
Sale of investments	2,583,776.72	9,610,346.44
Interest on Investments	6,069.75	6,924.57
Purchase of Property, Plant and Equipment	(151.63)	(451.82)
Sale of Property, Plant and Equipment	70.50	15.05
Dividend on investments	-	340.29
Net cash (used in) / generated from investing activities	**(58,847.08)**	**30,148.82**

Consolidated Statement of Cash Flows

for the year ended 31st March, 2021

(Amount in lakh)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Cash flow from financing activities		
Proceeds from Debt Securities	120,482.42	174,089.50
Repayment of Debt Securities	(178,230.94)	(181,125.81)
Intercorporate Deposit issued	92,000.00	115,300.00
Intercorporate Deposit Redeemed	(109,400.00)	(121,350.00)
Commercial Paper issued	873,262.34	559,272.67
Commercial Paper Redeemed	(863,764.49)	(883,023.48)
Term Loans drawn	30,000.00	-
Increase/(Decrease) in Bank overdraft(Net)	3,656.99	22,856.36
Net cash (used in) / generated from Financing Activites	**(31,993.68)**	**(313,980.76)**
Net (decrease) / increase in cash and cash equivalents	**(144,326.82)**	**131,597.57**
Cash and cash equivalents at the beginning of the year	159,021.52	27,423.95
Cash and cash equivalents at the end of the year	**14,694.70**	**159,021.52**
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	14,694.70	159,021.52
Cash and cash equivalents as restated as at the year end *	**14,694.70**	**159,021.52**

** Cash and cash equivalents shown in Balance Sheet is net of ECL provision of ₹ 2.87 lakh as at 31st March, 2021 (Previous year: ₹ 31.01 lakh)*

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

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

III) Non-cash financing activity : ESOP from parent of ₹ 99.13 lakh for year ended 31st March, 2021 (31st March, 2020 - ₹ 131.19 lakh)

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

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

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

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Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2021

A. EQUITY SHARE CAPITAL

(Amount in lakh)

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
Equity shares of ₹ 10 each fully paid up			
As on 31st March, 2020	**562.26**	**-**	**562.26**
As on 31st March, 2021	**562.26**	**-**	**562.26**

B. OTHER EQUITY

(Amount in lakh)

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 31st March, 2019	**33,545.76**	**1,003.85**	**431.10**	**24,290.09**	**298.29**	**105,377.84**	**24.35**	**164,971.28**
Profit for the year	-	-	-	-	-	22,322.69	-	22,322.69
Other Comprehensive Income for the year	-	-	-	-	-	(14.87)	(24.35)	(39.22)
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	5,402.57	-	(5,402.57)	-	-
Transition impact of Ind AS 116 (Share of Associate)	-	-	-	-	-	(7.78)	-	(7.78)
Fair value of ESOP	-	-	-	-	131.19	-	-	131.19
Changes during the period	**-**	**-**	**-**	**5,402.57**	**131.19**	**16,897.48**	**(24.35)**	**22,406.88**
Closing balance as on 31st March, 2020	**33,545.76**	**1,003.85**	**431.10**	**29,692.66**	**429.48**	**122,275.31**	**0.00**	**187,378.16**
Opening balance as on 31st March, 2020	**33,545.76**	**1,003.85**	**431.10**	**29,692.66**	**429.48**	**122,275.31**	**-**	**187,378.16**
Profit for the year	-	-	-	-	-	25,303.74	-	25,303.74
Other Comprehensive Income for the year	-	-	-	-	-	(1.42)	(0.40)	(1.82)
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	5,155.10	-	(5,155.10)	-	-
Fair value of ESOP	-	-	-	-	99.13	-	-	99.13
Changes during the period	**-**	**-**	**-**	**5,155.10**	**99.13**	**20,147.22**	**(0.40)**	**25,401.05**
Closing balance as on 31st March, 2021	**33,545.76**	**1,003.85**	**431.10**	**34,847.76**	**528.61**	**142,422.53**	**(0.40)**	**212,779.21**

Nature and purpose of reserve - Refer Note 20.1

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

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

1.1. CORPORATE INFORMATION

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

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

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

1.2. BASIS OF PREPARATION

A. Statement of compliance

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

The Consolidated Financial Statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the Consolidated Financial Statements. These Consolidated Financial Statements were authorised for issue by the Group's Board of Directors on 18th May, 2021.

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 lakh with two decimals, except when otherwise indicated.

D. Basis of consolidation

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

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

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

E. 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 realised 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.

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

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.

III. Recognition and Measurement of defined benefit obligations

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

IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognised 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 recognised 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 utilised.

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 recognised 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 38.

VIII. Fair value of financial instruments

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

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

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.

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 recognises loss allowances for expected credit losses on its financial assets measured at amortised 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:

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 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 first Quarter of financial year 2020-21 was worst affected due to pandemic. However, there was an economic recovery in Quarter 2nd and Quarter 3rd of Finacial Year 2020-21 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-19 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 Company 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. The pandemic has impacted lending business, fee income, collection efficiency etc. and may result in increase in customer defaults and consequently increase in provisions. The Company, however, has not experienced any significant disruptions in the past one year and has considered the impact on carrying value of assets based on the external or internal information available up to the date of approval of financial statements. The future direct and indirect impact of COVID-19 on Company business, results of operations, financial position and cash flows remains uncertain. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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.

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

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 2021.

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 amortised cost which are classified as Level 2 and level 3, uncertainties arising out of COVID-19 is incorporated in discount rates, credit spread and expected cash flows.

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

iii. Leases

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

1.3 AMENDMENTS TO EXISTING IND AS:

The Ministry of Corporate Affairs notifies new standard or amendments to existing standards. There is no such notification which would have been applicable from April 01, 2021.

1.4 INTEREST IN JOINT VENTURES AND ASSOCIATES

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

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

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

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

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

1.5 SIGNIFICANT ACCOUNTING POLICIES

A. Revenue Recognition

I. Interest income on financial assets is recognised 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 recognised 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 recognised 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.

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

B. Financial Instruments

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

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

Financial assets

Classification

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

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

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

Initial recognition and measurement

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

Business model assessment

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

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

The Group monitors financial assets measured at Amortised cost 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. Based on the Group policy, it can sell financial assets out of Amortised 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:

Note 1:

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

Financial assets at amortised cost

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

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

After initial measurement, such financial assets are subsequently measured at 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 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 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 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 recognised in 'Other Comprehensive Income' (OCI) and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss.

Financial assets at fair value through profit and loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortised 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 recognised 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

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

Financial Liabilities:

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

C. Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)

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

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

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

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

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

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

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

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

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 recognises 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 recognised 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:

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

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 amortised cost (net of loss allowance).

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

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

Method used to compute lifetime ECL:

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

Manner in which forward looking assumptions has been incorporated in ECL estimates:

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

D. WRITE-OFFS

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

E. DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises 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.

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 categorised into different levels in a fair value hierarchy based on the lowest level inputs that are significant to the measurements, used in the valuation techniques as follows:

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

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

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

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

The Group 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.

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

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 capitalised 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 recognised 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

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 ₹ 5,000 are fully depreciated in the year of purchase.

K. INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised 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.

Note 1:

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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.

Unrecognised 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 New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Group recognises such contributions as an expense in the year when an employee renders the related service.

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

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

V. The amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognised 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 recognised 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

Note 1:

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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.

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:

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

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

(v) 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.

In July 2020, MCA issued COVID-19-Related Rent Concessions, which provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. It requires lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. Lessees need to disclose that fact and need to apply the exemption retrospectively in accordance with Ind AS 8, but they do not require to restate prior period numbers. The practical expedient is available only for lease payments originally due upto June 2021. The Group has applied the amendment effective April 1, 2020.

Note 1:

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2021

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 recognised.

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

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 2 CASH AND CASH EQUIVALENTS*

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with banks:		
- In Current Account	14,694.70	22,431.73
- In Fixed Deposits with Bank having original maturity less than 3 months	-	136,589.79
	14,694.70	**159,021.52**
Less: Impairment loss allowance	(2.87)	(31.01)
Total	**14,691.83**	**158,990.51**

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

NOTE 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fixed deposit with banks	42.91	1,497.36
	42.91	**1,497.36**
Less: Impairment loss allowance	(0.01)	(0.29)
Total	**42.90**	**1,497.07**

NOTE 4 RECEIVABLES

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
A. Trade receivables		
Unsecured, considered good	124.86	59.65
Less: Impairment loss allowance	(2.01)	(0.87)
Total (A)	**122.85**	**58.78**
B. Other receivables		
Unsecured, considered good	604.22	387.87
Less: Impairment loss allowance	(9.71)	(5.62)
Total (B)	**594.51**	**382.25**

NOTE 5 LOANS

(Amount in lakh)

Particulars			Amortised Cost	At Fair Value			Sub total	Total
				Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
			(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
	As at 31st March, 2021							
(A)	(i)	Revolving Loan	136,815.63	-	-	-	-	136,815.63
	(ii)	Term Loans	488,778.70	-	-	-	-	488,778.70
	(iii)	Pass Through Certificates	10,397.24	-	-	-	-	10,397.24
	Total Gross (A)		**635,991.57**	**-**	**-**	**-**	**-**	**635,991.57**
(B)	(i)	Secured by tangible assets	538,634.24				-	538,634.24
	(ii)	Covered by Bank/ Government Guarantees	36,853.50				-	36,853.50
	(iii)	Unsecured	60,503.83				-	60,503.83
	Total Gross (B)		**635,991.57**	**-**	**-**	**-**	**-**	**635,991.57**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

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)
(C) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	635,991.57	-	-	-	-	635,991.57
Total Gross (C)	**635,991.57**	**-**	**-**	**-**	**-**	**635,991.57**
Less: Impairment loss allowance	(15,008.00)	-	-	-	-	(15,008.00)
Total Net (C)	**620,983.57**	**-**	**-**	**-**	**-**	**620,983.57**
As at 31st March, 2020						
(A) (i) Revolving Loan	181,587.23	-	-	-	-	181,587.23
(ii) Term Loans	364,776.75	-	-	-	-	364,776.75
Total Gross (A)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.98**
(B) (i) Secured by tangible assets	515,125.98				-	515,125.98
(ii) Unsecured	31,237.99				-	31,237.99
Total Gross (B)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.98**
(C) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	546,363.98	-	-	-	-	546,363.98
Total Gross (C)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.98**
Less: Impairment loss allowance	(11,327.43)	-	-	-	-	(11,327.43)
Total Net (C)	**535,036.55**	**-**	**-**	**-**	**-**	**535,036.55**

NOTE 6 INVESTMENTS

(Amount in lakh)

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 31st March, 2021							
(A) Mutual funds	-	-	18,052.36	-	18,052.36	-	18,052.36
Government securities	-	30,348.99	-	-	30,348.99		30,348.99
Treasury bills	-	34,878.63	-	-	34,878.63		34,878.63
Debt securities	39,781.78	-	14,223.54	-	14,223.54	-	54,005.32
Equity instruments	-	-	54.93	-	54.93	-	54.93
Venture Fund	-	-	1,524.05	-	1,524.05	-	1,524.05
Total Gross (A)	**39,781.78**	**65,227.62**	**33,854.88**	**-**	**99,082.50**	**-**	**138,864.28**
(B) (i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	39,781.78	65,227.62	33,854.88	-	99,082.50	-	138,864.28
Total (B)	**39,781.78**	**65,227.62**	**33,854.88**	**-**	**99,082.50**	**-**	**138,864.28**
Less: Impairment allowance	(342.58)	-	-	-	-	-	(342.58)
Total Net	**39,439.20**	**65,227.62**	**33,854.88**	**-**	**99,082.50**	**-**	**138,521.68**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

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 31st March, 2020							
(A) Mutual funds	-	-	22,000.51	-	22,000.51	-	22,000.51
Debt securities	50,039.54	-	-	-	-	-	50,039.54
Equity instruments	-	-	65.87	-	65.87	-	65.87
Venture Fund	-	-	1,530.97	-	1,530.97	-	1,530.97
Preference Share	-	-	3,766.10	-	3,766.10	-	3,766.10
Total Gross (A)	**50,039.54**	**-**	**27,363.45**	**-**	**27,363.45**	**-**	**77,402.99**
(B) (i) Investments outside India	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(ii) Investments in India	50,039.54	-	27,363.45	-	27,363.45	-	77,402.99
Total (B)	**50,039.54**	**-**	**27,363.45**	**-**	**27,363.45**	**-**	**77,402.99**
Less: Impairment allowance	(318.36)	-	-	-	-	-	(318.36)
Total Net	**49,721.18**	**-**	**27,363.45**	**-**	**27,363.45**	**-**	**77,084.63**

NOTE 7 OTHER FINANCIAL ASSETS

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deposits with Clearing Corporation of India(CCIL)	200.00	200.00
Other deposits	25.62	0.62
Less: Impairment loss allowance	(3.63)	(2.91)
Total	**221.99**	**197.71**

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in lakh)

Particulars	Buildings*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
At cost as on 31st March, 2019	**7.61**	**-**	**261.25**	**5.92**	**43.31**	**318.09**
Additions during the year	-	-	90.94	-	13.20	104.14
Disposals during the year	-	-	(110.81)	-	(19.82)	(130.63)
At cost as on 31st March, 2020	**7.61**	**-**	**241.38**	**5.92**	**36.69**	**291.60**
Accumulated depreciation and impairment as on 31st March, 2019	**0.36**	**-**	**92.56**	**2.99**	**23.46**	**119.37**
Depreciation for the year	0.18	-	68.69	1.45	11.75	82.07
Disposals during the year	-	-	(110.81)	-	(17.78)	(128.59)
Accumulated depreciation and impairment as on 31st March, 2020	**0.54**	**-**	**50.44**	**4.44**	**17.43**	**72.85**
Net carrying amount as on 31st March, 2020	**7.07**	**-**	**190.94**	**1.48**	**19.26**	**218.75**
At cost as on 31st March, 2020	**7.61**	**-**	**241.38**	**5.92**	**36.69**	**291.60**
Additions during the year	-	-	34.93	-	7.54	42.47
Disposals during the year	-	-	(127.39)	-	(8.11)	(135.50)
At cost as on 31st March, 2021	**7.61**	**-**	**148.92**	**5.92**	**36.12**	**198.57**
Accumulated depreciation and impairment as on 31st March, 2020	**0.54**	**-**	**50.44**	**4.44**	**17.43**	**72.85**
Depreciation for the year	0.17	-	58.12	1.33	11.46	71.08
Disposals during the year	-	-	(66.50)	-	(6.12)	(72.62)
Accumulated depreciation and impairment as on 31st March, 2021	**0.71**	**-**	**42.06**	**5.77**	**22.77**	**71.31**
Net carrying amount as on 31st March, 2021	**6.90**	**-**	**106.86**	**0.15**	**13.35**	**127.26**

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

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

Impairment loss and reversal of impairment loss

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

NOTE 9 INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Intangible assets under development (CIP software)	3.30	333.43
Total	**3.30**	**333.43**

NOTE 10 OTHER INTANGIBLE ASSETS

(Amount in lakh)

Particulars	Software and System Development	Total
Balance as at 1st April, 2019	**33.15**	**33.15**
Additions during the year	14.25	14.25
Disposals during the year	-	-
Balance as at 31st March, 2020	**47.40**	**47.40**
Accumulated Amortisation and impairment as at 1st April, 2019	**16.92**	**16.92**
Amortisation for the year	11.66	11.66
Disposals during the year	-	-
Accumulated Amortisation and impairment as 31st March, 2020	**28.58**	**28.58**
Net carrying amount as at 31st March, 2020	**18.82**	**18.82**
Balance as at 1st April, 2020	**47.40**	**47.40**
Additions during the year	439.28	439.28
Disposals during the year	-	-
Balance as at 31st March, 2021	**486.68**	**486.68**
Accumulated Amortisation and impairment as at 1st April, 2020	**28.58**	**28.58**
Amortisation for the year	137.21	137.21
Disposals during the year	-	-
Accumulated Amortisation and impairment as 31st March, 2021	**165.79**	**165.79**
Net carrying amount as at 31st March, 2021	**320.89**	**320.89**

Impairment loss and reversal of impairment loss

There is no impairment loss for intangible assets.

NOTE 11 OTHER NON-FINANCIAL ASSETS

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Prepaid expenses	3.15	3.41
Prepayment to Suppliers	24.36	68.27
GST/Service Tax input	242.95	170.00
Total	**270.46**	**241.68**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

(Amount in lakh)

Particulars	Notional Amounts	Fair Value-Liabilities
As at 31st March, 2021		
Part I		
Embedded Derivative on Nifty linked debentures	-	1,524.25
Total Derivative financial instruments	**-**	**1,524.25**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	1,524.25
Total derivative financial instruments	**-**	**1,524.25**
As at 31st March, 2020		
Part I		
Embedded Derivative on Nifty linked debentures	-	5,441.02
Total Derivative financial instruments	**-**	**5,441.02**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	5,441.02
Total derivative financial instruments	**-**	**5,441.02**

NOTE 13 PAYABLES*

(Amount in lakh)

Particulars			As at 31st March, 2021	As at 31st March, 2020
(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	667.17	2,834.80
Total (A)			**667.17**	**2,834.80**
(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	251.32	1,440.75
Total (B)			**251.32**	**1,440.75**
Total			**918.49**	**4,275.55**

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

(Amount in lakh)

Particulars		As at 31st March, 2021	As at 31st March, 2020
(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	-	-

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 14 DEBT SECURITIES

(Amount in lakh)

Particulars	At Amortised Cost	At Fair Value Through profit or loss	Designated at fair value through profit or loss	Total
	(1)	(2)	(3)	(4 = 1+2+3)
As at 31st March, 2021				
Debentures				-
- Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	124,796.02	-	-	124,796.02
- Deep Discount, Non-Convertible Debentures, privately placed, Secured	121,525.48	-	-	121,525.48
- Nifty Linked Debentures, Secured	9,121.36			9,121.36
Total (A)	**255,442.86**	**-**	**-**	**255,442.86**
Debt securities in India	255,442.86	-	-	255,442.86
Debt securities outside India	-	-	-	-
Total (B)	**255,442.86**	**-**	**-**	**255,442.86**

(Amount in lakh)

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

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 lakh (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).

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

Interest and Repayment terms of Debt Securities-

(Amount in lakh)

Residual Maturity	As at 31st March, 2021			As at 31st March, 2020		
	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
A) Debentures						
Jun-23	5.00%	5,061.79	5,000.00	-	-	-
Oct-22	5.30%	40,974.95	40,000.00	-	-	-
Sep-22	5.18%	7,715.55	7,500.00	-	-	-
May-22	8.51%	8,030.89	7,500.00	8.51%	8,034.53	7,500.00
Jan-22	7.59%	2,579.34	2,500.00	7.59%	2,580.58	2,500.00
Dec-21	7.71%	7,653.28	7,500.00	7.71%	7,658.42	7,500.00
Nov-21	7.31%	5,134.22	5,000.00	7.31%	5,136.96	5,000.00
Jul-21	8.63%	36,865.13	34,800.00	8.63%	37,096.78	34,800.00
Apr-21	8.51%	10,780.87	10,000.00	8.51%	10,841.63	10,000.00
Mar-21	-	-	-	8.84%	21,090.69	21,000.00
Nov-20	-	-	-	8.46%	2,688.43	2,500.00
Apr-20	-	-	-	9.39%	5,189.73	5,000.00
Total (A)		**124,796.02**	**119,800.00**		**100,317.75**	**95,800.00**
B) Deep Discount Debentures						
Feb-23	5.55%	25,158.41	27,897.40	-	-	-
Dec-22	4.85%	25,299.12	27,455.28	-	-	-
Aug-22	5.40%	18,579.37	20,000.00	-	-	-
Jun-22	8.35%	1,536.61	1,700.00	8.35%	1,420.39	1,700.00
Apr-22	8.70% to 9.50%	7,353.83	8,030.00	8.70% to 9.50%	6,743.12	8,030.00
Feb-22	7.45%	3,826.58	4,084.12	7.45%	3,561.18	4,084.12
Oct-21	7.35% to 7.70%	14,816.77	15,500.00	7.35% to 8.70%	13,695.96	15,500.00
Sep-21	9.50%	6,149.29	6,410.00	9.50%	5,615.80	6,410.00
Aug-21	7.50% to 8.30%	8,496.77	8,767.03	7.50% to 8.30%	7,862.36	8,767.03
Jun-21	8.60%	896.32	910.00	8.60%	825.32	910.00
May-21	8.55%	9,412.42	9,500.00	8.55%	8,667.40	9,500.00
Jan-21	-	-	-	8.45%	5,495.55	5,880.00
Aug-20	-	-	-	7.95% to 8.80%	21,654.52	22,290.00
Jul-20	-	-	-	8.20% to 9.35%	53,549.85	54,944.78
Jun-20	-	-	-	9.45%	2,829.37	2,890.00
May-20	-	-	-	8.10% to 9.45%	31,326.77	31,580.00
Total (B)		**121,525.48**	**130,253.83**	**-**	**163,247.59**	**172,485.93**
C) Secured - Index Linked Debentures						
Apr-21	8.33%	9,121.36	9,170.00	8.33%	8,440.20	8,452.75
Jan-21	-	-	-	8.18%	18,796.47	18,796.47
Nov-20	-	-	-	8.44%	12,908.51	12,920.13
Aug-20	-	-	-	8.15%	2,430.02	2,430.02
Total (C)		**9,121.36**	**9,170.00**	**-**	**42,575.20**	**42,599.37**
Total (A+B+C)		**255,442.86**	**259,223.83**	**-**	**306,140.54**	**310,885.30**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 15 BORROWINGS OTHER THAN DEBT SECURITIES*

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
At Amortised Cost		
Overdraft facility from banks	52,492.40	48,845.10
Commercial paper	195,577.49	178,501.90
Inter corporate deposits	18,599.83	36,649.56
Term loans from banks	30,152.40	-
Total (A)	**296,822.12**	**263,996.56**
Borrowings in India	296,822.12	263,996.56
Borrowings outside India	-	-
Total (B)	**296,822.12**	**263,996.56**
Secured Borrowings	82,644.80	48,845.10
Unsecured Borrowings	214,177.32	215,151.46
Total (C)	**296,822.12**	**263,996.56**

**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.*

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 Debt Securities-

(Amount in lakh)

Residual Maturity	As at 31st March, 2021			As at 31st March, 2020		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
A) Cash credit and Working Capital Demand Loan						
0-1 year	6.95% to 7.15%	52,492.40	52,500.00	MCLR + spread upto 40 basis point	48,845.10	48,843.01
Total (A)		**52,492.40**	**52,500.00**		**48,845.10**	**48,843.01**
B) Commercial Paper						
Feb-22	4.95%	23,982.87	25,000.00		-	-
Jan-22	4.58% to 4.95%	10,581.24	11,000.00		-	-
Nov-21	4.25% to 4.65%	29,185.58	30,000.00		-	-
Oct-21	4.11% to 4.65%	32,711.83	33,500.00		-	-
Sep-21	3.95%	12,260.57	12,500.00		-	-
Aug-21	4.00%	14,784.86	15,000.00		-	-
Jun-21	3.75% to 3.85%	32,243.50	32,500.00		-	-
May-21	3.57%	24,857.29	25,000.00		-	-
Apr-21	3.70%	14,969.75	15,000.00		-	-
Feb-21		-	-	6.30% to 6.78%	11,824.11	12,500.00
Jan-21		-	-	6.78% to 6.94%	40,251.05	42,500.00
Dec-20		-	-	6.80%	7,149.26	7,500.00
Oct-20		-	-	7.05%	9,615.35	10,000.00
Jul-20		-	-	6.85% to 7.76%	9,791.41	10,000.00
Jun-20		-	-	6.08% to 8.15%	45,818.92	46,500.00
May-20		-	-	8.40%	4,946.47	5,000.00
Apr-20		-	-	5.72% to 8.55%	49,105.33	49,300.00
Total (B)		**195,577.49**	**199,500.00**		**178,501.90**	**183,300.00**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

Interest and Repayment terms of Debt Securities-

(Amount in lakh)

Residual Maturity	As at 31st March, 2021			As at 31st March, 2020		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
C) Intercorporate Deposits						
Apr-22	4.35%	7,500.83	7,500.83		-	-
Jul-21	7.40%	5,098.43	5,000.00	7.40%	5,096.71	5,000.00
May-21	3.65%	6,000.57	6,000.00		-	-
Jan-21		-	-	7.20%	5,154.45	5,000.00
Nov-20		-	-	7.25%	5,168.04	5,000.00
Sep-20		-	-	6.40%	15,030.77	15,000.00
Jul-20		-	-	6.20% to 7.50%	1,428.16	1,400.00
May-20		-	-	8.15% to 8.50%	4,236.13	4,000.00
Apr-20		-	-	8.00%	535.30	500.00
Total (C)		**18,599.83**	**18,500.83**		**36,649.56**	**35,900.00**
D) Term loans from banks						
Jun-22	6.18%	30,152.40	30,000.00	-	-	-
Total (D)	**-**	**30,152.40**	**30,000.00**	**-**	**-**	**-**
Total (A+B+C+D)	**-**	**296,822.12**	**300,500.83**	**-**	**263,996.56**	**268,043.01**

NOTE 16 SUBORDINATED LIABILITIES*

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
At Amortised Cost		
Redeemable Non-Convertible Subordinated Debt Bonds in form of Debentures, fully paid, privately placed, Unsecured	20,239.62	20,241.93
Total (A)	**20,239.62**	**20,241.93**
Subordinated liabilities in India	20,239.62	20,241.93
Subordinated liabilities outside India	-	-
Total (B)	**20,239.62**	**20,241.93**

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

Interest and Repayment terms of Subordinate Liabilities-

(Amount in lakh)

Residual Maturity	As at 31st March, 2021			As at 31st March, 2020		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Mar-27	8.55%	10,018.74	10,000.00	8.55%	10,018.74	10,000.00
Dec-26	8.35%	5,108.69	5,000.00	8.35%	5,110.08	5,000.00
Dec-25	9.00%	5,112.19	5,000.00	9.00%	5,113.11	5,000.00
Total		**20,239.62**	**20,000.00**		**20,241.93**	**20,000.00**

NOTE 16.1 NET DEBT RECONCILIATION

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

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents	14,694.70	159,021.52
Liabilities from financing activities	**572,504.60**	**590,379.03**
Debt securities (including interest accrued)	255,442.86	306,140.54
Borrowings other than debt securities (including interest accrued)	296,822.12	263,996.56
Subordinated Liabilities	20,239.62	20,241.93
Net debt	**587,199.30**	**749,400.55**

Movement in Net Debt during the year ended 31st March, 2021

(Amount in lakh)

Particulars	Cash and cash equivalents	Liabilities from financing activities	Total
Net debt as at 31st March, 2020	**159,021.52**	**590,379.03**	**749,400.55**
Cash inflows	-	1,119,401.77	1,119,401.77
Cash outflows	(144,326.82)	(1,151,395.43)	(1,295,722.25)
Interest expense	-	32,547.43	32,547.43
Interest paid during the year	-	(37,182.90)	(37,182.90)
(Increase) / Decrease in unamortised discount	-	14,800.86	14,800.86
(Increase) / Decrease in Derivative financial instruments	-	3,916.78	3,916.78
Increase/(Decrease) in value of Derivatives financial instruments at fair value through profit or loss	-	37.06	37.06
Net debt as at 31st March, 2021	**14,694.70**	**572,504.60**	**587,199.30**

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

(Amount in lakh)

Particulars	Cash and cash equivalents	Liabilities from financing activities	Total
Net debt as at 31st March, 2019	**27,423.95**	**867,843.04**	**895,267.00**
Cash inflows	445,578.30	871,518.56	1,317,096.85
Cash outflows	(313,980.73)	(1,185,499.29)	(1,499,480.02)
Interest expense	-	59,897.09	59,897.09
Interest paid during the year	-	(56,871.57)	(56,871.57)
(Increase) / Decrease in unamortised discount	-	38,733.44	38,733.44
(Increase) / Decrease in Derivative financial instruments	-	(5,441.02)	(5,441.02)
Increase/(Decrease) in value of Derivatives financial instruments at fair value through profit or loss	-	198.78	198.78
Net debt as at 31st March, 2020	**159,021.52**	**590,379.03**	**749,400.55**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 17 PROVISIONS

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits		
(i) Gratuity (Refer Note 37)	253.93	261.30
(ii) Compensated absences	90.95	98.94
(iii) Stock appreciation rights (SARs)(Refer Note 38)	177.34	160.65
(iv) Long Service Award	5.61	5.29
(v) Provision for annual incentives	225.00	150.00
(vi) Payable to Customers(Refer Note 50)	550.00	-
Total	**1,302.83**	**676.18**

NOTE 18 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Revenue received in advance	238.52	424.52
Statutory dues payable	267.66	330.50
Total	**506.18**	**755.02**

NOTE 19 EQUITY SHARE CAPITAL

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Authorised		
5,80,00,000 (31st March, 2020: 5,80,00,000) equity shares of ₹ 10 each with voting rights	5,800.00	5,800.00
1,200 (31st March, 2020: 1,200) Non Cumulative redeemable preference shares of ₹ 1,00,000 each	1,200.00	1,200.00
Issued, subscribed and paid up		
56,22,878 (31st March, 2020: 56,22,878) 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 lakh)

Particulars	No. of shares	Amount
As at 31st March, 2019	**56,22,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at 31st March, 2020	**56,22,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at 31st March, 2021	**56,22,578**	**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.

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited, the holding company and its nominees	56,22,578	100.00%	56,22,578	100.00%
	56,22,578	**100.00%**	**56,22,578**	**100.00%**

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited and its nominees	56,22,578	100.00%	56,22,578	100.00%
	56,22,578	**100.00%**	**56,22,578**	**100.00%**

NOTE 20 OTHER EQUITY

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Impairment Reserve	-	-
Capital Redemption Reserve	1,003.85	1,003.85
Securities Premium	33,545.76	33,545.76
General Reserve	431.10	431.10
Special Reserve	34,847.76	29,692.66
Retained Earnings	142,422.53	122,275.31
Capital Contribution from Parent	528.61	429.48
Financial instruments through OCI	(0.40)	-
Total	**212,779.21**	**187,378.16**

NOTE 20.1 NATURE AND PURPOSE OF RESERVE

Impairment Reserve

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

Capital Redemption Reserve

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

Securities premium

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

General Reserve

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

Special Reserve

Special reserve represents appropriation of retained earning as per Section 45 IC of the Reserve Bank of India Act, 1934.

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

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.

NOTE 20.2 OTHER EQUITY MOVEMENT

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(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	**29,692.66**	**24,290.09**
Transfer from Retained earning	5,155.10	5,402.57
Closing balance	**34,847.76**	**29,692.66**
(vi) Retained earnings		
Opening balance	**122,275.31**	**105,377.84**
Transition impact of Ind AS 116 (Share of Associate)	-	(7.78)
Net profit for the year	25,303.74	22,322.69
Less : Other Comprehensive Income for the year	(1.42)	(14.87)
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	(5,155.10)	(5,402.57)
Closing balance	**142,422.53**	**122,275.31**
(v) Capital contribution from parent		
Opening balance	**429.48**	**298.29**
Addition/Deletion during the year	99.13	131.19
Closing balance	**528.61**	**429.48**
(vi) Financial instruments through OCI		
Opening balance	**-**	**24.35**
Addition/Deletion during the year	(0.40)	(24.35)
Closing balance	**(0.40)**	**-**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 21 INTEREST INCOME

(Amount in lakh)

Particulars	For the year ended 31st March, 2021				For the year ended 31st March, 2020			
	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	-	63,859.23	-	63,859.23	-	91,248.67	-	91,248.67
Interest income from investments	741.75	5,104.05	129.66	5,975.46	516.14	6,073.57		6,589.71
Interest on deposits with banks	-	1,057.99	-	1,057.99	-	2,235.64	-	2,235.64
Other interest income	-	0.35	-	0.35	-	266.37	-	266.37
Total	**741.75**	**70,021.62**	**129.66**	**70,893.03**	**516.14**	**99,824.25**	**-**	**100,340.39**

NOTE 22 DIVIDEND INCOME

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Dividend income on investments	-	323.74
Total	**-**	**323.74**

NOTE 23 FEES AND COMMISSION INCOME

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Advisory Fees	799.77	427.81
Total	**799.77**	**427.81**

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

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(A) Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Mutual funds	635.95	2,366.89
- Equity shares	3,368.79	909.27
Others		
- Equity Shares	(10.94)	0.00
- Preference Shares	163.18	(227.80)
- Venture fund	(1.92)	(199.86)
- Debt securities	95.71	-
- On financial instruments designated at fair value through profit or loss	-	-
(B) Others		
- Derivative	(37.06)	(198.78)
- Net gain on financial assets at FVOCI	(0.05)	177.68
Total Net gain/(loss) on fair value changes	**4,213.66**	**2,827.40**
Fair value changes:		
- Realised	4,511.35	3,429.31
- Unrealised /Movement from Unrealised to Realised	(297.69)	(601.91)
Total Net gain/(loss) on fair value changes	**4,213.66**	**2,827.40**

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

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 25 OTHER INCOME

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Net gain/(loss) on derecognition of property, plant and equipment	7.61	7.00
Net gain/(loss) on sale of Joint Venture	-	221.45
Others	207.02	207.35
Total	**214.63**	**435.80**

NOTE 26 FINANCE COSTS

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On financial liabilities measured at amortised cost		
Interest on borrowings (Other than Debt Securities)		
- On Overdraft facility from Bank	2,044.49	523.94
- Discount on Commercial Papers	7,577.73	25,091.63
- On Inter Corporate Deposits	1,429.55	2,717.29
Interest on debt securities		
- On Redeemable Non-Convertible Debentures and Deep Discount Debentures	16,499.60	26,615.56
- On Nifty Linked Debentures	3,148.49	2,554.22
Interest on subordinated liabilities	1,720.20	1,725.34
Other Borrowing Costs	127.37	669.11
Total	**32,547.43**	**59,897.09**

NOTE 27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On Financial instruments measured at fair value through OCI		
- Investments	-	(11.14)
On Financial instruments measured at Amortised Cost		
- Loans and other financial assets	3,323.36	5,651.42
- Investments	24.22	(59.82)
Total	**3,347.58**	**5,580.46**

NOTE 28 EMPLOYEE BENEFITS EXPENSES

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and wages	2,644.76	2,584.85
Contribution to provident and other funds	120.54	125.31
Stock Appreciation Rights(Refer Note 38)	186.55	143.62
ESOP Expenses(Refer Note 38)	99.13	131.19
Staff welfare expenses	12.05	41.07
Total	**3,063.03**	**3,026.04**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 29 OTHER EXPENSES

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Rent and Electricity Expenses	562.49	664.91
Repairs and maintenance	71.11	90.14
Communication Costs	13.70	26.56
Printing and stationery	8.69	37.06
Royalty Expenses	260.09	-
Director's fees, allowances and expenses (Refer Note 35.02)	29.20	24.00
Auditors' Remuneration (Refer Note 33)	48.49	53.34
Legal and Professional charges	200.67	188.30
Insurance	7.23	6.19
Rates, Taxes and Fees	285.33	341.47
Travelling and Conveyance	48.49	88.64
Common Establishment Expenses	1,105.65	1,184.20
Contribution to Corporate Social Responsibility Activities (Refer Note 34)	676.97	311.00
Miscellaneous Expenses	33.35	100.25
Total	**3,351.46**	**3,116.06**

NOTE 30 TAX EXPENSE AND RELATED BALANCES

(a) Amounts recognised in Statement of Profit and Loss

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current tax expense		
Current period	8,905.46	9,268.55
Changes in estimated related to prior years	(25.61)	191.44
Total current tax expense (A)	**8,879.85**	**9,459.99**
Deferred income tax liability / (asset), net		-
Origination and reversal of temporary differences	(191.73)	596.65
Deferred tax expense (B)	**(191.73)**	**596.65**
Total tax expense for the year (A) + (B)	**8,688.12**	**10,056.64**

(b) Amounts recognised in other comprehensive income

(Amount in lakh)

Particulars	For the year ended 31st March, 2021			For the year ended 31st March, 2020		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(1.90)	0.48	(1.42)	(19.87)	5.00	(14.87)
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(0.53)	0.13	(0.40)	(37.44)	13.09	(24.35)
Total	**(2.43)**	**0.61**	**(1.82)**	**(57.31)**	**18.09**	**(39.22)**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

(c) Reconciliation of effective tax rate

(Amount in lakh)

Particulars	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	Amount	%age	Amount	%age
Profit before tax as per Statement of Profit and Loss	**33,610.92**		**32,738.11**	
Tax using the Company's domestic tax rate	8,459.20	25.17	8,239.53	25.17
Tax effect of:				
Tax exempt income	-	-	(85.64)	(0.26)
Non-deductible expenses	133.17	0.40	53.01	0.16
Share of profit from associates	95.87	0.29	833.60	2.55
Difference in tax rate on account of capital gains	(0.13)	(0.00)	(14.94)	(0.05)
Difference in tax rate due to election of option permitted under Section 115BAA of the Income Tax Act, 1961*	-	-	868.19	2.65
Changes in estimates related to prior years	(25.60)	(0.08)	(30.52)	(0.09)
Adjustment on account of consolidation	-	-	156.60	0.48
Others	25.61	0.08	37.14	0.11
Total tax expense	**8,688.12**	**25.85**	**10,056.95**	**30.72**

**During the previous year the Company has elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognised provision for income tax for the year ended 31st March, 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section. The company has recognised impact on account of transition to new rate amounting to ₹ Nil (previous year ₹ 868.19 lakh).*

(d) Movement in deferred tax balances

(Amount in lakh)

Particulars	As at 31st March, 2021					
	Net balance 31st March, 2020	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Deferred tax asset/(liabilities)						
Property, plant and equipment	39.88	(12.72)	-	-	(12.72)	27.16
Loans	2,908.23	227.91	-	-	227.91	3,136.14
Equity-settled share-based payments	40.35	4.26	-	-	4.26	44.61
Employee benefits	88.18	(0.09)	0.48	-	0.39	88.57
Investments at fair value through OCI	-	-	0.13	-	0.13	0.13
Investments at fair value through profit or loss	(183.17)	67.91	-	-	67.91	(115.26)
Share of Profit in Associates/JV	(2,072.56)	(95.87)	-	-	(95.87)	(2,168.43)
Others	18.38	0.33	-	-	0.33	18.71
Total	**839.29**	**191.73**	**0.61**	**-**	**192.34**	**1,031.63**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

Particulars	As at 31st March, 2020					
	Net balance 31st March, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Deferred tax asset/(liabilities)						
Property, plant and equipment	53.11	(13.23)	-	-	(13.23)	39.88
Loans	2,768.51	139.73	-	-	139.73	2,908.23
Equity-settled share-based payments	54.58	(14.23)	-	-	(14.23)	40.35
Employee benefits	115.49	(32.31)	5.00	-	(27.31)	88.18
Investments at fair value through OCI	122.97	(136.06)	13.09	-	(122.97)	-
Investments at fair value through profit or loss	(470.56)	287.39	-	-	287.39	(183.17)
Share of Profit in Associates/JV	(1,238.96)	(833.60)	-	-	(833.60)	(2,072.56)
Others	12.74	5.65	-	-	5.65	18.38
Total	**1,417.88**	**(596.66)**	**18.09**	**-**	**(578.57)**	**839.29**

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.

(e) Tax Balance

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current Tax Assets (Net)	1,517.82	995.19
Net of Provision for tax ₹ 9,286.40 lakh (Previous year: ₹ 31,508.18 lakh)		
Current Tax Liabilities (Net)	3,159.26	852.90
Net of Advance/Self Assessment Tax of ₹ 55,628.10 lakh (Previous year: ₹ 26,832.84 lakh)		

NOTE 31 EARNINGS PER EQUITY SHARE('EPS')

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

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

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Net Profit attributable to equity holders of the Company (₹ Lakh)	25,303.74	22,322.69
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year (nos)	5,622,578	5,622,578
Weighted average number of shares at the end of the year for basic and diluted EPS	**5,622,578**	**5,622,578**
Face value per share (₹)	10	10
Basic and Diluted earnings per share (₹)	450.04	397.02

NOTE 32 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakh)

Sr No	Particulars	As at 31st March, 2021	As at 31st March, 2020
a)	**Contingent liabilities:**		
	Claims not acknowledged as debts	84.86	-
b)	**Capital Commitments**	**-**	90.00

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Provident Fund

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

NOTE 33 AUDITORS' REMUNERATION(EXCLUSIVE OF TAXES)

(Amount in lakh)

Sr No	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	Payment to the auditor's for :		
a)	Statutory Audit and related services	45.00	45.00
b)	For other services	3.00	5.04
c)	For reimbursement of expenses	0.49	3.30
	Total	**48.49**	**53.34**

NOTE 34 CORPORATE SOCIAL RESPONSIBILITY

Group aims to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility ('CSR') agenda. CSR programmes undertaken are in the area of education, healthcare, livelihood, vocational skill development, sports and other areas such as relief and rehabilitation and environmental sustainability etc. The Group's CSR footprint has been consistently increasing over the years. As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹ 676.97 lakh during the year on CSR activities.

Details of corporate social responsibility expenditure:

(Amount in lakh)

Sr No	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a)	Contribution to Pratham Education Foundation	176.25	272.00
(b)	Contribution to Kotak Education Foundation	70.00	39.00
(c)	Contribution to Mobile Creches	30.00	-
(d)	Contribution to Dr Rakesh Education Trust	25.00	-
(e)	Contribution to Mumbai Mobile Creches	5.00	-
(f)	Contribution to Indian Music Experience Trust	5.00	-
(g)	Contribution to feed Poors during Covid lockdown	25.00	-
(h)	Accural towards unspent obligations in relation to:		
	(i) Ongoing project	340.72	-
	(ii) Other than ongoing project	-	-
Total		**676.97**	**311.00**
(I)	Amount required to be spent as per Section 135 of the Act	676.97	592.80
(j)	Amount approved by the Board to be spent during the year	677.05	592.80
(k)	Amount spent during the year on		
	(i) Construction / acquisition of any asset	-	-
	(ii) On purposes other than (i) above	336.25	311.00

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

(Amount in lakh)

Sr No	Particulars	With the Company	In Separate CSR Unspent account
(i)	Balance as at 1st April 2020	-	-
(ii)	Amount required to be spent during the year	677.05	-
(iii)	Amount spent during the year	336.25	-
(iv)	Balance as at 31st March 2021	340.80	-

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

(Amount in lakh)

Sr No	Particulars	For the year ended 31st March, 2021
a)	Balance unspent as at 1st April 2020	-
v)	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	-
c)	Amount required to be spent during the year	-
d)	Amount spent during the year	-
e)	Balance unspent as at 31st March 2021	-

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

(Amount in lakh)

Sr No	Particulars	For the year ended 31st March, 2021
a)	Balance excess spent as at 1st April 2020	-
b)	Amount required to be spent during the year	677.05
c)	Amount spent during the year	336.25
d)	Balance excess spent as at 31st March 2021	-

NOTE 35 RELATED PARTY DISCLOSURE

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

35.01. Names of Related Parties

Sr No	Particulars	Country of Incorporation	Proportion of ownership interest
(a)	**Holding company:**		
	Kotak Mahindra Bank Limited	India	100.00%
(b)	**Fellow subsidiary:**		
	Kotak Securities Limited	India	
	Kotak Mahindra Capital Company Limited	India	
	Kotak Investment Advisors Limited.	India	
	Kotak General Insurance Company Limited	India	
	Kotak Mahindra Life Insurance Company 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	U.A.E.	
	Kotak Mahindra Trustee Company Ltd	India	
	Kotak Mahindra Pension Fund Limited	India	
	BSS Microfinance Limited	India	
	IVY Product Intermediaries Limited	India	

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to the Consolidated Financial Statements for the year ended 31st March, 2021

Sr No	Particulars	Country of Incorporation	Proportion of ownership interest
(c)	**Associate Company/Others:**		
	Phoenix ARC Private Limited (Associate)	India	
	Infina Finance Private Limited (Others)	India	
	ECA Trading Services Limited (Others)	India	
	Matrix Business Services India Pvt Limited (Joint Venture till 26th April, 2019)	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	
	Kotak Education Foundation (Till 27th Dec, 2019)	India	
(e)	**Key Management Personnel**		
	Mr. Amit Bagri (CEO from May 01, 2019)		
	Mr. Paritosh Kashyap (MD and CEO till April 30, 2019)		
	Mr. Uday Kotak		
	Mr. KVS Manian		
	Ms. Padmini Khare Kaicker *		
	Mr. Chandrashekhar Sathe *		
	Mr. Arvind Kathpalia		
(f)	**Relatives of Key Management Personnel**		
	Sumanth Kathpalia		

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

35.02. Transactions with related parties

Transactions with Key Management Personnel

The table below describes the compensation to Key Management Personnel which comprise directors and executive officers under Ind AS 24:

(a) Key Management Personnel compensation*

(Amount in lakh)

Sr No	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
i.	Short-term employee benefits	155.81	184.37
ii.	Other Contribution to funds	6.65	7.66
iii.	Shared-based payments (ESOPs/SAR)**	87.65	52.74
iv.	Sitting fees and commission	29.20	24.00

** 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.*

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

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Related Party Disclosures

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

(Amount in lakh)

Sr. No.	Particulars	31st March, 2021	31st March, 2020
I	**Holding Company**		
	- Kotak Mahindra Bank Limited		
a)	**Transactions during the year :**		
	FINANCE		
	ESOP Expenses (Refer note 38)	99.13	131.19
	Fixed Deposits Placed	667,636.43	251,015.08
	Fixed Deposits Repaid	701,633.77	217,013.00
	Interest Received on Fixed Deposits	454.44	212.35
	Borrowings availed	80,000.00	-
	Borrowings repaid	50,000.00	-
	Interest accrued on borrowing	490.56	-
	Payment of Interest accrued on borrowing	338.16	-
	OTHER RECEIPTS AND PAYMENTS		
	Demat Charges	0.82	5.07
	Service Charges Received	50.40	50.40
	Expense reimbursements received.	0.41	6.88
	Expense reimbursements paid	197.29	245.26
	Share Service Cost	1,003.73	1,065.83
	Bank charges paid	0.09	-
	Royalty paid	260.09	-
	Interest on borrowings paid	1,530.13	-
	Licence Fees paid	550.98	646.37
	Referral fees paid	-	71.63
	IPA Fees paid	2.00	2.00
	Employee Liability transfer out	34.66	115.24
	Employee Liability transfer in	4.21	76.92
	Asset transferred in	4.44	15.93
	Asset transferred out	8.22	0.80
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Balance in current account	14,576.37	22,034.46
	Capital contribution from Parent	528.61	429.48
	Term Deposits Placed	42.53	34,039.87
	Interest accrued on Term Deposits placed	0.38	38.65
	Borrowings	30,000.00	-
	Interest accrued on borrowing	152.40	-
	OTHER RECEIPTS and PAYMENTS		
	Service charges payable	77.59	248.37
	Service charges receivable	5.95	0.34
	Demat Charges Payable	0.09	2.20

During the year, 99.13 lakh (31st March, 2020: 131.19 lakh) 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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(Amount in lakh)

Sr. No.	Particulars	31st March, 2021	31st March, 2020
II	**Fellow Subsidiaries**		
a)	**Transactions during the year :**		
	FINANCE		
	Interest on Non Convertible Debentures/Inter Corporate Deposits		
	- Kotak Securities Limited	1,554.08	1,556.95
	- Kotak Mahindra Capital Company Ltd.	365.46	196.30
	- Kotak Mahindra Prime Limited	25.72	-
	Inter Corporate Deposits Borrowing		
	- Kotak Mahindra Prime Limited	52,000.00	-
	Inter Corporate Deposits Borrowing repaid		
	- Kotak Mahindra Prime Limited	52,000.00	-
	Interest received on Inter Corporate Deposits		
	- Kotak Mahindra Prime Limited	34.25	-
	OTHER SECURITIES		
	Service Charges Received		
	- Kotak Mahindra Prime Limited	128.40	128.40
	- Kotak Infrastructure debt fund	16.50	16.86
	Sharing of Fee Income		
	- Kotak Mahindra Capital Company Limited	799.77	427.81
	Brokerage paid		
	- Kotak Securities Limited	11.81	67.66
	Demat Charges paid		
	- Kotak Securities Limited	0.74	0.32
	License Fees Paid		
	- Kotak Securities Limited	7.08	7.86
	Insurance premium paid		
	- Kotak Mahindra General Insurance Company Limited	2.73	1.54
	- Kotak Mahindra Life Insurance Company Ltd.	2.97	2.57
	Expense reimbursement from other company		
	- Kotak Mahindra Prime Limited	-	0.13
	- Kotak Infrastructure Debt Fund Limited	-	3.13
	Expense reimbursement to other company		
	- Kotak Securities Limited	0.02	0.07
	- Kotak Mahindra Capital Company Limited	-	6.41
	Employee Liability transfer out		
	- Kotak Mahindra Prime Limited	3.82	-
	- Kotak Mahindra Capital Company Limited	39.01	-
	- Kotak Investment Advisory Limited	0.67	-
	Sale of Securities		
	- Kotak Securities Limited	20,077.24	-
	Repayment of Interest accrued on NCDs Issued		
	- Kotak Securities Limited	2,445.69	1,555.00
	- Kotak Mahindra Prime Limited	23.10	-
	- Kotak Mahindra Capital Company Limited	704.84	-
	Interest Accrued on NCDs Issued		
	- Kotak Securities Limited	2,444.27	1,556.92
	- Kotak Mahindra Prime Limited	22.57	-
	- Kotak Mahindra Capital Company Limited	808.13	104.14

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(Amount in lakh)

Sr. No.	Particulars	31st March, 2021	31st March, 2020
	Issue of NCDs		
	- Kotak Mahindra Capital Company Limited	-	4,883.98
	- Kotak Mahindra Prime Limited	39,000.00	-
	Repayment of NCDs		
	- Kotak Mahindra Prime Limited	35,000.00	-
	Asset Transfer-out		
	- Kotak Infrastructure Debt Fund Limited	-	0.71
	- Kotak Mahindra Prime Limited	-	1.37
	- Kotak Mahindra Capital Company Limited	15.22	-
	- Kotak Investment Advisory Limited	0.00	-
	Asset Transfer-In		
	- Kotak Mahindra Prime Limited	17.68	-
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Non Convertible Debentures issued		
	- Kotak Securities Limited	18,000.00	18,000.00
	- Kotak Mahindra Prime Limited	4,000.00	-
	- Kotak Mahindra Capital Company Limited	4,815.64	4,863.61
	Interest payable on Non Convertible Debentures		
	- Kotak Securities Limited	200.93	202.35
	- Kotak Mahindra Capital Company Limited	279.21	280.06
	OTHER SECURITIES		
	Outstanding Receivable		
	- Kotak Securities Limited	557.28	374.18
	OTHER RECEIPTS and PAYMENTS		
	Demat charges payable		
	- Kotak Securities Limited	0.21	0.22
	Service charges Receivable		
	- Kotak Mahindra Prime Limited	11.82	11.56
	- Kotak Mahindra Capital Company Limited	27.33	-
	- Kotak Infrastructure Debt Fund Limited	1.52	1.49
	Service charges Payable		
	- Kotak Securities Limited	0.70	0.71
	- Kotak Investment Advisory Limited	0.67	-
	- Kotak Mahindra Capital Company Limited	20.79	-
	Payable – Others		
	- Kotak Mahindra Prime Limited	3.82	2,198.91
	Insurance premium paid in advance		
	- Kotak Mahindra General Insurance Company Limited	0.12	2.08
	- Kotak Mahindra Life Insurance Company Ltd	-	3.50
	Insurance premium capitalised		
	- Kotak Mahindra General Insurance Company Limited	0.68	-

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(Amount in lakh)

Sr. No.	Particulars	31st March, 2021	31st March, 2020
III	**Associate Company/Joint Ventures**		
a)	**Transactions during the year :**		
	OTHER RECEIPTS and PAYMENTS		
	Dividend Income		
	- Matrix Business Services India Pvt Limited	-	16.54
	Asset Transfer-out		
	- Infina Finance private Limited	15.98	-
	Employee Liability transfer out		
	- Infina Finance private Limited	0.27	-
b)	**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**		
a)	**Balances outstanding as at the year end :**		
	INVESTMENTS		
	Investments -Business Standard Private Limited	0.20	0.20
	COMMODITY DERIVATIVES		
	Outstanding receivable -Kotak Commodity Services Private Limited	0.31	0.31
	OTHER RECEIPTS and PAYMENTS		
	Fees on travel tickets purchased - Aero Agencies Limited	0.97	5.15
	Prepayment to Service Provider - Aero Agencies Limited	-	0.79
V	**Relatives of Key Management Personnel (KMP) - Mr Sumant Kathpalia**		
a)	**Transactions during the year :**		
	Loan repaid	-	451.00
	Interest received	-	34.11

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NOTE 36 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

36.1. Accounting classification

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

(Amount in lakh)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	Amortised Cost	FVOCI	FVTPL	Others	Amortised Cost	FVOCI	FVTPL	Others
Financial assets								
Cash and cash equivalents	14,691.83	-	-	-	158,990.51	-	-	-
Bank Balance other than cash and cash equivalent	42.90	-	-	-	1,497.07	-	-	-
Receivables:								
Trade receivables	122.85	-	-	-	58.78	-	-	-
Other receivables	594.51	-	-	-	382.25	-	-	-
Loans	620,983.57	-	-	-	535,036.55	-	-	-
Investments	39,439.18	65,227.62	33,854.88	-	49,721.18	-	27,363.45	-
Other financial assets	221.99	-	-	-	197.71	-	-	-
Total	**676,096.83**	**65,227.62**	**33,854.88**	**-**	**745,884.05**	**-**	**27,363.45**	**-**
Financial liabilities								
Derivative financial instruments	-	-	1,524.25	-	-	-	5,441.02	-
Payables	-	-	-	-	-	-	-	-
Trade Payables	667.17	-	-	-	2,834.80	-	-	-
Other Payables	251.32	-	-	-	1,440.75	-	-	-
Debt securities	255,442.86	-	-	-	306,140.54	-	-	-
Borrowings (Other than Debt Securities)	296,822.12	-	-	-	263,996.56	-	-	-
Subordinated Liabilities	20,239.62	-	-	-	20,241.93	-	-	-
Total	**573,423.09**	**-**	**1,524.25**	**-**	**594,654.58**	**-**	**5,441.02**	**-**

36.2. Fair Value

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

(Amount in lakh)

Particulars	Fair value							
	As at 31st March, 2021				As at 31st March, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Mutual Funds	18,052.36	-	-	18,052.36	22,000.51	-	-	22,000.51
Investments in Venture Capital Funds	-	-	1,524.05	1,524.05	-	-	1,530.97	1,530.97
Investments in Preference Shares	-	-	-	-	-	-	3,766.10	3,766.10
Investments in Equity Instruments	-	-	54.93	54.93	-	-	65.87	65.87
Investments in Debt Securities	-	14,223.54	-	14,223.54	-	-	-	-
Investments in Government securities	30,348.99	-	-	30,348.99	-	-	-	-
Investments in Treasury bills	-	34,878.63	-	34,878.63	-	-	-	-
Total	**48,401.35**	**49,102.17**	**1,578.98**	**99,082.50**	**22,000.51**	**-**	**5,362.94**	**27,363.45**
Financial liabilities								
Derivative financial instruments	-	1,524.25	-	1,524.25	-	5,441.02		5,441.02
Total	**-**	**1,524.25**	**-**	**1,524.25**	**-**	**5,441.02**	**-**	**5,441.02**

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

(Amount in lakh)

Particulars	Fair value							
	As at 31st March, 2021				As at 31st March, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans	-	-	624,957.78	624,957.78	-	-	546,696.62	546,696.62
Investments	-	41,762.40	-	41,762.40	-	41,581.53	10,331.54	51,913.07
Total	**-**	**41,762.40**	**624,957.78**	**666,720.18**	**-**	**41,581.53**	**557,028.16**	**598,609.69**
Financial liabilities								
Debt securities	-	257,329.47	-	257,329.47	-	309,707.68	-	309,707.68
Borrowings (Other than Debt Securities)	-	317,468.40	-	317,468.40	-	285,651.11	-	285,651.11
Total	**-**	**574,797.87**	**-**	**574,797.87**	**-**	**595,358.79**	**-**	**595,358.79**

Fair value of Statement of Financial Position is presented below:

(Amount in lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	14,691.83	14,691.83	158,990.51	158,990.51
Bank Balance other than cash and cash equivalent	42.90	42.90	1,497.07	1,497.07
Receivables:				
Trade receivables	122.85	122.85	58.78	58.78
Other receivables	594.51	594.51	382.25	382.25
Loans	620,983.57	624,957.78	535,036.55	546,696.62
Investments	138,521.68	140,502.29	77,084.63	85,058.67
Other financial assets	221.99	221.99	197.71	197.71
Total	**775,179.33**	**781,134.15**	**773,247.50**	**792,881.61**
Financial liabilities				
Derivative financial instruments	1,524.25	1,524.25	5,441.02	5,441.02
Payables				
Trade Payables	667.17	667.17	2,834.80	2,834.80
Other Payables	251.32	251.32	1,440.75	1,440.75
Debt securities	255,442.86	257,329.47	306,140.54	309,707.68
Borrowings (Other than Debt Securities)	296,822.12	295,181.25	263,996.56	264,172.62
Subordinated Liabilities	20,239.62	22,287.16	20,241.93	21,478.50
Total	**574,947.34**	**577,240.62**	**600,095.60**	**605,075.37**

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

36.3. Measurement of fair values

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

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the 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).

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Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximise 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..

36.3.1 Financial instruments valued at carrying value

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

36.3.2 Valuation techniques used to determine fair value:

36.3.2.1 Investments in Mutual Funds

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

36.3.2.2 Investments in Preference Shares

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

36.3.2.3 Investment in Venture Capital Funds

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

36.3.2.4 Investment in Equity instruments

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

36.3.2.5 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

36.3.2.6 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.

36.3.3 Fair value of financial instruments carried at amortised cost

36.3.3.1 Loans

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

36.3.3.2 Borrowings

The fair values of the 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).

36.4.Fair values measurement on level 3 Investments

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

(Amount in lakh)

Particulars	As at 1st April, 2020	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2021
Investments in Preference Shares	3,766.10	163.18	-	(3,929.28)	-	-
Investments in Equity Instruments	65.87	(10.94)	-	-	-	54.93
Investments in Venture funds	1,530.97	(1.92)	-	(5.00)	-	1,524.05

(Amount in lakh)

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

36.4.2. Unobservable inputs used in measuring fair value

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

36.4.3. Sensitivity analysis of Level 3 financial instruments measured at fair value on a recurring basis

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

(Amount in lakh)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow
Investments in Preference Shares	-	-	-	-	34.82	(35.47)	-	-
Investments in Equity Instruments	-	-	2.75	(2.75)	-	-	3.29	(3.29)

36.5. Financial risk management

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

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

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36.5.1. 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 analyse 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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36.5.2. 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 lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loans at amortised cost		
- Commercial Real Estate	362,944.88	354,136.16
- Loan against Securities and Structured Products	227,473.78	137,293.09
- Margin Funding	45,572.90	54,934.73
Investments	39,781.78	50,039.54
Other financial assets	15,492.30	160,967.01
Total	**691,265.64**	**757,370.53**

36.5.2.1. 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.

36.5.2.2. Quantitative Information of Collateral - Credit Impaired assets

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

(Amount in lakh)

Sr. No.	Loan To Value (LTV) range	Gross value of loan in stage 3	
		As at March 31st, 2021	As at March 31st, 2020
1	Upto 50% Coverage *	2,533.33	2,602.94
2	51% - 70% Coverage	-	-
3	71% - 100% Coverage	-	-
4	Above 100% coverage	5,221.79	4,917.65
		7,755.12	**7,520.59**

** Provision Created for Impairment allowance agains these Loans - ₹ 2533.33 Lakh (Previous Year ₹ 1912.88 Lakh)*

36.5.2.3. Financial assets received as collateral

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

At 31st March, 2021, the fair value of financial assets accepted as collateral against Loan that the Group is permitted to sell or repledge in the absence of default was ₹ 4,39,903.97 lakh (31st March, 2020: ₹ 5,69,080.05 lakh).

During the year ended on 31st March, 2021, the fair value of financial assets accepted as collateral that had been sold was ₹ 4,525.81 lakh (Year ended on 31st March, 2020: ₹ 36,853.43 lakh). The Group adjusts the sales Proceed from carrying amount of loan and is not obliged to return equivalent securities.

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36.5.2.4. Amounts arising from ECL

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

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

Inputs considered in the ECL model:

The 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 categorised 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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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.

36.5.2.4.2. Gross Carrying value

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

Loans

(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 31st March, 2019	**795,926.47**	**79,678.42**	**4,075.60**	**879,680.49**
Transition From 12 month ECL	(41,067.17)	37,989.53	3,077.65	-
Transition From Lifetime ECL not credit impaired	21,279.28	(25,903.18)	4,623.90	-
Transition From Lifetime ECL credit impaired	25.28	48.19	(73.47)	-
Net remeasurement	(150,882.48)	(13,868.92)	(3,943.47)	(168,694.86)
New financial assets originated during the year	173,231.12	18,463.74	-	191,694.86
Financial assets that have been derecognised during the period	(324,694.38)	(31,382.51)	(167.64)	(356,244.53)
Write-offs	-	-	(71.98)	(71.98)
Balance as at 31st March, 2020	**473,818.12**	**65,025.27**	**7,520.59**	**546,363.98**
Transition From 12 month ECL	(46,177.52)	46,177.52	-	-
Transition From Lifetime ECL not credit impaired	12,557.65	(16,368.97)	3,811.32	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement	(52,835.81)	1,510.97	(3,575.04)	(54,899.88)
New financial assets originated during the year	246,998.48	-	-	246,998.48
Financial assets that have been derecognised during the period	(85,690.65)	(16,778.61)	(1.76)	(102,471.02)
Write-offs	-	-	-	-
Balance as at 31st March, 2021	**548,670.27**	**79,566.18**	**7,755.11**	**635,991.56**

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Investments

(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at 31st March, 2019	**44,912.52**	**9,011.54**		**3,844.22**	**50,079.84**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	9,011.54	(9,011.54)	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	(40.30)	-	-	-	(40.30)
New financial assets originated during the year	-	-	-	-	-
Financial assets that have been derecognised during the period	(3,844.22)	-	-	(3,844.22)	-
Write-offs	-	-	-	-	0
Balance as at 31st March, 2020	**50,039.54**	**-**	**-**	**-**	**50,039.54**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	(0.00)	0.00	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	(593.68)	-	-	-	(593.68)
New financial assets originated during the year	20,375.46	-	-	-	20,375.46
Financial assets that have been derecognised during the period	(30,039.54)	-	-	0.00	(30,039.54)
Write-offs	-	-	-	-	-
Balance as at 31st March, 2021	**39,781.78**	**0.00**	**-**	**0.00**	**39,781.78**

Trade Receivables And Other financial assets

(Amount in lakh)

Particulars	Trade Receivables And Other financial assets
Balance as at 31st March, 2019	**50,952.16**
Addition/Deletion during the year	110,014.85
Balance as at 31st March, 2020	**160,967.01**
Addition/Deletion during the year	(145,474.71)
Balance as at 31st March, 2021	**15,492.30**

36.5.2.4.3. Impairment loss allowance

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

Loans

(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 31st March, 2019	**1,663.70**	**1,936.85**	**1,869.67**	**5,470.22**
Transition From 12 month ECL	(112.55)	112.41	0.14	-
Transition From Lifetime ECL not credit impaired	148.56	(631.88)	483.32	-
Transition From Lifetime ECL credit impaired	0.39	0.06	(0.45)	-
Net remeasurement of loss allowance	953.27	2,047.28	778.23	3,778.78
New financial assets originated during the year	1,687.49	1,166.89	-	2,854.38
Financial assets that have been derecognised during the period	(618.34)	(127.51)	(29.27)	(775.12)
Write-offs	-	-	(0.83)	(0.83)
Balance as at 31st March, 2020	**3,722.52**	**4,504.10**	**3,100.81**	**11,327.43**

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(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Transition From 12 month ECL	(514.16)	514.16	-	-
Transition From Lifetime ECL not credit impaired	562.39	(1,106.42)	544.03	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(1,163.21)	4,242.36	1,027.92	4,107.07
New financial assets originated during the year	1,554.79	-	-	1,554.79
Financial assets that have been derecognised during the period	(430.10)	(1,263.75)	(287.44)	(1,981.29)
Write-offs	-	-	-	-
Balance as at 31st March, 2021	**3,732.23**	**6,890.45**	**4,385.32**	**15,008.00**

Investments

(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at 31st March, 2019	**206.37**	**182.96**	**-**	**11.14**	**378.19**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	182.96	(182.96)	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement of loss allowance	(59.83)	-	-	-	(59.83)
New financial assets originated during the year	-	-	-	-	-
Financial assets that have been derecognised during the period	(11.14)	-	-	(11.14)	-
Write-offs	-	-	-	-	0
Balance as at 31st March, 2020	**318.36**	**-**	**-**	**-**	**318.36**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	-	-	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement of loss allowance	(3.05)	-	-	-	(3.05)
New financial assets originated during the year	242.69	-	-	-	242.69
Financial assets that have been derecognised during the period	(215.42)	-	-	-	(215.42)
Write-offs	-	-	-	-	-
Balance as at 31st March, 2021	**342.58**	**-**	**-**	**-**	**342.58**

Trade Receivables And Other financial assets

(Amount in lakh)

Particulars	Trade Receivables And Other financial assets
Balance as at 31st March, 2019	**13.37**
Addition/Deletion during the year (Net)	27.33
Balance as at 31st March, 2020	**40.70**
Addition/Deletion during the year (Net)	(22.47)
Balance as at 31st March, 2021	**18.23**

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36.5.2.5. Credit quality analysis

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

(Amount in lakh)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	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	284,585.02	56,768.92	-	341,353.94	292,652.02	40,846.19	-	333,498.21
Past due 1–30 days	-	-	-	-	-	1,917.01	-	1,917.01
Past due 31–60 days	-	4,622.75	-	4,622.75	-	13,804.97	-	13,804.97
Past due 61–90 days	-	11,746.40	-	11,746.40	-	-	-	-
Past due 90 days	-	-	5,221.79	5,221.79	-	-	4,915.97	4,915.97
Gross carrying amount	**284,585.02**	**73,138.07**	**5,221.79**	**362,944.88**	**292,652.02**	**56,568.17**	**4,915.97**	**354,136.16**
Impairment loss allowance	(3,165.76)	(6,840.95)	(1,851.99)	(11,858.70)	(3,387.16)	(4,426.44)	(1,187.30)	(9,000.90)
Net carrying amount	**281,419.26**	**66,297.12**	**3,369.80**	**351,086.18**	**289,264.86**	**52,141.73**	**3,728.67**	**345,135.26**
Loan against Securities and Structured Products								
Current Bucket	224,674.89	821.34	-	225,496.23	133,576.59	1,029.74	-	134,606.33
Past due 1–30 days	412.68	-	-	412.68	1,068.18	-	-	1,068.18
Past due 31–60 days	-	-	-	-	-	70.69	-	70.69
Past due 61–90 days	-	257.20	-	257.20	-	-	-	-
Past due 90 days	-	-	1,307.67	1,307.67	-	-	1,547.89	1,547.89
Gross carrying amount	**225,087.57**	**1,078.54**	**1,307.67**	**227,473.78**	**134,644.77**	**1,100.43**	**1,547.89**	**137,293.09**
Impairment loss allowance	(443.07)	(3.57)	(1,307.67)	(1,754.31)	(113.25)	(2.29)	(870.98)	(986.52)
Net carrying amount	**224,644.50**	**1,074.97**	**-**	**225,719.47**	**134,531.52**	**1,098.14**	**676.91**	**136,306.57**
Margin Funding								
Current Bucket	36,262.49	1,514.98	-	37,777.47	45,559.19	5,686.18	-	51,245.37
Past due 1–30 days	2,735.19	3,073.06	-	5,808.25	962.14	923.52	-	1,885.66
Past due 31–60 days	-	761.52	-	761.52	-	746.97	-	746.97
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	1,225.66	1,225.66	-	-	1,056.73	1,056.73
Gross carrying amount	**38,997.68**	**5,349.56**	**1,225.66**	**45,572.90**	**46,521.33**	**7,356.67**	**1,056.73**	**54,934.73**
Impairment loss allowance	(123.40)	(45.93)	(1,225.66)	(1,394.99)	(222.13)	(75.34)	(1,042.53)	(1,340.00)
Net carrying amount	**38,874.28**	**5,303.63**	**-**	**44,177.91**	**46,299.20**	**7,281.33**	**14.20**	**53,594.73**
Debenture								
Current Bucket	39,781.78	-	-	39,781.78	50,039.54	-	-	50,039.54
Gross carrying amount	**39,781.78**	**-**	**-**	**39,781.78**	**50,039.54**	**-**	**-**	**50,039.54**
Impairment loss allowance	(342.58)	-	-	(342.58)	(318.36)	-	-	(318.36)
Net carrying amount	**39,439.20**	**-**	**-**	**39,439.20**	**49,721.18**	**-**	**-**	**49,721.18**

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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 lakh)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	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	65,227.62	-	-	65,227.62	-	-	-	-
Gross carrying amount	**65,227.62**	**-**	**-**	**65,227.62**	**-**	**-**	**-**	**-**
Impairment loss allowance	-	-	-	-	-		-	-
Net carrying amount	**65,227.62**	**-**	**-**	**65,227.62**	**-**	**-**	**-**	**-**
Fair Value	-	-	-	-	-	-	-	-

Covid-19 Impact

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27th March, 2020 and 7th April, 2020 relating to 'COVID-19 - Regulatory Package', the Group has granted moratorium upto Six months on the payment of installments falling due between 1st March, 2020 and 31st August, 2020 to all eligible borrowers. In respect of accounts where moratorium benefit has been granted, days past due (DPD) status of those accounts as at 31st March 2020 is based on the days past due status as on 29th February 2020.

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

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

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
	12-month ECL	12-month ECL
Current	15,492.30	1,60,967.01
Impairment loss allowance	(18.23)	(40.70)
Carrying amount	**15,474.07**	**1,60,926.31**

36.5.3. 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 36.5.1.

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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 lakh)

Particulars	1to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at 31st March, 2021										
Financial assets										
Cash and cash equivalents	14,694.70	-	-	-	-	-	-	-	-	14,694.70
Bank Balance other than cash and cash equivalents	-	-	42.91	-	-	-	-	-	-	42.91
Receivables										
(I) Trade receivables	122.58	2.28	-	-	-	-	-	-	-	124.86
(II) Other receivables	-	-	-	604.22	-	-	-	-	-	604.22
Loans	9,399.07	3,797.76	29,838.75	20,806.06	80,709.33	162,170.19	247,660.58	59,816.56	21,793.27	635,991.57
Investments accounted for using equity method	-	-	-	-	-	-	-	-	14,806.39	14,806.39
Other Investments	18,125.20	65,044.25	14,336.94	600.00	6.32	1,000.00	38,172.57	-	1,578.98	138,864.26
Other Financial assets	-	-	-	-	-	-	-	-	225.62	225.62
Total	**42,341.55**	**68,844.29**	**44,218.60**	**22,010.28**	**80,715.65**	**163,170.19**	**285,833.15**	**59,816.56**	**38,404.26**	**805,354.53**
Financial liabilities										
Derivative financial instruments	-	1,524.25	-	-	-	-	-	-	-	1,524.25
Payables										
(I) Trade payables	564.27	-	-	102.90	-	-	-	-	-	667.17
(II) Other payables	234.08	-	-	0.67	4.97	-	11.60	-	-	251.32
Debt securities	-	21,544.09	10,138.16	910.00	53,369.05	38,140.21	148,608.32	-	-	272,709.83
Borrowings (Other than Debt Securities)	-	15,000.00	31,026.00	50,500.00	97,199.70	99,500.00	7,829.83	-	-	301,055.52
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.00	8,445.00	16,270.21	29,882.71
Total	**798.35**	**38,068.34**	**41,164.16**	**51,513.57**	**150,573.72**	**139,362.71**	**159,894.75**	**8,445.00**	**16,270.21**	**606,090.81**

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(Amount in lakh)

Particulars	1to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at 31st March, 2020										
Financial assets										
Cash and cash equivalents	22,431.73	136,589.79	-	-	-	-	-	-	-	159,021.52
Bank Balance other than cash and cash equivalents	-	-	-	-	-	1,457.14	40.22	-	-	1,497.36
Receivables										
(I) Trade receivables	59.65	-	-		-	-	-	-	-	59.65
(II) Other receivables	-	-	387.87	-	-	-	-	-	-	387.87
Loans	18,011.79	19,132.18	15,020.72	38,604.50	78,150.44	76,736.35	239,231.20	41,468.39	20,008.41	546,363.98
Investments accounted for using equity method	-	-	-	-	-	-	-	-	14,425.46	14,425.46
Other Investments	22,000.51	27.66	-	-	20,000.00	10,611.87	7,966.10	16,716.66	80.19	77,402.99
Other Financial assets	-	-	-	-	-	-	-	-	200.62	200.62
Total	**62,503.68**	**155,749.63**	**15,408.59**	**38,604.50**	**98,150.44**	**88,805.36**	**247,237.52**	**58,185.05**	**34,714.68**	**799,359.46**
Financial liabilities										
Derivative financial instruments	-	-	-	-	248.93	3,837.07	1,355.02	-	-	5,441.02
Payables										
(I) Trade payables	2,585.72	-	-	249.08	-	-	-	-	-	2,834.80
(II) Other payables	1,440.75	-	-	-	-	-	-	-	-	1,440.75
Debt securities	-	5,207.74	32,642.63	3,528.16	82,997.44	70,292.25	139,209.07	-	-	333,877.29
Borrowings (Other than Debt Securities)	10,568.39	39,300.00	24,277.24	46,500.00	61,158.11	83,355.52	5,199.70	-	-	270,358.96
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.00	3,445.00	22,992.71	31,605.21
Total	**14,594.86**	**44,507.74**	**56,919.87**	**50,277.24**	**144,404.48**	**159,207.34**	**149,208.79**	**3,445.00**	**22,992.71**	**645,558.03**

36.5.4. Interest Rate Risk

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

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 lakh)

Particulars	31st March, 2021	31st March, 2020
Fixed-rate instruments		
Financial assets	587,767.28	382,773.60
Financial liabilities	(484,547.94)	(541,533.92)
Variable-rate instruments		
Financial assets	185,761.03	377,673.68
Financial liabilities	(87,956.66)	(48,845.10)
Rate Insensitive	14,014.67	17,509.10
Total Net	**215,038.38**	**187,577.36**

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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 lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments (net)	978.04	(978.04)	3,288.29	(3,288.29)
Cash Flow Sensitivity	**978.04**	**(978.04)**	**3,288.29**	**(3,288.29)**

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

36.5.5. The following table presents the recognised financial instruments and other similar agreements that can be offset but are not offset

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

(Amount in lakh)

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
31st March, 2021					
Loans and advances					
Loans against securities and structured products	95,485.30	-	95,485.30	(94,568.08)	917.22
Margin funding	45,572.90	-	45,572.90	(44,342.70)	1,230.20
	141,058.20	**-**	**141,058.20**	**(138,910.78)**	**2,147.42**
31st March, 2020					
Loans and advances					
Loans against securities and structured products	94,564.17	-	94,564.17	(93,553.36)	1,010.81
Margin funding	54,934.73	-	54,934.73	(53,768.95)	1,165.78
	149,498.90	**-**	**149,498.90**	**(147,322.31)**	**2,176.59**

[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 minimise 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.

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NOTE 37 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 Group are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Group 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 Group contributes an equal amount. The Group recognised ₹ 114.88 lakh (Previous year. ₹ 115.01 lakh) 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 lakh. (Previous Year ₹ 20 lakh).

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 lakh)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
Net defined benefit liability	17 (i)	253.93	261.30
Total employee benefit liabilities		**253.93**	**261.30**

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 lakh)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**261.30**	**204.76**	**-**	**-**	**261.30**	**204.76**
Included in profit or loss		-	-	-		
Current service cost	36.29	32.16	-	-	36.29	32.16
Past service cost	-	-	-	-	-	-
Interest cost (income)	15.17	13.43	-	-	15.17	13.43
	312.76	**250.35**	**-**	**-**	**312.76**	**250.35**
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	3.26	0.99	-	-	3.26	0.99
Experience adjustment	(1.36)	18.88	-	-	(1.36)	18.88
Return on plan assets excluding interest income	-	-	-	-	-	-
	1.90	**19.87**	**-**	**-**	**1.90**	**19.87**

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(Amount in lakh)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Other						
Benefits paid	(34.55)	(1.07)	-	-	(34.55)	(1.07)
Liabilities assumed / (settled)	(26.18)	(7.85)			(26.18)	(7.85)
Closing balance	**253.93**	**261.30**	**-**	**-**	**253.93**	**261.30**
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					253.93	261.30
					253.93	**261.30**

C. Expenses recognised in Statement of Profit and Loss

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current service cost	36.29	32.16
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	15.17	13.43
(Gains) / losses on settlement	-	-
Total	**51.46**	**45.59**

D. Remeasurements recognised in other comprehensive income

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Actuarial loss (gain) arising from:		
Demographic assumptions	-	-
Financial assumptions	3.26	0.99
Experience adjustment	(1.36)	18.88
	1.90	**19.87**
Return on plan assets excluding interest income	-	-
	1.90	**19.87**

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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, 2021	As at 31st March, 2020
Discount rate	6.20%	6.40%
Salary escalation rate	7.00%	0.00% 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 lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	245.93	262.42	253.05	270.07
Future salary growth (0.5% movement)	259.33	248.64	266.45	256.31

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

F. Experience Adjustments

(Amount in lakh)

Particulars	Gratuity				
	Year ended 31st March				
	2021	2020	2019	2018	2017
Defined benefit obligation	253.93	261.30	204.76	178.43	145.79
Plan assets	-	-	-	-	-
Surplus / (deficit)	253.93	261.30	204.76	178.43	145.79
Experience adjustments on plan liabilities	(1.36)	18.88	9.18	18.41	4.94
Experience adjustments on plan assets	-	-	-	-	-

G. Accumulated Compensated Absences

The Group provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Group recognised ₹ 1.02 lakh (Previous year. ₹ 24.33 lakh) for Compensated Absences in the Statement of Profit and Loss.

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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 38 SHARE-BASED PAYMENT ARRANGEMENTS:

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

At the General Meetings of the holding 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, ₹ 99.13 lakh (31st March, 2020: 131.19 lakh) 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.

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, 2021			31st March, 2020		
			No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2007-47								
D	09-May-15	Equity settled	-	-	-	13,576	31-Dec-18	4.15
2015-02								
C	19-May-16	Equity settled	-	-	-	6,764	30-Jun-19	3.62
D	19-May-16	Equity settled	664	30-Nov-19	3.87	6,764	30-Nov-19	3.87
2015-03								
A	19-May-16	Equity settled	-	-	-	20,000	01-Jan-20	3.87
2015-05								
A	10-Aug-16	Equity settled	-	-	-	9,000	15-Aug-19	3.39
B	10-Aug-16	Equity settled	9,000	15-Aug-20	4.39	9,000	15-Aug-20	4.39
2015-07								
B	15-May-17	Equity settled	6,819	31-Oct-19	2.96	14,088	31-Oct-19	2.96
C	15-May-17	Equity settled	5,988	30-Jun-20	3.63	9,392	30-Jun-20	3.63
D	15-May-17	Equity settled	5,988	31-Dec-20	4.13	9,392	31-Dec-20	4.13
2015-14								
A	18-May-18	Equity settled	-	31-Jul-19	1.71	14,592	31-Jul-19	1.71
B	18-May-18	Equity settled	9,909	31-Oct-20	2.95	14,592	31-Oct-20	2.95
C	18-May-18	Equity settled	6,606	30-Jun-21	3.62	9,728	30-Jun-21	3.62
D	18-May-18	Equity settled	6,606	31-Dec-21	4.12	9,728	31-Dec-21	4.12
2015-16								
A	18-May-18	Equity settled	5,000	31-Jul-20	2.71	5,000	31-Jul-20	2.71
B	18-May-18	Equity settled	5,000	31-Jul-21	3.71	5,000	31-Jul-21	3.71

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Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2021			31st March, 2020		
			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)
2015-19								
A	20-May-19	Equity settled	11,970	31-Jul-20	1.70	12,012	31-Jul-20	1.70
B	20-May-19	Equity settled	11,970	31-Oct-21	2.95	12,012	31-Oct-21	2.95
C	20-May-19	Equity settled	7,980	30-Jun-22	3.62	8,008	30-Jun-22	3.62
D	20-May-19	Equity settled	7,980	31-Dec-22	4.12	8,008	31-Dec-22	4.12
2015-25								
A	07-Aug-20	Equity settled	5,949	31-Aug-21	1.07	-	-	-
B	07-Aug-20	Equity settled	5,949	30-Nov-22	2.32	-	-	-
C	07-Aug-20	Equity settled	3,966	30-Jun-23	2.90	-	-	-
D	07-Aug-20	Equity settled	3,966	31-Dec-23	3.40	-	-	-

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

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

As at 31st March, 2021

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
2015-02	19-May-16	1.37 - 3.53	0.33 - 1.00	1.62 - 3.70	710.00	708.90	7.25% - 7.46%	0.07%	26.85% - 27.96%	134.08 - 229.80
2015-05	10-Aug-16	3.01 - 4.02	0.38 - 0.38	3.20 - 4.21	765.00	764.75	7.04% - 7.13%	0.07%	26.75% - 28.05%	225.33 - 261.42
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955.00	954.65	6.64% - 6.95%	0.06%	20.74% - 35.44%	145.98 - 349.84
2015-14	18-May-18	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,271.00	1,270.70	7.44% - 7.99%	0.06%	18.68% - 32.95%	184.60 - 465.70
2015-16	18-May-18	2.21 - 3.21	0.50 - 0.50	2.46 - 3.46	1,271.00	1,270.70	7.75% - 7.98%	0.06%	19.74% - 31.94%	277.78 - 438.73
2015-19	20-May-19	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,460.00	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28
2015-25	07-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

As at 31st March, 2020

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

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2021.

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

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C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme as at 31st March, 2021

Scheme	Grant Date	31st March, 2021							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2007-47	09-May-15	-	-	-	-	-	-	-	-
2015-02	19-May-16	664	-	(664)	-		-	-	-
2015-07	15-May-17	18,795	-	(11,166)	(2,691)	-	-	4,938	4,938
2015-05	10-Aug-16	9,000	-	(9,000)	-	-	-	-	-
2015-03	19-May-16	-	-	-	-	-	-	-	-
2015-14	18-May-18	23,121	-	(617)	(7,602)	(124)	-	14,778	8,146
2015-19	20-May-19	39,160	-	(8,643)	(10,350)	(371)	-	19,796	-
2015-16	18-May-18	10,000	-	(5,000)	-	-	-	5,000	-
2015-25	07-Aug-20	-	19,510	-	(880)	-	-	18,630	
		100,740	**19,510**	**(35,090)**	**(21,523)**	**(495)**	**-**	**63,142**	**13,084**

Scheme	Grant Date	31st March, 2020							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2007-47	09-May-15	5,268	-	(9,472)	4,204	-	-	-	-
2015-02	19-May-16	10,160	-	(5,284)	(4,212)	-	-	664	664
2015-07	15-May-17	24,675	-	(2,367)	(3,241)	-	(272)	18,795	6,819
2015-05	10-Aug-16	18,000	-	(9,000)	-	-	-	9,000	-
2015-03	19-May-16	20,000	-	-	(20,000)	-	-	-	-
2015-14	18-May-18	39,480	-	(10,095)	(5,830)	-	(434)	23,121	-
2015-19	20-May-19	-	40,040	-	-	-	(880)	39,160	-
2015-16	18-May-18	-	-	-	10,000	-	-	10,000	-
		117,583	**40,040**	**(36,218)**	**(19,079)**	**-**	**(1,586)**	**100,740**	**7,483**

** 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 ₹ 1,691.09 (Previous year: ₹ 1,547.78).

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

ESOP Scheme	Range of exercise prices (₹)	31st March, 2021			31st March, 2020		
		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 (₹)
2015-02	701-800	-	-	-	664	0.70	761.22
2015-05	701-800	-	-	-	9,000	0.70	761.22
2015-07	901-1000	4,938	0.25	955.00	18,795	0.67	955.00
2015-14	1201-1300	14,778	0.68	1,271.00	23,121	1.53	1,271.00
2015-16	1201-1300	5,000	0.68	1,271.00	10,000	1.53	1,271.00
2015-25	1300-1400	18,630	2.13	1,341.00	-	-	-
2015-19	1401-1500	19,796	1.61	1,460.00	39,160	2.08	1,460.00

ii. Stock Appreciation Rights (cash-settled)

During the year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Group under its various plans / series has granted 12,330 SARs during FY 2020- 21. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.07 years to 4.11 years.

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Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2021			31st March, 2020		
			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 4								
Tranche V-3A	19-May-16	Cash settled	-	-	-	722	30-Jun-19	3.12
Tranche V-3B	19-May-16	Cash settled	-	-	-	722	07-Jul-19	3.13
Tranche V-3C	19-May-16	Cash settled	-	-	-	728	14-Jul-19	3.15
Tranche V-4A	19-May-16	Cash settled	-	-	-	722	30-Nov-19	3.53
Tranche V-4B	19-May-16	Cash settled	-	-	-	722	07-Dec-19	3.55
Tranche V-4C	19-May-16	Cash settled	-	-	-	728	14-Dec-19	3.57
Scheme 2015 Series 9								
Tranche V-2A	15-May-17	Cash settled	-	-	-	1248	31-Oct-19	2.46
Tranche V-2B	15-May-17	Cash settled	-	-	-	1248	07-Nov-19	2.48
Tranche V-2C	15-May-17	Cash settled	-	-	-	1248	14-Nov-19	2.50
Tranche V-3A	15-May-17	Cash settled	495	30-Jun-20	3.13	828	30-Jun-20	3.13
Tranche V-3B	15-May-17	Cash settled	495	07-Jul-20	3.15	828	07-Jul-20	3.15
Tranche V-3C	15-May-17	Cash settled	504	14-Jul-20	3.17	840	14-Jul-20	3.17
Tranche V-4A	15-May-17	Cash settled	495	31-Dec-20	3.63	828	31-Dec-20	3.63
Tranche V-4B	15-May-17	Cash settled	495	07-Jan-21	3.65	828	07-Jan-21	3.65
Tranche V-4C	15-May-17	Cash settled	504	14-Jan-21	3.67	840	14-Jan-21	3.67
Scheme 2015 Series 12								
Tranche V-1B	15-May-17	Cash settled	-	-	-	470	30-Jun-19	2.13
Scheme 2015 Series 17								
Tranche V-1A	18-May-18	Cash settled	-	-	-	1254	31-Jul-19	1.20
Tranche V-1B	18-May-18	Cash settled	-	-	-	1254	07-Aug-19	1.22
Tranche V-1C	18-May-18	Cash settled	-	-	-	1254	14-Aug-19	1.24
Tranche V-2A	18-May-18	Cash settled	818	31-Oct-20	2.46	1254	31-Oct-20	2.46
Tranche V-2B	18-May-18	Cash settled	818	07-Nov-20	2.48	1254	07-Nov-20	2.48
Tranche V-2C	18-May-18	Cash settled	818	14-Nov-20	2.50	1254	14-Nov-20	2.50
Tranche V-3A	18-May-18	Cash settled	546	30-Jun-21	3.12	837	30-Jun-21	3.12
Tranche V-3B	18-May-18	Cash settled	546	07-Jul-21	3.14	837	07-Jul-21	3.14
Tranche V-3C	18-May-18	Cash settled	544	14-Jul-21	3.16	834	14-Jul-21	3.16
Tranche V-4A	18-May-18	Cash settled	546	31-Dec-21	3.62	837	31-Dec-21	3.62
Tranche V-4B	18-May-18	Cash settled	546	07-Jan-22	3.64	837	07-Jan-22	3.64
Tranche V-4C	18-May-18	Cash settled	544	14-Jan-22	3.66	834	14-Jan-22	3.66
Scheme 2015 Series 19								
Tranche V-1A	07-Jul-18	Cash settled	426	31-Jul-20	2.07	426	31-Jul-20	2.07
Tranche V-1B	07-Jul-18	Cash settled	425	07-Aug-20	2.09	425	07-Aug-20	2.09
Tranche V-1C	07-Jul-18	Cash settled	425	14-Aug-20	2.11	425	14-Aug-20	2.11
Tranche V-2A	07-Jul-18	Cash settled	425	31-Jul-21	3.07	425	31-Jul-21	3.07
Tranche V-2B	07-Jul-18	Cash settled	425	07-Aug-21	3.09	425	07-Aug-21	3.09
Tranche V-2C	07-Jul-18	Cash settled	425	14-Aug-21	3.11	425	14-Aug-21	3.11
Scheme 2015 Series 22								
Tranche V-1A	20-May-19	Cash settled	1051	16-Nov-02	1.20	1069	31-Jul-20	1.20
Tranche V-1B	20-May-19	Cash settled	1051	16-Nov-02	1.22	1069	07-Aug-20	1.22
Tranche V-1C	20-May-19	Cash settled	1051	16-Nov-02	1.24	1069	14-Aug-20	1.24
Tranche V-2A	20-May-19	Cash settled	1066	01-Dec-02	2.45	1069	31-Oct-21	2.45
Tranche V-2B	20-May-19	Cash settled	1066	01-Dec-02	2.47	1069	07-Nov-21	2.47

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to the Consolidated Financial Statements for the year ended 31st March, 2021

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2021			31st March, 2020		
			No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
Tranche V-2C	20-May-19	Cash settled	1066	01-Dec-02	2.49	1069	14-Nov-21	2.49
Tranche V-3A	20-May-19	Cash settled	712	12-Dec-01	3.12	714	30-Jun-22	3.12
Tranche V-3B	20-May-19	Cash settled	710	10-Dec-01	3.14	712	07-Jul-22	3.14
Tranche V-3C	20-May-19	Cash settled	710	10-Dec-01	3.16	712	14-Jul-22	3.16
Tranche V-4A	20-May-19	Cash settled	712	12-Dec-01	3.62	714	31-Dec-22	3.62
Tranche V-4B	20-May-19	Cash settled	710	10-Dec-01	3.64	712	07-Jan-23	3.64
Tranche V-4C	20-May-19	Cash settled	710	10-Dec-01	3.66	712	14-Jan-23	3.66
Scheme 2015 Series 28								
Tranche I	07-Aug-20	Cash settled	607	31-Aug-21	1.07	-	-	-
Tranche II	07-Aug-20	Cash settled	607	07-Sep-21	1.08	-	-	-
Tranche III	07-Aug-20	Cash settled	607	14-Sep-21	1.10	-	-	-
Tranche IV	07-Aug-20	Cash settled	607	30-Nov-22	2.32	-	-	-
Tranche V	07-Aug-20	Cash settled	607	07-Dec-22	2.33	-	-	-
Tranche VI	07-Aug-20	Cash settled	607	14-Dec-22	2.35	-	-	-
Tranche VII	07-Aug-20	Cash settled	400	30-Jun-23	2.90	-	-	-
Tranche VIII	07-Aug-20	Cash settled	407	07-Jul-23	2.92	-	-	-
Tranche IX	07-Aug-20	Cash settled	407	14-Jul-23	2.93	-	-	-
Tranche X	07-Aug-20	Cash settled	400	31-Dec-23	3.40	-	-	-
Tranche XI	07-Aug-20	Cash settled	407	07-Jan-24	3.42	-	-	-
Tranche XII	07-Aug-20	Cash settled	407	14-Jan-24	3.44	-	-	-
Scheme 2015 Series 31								
Tranche I	07-Aug-20	Cash settled	1268	31-Aug-23	3.07	-	-	-
Tranche II	07-Aug-20	Cash settled	1268	07-Sep-23	3.08	-	-	-
Tranche III	07-Aug-20	Cash settled	1268	14-Sep-23	3.10	-	-	-
Tranche IV	07-Aug-20	Cash settled	843	31-Aug-24	4.07	-	-	-
Tranche V	07-Aug-20	Cash settled	843	07-Sep-24	4.09	-	-	-
Tranche VI	07-Aug-20	Cash settled	850	14-Sep-24	4.11	-	-	-

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

As at 31st March, 2021

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 17	18-May-18	0.25 - 0.79	0.25 - 0.79	-	1,781.25	3.45% - 3.77%	0.04%	30.03% - 32.27%	1780.62 - 1781.05
Scheme 2015 Series 19	07-Jul-18	0.33 - 0.37	0.33 - 0.37	-	1,781.25	3.50% - 3.53%	0.04%	28.6% - 28.66%	1780.95 - 1780.98
Scheme 2015 Series 22	20-May-19	0.59 - 1.79	0.59 - 1.79	-	1,781.25	3.66% - 4.16%	0.04%	32.26% - 38.57%	1779.82 - 1780.78
Scheme 2015 Series 28	07-Aug-20	0.42 - 2.79	0.42 - 2.79	-	1,781.25	3.56% - 5.02%	0.04%	29.09% - 34.24%	1779.02 - 1780.91
Scheme 2015 Series 31	07-Aug-20	2.42 - 3.46	2.42 - 3.46	-	1,781.25	4.59% - 5.51%	0.04%	31.93% - 35.38%	1778.48 - 1779.31

As at 31st March, 2020

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (₹)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (₹)
Scheme 2015 Series 9	15-May-17	0.25 - 0.79	0.25 - 0.79	-	1,293.70	4.31% - 4.74%	0.06%	38.78% - 58.01%	1293.07 - 1293.50
Scheme 2015 Series 17	18-May-18	0.59 - 1.79	0.59 - 1.79	-	1,293.70	4.59% - 5.18%	0.06%	31.65% - 42.98%	1292.27 - 1293.23
Scheme 2015 Series 19	07-Jul-18	0.33 - 1.37	0.33 - 1.37	-	1,293.70	4.38% - 5.06%	0.06%	33.41% - 51.43%	1292.60 - 1293.43
Scheme 2015 Series 22	20-May-19	0.33 - 2.79	0.33 - 2.79	-	1,293.70	4.38% - 5.4%	0.06%	27.74% - 51.43%	1291.47 - 1293.43

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The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2021.

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

Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme	Grant Date	31st March, 2021						
		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 9	15-May-17	2,988	-	(2,540)	(448)	-	-	-
Scheme 2015 Series 17	18-May-18	5,726	-	(2,196)	(1,230)	-	(28)	2,272
Scheme 2015 Series 19	07-Jul-18	2,551	-	(1,276)	-	-	-	1,275
Scheme 2015 Series 22	20-May-19	10,510	-	(2,880)	(1,764)	-	(77)	5,789
Scheme 2015 Series 28	07-Aug-20	-	5,990	-	(230)	-	-	5,760
Scheme 2015 Series 31	07-Aug-20	-	6,340	-	-	-	-	6,340
		21,775	**12,330**	**(8,892)**	**(3,672)**	**-**	**(105)**	**21,436**

Scheme	Grant Date	31st March, 2020						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2015 Series 9	15-May-17	6,244	-	(2,286)	(910)	-	(60)	2,988
Scheme 2015 Series 12	15-May-17	470	-	-	(470)	-	-	-
Scheme 2015 Series 4	19-May-16	2,880	-	(2,316)	(564)	-	-	-
Scheme 2015 Series 17	18-May-18	9,710	-	(2,496)	(1,390)	-	(98)	5,726
Scheme 2015 Series 19	07-Jul-18	2,551	-	-	-	-	-	2,551
Scheme 2015 Series 22	20-May-19	-	10,690	-	-	-	(180)	10,510
		21,855	**10,690**	**(7,098)**	**(3,334)**	**-**	**(338)**	**21,775**

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

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

(Amount in lakh)

Particulars	31st March, 2021	31st March, 2020
Total Employee compensation cost pertaining to share-based payment plans	285.68	274.81
Compensation cost pertaining to equity-settled employee share-based payment plan included above	99.13	131.19
Closing balance of liability for cash-settled options	177.34	160.65
Total intrinsic value of liabilities for vested benefits	-	-

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NOTE 39 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 40 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

(Amount in lakh)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	14,691.83	-	14,691.83	158,990.51	-	158,990.51
Bank Balance other than cash and cash equivalents	42.90	-	42.90	1,497.07	-	1,497.07
Receivables						
(I) Trade receivables	122.85	-	122.85	58.78	-	58.78
(II) Other receivables	594.51	-	594.51	382.25	-	382.25
Loans	304,877.89	316,105.68	620,983.57	242,665.91	292,370.64	535,036.55
Investments accounted for using the equity method	-	14,806.39	14,806.39	-	14,425.46	14,425.46
Other Investments	99,101.57	45,520.61	138,521.68	52,445.19	30,739.94	77,084.63
Other Financial assets	-	221.99	221.99	-	197.71	197.71
Sub total	**419,431.55**	**376,654.67**	**789,985.72**	**456,039.71**	**337,733.75**	**787,672.96**
Non-financial assets						
Current Tax assets (Net)	-	1,517.82	1,517.82	-	995.19	995.19
Deferred Tax assets (Net)	-	1,031.63	1,031.63	-	839.29	839.29
Property, Plant and Equipment	-	127.26	127.26	-	218.75	218.75
Intangible assets under development	-	3.30	3.30	-	333.43	333.43
Other intangible assets	-	320.89	320.89	-	18.82	18.82
Other Non-financial assets	270.46	-	270.46	241.68	0.00	241.68
Sub total	**270.46**	**3,000.90**	**3,271.36**	**241.68**	**2,405.49**	**2,647.17**
Total Assets	**419,702.01**	**379,655.57**	**793,257.08**	**456,281.39**	**340,139.24**	**790,320.13**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	1,524.25	-	1,524.25	4,086.00	1,355.02	5,441.02
Payables						
(I) Trade payables	667.17	-	667.17	2,834.80	-	2,834.80
(II) Other payables	251.32	-	251.32	1,440.75	-	1,440.75
Debt securities	115,732.35	139,710.51	255,442.86	178,705.74	127,434.80	306,140.54
Borrowings (Other than Debt Securities)	259,168.92	37,653.20	296,822.12	258,889.11	5,107.45	263,996.56
Subordinated Liabilities	-	20,239.62	20,239.62	-	20,241.93	20,241.93
Sub total	**377,344.01**	**197,603.33**	**574,947.34**	**445,956.40**	**154,139.20**	**600,095.60**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-Financial liabilities						
Current tax liabilities (Net)	3,159.26	-	3,159.26	852.90	-	852.90
Provisions	403.24	899.59	1,302.83	330.49	345.69	676.18
Other non-financial liabilities	506.18	-	506.18	755.02	-	755.02
Sub total	**4,068.68**	**899.59**	**4,968.27**	**1,938.41**	**345.69**	**2,284.10**
Total Liabilities	**381,412.69**	**198,502.92**	**579,915.61**	**447,894.81**	**154,484.89**	**602,379.70**

NOTE 41 LITIGATION

The Group does not have any material litigations pending against it as at 31st March, 2021 and 31st March, 2020 which would impact its financial position.

NOTE 42 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the 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

A. Information about reportable segments.

(Amount in lakh)

For the year ended 31st March, 2021	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	21,575.52	47,858.69	4,390.00	40,915.79	114,740.00	-	-	114,740.00
Inter-segment revenue	-	-	-	-	-	-	(38,611.30)	(38,611.30)
Total Revenue	**21,575.52**	**47,858.69**	**4,390.00**	**40,915.79**	**114,740.00**	**-**	**(38,611.30)**	**76,128.70**
Segment results / Profit before Tax and share of net profits of investments accounted using equity method	9,215.24	12,538.66	2,107.00	8,343.23	32,204.13	1,406.79		33,610.92
Share of net Profit of investments accounted using equity method	-	-	-	380.94	380.94	-	-	380.94
Profit before tax	**9,215.24**	**12,538.66**	**2,107.00**	**8,724.17**	**32,585.07**	**1,406.79**	**-**	**33,991.86**
Segment assets	**259,392.29**	**371,453.02**	**44,233.70**	**115,146.40**	**790,225.41**	**3,031.67**	**-**	**793,257.08**
Segment liabilities	**(10.66)**	**727.80**	**116.42**	**574,064.95**	**574,898.51**	**5,017.09**	**-**	**579,915.60**
Other disclosures								
Depreciation and amortisation	79.27	121.65	2.85	0.53	204.31	3.97		208.28
Capital expenditure	75.99	70.85	1.06	-	147.90	3.73		151.63

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

For the year ended 31st March, 2020	Reportable segments							
Particulars	Loan against Securities and Structured Products	Commercial Real Estate	Margin Funding	Treasury and Other Investments	Total Segments	Unallocated	Adjustments and Eliminations	Total
Revenue								
External revenue	39,520.00	49,884.19	10,478.95	65,300.84	165,183.98	-	-	165,183.98
Inter-segment revenue	-	-	-	-	-	-	(60,732.50)	(60,732.50)
Total Revenue	**39,520.00**	**49,884.19**	**10,478.95**	**65,300.84**	**165,183.98**	**-**	**(60,732.50)**	**104,451.48**
Segment results / Profit before Tax and share of net profits of investments accounted using equity method	12,308.69	12,147.71	4,185.60	5,274.24	33,916.24	(1,178.13)	-	32,738.11
Share of net loss of investments accounted using equity method	-	-	-	(358.78)	(358.78)	-	-	(358.78)
Profit before tax	**12,308.69**	**12,147.71**	**4,185.60**	**4,915.46**	**33,557.46**	**(1,178.13)**		**32,379.33**
Segment assets	**170,067.64**	**365,584.09**	**54,844.37**	**196,116.36**	**786,612.46**	**3,707.66**	**-**	**790,320.12**
Segment liabilities	**2,447.57**	**851.22**	**921.49**	**596,066.59**	**600,286.87**	**2,092.83**	**-**	**602,379.70**
Other disclosures								
Depreciation and amortisation	30.18	59.24	1.95	0.56	**91.93**	1.80	-	93.73
Capital expenditure	3.55	111.91	2.04	0.49	**117.99**	0.39	-	118.38

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, 2021	As at 31st March, 2020
Phoenix ARC Private Limited	Associate	Mumbai	At Cost	30.00%	30.00%

NOTE 43 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 44 LEASE DISCLOSURES

Operating Lease as Lessee:

When applying Ind AS 116 for the first time, the Group 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 Group for sharing of Premises are recognised in Statement of profit and Loss under the head "Rent and Electricity Expenses" amounting to ₹ 558.05 lakh (Previous year. ₹ 654.25 lakh).

NOTE 45 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.

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 46 INTEREST IN ASSOCIATE AND JOINT VENTURE

a) Below are associates and joint ventures of the Group as at 31st March, 2021:

(Amount in lakh)

Name of Entity	Relationship (Associate/ Joint Venture)	Principal place of business	Principal activities	Accounting Method (Equity Method/ FVTPL)	Ownership interest		Carrying amount	
					As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Phoenix ARC Private Limited	Associate	Mumbai	Securitisation of assets and reconstruction thereof	Equity Method	30.00%	30.00%	14,806.39	14,425.46
							14,806.39	14,425.46

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 lakh)

Particulars	Matrix Business Services India Pvt Ltd		Phoenix ARC Private Limited	
	As at 31st March, 2021	As at 26th April, 2019	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalent	-	765.30	9,914.33	5,661.24
Financial assets other than cash and cash equivalents	-	2,818.09	93,903.68	102,596.56
Non-financial assets	-	415.99	6,289.48	4,163.48
Total Assets	**-**	**3,999.38**	**110,107.49**	**112,421.28**
Financial Liabilities, (including trade and other payables)	-	147.08	55,854.00	62,405.92
Non-financial liabilities	-	1,023.69	5,198.99	2,230.62
Total Liabilities	**-**	**1,170.77**	**61,052.99**	**64,636.54**
Net Assets	**-**	**2,828.61**	**49,054.50**	**47,784.74**
Percentage ownership	-	19.77%	30.00%	30.00%
Group's share of net assets	**-**	**559.22**	**14,716.35**	**14,335.42**

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

Summarised Statement of Profit & Loss

(Amount in lakh)

Particulars	Matrix Business Services India Pvt Ltd		Phoenix ARC Private Limited	
	As at 31st March, 2021	As at 26th April, 2019	As at 31st March, 2021	As at 31st March, 2020
Revenue				
Total Income	-	516.18	19,018.18	23,156.21
Depreciation and amortisation	-	12.25	86.76	93.80
Interest expense	-	0.00	4,533.27	5,530.23
Tax expense	-	15.69	1,224.72	(160.59)
Other Expense	-	446.91	11,898.31	18,898.88
Profit or loss from continuing operations	**-**	**41.32**	**1,275.12**	**(1,206.11)**
Other comprehensive income	-	-	(5.36)	(2.77)
Total comprehensive income	**-**	**41.32**	**1,269.76**	**(1,208.88)**
Percentage ownership	-	19.77%	30.00%	30.00%
Group's share in profit for the year	-	8.17	382.55	(361.83)
Group's share in OCI for the year	-	-	(1.61)	(0.83)
Consolidation adjustment	-	(4)	-	-
Group's share of total comprehensive income	**-**	**3.89**	**380.94**	**(362.66)**

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 31st March, 2021 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 ₹ 9,916.21 lakh (31st March, 2020: ₹ 5,662.67 lakh), Trade receivables amounting to ₹ 4,480.59 lakh (31st March, 2020: ₹ 3,053.82 lakh), Loans amounting to ₹ 31,943.17 lakh (31st March, 2020: ₹ 33,931.37 lakh) and Advances recoverable from trust amounting to ₹ 1,774.27 lakh (31st March, 2020: ₹ 1,414.26 lakh) as at 31st March, 2021. 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 31st March, 2020 holds provision for expected credit losses based on the information available. Basis this assessment, the allowance for expected credit loss on financial assets of ₹ 14,188.08 lakh (31st March, 2020: ₹ 9,482.36 lakh) as at 31st March, 2021 is considered adequate and the Group will continue to closely monitor any material changes to these assumptions, estimates and future economic condition.

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

(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 ₹ 1,06,687.00 lakh (31st March, 2020: ₹ 1,02,841.65 lakh) as at 31st March, 2021, 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 36,761.92 lakh (31st March, 2020: ₹ 29,202.68 lakh) as at 31st March, 2021 is considered adequate and the Group will continue to closely monitor any material changes to these assumptions, estimates and future economic conditions

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

(Amount in lakh)

Name of the entity in the Group	As at 31st March, 2021							
	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	96.94%	206,804.02	98.87%	25,018.68	100.00%	(1.82)	98.87%	25,016.86
Associates (as per the equity method)								
Indian								
Phoenix ARC Private Limited	4.08%	8,705.89	1.51%	380.94	0.00%	-	1.51%	380.94
Other adjutments	-1.02%	(2,168.44)	-0.38%	(95.88)	0.00%	-	-0.38%	(95.88)
Total	**100.00%**	**213,341.47**	**100.00%**	**25,303.74**	**100.00%**	**(1.82)**	**100.00%**	**25,301.92**

(Amount in lakh)

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

Notes

to the Consolidated Financial Statements for the year ended 31st March, 2021

NOTE 48

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

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Form AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of associate companies

(Amount in lakh)

Particulars	Phoenix ARC Private Limited
Latest Audited Balance Sheet date	31-Mar-21
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	**14,716.35**
Profit / Loss for the year	**1,269.76**
(i) Considered in the Consolidation	380.94
(ii) Not considered in the Consolidation	888.82

Note:

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

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

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Board's Report

To

The Members of

KOTAK MAHINDRA INVESTMENTS LIMITED

The Directors present their Thirty Third Annual Report together with the audited accounts of the Company for the year ended 31st March, 2021.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Gross income	76,128.70	105,072.44
Profit before tax	33,610.92	33,359.06
Provision for tax	8,592.24	9,223.05
Profit after tax	25,018.68	24,136.01
Total Comprehensive Income	25,016.86	24,096.79
Balance of Profit from previous years	116,022.92	97,328.69
Amount available for appropriation	141,040.18	121,425.48
Appropriations :		
Special Reserve u/s 45IC of the RBI Act, 1934	5,155.10	5,402.57
Net Profit after tax carried to Balance Sheet	135,885.08	116,022.92

DIVIDEND

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

DEBENTURES

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

IDBI Trusteeship Services Limited

Asian Building, Ground Floor, 17 R. Kamani Marg, Ballard Estate, Mumbai - 400 001
Contact No.: 022 – 40807050; 022 - 40807021

Email: jimit@idbitrustee.com

Website: www.idbitrustee.com

CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of the Company as on 31st March, 2021 was at 32.72% (Tier I – 29.34%).

CREDIT RATING

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

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

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

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

FINANCE

During the year, the Company witnessed a growth in the customer assets of 15.70%. The same was achieved despite the reduction in book of the Loan against Shares (LAS) business (this business is being run down pursuant to the instructions received in Jun 2019 from the Reserve Bank of India). Given the buoyant capital market, the Company made handsome 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, 2021, the Company has adequate capital, healthy debt to equity ratio and positive liquidity gap in short term. The Company, with its strong treasury philosophies, practices and diversified borrowing profile, comfortably managed its liquidity requirements through liquidity crisis which dogged the NBFC sector through the year and is well geared to meet any such challenges in future.

MANAGEMENT DISCUSSION AND ANALYSIS

Company Business

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

Real Estate & Structured Finance team offers one of the most trusted and dedicated platform in the country with expertise across all key asset classes. From structuring complex transactions to broadening the access to capital, our comprehensive financing and expert execution have made us a leading choice for Corporates, Real Estate Developers, Sponsors, PE & RE Funds and other structured finance players and investors for over a decade. The Company is well positioned to harness opportunities that may become available in the current economic environment. The Company endeavours 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 15.70% to ₹ 6,900 crore as of March 2021 vis-à-vis ₹ 5,964 crore as of March 2020. Profit after tax for the year is 250.19 crore vis-a-vis 241.36 crore for previous year and Total Comprehensive Income for the year is 250.17 crore vis-à-vis 240.97 crore for previous year. Gross Stage 3 and Stage 2 ratio to overall customer financial assets were at 1.12% (1.26% in FY20) and 11.53% (10.90% in FY20) respectively as of March 2021.

Industry Developments & Outlook

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

Real Estate:

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

Real Estate:

The real estate industry remains largely a regional play with only a handful of players having meaningful presence in more than a couple of cities. Given COVID19 (and the lockdown in Q1), Real Estate was expected to be among worst impacted industries. While Q1 did see a sharp fall in residential sales, quarters post the lockdown saw a sharp rise which took most industry experts by surprise. The same was driven by a combination of factors such as government support (reduction of stamp duty in Maharashtra being one example), low home loan rates and improving affordability index. While, access to liquidity remains a challenge for the industry, the leading players in most large cities have benefited from improving collections.

At the same time, the impact of COVID19 on commercial real estate segment is still open to debate. Work from Home has meant significantly lower office attendance – whether this is a sustainable trend is yet to be seen. FY21 saw a sharp reduction in Grade-A building leasing and that too was driven by pre-leased deals agreed before the lockdown. Large developers are re-jigging their expansion plans in this 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 not deteriorated through FY21 with Non Performing Assets (Stage III assets) declining from 1.26% of customer assets as at Mar20 to 1.12% as at Mar21. While, we believe that our larger portfolio remains stable, at the same time, KMIL continues to closely monitor the COVID 19 second wave and its potential impact on the industry.

Capital Markets / Structured Debt:

While the retail dominant NBFCs have largely recovered post the NBFC crisis of Feb / Mar 20, the wholesale NBFCs (barring a few) have not been aggressive in the market. Your company remains well placed to take advantage of the market opportunities going forward. We used the opportunity presented by the market to increase our Corporate Loan book from ₹ 765 crore as at Mar20 to ₹ 1,697 crore as at Mar21.

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 continues to decline. KMIL is focusing on increasing the non-LAS part of its Corporate Lending book. M&A, PE exits / acquisitions and promoters needing liquidity to expand, offer us significant opportunities to grow this part of the book.

Opportunities & Threats

The Company will have ample opportunities in the current year for to grow both in market share as well as book size in the lending business due to a number of other NBFCs slowing down because of a combination of credit and liquidity issues. However, we have to tread carefully in view of the Wave 2 COVID-19 pandemic situation prevailing in the nation. We are and we shall remain conservative till we have clarity on what the post COVID scenario shall bring.

Key challenges going forward are (i) increasing credit risk (ii) liquidity challenges for NBFCs driven by higher risk perception of their portfolio; (iii) likely regulatory changes by RBI for the NBFCs.

Internal Controls

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

Human Resources

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

Information Technology

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

Cautionary Note

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

Director retiring by rotation

Mr. Arvind Kathpalia (DIN: 02630873), retires by rotation at the Thirty-third Annual General Meeting and being eligible, has offered himself for re-appointment.

Re-appointment of Independent Director

The Board of Directors based on the recommendation of the Nomination & Remuneration Committee and the results of the performance evaluation, re-appointed Ms. Padmini Khare Kaicker (DIN 00296388) as an Independent Director of the Company for second term from 17th August, 2020 till 16th August, 2025 at its Annual General Meeting held on 28th July 2020.

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

Declaration from Independent Directors

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

Board Evaluation

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

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

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

Change in Key Managerial Personnel (KMPs)

As on 31st March, 2021, in terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Amit Bagri, Chief Executive Officer, Mr. Deepak Goel, Chief Financial Officer and Mr. Jignesh Dave, Company Secretary, were the Key Managerial Personnel of the Company. However, due to internal restructuring within the Kotak Group, Mr. Deepak Goel is being assigned new responsibilities at Kotak Mahindra Bank Limited, the Company's holding Company. Accordingly, Mr. Goel resigned as Chief Financial Officer and Key Managerial Personnel of the Company with effect from 22nd May, 2021.

Consequent to the resignation of Mr. Goel, the Board of Directors of the Company at its meeting held on 28th April, 2021, based on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Jay Joshi – Executive Vice President as the Chief Financial Officer and Key Managerial Personnel of the Company with effect from 22nd May, 2021.

Mr. Jay Joshi, aged 45 years is a Chartered Accountant (Nov 2001') having an experience of over 20 years in accounts, finance, costing, budgeting and operations.

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. Jignesh Dave, Company Secretary, are the Key Managerial Personnel of the Company.

Appointment & Remuneration of Directors and KMPs

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

The Board has adopted a 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
  - Commission (profit based)
- Amount of sitting fees and commission to be decided by the Board from time to time, subject to the regulatory limits.
- Independent Directors are not eligible for any stock options of Kotak Mahindra Bank Ltd., the Company's holding company.

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

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, eleven meetings of the Board of Directors were held.

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

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

Name	Title	Ratio	Ratio excluding SARs
-	-	-	-

 # Not applicable since there are no Executive Directors 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. Jignesh Dave	CS & EVP - Legal	30.7%	-0.6%
Mr. Deepak Goel	Chief Financial Officer	3.03%	-0.17%

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

4.75% considering employees who were in employment for the whole of FY 2019-20 and FY 2020-21.

4. Number of permanent employees on the rolls of Company at the end of the year: 100

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 2019-20 and FY 2020-21 the average increase is -1.8% and -2.2% excluding SARs.

Average increase for managerial personnel is 16.9% and -2.4% excluding SARs.

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

The Company is in compliance with its Remuneration Policy.

Notes:

1) ***Mr. Amit Bagri was appointed as Chief Executive Officer wef 1st May, 2019. Details of remuneration increase of CEO is not mentioned since he was employed for only part of FY 2019-20. Mr. Deepak Goel resigned wef 22nd May 2021 and Mr. Jay Joshi was appointed as CFO. Details of remuneration increase of Mr. Jay Joshi, current CFO is not mentioned since he was appointed wef 22nd May 2021.*

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

3) *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.*

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

COMMITTEES

Audit Committee

The Audit Committee presently consists of three members, Ms. Padmini Khare Kaicker (Chairperson), Mr. Chandrashekhar Sathe and Mr. Arvind Kathpalia, with any two members forming the quorum. With effect 12th July 2021, the quorum of the Audit Committee has been increased to three members.

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 20th July, 2019 and consists of four members, Mr. Chandrashekhar Sathe (Chairman), Mr. Arvind Kathpalia, Mr. K.V.S. Manian and Mr. Paritosh Kashyap with any two forming the quorum.

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

Nomination & Remuneration Committee

During the Financial Year 2020-21, the Nomination & Remuneration Committee consisted of three members. Mr. Arvind Kathpalia (Chairman), Ms. Padmini Khare Kaicker and Mr. Chandrashekhar Sathe, with any two forming the quorum.

During the Financial Year 2020-21, four meetings of the Committee were held.

With effect 28th April, 2021, the Nomination & Remuneration Committee was reconstituted and Mr. KVS Manian was added to the Committee and thus at present the Committee consists of four members - Mr. Arvind Kathpalia (Chairman), Ms. Padmini Khare Kaicker, Mr. Chandrashekhar Sathe and Mr. K.V.S. Manian with any three forming the quorum.

Credit Committee of the Board

The Credit Committee of the Board was re-constituted with effect from 14th May, 2019. It comprises of Mr. Arvind Kathpalia, Mr. K.V.S. Manian and Mr. Paritosh Kashyap. The Committee considers the credit proposals upto a limit specified by the Board. Further, with effect 28th April, 2021, the quorum of the Committee was increased to three members from the present two members.

During the year, 37 meetings of the Committee were held.

Risk Management Committee (RMC)

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

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

IT Strategy Committee

During the Financial year 2020-21, the IT Strategy Committee of the Board comprised of Ms. Padmini Khare Kaicker, Mr. K.V.S. Manian & Mr. Paritosh Kashyap with any two forming the quorum. The Committee reviews the IT strategy of the Company and other matters related to IT governance.

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

With effect 28th April, 2021, the IT Strategy Committee was reconstituted and Mr. Arvind Kathpalia was added to the Committee and thus at present the Committee consists of four members Ms. Padmini Khare Kaicker, Mr. K.V.S. Manian, Mr. Paritosh Kashyap and Mr. Arvind Kathpalia with any three members forming the quorum.

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, 2021 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 2020-21.

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, 2021 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 ("the Act"), Price Waterhouse Chartered Accountants LLP (Firm Registration no. 012754N/N500016) were appointed as statutory auditors of the Company for a period of 5 years commencing from the conclusion of Twenty Ninth AGM till the conclusion of the Thirty Fourth AGM. However, the Reserve Bank of India vide its Circular dated 27th April, 2021 issued guidelines for appointment of statutory auditors of NBFC ("RBI Circular") and mandated the appointment of statutory auditors of NBFCs for a continuous tenure of 3 years subject to firms satisfying eligibility norms each year.

Accordingly since Price Waterhouse Chartered Accountants LLP had completed more than 3 years as Statutory Auditors of the Company, and in view of the RBI mandate, Price Waterhouse Chartered Accountants LLP retire at the conclusion of the Thirty Third AGM.

In view of the same, the Company has proposed to appoint Kalyaniwala & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/W100166) as statutory auditor of the Company for a period of 3 (three) years commencing from conclusion of Thirty Third AGM till the conclusion of Thirty Sixth AGM in place of retiring auditors 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, subject to ratification by shareholders.

Kalyaniwala & Mistry LLP, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made would be within the limits as specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141 (2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014 and the RBI Circular.

The Audit Committee and Board of Directors recommend the appointment of Kalyaniwala & Mistry LLP, Chartered Accountants, as Statutory Auditors of the Company from the conclusion of Thirty Third AGM till the conclusion of Thirty Sixth AGM, subject to ratification of approval of appointment and fixing of remuneration by shareholders of the Company. Shareholders are requested to approve appointment and fix their remuneration.

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 2020-21 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

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

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

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

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

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

The average net profit u/s 198 of the Company for the last three financial years preceding 31st March, 2021 is ₹ 338.5 crore.

The prescribed CSR expenditure required u/s 135, of the Act for FY 2020-21 is ₹ 677 lakh.

The CSR expenditure incurred from 1st April, 2020 to 31st March, 2021 u/s 135 of Companies Act, 2013 amounts to ₹336 lakh as against ₹ 311 lakh CSR expenditure incurred in the FY 2019-20. The unspent CSR expenditure amount for FY 2020-21 is ₹341 lakh.

CSR expenditure of ₹336 lakh as a percentage of average net profit u/s 198 of the Company at ₹338.5 crore, which is 1%.

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

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

The Company's CSR expenditure in FY 2020-21 of ₹336 lakh, which is over 8 % higher than the previous financial year. In FY 2018-19, the Company's CSR Expenditure was ₹246 lakh, which increased to ₹311 lakh in FY 2019-20 – an increase of 26% over the previous financial year.

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

The details of CSR programmes and expenditure u/s 135 of the Companies Act, 2013 for FY 2020-21, are annexed to this report.

RISK MANAGEMENT POLICY

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

In accordance with the requirements of various circulars issued by the Reserve Bank of India (RBI), Mr. Deven Shah was appointed as Chief Risk Officer (CRO) of the Company with effect 20th July 2019. 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.

EMPLOYEES

The employee strength of your Company was one-hundred (100) as of 31st March, 2021.

Five (5) employees employed throughout the year were in receipt of remuneration of ₹102 lakh or more per annum and two (2) employees employed for part of the year were in receipt of remuneration of ₹8.5 lakh or more per month.

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

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

DEPOSITS

The Company did not accept any deposits from the public during the year. Also, there are no deposits due and outstanding as on 31st March, 2021.

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, 2021 and of the profit of the Company for the financial year ended 31st March, 2021;

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

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

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

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

ANNEXURES

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

(a) 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

Place: Mumbai
Date: 18th May, 2021

Corporate Social Responsibility Report

1. Brief outline on CSR Policy of the Company.

Kotak Mahindra Investment Limited (KMIL) recognises the immense opportunity it has 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 and is also committed to contribute towards United Nation's (UN) Sustainable Development Goals (SDGs). This policy sets out KMIL's 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 / of Nature Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Chandrashekhar Sathe	Chairman, Independent Director	2	2
2.	Mr. K.V.S. Manian	Member, Non-Executive Director	2	2
3.	Mr. Arvind Kathpalia	Member, Non – Executive Director	2	2
4.	Mr. Paritosh Kashyap	Member, Non-Executive Director	2	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company. Weblink: https://kmil.co.in/policies/html

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable for FY21

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1.	NA	NA	NA
2.			
3.			
Total			

6. Average net profit of the Company as per section 135(5). - ₹ 338.50 crore

7. (a) Two percent of average net profit of the Company as per section 135(5) – ₹ 6.77 crore

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Not Applicable

(c) Amount required to be set off for the financial year, if any – Not Applicable

(d) Total CSR obligation for the financial year (7a+7b-7c). – ₹ 6.77 crore

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
3,36,24,712	**3,40,80,288**	23-Apr-21	-	-	-

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Education & Livelihood	Education and Livelihood	Yes	Maharashtra	Mumbai	1st April, 2020 and shall continue until 31st March 2024	29,380,000	7,000,000	22,380,000	No	Kotak Education Foundation	CSR00001785
2.	Education & Livelihood Education and Livelihood	Education and Livelihood	Yes	Pan India	Pan India	1st March, 2021 Till 28th February, 2023	12,700,000	3,000,000	9,700,000	No	Mobile Creches for Working Mothers Children Education Foundation	CSR00002639
3.											Direct Implementation	
4.	Education & Livelihood	Education and Livelihood	Yes	Karnataka	Bangalore	1st March, 2021 – 31st March 2022	2,500,000	500,000	2,000,000	No	Indian Music Experience Trust	Registration under process
	Total						**44,580,000**	**10,500,000**	**34,080,000**			

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Education & Livelihood	Education & Livelihood	Yes	Uttar Pradesh	Greater Noida	2,500,000	No	Dr Rakesh Education Trust	CSR00000442
2.	Education & Livelihood	Education & Livelihood	Yes	Maharashtra	Ahmednagar, Kolhapur, Latur	17,625,000	No	Pratham Education Foundation	CSR00000258
3.	Relief & Rehabilitation-COVID-19	Relief & Rehabilitation-COVID-19	Yes	Pan India	Pan India	2,499,712	Yes	Direct	
4.	Education & Livelihood	Education & Livelihood	Yes	Maharashtra	Mumbai	500,000	Yes	Mumbai Mobile Creche	CSR00001732
	Total					**23,124,712**			

(a) Amount spent in Administrative Overheads - NIL

(b) Amount spent on Impact Assessment, if applicable - NIL

(c) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹ 6.77 crore

(d) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	**338.50 crores**
(ii)	Total amount spent for the Financial Year	**3.36 crore**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NA**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	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 ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.							
2.							
3.							
	Total						

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): **NA**

(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**
Sl. No.	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project duration**	**Total amount allocated for the project (in ₹)**	**Amount spent on the project in the reporting Financial Year (in ₹**	**Cumulative amount spent at the end of reporting Financial Year (in ₹)**	**Status of the project - Completed / Ongoing**
1.								
2.								
3.								
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details). NA**

(a) Date of creation or acquisition of the capital asset(s).

Not applicable

(b) Amount of CSR spent for creation or acquisition of capital asset.

Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

Not applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

Not applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **NA**

Mr. Paritosh Kashyap
Director – Member of the CSR Committee

Mr. Chandrashekhar Sathe
Chairman – CSR Committee

FORM NO. MR-3

Secretarial Audit Report For the financial year ended 31st March, 2021

(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, 2021 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, 2021 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above. The Company has spent an amount of ₹ 336.00 lacs towards Corporate Social Responsibility as against an amount of ₹ 677.00 lakhs to be spent during the year and the balance amount of ₹ 341.00 lacs is unspent during the year.

We further report that:

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

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

Decisions at the Board Meetings were taken unanimously.

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

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

(a) Issuance of secured, redeemable, non-convertible debentures during financial year 2020-21: ₹ 1,225 crores

(b) Redemption of secured, redeemable, non-convertible debentures during financial year 2020-21: ₹ 1,747 crores

(c) Issuance of Commercial Papers aggregating to ₹ 8800 crores (face value) during financial year 2020-21

(d) Redemption of Commercial Papers aggregating to ₹ 8638 crores (face value) during financial year 2020-21

For **Parikh & Associates**
Company Secretaries

Sd/-

Jeenal Jain
Partner
ACS No: 43855 CP No: 21246
UDIN: A043855C000338061

Place: Mumbai
Date: 18th May, 2021

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

Sd/-

Jeenal Jain
Partner
ACS No: 43855 CP No: 21246
UDIN: A043855C000338061

Place: Mumbai
Date: 18th May, 2021

Independent Auditors' Report

To the Members of Kotak Mahindra Investments Limited

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of Kotak Mahindra Investments Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2021, and the standalone statement of Profit and Loss (including Other Comprehensive Income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 1.2 D XIII to the standalone financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
I. Expected Credit Loss (ECL) provision in respect of Loans (refer Note 1.4 C for accounting policy and Note 5 and 6 for ECL provision) As detailed in Note 5 and 6, the Company has loans and investments carried at amortized cost amounting to ₹ 635,991.57 lakh (gross) and ₹ 39,781.78 lakh respectively as at March 31, 2021. The Company holds ECL provision of ₹ 15,008 lakh and ₹ 342.58 lakh against such loans and investments respectively. As discussed in note 1.4 C, ECL provision has been determined in accordance with Ind AS 109 - Financial Instruments and is significant to the standalone financial statements. We focused on this area as determining ECL provision requires significant judgements by the management. Key areas of judgement included: – Assumptions used in the expected credit loss provision such as the financial condition of the counterparty, probability of default, expected future cash flows, expected loss in case or default. – The identification of exposures with a significant increase in credit risk from initial recognition of loans.	We carried out following procedures in respect to ECL provision: – held discussions with management and obtained understanding of significant assumptions like probability of default, loss given default and exposure at default used for making assessment of ECL provision. – Understood from the management and evaluated the design and tested operating effectiveness of controls in respect of significant assumptions like probability of default, loss given default and exposure at default including appropriate approvals and mathematical accuracy, which are used in making the assessment of ECL provision. – Involved auditor's expert to assess the appropriateness of the assumptions and judgement made by management used to calculate ECL provision. – Traced key data inputs used to compute the ECL provision on a sample basis to assess their accuracy and completeness. – Ensured mathematical accuracy of the ECL provision by performing recalculations on sample basis. – Assessed the adequacy of the disclosures in the standalone financial statements. Based on above audit procedures performed, we did not note any significant exceptions to Expected Credit Loss (ECL) provision in respect of financial assets.

Key audit matter	How our audit addressed the key audit matter
II. Appropriateness of the recognition of Interest Income following Effective Interest Rate Approach (Refer Note 5 and 21 of the standalone financial statements) The Company has the interest income based on effective interest rate (EIR) approach. The total interest income recognized on loans in current year under EIR accounting is ₹ 63,859.23 lakh. For computation of EIR, the Company has identified the cost and revenue (called as EIR component) which directly attributed to the respective loan accounts. The Company has followed two approaches for treating the EIR component for the loans. In case of loans, which are having revolving facility, the identified EIR component is amortised over the tenure of the respective loans on straight line basis and in case of fixed period loans, the EIR component is amortised on the basis of effective interest rate over the period of the respective loans. Key inputs used in the computation of EIR, in case of fixed period loans, are impacted by the management's assumptions in respect of timing of future cash outflow (i.e. disbursement of loans). Given the inherent subjectivity in the assumptions and the nature and ex-tent of audit procedures involved, we determined this to be a key audit matter.	We carried out following procedures in respect income recognition as per EIR approach — – Understood from the management and tested the design and operating effectiveness of the key controls surrounding the calculations of EIR and computation of interest income based on the same. – For selected samples, assessed the reasonableness of key assumptions / inputs used in assessing the customers' behavior which is used for estimating future cash out flows (i.e. disbursement of loans) in case of fixed period loan. – For selected samples, tested the arithmetical accuracy of the calculation of EIR and amortization of interest income, over the period of the loan. – Assessed the adequacy of the disclosures in the standalone financial statements Based on available evidence and above procedures performed, we did not find any material exceptions to the recognition of interest income following EIR approach.

Other Information

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

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

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

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone 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 Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 32 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Notes 5, 6 and 12 to the standalone financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Sharad Agarwal
Partner
Membership Number: 118522
UDIN: 21118522AAAACH7426

Place: Mumbai
Date: 18th May, 2021

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Kotak Mahindra Investments Limited on the standalone financial statements for the year ended March 31, 2021

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

1. We have audited the internal financial controls with reference to financial statements of Kotak Mahindra Investments Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

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

Sharad Agarwal
Partner
Membership Number: 118522
UDIN: 21118522AAAACH7426

Place: Mumbai
Date: 18th May, 2021

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Kotak Mahindra Investments Limited on the standalone financial statements as of and for the year ended March 31, 2021

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 8 on fixed assets to the financial statements, are held in the name of the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has granted unsecured loans, to one company covered in the register maintained under Section 189 of the Act.

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the party is repaying the principal amounts, as stipulated, and is also regular in payment of interest as applicable.

(c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

iv. The Company is a Non-Banking Finance Company registered with the Reserve Bank of India and engaged in the business of providing loans. Accordingly, the provisions of Section 185 is not applicable to the Company. Hence, reporting under Clause 3(iv) of the said Order, to the extent of reporting on Section 185 of the Act, is not applicable to the Company.

In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the loans and investments made, and guarantees and security provided by it, to the extent applicable.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including tax deducted at source, goods and service tax, provident fund, income tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 32 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax or goods and service tax which have not been deposited on account of any dispute.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 16 of our main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Banking financial institution.

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

Sharad Agarwal
Partner
Membership No. 118522
UDIN: 21118522AAAACH7426

Place: Mumbai
Date: 18th May, 2021

Standalone Balance Sheet

as at 31st March, 2021

(Amount in lakh)

Particulars	Notes	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	2	14,691.83	158,990.51
Bank Balance other than cash and cash equivalents	3	42.90	1,497.07
Receivables			
(I) Trade receivables	4(A)	122.85	58.78
(II) Other receivables	4(B)	594.51	382.25
Loans	5	620,983.57	535,036.55
Investments	6	144,622.18	83,185.13
Other Financial assets	7	221.99	197.71
Total financial assets		**781,279.83**	**779,348.00**
Non-financial assets			
Current Tax assets (Net)	30(e)	1,517.82	995.19
Deferred Tax assets (Net)	30(d)	3,200.07	2,911.86
Property, Plant and Equipment	8	127.26	218.75
Intangible assets under development	9	3.30	333.43
Other intangible assets	10	320.89	18.82
Other Non-financial assets	11	270.46	241.68
Total Non-financial assets		**5,439.80**	**4,719.73**
Total Assets		**786,719.63**	**784,067.73**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	1,524.25	5,441.02
Payables	13		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		667.17	2,834.80
(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		251.32	1,440.75
Debt securities	14	255,442.86	306,140.54
Borrowings (Other than Debt Securities)	15	296,822.12	263,996.56
Subordinated Liabilities	16	20,239.62	20,241.93
Total financial liabilities		**574,947.34**	**600,095.60**
Non-Financial liabilities			
Current tax liabilities (Net)	30(e)	3,159.26	852.90
Provisions	17	1,302.83	676.18
Other non-financial liabilities	18	506.18	755.02
Total Non-financial liabilities		**4,968.27**	**2,284.10**
EQUITY			
Equity Share Capital	19	562.26	562.26
Other equity	20	206,241.76	181,125.77
Sub total		**206,804.02**	**181,688.03**
Total Liabilities and equity		**786,719.63**	**784,067.73**
Significant Accounting Policies and Notes on Accounts	1		

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

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Standalone Statement of Profit and Loss Account

for the year ended 31st March, 2021

(Amount in lakh)

Particulars		Notes	Year ended 31st March, 2021	Year ended 31st March, 2020
REVENUE FROM OPERATIONS				
(i)	Interest income	21	70,893.03	100,340.39
(ii)	Dividend income	22	-	340.29
(iii)	Fees and commission income	23	799.77	427.81
(iv)	Net gain/(loss) on financial instruments measured on fair value	24	4,213.66	2,827.40
(v)	Others		7.61	96.35
(I)	**Total revenue from operations**		**75,914.07**	**104,032.24**
(II)	Other income	25	214.63	1,040.20
(III)	**Total income (I + II)**		**76,128.70**	**105,072.44**
	EXPENSES			
(i)	Finance costs	26	32,547.43	59,897.09
(ii)	Impairment on financial instruments	27	3,347.58	5,580.46
(iii)	Employee Benefits expenses	28	3,063.03	3,026.04
(iv)	Depreciation, amortisation and impairment	8 & 10	208.28	93.73
(v)	Other expenses	29	3,351.46	3,116.06
(IV)	**Total expenses**		**42,517.78**	**71,713.38**
(V)	**Profit/(loss) before tax**		**33,610.92**	**33,359.06**
(VI)	**Tax expense**	30		
	(1) Current tax		(8,879.85)	(9,459.99)
	(2) Deferred tax		287.61	236.94
	Total tax expense (1+2)		**(8,592.24)**	**(9,223.05)**
(VII)	**Profit/(loss) for the year (V+VI)**		**25,018.68**	**24,136.01**
(VIII)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Re-measurements of the defined benefit plans		(1.90)	(19.87)
	(ii) Income tax relating to above items		0.48	5.00
	Total (A)		**(1.42)**	**(14.87)**
	(B) Items that will be reclassified to profit or loss			
	(i) Financial Instruments measured at FVOCI		(0.53)	(37.44)
	(ii) Income tax relating to items that will be reclassified to profit or loss		0.13	13.09
	Total (B)		**(0.40)**	**(24.35)**
	Other comprehensive income (A + B)		**(1.82)**	**(39.22)**
(IX)	**Total Comprehensive Income for the year (VII+VIII)**		**25,016.86**	**24,096.79**
(X)	**Earnings per equity share - Basic and Diluted (₹)**	31	**444.97**	**429.27**
Significant Accounting Policies and Notes on Accounts		1		

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

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Standalone Statement of Cash Flows

for the year ended 31st March, 2021

(Amount in lakh)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Cash flow from operating activities		
Profit before tax	**33,610.92**	**33,359.06**
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortisation expense	208.28	93.73
Dividend Received	-	(340.29)
Profit on Sale of Property, Plant and Equipment	(7.61)	(7.00)
Impairment on financial instruments	3,347.58	5,580.46
Net gain/ (loss) on financial instruments at fair value through profit or loss	(4,176.60)	(3,454.47)
Interest on Borrowing	32,547.43	59,897.09
Interest on Borrowing paid	(37,182.90)	(56,871.57)
ESOP Expense	99.13	131.19
Remeasurements of the defined benefit plans	(1.90)	(19.87)
Debt Instruments through Other Comprehensive Income	(0.53)	(37.44)
Operating profit before working capital changes	**28,443.80**	**38,330.89**
Working capital adjustments		
(Increase) / Decrease in Bank Balance other than cash and cash equivalent	1,454.46	21,305.86
(Increase) / Decrease in Loans	(87,773.37)	324,790.95
(Increase) / Decrease in Receivables	(282.70)	278.28
(Increase) / Decrease in Other Financial Assets	(25.00)	(90.00)
(Increase) / Decrease in Other Non Financial Assets	(28.78)	69.54
Increase / (Decrease) in Trade payables	(2,167.63)	2,445.03
Increase / (Decrease) in other payables	(1,189.42)	922.79
Increase / (Decrease) in other non-financial liabilities	(248.84)	(555.29)
Increase / (Decrease) provisions	626.65	(20.76)
(Increase) / Decrease in unamortised discount	14,800.86	38,733.44
	(74,833.77)	**387,879.84**
Net Cash (used in) / generated from operations	(46,389.97)	426,210.73
Income tax paid (net)	(7,096.09)	(10,781.22)
Net cash (used in) / generated from operating activities	**(53,486.06)**	**415,429.51**
Cash flow from investing activities		
Purchase of investments	(2,648,612.42)	(9,587,025.71)
Sale of investments	2,583,776.72	9,610,346.44
Interest on Investments	6,069.75	6,924.57
Purchase of Property, Plant and Equipment	(151.63)	(451.82)
Sale of Property, Plant and Equipment	70.50	15.05
Dividend on investments	-	340.29
Net cash (used in) / generated from investing activities	**(58,847.08)**	**30,148.82**

Standalone Statement of Cash Flows

for the year ended 31st March, 2021

(Amount in lakh)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Cash flow from financing activities		
Proceeds from Debt Securities	120,482.42	174,089.50
Repayment of Debt Securities	(178,230.94)	(181,125.81)
Intercorporate Deposit issued	92,000.00	115,300.00
Intercorporate Deposit Redeemed	(109,400.00)	(121,350.00)
Commercial Paper issued	873,262.34	559,272.67
Commercial Paper Redeemed	(863,764.49)	(883,023.48)
Term Loans drawn	30,000.00	-
Increase/(Decrease) in Bank overdraft(Net)	3,656.99	22,856.36
Net cash (used in) / generated from Financing Activites	**(31,993.68)**	**(313,980.76)**
Net (decrease) / increase in cash and cash equivalents	**(144,326.82)**	**131,597.57**
Cash and cash equivalents at the beginning of the year	159,021.52	27,423.95
Cash and cash equivalents at the end of the year	**14,694.70**	**159,021.52**
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	14,694.70	159,021.52
Cash and cash equivalents as restated as at the year end *	**14,694.70**	**159,021.52**

** Cash and cash equivalents shown in Balance Sheet is net of ECL provision of ₹ 2.87 lakh as at 31st March, 2021 (Previous year: ₹ 31.01 lakh)*

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

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

III) Non-cash financing activity : ESOP from parent of ₹ 99.13 lakh for year ended 31st March, 2021 (31st March, 2020 - ₹ 131.19 lakh)

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

This is the Standalone Statement of Cash Flow referred to in our report of even date

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Standalone Statement of Changes in Equity

for the year ended 31st March, 2021

A. EQUITY SHARE CAPITAL

(Amount in lakh)

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
Equity shares of ₹ 10 each fully paid up			
As on 31st March, 2020	**562.26**	**-**	**562.26**
As on 31st March, 2021	**562.26**	**-**	**562.26**

B. OTHER EQUITY

(Amount in lakh)

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 31st March, 2019	**33,545.76**	**1,003.85**	**431.10**	**24,290.09**	**298.29**	**97,304.35**	**24.35**	**156,897.79**
Profit for the year	-	-	-	-	-	24,136.01		24,136.01
Other Comprehensive Income for the year	-	-	-	-	-	(14.87)	(24.35)	(39.22)
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	5,402.57	-	(5,402.57)		-
Fair value of ESOP	-	-	-	-	131.19	-		131.19
Changes during the period	**-**	**-**	**-**	**5,402.57**	**131.19**	**18,718.57**	**(24.35)**	**24,227.98**
Closing balance as on 31st March, 2020	**33,545.76**	**1,003.85**	**431.10**	**29,692.66**	**429.48**	**116,022.92**	**0.00**	**181,125.77**
Opening balance as on 31st March, 2020	**33,545.76**	**1,003.85**	**431.10**	**29,692.66**	**429.48**	**116,022.92**	**-**	**181,125.77**
Profit for the year	-	-	-	-	-	25,018.68	-	25,018.68
Other Comprehensive Income for the year	-	-	-	-	-	(1.42)	(0.40)	(1.82)
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	5,155.10	-	(5,155.10)	-	-
Fair value of ESOP	-	-	-	-	99.13	-	-	99.13
Changes during the period	**-**	**-**	**-**	**5,155.10**	**99.13**	**19,862.16**	**(0.40)**	**25,115.99**
Closing balance as on 31st March, 2021	**33,545.76**	**1,003.85**	**431.10**	**34,847.76**	**528.61**	**135,885.08**	**(0.40)**	**206,241.76**

Nature and purpose of reserve - Refer Note 20.1

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

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

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 authorised for issue by the Company's Board of Directors on 18th May, 2021.

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 (₹) which is also the Company's functional currency. All the amounts are rounded to the nearest lakh 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 realised 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 37.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognised 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 recognised 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 utilised.

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 recognised in the Statement of Profit and Loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

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

VIII. Fair value of financial instruments

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

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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

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

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

XII. Impairment of non-financial assets

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

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

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 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 first Quarter of financial year 2020-21 was worst affected due to pandemic. However, there was an economic recovery in Quarter 2nd and Quarter 3rd of Finacial Year 2020-21 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-19 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 Company 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. The pandemic has impacted lending business, fee income, collection efficiency etc. and may result in increase in customer defaults and consequently increase in provisions. The Company, however, has not experienced any significant disruptions in the past one year and has considered the impact on carrying value of assets based on the external or internal information available up to the date of approval of financial statements. The future direct and indirect impact of COVID-19 on Company business, results of operations, financial position and cash flows remains uncertain. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 amortised 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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

iii. Leases

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

1.3. AMENDMENTS TO EXISTING IND AS:

The Ministry of Corporate Affairs notifies new standard or amendments to existing standards. There is no such notification which would have been applicable from 01st April, 2021.

1.4. SIGNIFICANT ACCOUNTING POLICIES

A. REVENUE RECOGNITION

I. Interest income on financial assets is recognised 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 recognised 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 recognised 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;

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.
- The Company monitors financial assets measured at Amortised cost 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. Based on the Company policy, it can sell financial assets out of Amortised 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 recognised through Statement of Profit and Loss.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

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 recognised 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.

(iii) Financial asset at fair value through profit and loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortised 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 recognised 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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

— 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 recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date.

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

- If the expected restructuring will not result in derecognition of the existing asset, expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset
- If the expected restructuring will result in derecognition of the existing asset and the recognition of modified asset, the modified asset is considered as a new financial asset. The date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The impairment loss allowance is measured at an amount equal to 12 month expected credit losses until there is a significant increase in credit risk. If modified financial asset is credit-impaired at initial recognition, the financial asset is recognised 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 amortised cost (net of loss allowance).

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then after cooling off period (Refer Note 36.5.2.4.1) 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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

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.

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 recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises 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 and 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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

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 categorised into different levels in a fair value hierarchy based on the lowest level inputs that are significant to the measurements, used in the valuation techniques as follows.

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

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

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

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

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

H. Offsetting of financial instruments

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

I. Derivative financial instruments

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

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

J. Property, Plant And Equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised 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 recognised 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 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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

Used property, plant and equipment purchased are de preciated 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 amortisation and impairment, if any. Intangible assets are amortised 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.

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

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

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

Deferred tax assets and liabilities are offset only if:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

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

N. Employee Benefits

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

II. The Company contributes up to 10% of eligible employees salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Company recognises 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.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

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 recognised during the period when the employee renders the service. These benefits include performance incentives.

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

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

O. EMPLOYEE SHARE BASED PAYMENTS

Equity-settled scheme:

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2021

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

R. Provisions And Contingent Liabilities

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

S. Leases

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

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

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

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

As a lessee

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

T. Impairment Of Non Financial Assets

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

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

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

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

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 2 CASH AND CASH EQUIVALENTS*

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with banks:		
- In Current Account	14,694.70	22,431.73
- In Fixed Deposits with Bank having original maturity less than 3 months	-	136,589.79
	14,694.70	**159,021.52**
Less: Impairment loss allowance	(2.87)	(31.01)
Total	**14,691.83**	**158,990.51**

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

NOTE 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fixed deposit with banks	42.91	1,497.36
	42.91	**1,497.36**
Less: Impairment loss allowance	(0.01)	(0.29)
Total	**42.90**	**1,497.07**

NOTE 4 RECEIVABLES

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
A. Trade receivables		
Unsecured, considered good	124.86	59.65
Less: Impairment loss allowance	(2.01)	(0.87)
Total (A)	**122.85**	**58.78**
B. Other receivables		
Unsecured, considered good	604.22	387.87
Less: Impairment loss allowance	(9.71)	(5.62)
Total (B)	**594.51**	**382.25**

NOTE 5 LOANS

(Amount in lakh)

Particulars			Amortised Cost	At Fair Value			Sub total	Total
				Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
			(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
	As at 31st March, 2021							
(A)	(i)	Revolving Loan	136,815.63	-	-	-	-	136,815.63
	(ii)	Term Loans	488,778.70	-	-	-	-	488,778.70
	(iii)	Pass Through Certificates	10,397.24	-	-	-	-	10,397.24
	Total Gross (A)		**635,991.57**	**-**	**-**	**-**	**-**	**635,991.57**
(B)	(i)	Secured by tangible assets	538,634.24				-	538,634.24
	(ii)	Covered by Bank/ Government Guarantees	36,853.50				-	36,853.50
	(iii)	Unsecured	60,503.83				-	60,503.83
	Total Gross (B)		**635,991.57**	**-**	**-**	**-**	**-**	**635,991.57**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

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)
(C) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	635,991.57	-	-	-	-	635,991.57
Total Gross (C)	**635,991.57**	**-**	**-**	**-**	**-**	**635,991.57**
Less: Impairment loss allowance	(15,008.00)	-	-	-	-	(15,008.00)
Total Net (C)	**620,983.57**	**-**	**-**	**-**	**-**	**620,983.57**
As at 31st March, 2020						
(A) (i) Revolving Loan	181,587.23	-	-	-	-	181,587.23
(ii) Term Loans	364,776.75	-	-	-	-	364,776.75
Total Gross (A)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.99**
(B) (i) Secured by tangible assets	515,125.98				-	515,125.98
(ii) Unsecured	31,237.99				-	31,237.99
Total Gross (B)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.98**
(C) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	546,363.98	-	-	-	-	546,363.98
Total Gross (C)	**546,363.98**	**-**	**-**	**-**	**-**	**546,363.98**
Less: Impairment loss allowance	(11,327.43)	-	-	-	-	(11,327.43)
Total Net (C)	**535,036.55**	**-**	**-**	**-**	**-**	**535,036.55**

NOTE 6 INVESTMENTS

(Amount in lakh)

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 31st March, 2021							
(A) Mutual funds	-	-	18,052.36	-	18,052.36	-	18,052.36
Government securities	-	30,348.99	-	-	30,348.99		30,348.99
Treasury bills	-	34,878.63	-	-	34,878.63		34,878.63
Debt securities	39,781.78	-	14,223.54	-	14,223.54	-	54,005.32
Equity instruments	-	-	54.93	-	54.93	-	54.93
Associates	-	-	-	-	-	6,100.50	6,100.50
Venture Fund	-	-	1,524.05	-	1,524.05	-	1,524.05
Total Gross (A)	**39,781.78**	**65,227.62**	**33,854.88**	**-**	**99,082.50**	**6,100.50**	**144,964.78**
(B) (i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	39,781.78	65,227.62	33,854.88	-	99,082.48	6,100.50	144,964.76
Total (B)	**39,781.78**	**65,227.62**	**33,854.88**	**-**	**99,082.48**	**6,100.50**	**144,964.76**
Less: Impairment allowance	(342.58)	-	-	-	-	-	(342.58)
Total Net	**39,439.20**	**65,227.62**	**33,854.88**	**-**	**99,082.48**	**6,100.50**	**144,622.18**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

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 31st March, 2020							
(A) Mutual funds	-	-	22,000.51	-	22,000.51	-	22,000.51
Debt securities	50,039.54	-	-	-	-	-	50,039.54
Equity instruments	-	-	65.87	-	65.87	-	65.87
Associates	-	-	-	-	-	6,100.50	6,100.50
Venture Fund	-	-	1,530.97	-	1,530.97	-	1,530.97
Preference Share	-	-	3,766.10	-	3,766.10	-	3,766.10
Total Gross (A)	**50,039.54**	**-**	**27,363.45**	**-**	**27,363.45**	**6,100.50**	**83,503.49**
(B) (i) Investments outside India	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(ii) Investments in India	50,039.54	-	27,363.45	-	27,363.45	6,100.50	83,503.49
Total (B)	**50,039.54**	**-**	**27,363.45**	**-**	**27,363.45**	**6,100.50**	**83,503.49**
Less: Impairment allowance	(318.36)	-	-	-	-	-	(318.36)
Total Net	**49,721.18**	**-**	**27,363.45**	**-**	**27,363.45**	**6,100.50**	**83,185.13**

**Investments in Joint Ventures and Associates have been measured at carrying cost as per the exemption available under Ind AS 101.*

NOTE 7 OTHER FINANCIAL ASSETS

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deposits with Clearing Corporation of India(CCIL)	200.00	200.00
Other deposits	25.62	0.62
Less: Impairment loss allowance	(3.63)	(2.91)
Total	**221.99**	**197.71**

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in lakh)

Particulars	Buildings*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
At cost as on 31st March, 2019	**7.61**	**-**	**261.25**	**5.92**	**43.31**	**318.09**
Additions during the year	-	-	90.94	-	13.20	104.14
Disposals during the year	-	-	(110.81)	-	(19.82)	(130.63)
At cost as on 31st March, 2020	**7.61**	**-**	**241.38**	**5.92**	**36.69**	**291.60**
Accumulated depreciation and impairment as on 31st March, 2019	**0.36**	**-**	**92.56**	**2.99**	**23.46**	**119.37**
Depreciation for the year	0.18	-	68.69	1.45	11.75	82.07
Disposals during the year	-	-	(110.81)	-	(17.78)	(128.59)
Accumulated depreciation and impairment as on 31st March, 2020	**0.54**	**-**	**50.44**	**4.44**	**17.43**	**72.85**
Net carrying amount as on 31st March, 2020	**7.07**	**-**	**190.94**	**1.48**	**19.26**	**218.75**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

Particulars	Buildings*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
At cost as on 31st March, 2020	**7.61**	**-**	**241.38**	**5.92**	**36.69**	**291.60**
Additions during the year	-	-	34.93	-	7.54	42.47
Disposals during the year	-	-	(127.39)	-	(8.11)	(135.50)
At cost as on 31st March, 2021	**7.61**	**-**	**148.92**	**5.92**	**36.12**	**198.57**
Accumulated depreciation and impairment as on 31st March, 2020	**0.54**	**-**	**50.44**	**4.44**	**17.43**	**72.85**
Depreciation for the year	0.17	-	58.12	1.33	11.46	71.08
Disposals during the year	-	-	(66.50)	-	(6.12)	(72.62)
Accumulated depreciation and impairment as on 31st March, 2021	**0.71**	**-**	**42.06**	**5.77**	**22.77**	**71.31**
Net carrying amount as on 31st March, 2021	**6.90**	**-**	**106.86**	**0.15**	**13.35**	**127.26**

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

Impairment loss and reversal of impairment loss

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

NOTE 9 INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Intangible assets under development (CIP software)	3.30	333.43
Total	**3.30**	**333.43**

NOTE 10 OTHER INTANGIBLE ASSETS

(Amount in lakh)

Particulars	Software and System Development	Total
Balance as at 1st April, 2019	**33.15**	**33.15**
Additions during the year	14.25	14.25
Disposals during the year	-	-
Balance as at 31st March, 2020	**47.40**	**47.40**
Accumulated Amortisation and impairment as at 1st April, 2019	**16.92**	**16.92**
Amortisation for the year	11.66	11.66
Disposals during the year	-	-
Accumulated Amortisation and impairment as 31st March, 2020	**28.58**	**28.58**
Net carrying amount as at 31st March, 2020	**18.82**	**18.82**
Balance as at 1st April, 2020	**47.40**	**47.40**
Additions during the year	439.27	439.27
Disposals during the year	-	-
Balance as at 31st March, 2021	**486.67**	**486.67**
Accumulated Amortisation and impairment as at 1st April, 2020	**28.58**	**28.58**
Amortisation for the year	137.20	137.20
Disposals during the year	-	-
Accumulated Amortisation and impairment as 31st March, 2021	**165.78**	**165.78**
Net carrying amount as at 31st March, 2021	**320.89**	**320.89**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Impairment loss and reversal of impairment loss

There is no impairment loss for intangible assets.

NOTE 11 OTHER NON-FINANCIAL ASSETS

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Prepaid expenses	3.15	3.41
Prepayment to Suppliers	24.36	68.27
GST/Service Tax input	242.95	170.00
Total	**270.46**	**241.68**

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

(Amount in lakh)

Particulars	Notional Amounts	Fair Value-Liabilities
As at 31st March, 2021		
Part I		
Embedded Derivative on Nifty linked debentures	-	1,524.25
Total Derivative financial instruments	**-**	**1,524.25**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	1,524.25
Total derivative financial instruments	**-**	**1,524.25**
As at 31st March, 2020		
Part I		
Embedded Derivative on Nifty linked debentures	-	5,441.02
Total Derivative financial instruments	**-**	**5,441.02**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	5,441.02
Total derivative financial instruments	**-**	**5,441.02**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 13 PAYABLES*

(Amount in lakh)

Particulars			As at 31st March, 2021	As at 31st March, 2020
(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	667.17	2,834.80
Total (A)			**667.17**	**2,834.80**
(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	251.32	1,440.75
Total (B)			**251.32**	**1,440.75**
Total			**918.49**	**4,275.55**

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

(Amount in lakh)

Particulars		As at 31st March, 2021	As at 31st March, 2020
(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	-	-

NOTE 14 DEBT SECURITIES

(Amount in lakh)

Particulars	At Amortised Cost	At Fair Value Through profit or loss	Designated at fair value through profit or loss	Total
	(1)	(2)	(3)	(4 = 1+2+3)
As at 31st March, 2021				
Debentures				-
- Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	124,796.02	-	-	124,796.02
- Deep Discount, Non-Convertible Debentures, privately placed, Secured	121,525.48	-	-	121,525.48
- Nifty Linked Debentures, Secured	9,121.36			9,121.36
Total (A)	**255,442.86**	**-**	**-**	**255,442.86**
Debt securities in India	255,442.86	-	-	255,442.86
Debt securities outside India	-	-	-	-
Total (B)	**255,442.86**	**-**	**-**	**255,442.86**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

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

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 lakh (gross value) and further secured by way of hypothecation / mortgage of charged assets such as receivables arising out of loan, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares)

Interest and Repayment terms of Debt Securities-

(Amount in lakh)

Residual Maturity	As at 31st March, 2021			As at 31st March, 2020		
	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
A) Debentures						
Jun-23	5.00%	5,061.79	5,000.00	-	-	-
Oct-22	5.30%	40,974.95	40,000.00	-	-	-
Sep-22	5.18%	7,715.55	7,500.00	-	-	-
May-22	8.51%	8,030.89	7,500.00	8.51%	8,034.53	7,500.00
Jan-22	7.59%	2,579.34	2,500.00	7.59%	2,580.58	2,500.00
Dec-21	7.71%	7,653.28	7,500.00	7.71%	7,658.42	7,500.00
Nov-21	7.31%	5,134.22	5,000.00	7.31%	5,136.96	5,000.00
Jul-21	8.63%	36,865.13	34,800.00	8.63%	37,096.78	34,800.00
Apr-21	8.51%	10,780.87	10,000.00	8.51%	10,841.63	10,000.00
Mar-21	-	-	-	8.84%	21,090.69	21,000.00
Nov-20	-	-	-	8.46%	2,688.43	2,500.00
Apr-20	-	-	-	9.39%	5,189.73	5,000.00
Total (A)		**124,796.02**	**119,800.00**		**100,317.75**	**95,800.00**
B) Deep Discount Debentures						
Feb-23	5.55%	25,158.41	27,897.40	-	-	-
Dec-22	4.85%	25,299.12	27,455.28	-	-	-
Aug-22	5.40%	18,579.37	20,000.00	-	-	-
Jun-22	8.35%	1,536.61	1,700.00	8.35%	1,420.39	1,700.00
Apr-22	8.70% to 9.50%	7,353.83	8,030.00	8.70% to 9.50%	6,743.12	8,030.00
Feb-22	7.45%	3,826.58	4,084.12	7.45%	3,561.18	4,084.12

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Interest and Repayment terms of Debt Securities-

(Amount in lakh)

Residual Maturity	As at 31st March, 2021			As at 31st March, 2020		
	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
Oct-21	7.35% to 7.70%	14,816.77	15,500.00	7.35% to 8.70%	13,695.96	15,500.00
Sep-21	9.50%	6,149.29	6,410.00	9.50%	5,615.80	6,410.00
Aug-21	7.50% to 8.30%	8,496.77	8,767.03	7.50% to 8.30%	7,862.36	8,767.03
Jun-21	8.60%	896.32	910.00	8.60%	825.32	910.00
May-21	8.55%	9,412.41	9,500.00	8.55%	8,667.40	9,500.00
Jan-21	-	-	-	8.45%	5,495.55	5,880.00
Aug-20	-	-	-	7.95% to 8.80%	21,654.52	22,290.00
Jul-20	-	-	-	8.20% to 9.35%	53,549.85	54,944.78
Jun-20	-	-	-	9.45%	2,829.37	2,890.00
May-20	-	-	-	8.10% to 9.45%	31,326.77	31,580.00
Total (B)		**121,525.48**	**130,253.83**	**-**	**163,247.59**	**172,485.93**
C) Secured - Index Linked Debentures						
Apr-21	8.33%	9,121.36	9,170.00	8.33%	8,440.20	8,452.75
Jan-21	-	-	-	8.18%	18,796.47	18,796.47
Nov-20	-	-	-	8.44%	12,908.51	12,920.13
Aug-20	-	-	-	8.15%	2,430.02	2,430.02
Total (C)		**9,121.36**	**9,170.00**	**-**	**42,575.20**	**42,599.37**
Total (A+B+C)		**255,442.86**	**259,223.83**	**-**	**306,140.54**	**310,885.30**

NOTE 15 BORROWINGS OTHER THAN DEBT SECURITIES*

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
At Amortised Cost		
Overdraft facility from banks	52,492.40	48,845.10
Commercial paper	195,577.49	178,501.90
Inter corporate deposits	18,599.83	36,649.56
Term loans from banks	30,152.40	-
Total (A)	**296,822.12**	**263,996.56**
Borrowings in India	296,822.12	263,996.56
Borrowings outside India	-	-
Total (B)	**296,822.12**	**263,996.56**
Secured Borrowings	82,644.80	48,845.10
Unsecured Borrowings	214,177.32	215,151.46
Total (C)	**296,822.12**	**263,996.56**

**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.*

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.

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Interest and Repayment terms of Debt Securities-

(Amount in lakh)

Residual Maturity		As at 31st March, 2021			As at 31st March, 2020		
		Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
A)	**Cash credit and Working Capital Demand Loan**						
	0-1 year	6.95% to 7.15%	52,492.40	52,500.00	MCLR + spread upto 40 basis point	48,845.10	48,843.01
Total (A)			**52,492.40**	**52,500.00**		**48,845.10**	**48,843.01**
B)	**Commercial Paper**						
	Feb-22	4.95%	23,982.87	25,000.00		-	-
	Jan-22	4.58% to 4.95%	10,581.24	11,000.00		-	-
	Nov-21	4.25% to 4.65%	29,185.58	30,000.00		-	-
	Oct-21	4.11% to 4.65%	32,711.83	33,500.00		-	-
	Sep-21	3.95%	12,260.57	12,500.00		-	-
	Aug-21	4.00%	14,784.86	15,000.00		-	-
	Jun-21	3.75% to 3.85%	32,243.50	32,500.00		-	-
	May-21	3.57%	24,857.29	25,000.00		-	-
	Apr-21	3.70%	14,969.75	15,000.00		-	-
	Feb-21		-	-	6.30% to 6.78%	11,824.11	12,500.00
	Jan-21		-	-	6.78% to 6.94%	40,251.05	42,500.00
	Dec-20		-	-	6.80%	7,149.26	7,500.00
	Oct-20		-	-	7.05%	9,615.35	10,000.00
	Jul-20		-	-	6.85% to 7.76%	9,791.41	10,000.00
	Jun-20		-	-	6.08% to 8.15%	45,818.92	46,500.00
	May-20		-	-	8.40%	4,946.47	5,000.00
	Apr-20		-	-	5.72% to 8.55%	49,105.33	49,300.00
Total (B)			**195,577.49**	**199,500.00**		**178,501.90**	**183,300.00**
C)	**Intercorporate Deposits**						
	Apr-22	4.35%	7,500.83	7,500.83		-	-
	Jul-21	7.40%	5,098.43	5,000.00	7.40%	5,096.71	5,000.00
	May-21	3.65%	6,000.57	6,000.00		-	-
	Jan-21		-	-	7.20%	5,154.45	5,000.00
	Nov-20		-	-	7.25%	5,168.04	5,000.00
	Sep-20		-	-	6.40%	15,030.77	15,000.00
	Jul-20		-	-	6.20% to 7.50%	1,428.16	1,400.00
	May-20		-	-	8.15% to 8.50%	4,236.13	4,000.00

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Interest and Repayment terms of Debt Securities-

(Amount in lakh)

Residual Maturity	As at 31st March, 2021			As at 31st March, 2020		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Apr-20		-	-	8.00%	535.30	500.00
Total (C)		**18,599.83**	**18,500.83**		**36,649.56**	**35,900.00**
D) Term loans from banks						
Jun-22	6.18%	30,152.40	30,000.00	-	-	-
Total (D)	**-**	**30,152.40**	**30,000.00**	**-**	**-**	**-**
Total (A+B+C+D)	**-**	**296,822.12**	**300,500.83**	**-**	**263,996.56**	**268,043.01**

NOTE 16 SUBORDINATED LIABILITIES*

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
At Amortised Cost		
Redeemable Non-Convertible Subordinated Debt Bonds in form of Debentures, fully paid, privately placed, Unsecured	20,239.62	20,241.93
Total (A)	**20,239.62**	**263,996.56**
Subordinated liabilities in India	20,239.62	20,241.93
Subordinated liabilities outside India	-	-
Total (B)	**20,239.62**	**20,241.93**

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

Interest and Repayment terms of Subordinate Liabilities-

(Amount in lakh)

Residual Maturity	As at 31st March, 2021			As at 31st March, 2020		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Mar-27	8.55%	10,018.74	10,000.00	8.55%	10,018.74	10,000.00
Dec-26	8.35%	5,108.69	5,000.00	8.35%	5,110.08	5,000.00
Dec-25	9.00%	5,112.19	5,000.00	9.00%	5,113.11	5,000.00
Total		**20,239.62**	**20,000.00**		**20,241.93**	**20,000.00**

NOTE 16.1 NET DEBT RECONCILIATION

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

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents	14,694.70	159,021.52
Liabilities from financing activities	**572,504.60**	**590,379.03**
Debt securities (including interest accrued)	255,442.86	306,140.54
Borrowings other than debt securities (including interest accrued)	296,822.12	263,996.56
Subordinated Liabilities	20,239.62	20,241.93
Net debt	**587,199.30**	**749,400.55**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Movement in Net Debt during the year ended 31st March, 2021

(Amount in lakh)

Particulars	Cash and cash equivalents	Liabilities from financing activities	Total
Net debt as at 31st March, 2020	**159,021.52**	**590,379.03**	**749,400.55**
Cash inflows	-	1,119,401.77	1,119,401.77
Cash outflows	(144,326.82)	(1,151,395.43)	(1,295,722.25)
Interest expense	-	32,547.43	32,547.43
Interest paid during the year	-	(37,182.90)	(37,182.90)
(Increase) / Decrease in unamortised discount	-	14,800.86	14,800.86
(Increase) / Decrease in Derivative financial instruments	-	3,916.78	3,916.78
Increase/(Decrease) in value of Derivatives financial instruments at fair value through profit or loss	-	37.06	37.06
Net debt as at 31st March, 2021	**14,694.70**	**572,504.60**	**587,199.30**

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

(Amount in lakh)

Particulars	Cash and cash equivalents	Liabilities from financing activities	Total
Net debt as at 31st March, 2019	**27,423.95**	**867,843.04**	**895,267.00**
Cash inflows	445,578.30	871,518.56	1,317,096.85
Cash outflows	(313,980.73)	(1,185,499.29)	(1,499,480.02)
Interest expense	-	59,897.09	59,897.09
Interest paid during the year	-	(56,871.57)	(56,871.57)
(Increase) / Decrease in unamortised discount	-	38,733.44	38,733.44
(Increase) / Decrease in Derivative financial instruments	-	(5,441.02)	(5,441.02)
Increase/(Decrease) in value of Derivatives financial instruments at fair value through profit or loss	-	198.78	198.78
Net debt as at 31st March, 2020	**159,021.52**	**590,379.03**	**749,400.55**

NOTE 17 PROVISIONS

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits		
(i) Gratuity (Refer Note 37)	253.93	261.30
(ii) Compensated absences	90.95	98.94
(iii) Stock appreciation rights (SARs)(Refer Note 38)	177.34	160.65
(iv) Long Service Award	5.61	5.29
(v) Provision for annual incentives	225.00	150.00
(vi) Payable to Customers(Refer Note 50)	550.00	-
Total	**1,302.83**	**676.18**

NOTE 18 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Revenue received in advance	238.52	424.52
Statutory dues payable	267.66	330.50
Total	**506.18**	**755.02**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 19 EQUITY SHARE CAPITAL

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Authorised		
5,80,00,000 (31st March, 2020: 5,80,00,000) equity shares of ₹ 10 each with voting rights	5,800.00	5,800.00
1,200 (31st March, 2020: 1,200) Non Cumulative redeemable preference shares of ₹ 1,00,000 each	1,200.00	1,200.00
Issued, subscribed and paid up		
56,22,878 (31st March, 2020: 56,22,878) 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 lakh)

Particulars	No. of shares	Amount
As at 31st March, 2019	**56,22,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at 31st March, 2020	**56,22,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at 31st March, 2021	**56,22,578**	**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

(Amount in lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited, the holding company and its nominees	56,22,578	100.00%	56,22,578	100.00%
	56,22,578	**100.00%**	**56,22,578**	**100.00%**

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

(Amount in lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited and its nominees	56,22,578	100.00%	56,22,578	100.00%
	56,22,578	**100.00%**	**56,22,578**	**100.00%**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 20 OTHER EQUITY

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Impairment Reserve	-	-
Capital Redemption Reserve	1,003.85	1,003.85
Securities Premium	33,545.76	33,545.76
General Reserve	431.10	431.10
Special Reserve	34,847.76	29,692.66
Retained Earnings	135,885.08	116,022.92
Capital Contribution from Parent	528.61	429.48
Financial instruments through OCI	(0.40)	-
Total	**206,241.76**	**181,125.77**

NOTE 20.1 NATURE AND PURPOSE OF RESERVE

Impairment Reserve

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

Capital Redemption Reserve

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

Securities premium

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

General Reserve

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

Special Reserve

Special reserve represents appropriation of retained earning as per Section 45 IC of the Reserve Bank of India Act, 1934.

Retained Earnings

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

Capital Contribution from Parent

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

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

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 20.2 OTHER EQUITY MOVEMENT

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(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	**29,692.66**	**24,290.09**
Transfer from Retained earning	5,155.10	5,402.57
Closing balance	**34,847.76**	**29,692.66**
(vi) Retained earnings		
Opening balance	**116,022.92**	**97,304.35**
Net profit for the year	25,018.68	24,136.01
Less : Other Comprehensive Income for the year	(1.42)	(14.87)
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	(5,155.10)	(5,402.57)
Closing balance	**135,885.08**	**116,022.92**
(v) Capital contribution from parent		
Opening balance	**429.48**	**298.29**
Addition/Deletion during the year	99.13	131.19
Closing balance	**528.61**	**429.48**
(vi) Financial instruments through OCI		
Opening balance	**-**	**24.35**
Addition/Deletion during the year	(0.40)	(24.35)
Closing balance	**(0.40)**	**-**

NOTE 21 INTEREST INCOME

(Amount in lakh)

Particulars	For the year ended 31st March, 2021				For the year ended 31st March, 2020			
	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	-	63,859.23	-	63,859.23	-	91,248.67	-	91,248.67
Interest income from investments	741.75	5,104.05	129.66	5,975.46	516.14	6,073.57		6,589.71
Interest on deposits with banks	-	1,057.99	-	1,057.99	-	2,235.64	-	2,235.64
Other interest income	-	0.35	-	0.35	-	266.37	-	266.37
Total	**741.75**	**70,021.62**	**129.66**	**70,893.03**	**516.14**	**99,824.25**	**-**	**100,340.39**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 22 DIVIDEND INCOME

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Dividend income on investments	-	340.29
Total	**-**	**340.29**

NOTE 23 FEES AND COMMISSION INCOME

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Advisory Fees	799.77	427.81
Total	**799.77**	**427.81**

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

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(A) Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Mutual funds	635.95	2,366.89
- Equity shares	3,368.79	909.27
Others		
- Equity Shares	(10.94)	0.00
- Preference Shares	163.18	(227.80)
- Venture fund	(1.92)	(199.86)
- Debt securities	95.71	-
- On financial instruments designated at fair value through profit or loss		
(B) Others		
- Derivative	(37.06)	(198.78)
- Net gain on financial assets at FVOCI	(0.05)	177.68
Total Net gain/(loss) on fair value changes	**4,213.66**	**2,827.40**
Fair value changes:		
- Realised	4,511.35	3,429.31
- Unrealised /Movement from Unrealised to Realised	(297.69)	(601.91)
Total Net gain/(loss) on fair value changes	**4,213.66**	**2,827.40**

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

NOTE 25 OTHER INCOME

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Net gain/(loss) on derecognition of property, plant and equipment	7.61	7.00
Net gain/(loss) on sale of investments	-	825.85
Others	207.02	207.35
Total	**214.63**	**1,040.20**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 26 FINANCE COSTS

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On financial liabilities measured at amortised cost		
Interest on borrowings (Other than Debt Securities)		
- On Overdraft facility and Term loans from Bank	2,044.49	523.94
- Discount on Commercial Papers	7,577.73	25,091.63
- On Inter Corporate Deposits	1,429.55	2,717.29
Interest on debt securities		
- on Redeemable Non-Convertible Debentures and Deep Discount Debentures	16,499.60	26,615.56
- on Nifty Linked Debentures	3,148.49	2,554.22
Interest on subordinated liabilities	1,720.20	1,725.34
Other Borrowing Costs	127.37	669.11
Total	**32,547.43**	**59,897.09**

NOTE 27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
On Financial instruments measured at fair value through OCI		
- Investments	-	(11.14)
On Financial instruments measured at Amortised Cost		
- Loans and other financial assets	3,323.36	5,651.42
- Investments	24.22	(59.82)
Total	**3,347.58**	**5,580.46**

NOTE 28 EMPLOYEE BENEFITS EXPENSES

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and wages	2,644.76	2,584.85
Contribution to provident and other funds	120.54	125.31
Stock Appreciation Rights(Refer Note 38)	186.55	143.62
ESOP Expenses(Refer Note 38)	99.13	131.19
Staff welfare expenses	12.05	41.07
Total	**3,063.03**	**3,026.04**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 29 OTHER EXPENSES

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Rent and Electricity Expenses	562.49	664.91
Repairs and maintenance	71.11	90.14
Communication Costs	13.70	26.56
Printing and stationery	8.69	37.06
Royalty Expenses	260.09	-
Director's fees, allowances and expenses (Refer Note 35.02)	29.20	24.00
Auditors' Remuneration (Refer Note 33)	48.49	53.34
Legal and Professional charges	200.67	188.30
Insurance	7.23	6.19
Rates, Taxes and Fees	285.33	341.47
Travelling and Conveyance	48.49	88.64
Common Establishment Expenses	1,105.65	1,184.20
Contribution to Corporate Social Responsibility Activities (Refer Note 34)	676.97	311.00
Miscellaneous Expenses	33.35	100.25
Total	**3,351.46**	**3,116.06**

NOTE 30 TAX EXPENSE AND RELATED BALANCES

(a) Amounts recognised in Statement of Profit and Loss

(Amount in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current tax expense		
Current period	8,905.46	9,268.55
Changes in estimated related to prior years	(25.61)	191.44
Total current tax expense (A)	**8,879.85**	**9,459.99**
Deferred income tax liability / (asset), net		-
Origination and reversal of temporary differences	(287.61)	(236.94)
Deferred tax expense (B)	**(287.61)**	**(236.94)**
Total tax expense for the year (A) + (B)	**8,592.24**	**9,223.05**

(b) Amounts recognised in other comprehensive income

(Amount in lakh)

Particulars	For the year ended 31st March, 2021			For the year ended 31st March, 2020		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	(1.90)	0.48	(1.42)	(19.87)	5.00	(14.87)
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(0.53)	0.13	(0.40)	(37.44)	13.09	(24.35)
Total	**(2.43)**	**0.61**	**(1.82)**	**(57.31)**	**18.09**	**(39.22)**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

(c) Reconciliation of effective tax rate

(Amount in lakh)

Particulars	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	Amount	%age	Amount	%age
Profit before tax as per Statement of Profit and Loss	**33,610.92**		**33,359.06**	
Tax using the Company's domestic tax rate	8,459.20	25.17	8,395.81	25.17
Tax effect of:				
Tax exempt income	-	-	(85.64)	(0.26)
Non-deductible expenses	133.17	0.40	53.01	0.16
Difference in tax rate on account of capital gains	(0.13)	(0.00)	(14.94)	(0.04)
Difference in tax rate due to election of option permitted under Section 115BAA of the Income Tax Act, 1961*	-	-	868.19	2.60
Changes in estimates related to prior years	(25.60)	(0.08)	(30.52)	(0.09)
Others	25.60	0.08	37.14	0.11
Total tax expense	**8,592.24**	**25.57**	**9,223.05**	**27.65**

*During the previous year the Company has elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognised provision for income tax for the year ended 31st March, 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section. The company has recognised impact on account of transition to new rate amounting to ₹ Nil(previous year 868.19 lakh).

(d) Movement in deferred tax balances

(Amount in lakh)

Particulars	As at 31st March, 2021					
	Net balance 31st March, 2020	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Deferred tax asset/(liabilities)						
Property, plant and equipment	39.88	(12.72)	-	-	(12.72)	27.16
Loans and Borrowings	2,908.24	227.91	-	-	227.91	3,136.15
Equity-settled share-based payments	40.35	4.26	-	-	4.26	44.61
Employee benefits	88.18	(0.09)	0.48	-	0.39	88.57
Investments at fair value through OCI	-	-	0.13	-	0.13	0.13
Investments at fair value through profit or loss	(183.17)	67.91	-	-	67.91	(115.26)
Others	18.38	0.33	-	-	0.33	18.71
Total	**2,911.86**	**287.61**	**0.61**	**-**	**288.21**	**3,200.07**

(Amount in lakh)

Particulars	As at 31st March, 2020					
	Net balance 31st March, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset (net)
Deferred tax asset/(liabilities)						
Property, plant and equipment	53.11	(13.23)	-	-	(13.23)	39.88
Loans and Borrowings	2,768.51	139.73	-	-	139.73	2,908.24
Equity-settled share-based payments	54.58	(14.23)	-	-	(14.23)	40.35
Employee benefits	115.49	(32.31)	5.00	-	(27.31)	88.18
Investments at fair value through OCI	122.97	(136.06)	13.09	-	(122.97)	-
Investments at fair value through profit or loss	(470.56)	287.39	-	-	287.39	(183.17)
Others	12.74	5.65	-	-	5.65	18.38
Total	**2,656.84**	**236.94**	**18.09**	**-**	**255.03**	**2,911.86**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

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.

(e) Tax Balance

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current Tax Assets (Net)	1,517.82	995.19
Net of Provision for tax ₹ 9,286.40 lakh (Previous year: ₹ 31,508.18 lakh)		
Current Tax Liabilities (Net)	3,159.26	852.90
Net of Advance/Self Assessment Tax of ₹ 55,628.10 lakh (Previous year: ₹ 26,832.84 lakh)		

NOTE 31 EARNINGS PER EQUITY SHARE('EPS')

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

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

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Net Profit attributable to equity holders of the Company (₹ Lakh)	25,018.68	24,136.01
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year (nos)	5622,578	5622,578
Weighted average number of shares at the end of the year for basic and diluted EPS	**5622,578**	**5622,578**
Face value per share (₹)	10	10
Basic and Diluted earnings per share (₹)	444.97	429.27

NOTE 32 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakh)

Sr No	Particulars	As at 31st March, 2021	As at 31st March, 2020
a)	**Contingent liabilities:**		
	Claims not acknowledged as debts	84.86	-
b)	**Capital Commitments**	**-**	**90.00**

Provident Fund

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

NOTE 33 AUDITORS' REMUNERATION(EXCLUSIVE OF TAXES)

(Amount in lakh)

Sr No	Particulars	As at 31st March, 2021	As at 31st March, 2020
	Payment to the auditor's for :		
a)	Statutory Audit and related services	45.00	45.00
b)	For other services	3.00	5.04
c)	For reimbursement of expenses	0.49	3.30
	Total	**48.49**	**53.34**

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NOTE 34 CORPORATE SOCIAL RESPONSIBILITY

Company aims to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility ('CSR') agenda. CSR programmes undertaken are in the area of education, healthcare, livelihood, vocational skill development, sports and other areas such as relief and rehabilitation and environmental sustainability etc. The Company's CSR footprint has been consistently increasing over the years. As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹ 676.97 lakh during the year on CSR activities.

(Amount in lakh)

Sr No	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a)	Contribution to Pratham Education Foundation	176.25	272.00
(b)	Contribution to Kotak Education Foundation	70.00	39.00
(c)	Contribution to Mobile Creches	30.00	-
(d)	Contribution to Dr Rakesh Education Trust	25.00	-
(e)	Contribution to Mumbai Mobile Creches	5.00	-
(f)	Contribution to Indian Music Experience Trust	5.00	-
(g)	Contribution to feed Poors during Covid lockdown	25.00	-
(h)	Accural towards unspent obligations in relation to:		
	(i) Ongoing project	340.72	-
	(ii) Other than ongoing project	-	-
Total		**676.97**	**311.00**
(I)	Amount required to be spent as per Section 135 of the Act	676.97	592.80
(j)	Amount approved by the Board to be spent during the year	677.05	592.80
(k)	Amount spent during the year on		
	(i) Construction / acquisition of any asset	-	-
	(ii) On purposes other than (i) above	336.25	311.00

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

(Amount in lakh)

Sr No	Particulars	With the Company	In Separate CSR Unspent account
(i)	Balance as at 1st April 2020	-	-
(ii)	Amount required to be spent during the year	677.05	-
(iii)	Amount spent during the year	336.25	-
(iv)	Balance as at 31st March 2021	340.80	-

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

(Amount in lakh)

Sr No	Particulars	For the year ended 31st March, 2021
a)	Balance unspent as at 1st April 2020	-
v)	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	-
c)	Amount required to be spent during the year	-
d)	Amount spent during the year	-
e)	Balance unspent as at 31st March 2021	-

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

(Amount in lakh)

Sr No	Particulars	For the year ended 31st March, 2021
a)	Balance excess spent as at 1st April 2020	-
b)	Amount required to be spent during the year	677.05
c)	Amount spent during the year	336.25
d)	Balance excess spent as at 31st March 2021	-

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NOTE 35 RELATED PARTY DISCLOSURE

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

35.01. Names of Related Parties

Sr No	Particulars	Country of Incorporation	Proportion of ownership interest
(a)	**Holding company:**		
	Kotak Mahindra Bank Limited	India	100.00%
(b)	**Fellow subsidiary:**		
	Kotak Securities Limited	India	
	Kotak Mahindra Capital Company Limited	India	
	Kotak Investment Advisors Limited.	India	
	Kotak General Insurance Company Limited	India	
	Kotak Mahindra Life Insurance Company 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	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	
	ECA Trading Services Limited (Others)	India	
	Matrix Business Services India Pvt Limited (Joint Venture till April 26, 2019)	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	
	Kotak Education Foundation (Till 27th Dec, 2019)	India	
(e)	**Key Management Personnel**		
	Mr. Amit Bagri (CEO from May 01, 2019)		
	Mr. Paritosh Kashyap (MD and CEO till April 30, 2019)		
	Mr. Uday Kotak		
	Mr. KVS Manian		
	Ms. Padmini Khare Kaicker *		
	Mr. Chandrashekhar Sathe *		
	Mr. Arvind Kathpalia		
(f)	**Relatives of Key Management Personnel**		
	Sumanth Kathpalia		

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

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35.02. Transactions with related parties

Transactions with Key Management Personnel

The table below describes the compensation to Key Management Personnel which comprise directors and executive officers under Ind AS 24:

(a) Key Management Personnel compensation*

(Amount in lakh)

Sr No	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
i.	Short-term employee benefits	155.81	184.37
ii.	Other Contribution to funds	6.65	7.66
iii.	Shared-based payments (ESOPs/SAR)**	**87.65**	**52.74**
iv.	Sitting fees and commission	29.20	24.00

** 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.*

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

Related Party Disclosures

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

(Amount in lakh)

Sr. No.	Particulars	31st March, 2021	31st March, 2020
I	**Holding Company**		
	- Kotak Mahindra Bank Limited		
a)	**Transactions during the year :**		
	FINANCE		
	ESOP Expenses (Refer note 38)	99.13	131.19
	Fixed Deposits Placed	667,636.43	251,015.08
	Fixed Deposits Repaid	701,633.77	217,013.00
	Interest Received on Fixed Deposits	454.44	212.35
	Borrowings availed	80,000.00	-
	Borrowings repaid	50,000.00	-
	Interest accrued on borrowing	490.56	-
	Payment of Interest accrued on borrowing	338.16	-
	OTHER RECEIPTS AND PAYMENTS		
	Demat Charges	0.82	5.07
	Service Charges Received	50.40	50.40
	Expense reimbursements received.	0.41	6.88
	Expense reimbursements paid	197.29	245.26
	Share Service Cost	1,003.73	1,065.83
	Bank charges paid	0.09	-
	Royalty paid	260.09	-
	Interest on borrowings paid	1,530.13	-
	Licence Fees paid	550.98	646.37
	Referral fees paid	-	71.63
	IPA Fees paid	2.00	2.00
	Employee Liability transfer out	34.66	115.24
	Employee Liability transfer in	4.21	76.92
	Asset transferred in	4.44	15.93
	Asset transferred out	8.22	0.80

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(Amount in lakh)

Sr. No.	Particulars	31st March, 2021	31st March, 2020
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Balance in current account	14,576.37	22,034.46
	Capital contribution from Parent	528.61	429.48
	Term Deposits Placed	42.53	34,039.87
	Interest accrued on Term Deposits placed	0.38	38.65
	Borrowings	30,000.00	-
	Interest accrued on borrowing	152.40	-
	OTHER RECEIPTS and PAYMENTS		
	Service charges payable	77.59	248.37
	Service charges receivable	5.95	0.34
	Demat Charges Payable	0.09	2.20

During the year, 99.13 lakh (31st March, 2020: 131.19 lakh) 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 lakh)

Sr. No.	Particulars	31st March, 2021	31st March, 2020
II	**Fellow Subsidiaries**		
a)	**Transactions during the year :**		
	FINANCE		
	Interest on Non Convertible Debentures/Inter Corporate Deposits		
	- Kotak Securities Limited	1,554.08	1,556.95
	- Kotak Mahindra Capital Company Ltd.	365.46	196.30
	- Kotak Mahindra Prime Limited	25.72	
	Inter Corporate Deposits Borrowing		
	- Kotak Mahindra Prime Limited	52,000.00	
	Inter Corporate Deposits Borrowing repaid		
	- Kotak Mahindra Prime Limited	52,000.00	
	Interest received on Inter Corporate Deposits		
	- Kotak Mahindra Prime Limited	34.25	
	OTHER SECURITIES		
	Service Charges Received		
	- Kotak Mahindra Prime Limited	128.40	128.40
	- Kotak Infrastructure debt fund	16.50	16.86
	Sharing of Fee Income		
	- Kotak Mahindra Capital Company Limited	799.77	427.81
	Brokerage paid		
	- Kotak Securities Limited	11.81	67.66
	Demat Charges paid		
	- Kotak Securities Limited	0.74	0.32
	License Fees Paid		
	- Kotak Securities Limited	7.08	7.86
	Insurance premium paid		
	- Kotak Mahindra General Insurance Company Limited	2.73	1.54
	- Kotak Mahindra Life Insurance Company Ltd.	2.97	2.57
	Expense reimbursement from other company		
	- Kotak Mahindra Prime Limited	-	0.13

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(Amount in lakh)

Sr. No.	Particulars	31st March, 2021	31st March, 2020
	- Kotak Infrastructure Debt Fund Limited	-	3.13
	Expense reimbursement to other company		
	- Kotak Securities Limited	0.02	0.07
	- Kotak Mahindra Capital Company Limited	-	6.41
	Employee Liability transfer out		
	- Kotak Mahindra Prime Limited	3.82	-
	- Kotak Mahindra Capital Company Limited	39.01	
	- Kotak Investment Advisory Limited	0.67	
	Sale of Securities		
	- Kotak Securities Limited	20,077.24	
	Repayment of Interest accrued on NCDs Issued		
	- Kotak Securities Limited	2,445.69	1,555.00
	- Kotak Mahindra Prime Limited	23.10	
	- Kotak Mahindra Capital Company Limited	704.84	
	Interest Accrued on NCDs Issued		
	- Kotak Securities Limited	2,444.27	1,556.92
	- Kotak Mahindra Prime Limited	22.57	-
	- Kotak Mahindra Capital Company Limited	808.13	104.14
	Issue of NCDs		
	- Kotak Mahindra Capital Company Limited	-	4,883.98
	- Kotak Mahindra Prime Limited	39,000.00	-
	Repayment of NCDs		
	- Kotak Mahindra Prime Limited	35,000.00	-
	Asset Transfer-out		
	- Kotak Infrastructure Debt Fund Limited	-	0.71
	- Kotak Mahindra Prime Limited	-	1.37
	- Kotak Mahindra Capital Company Limited	15.22	-
	Asset Transfer-In		
	- Kotak Mahindra Prime Limited	17.68	-
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Non Convertible Debentures issued		
	- Kotak Securities Limited	18,000.00	18,000.00
	- Kotak Mahindra Prime Limited	4,000.00	-
	- Kotak Mahindra Capital Company Limited	4,815.64	4,863.61
	Interest payable on Non Convertible Debentures		
	- Kotak Securities Limited	200.93	202.35
	- Kotak Mahindra Capital Company Limited	279.21	280.06
	OTHER SECURITIES		
	Outstanding Receivable		
	- Kotak Securities Limited	557.28	374.18

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(Amount in lakh)

Sr. No.	Particulars	31st March, 2021	31st March, 2020
	OTHER RECEIPTS and PAYMENTS		
	Demat charges payable		
	- Kotak Securities Limited	0.21	0.22
	Service charges Receivable		
	- Kotak Mahindra Prime Limited	11.82	11.56
	- Kotak Mahindra Capital Company Limited	27.33	-
	- Kotak Infrastructure Debt Fund Limited	1.52	1.49
	Service charges Payable		
	- Kotak Securities Limited	0.70	0.71
	- Kotak Investment Advisory Limited	0.67	-
	- Kotak Mahindra Capital Company Limited	20.79	-
	Payable – Others		
	- Kotak Mahindra Prime Limited	3.82	2,198.91
	Insurance premium paid in advance		
	- Kotak Mahindra General Insurance Company Limited	0.12	2.08
	- Kotak Mahindra Life Insurance Company Ltd	-	3.50
	Insurance premium capitalised		
	- Kotak Mahindra General Insurance Company Limited	0.68	-
III	**Associate Company/Joint Ventures**		
a)	**Transactions during the year :**		
	OTHER RECEIPTS and PAYMENTS		
	Dividend Income		
	- Matrix Business Services India Pvt Limited	-	16.54
	Asset Transfer-out		
	- Infina Finance private Limited	15.98	-
	Employee Liability transfer out		
	- Infina Finance private Limited	0.27	-
b)	**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**		
a)	**Balances outstanding as at the year end :**		
	INVESTMENTS		
	Investments -Business Standard Private Limited	0.20	0.20
	COMMODITY DERIVATIVES		
	Outstanding receivable -Kotak Commodity Services Private Limited	0.31	0.31
	OTHER RECEIPTS and PAYMENTS		
	Fees on travel tickets purchased - Aero Agencies Limited	0.97	5.15
	Prepayment to Service Provider - Aero Agencies Limited	-	0.79
V	**Relatives of Key Management Personnel (KMP) - Mr Sumant Kathpalia**		
a)	**Transactions during the year :**		
	Loan repaid	-	451.00
	Interest received	-	34.11

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NOTE 36 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

36.1. Accounting classification

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

(Amount in lakh)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	Amortised Cost	FVOCI	FVTPL	Others	Amortised Cost	FVOCI	FVTPL	Others
Financial assets								
Cash and cash equivalents	14,691.83	-	-	-	158,990.51	-	-	-
Bank Balance other than cash and cash equivalent	42.90	-	-	-	1,497.07	-	-	-
Receivables:								
Trade receivables	122.85	-	-	-	58.78	-	-	-
Other receivables	594.51	-	-	-	382.25	-	-	-
Loans	620,983.57	-	-	-	535,036.55	-	-	-
Investments	39,439.18	65,227.62	33,854.88	6,100.50	49,721.18	-	27,363.45	6,100.50
Other financial assets	221.99	-	-	-	197.71	-	-	-
Total	**676,096.83**	**65,227.62**	**33,854.88**	**6,100.50**	**745,884.05**	**-**	**27,363.45**	**6,100.50**
Financial liabilities								
Derivative financial instruments	-	-	1,524.25	-	-	-	5,441.02	-
Payables	-	-	-	-	-	-	-	-
Trade Payables	667.17	-	-	-	2,834.80	-	-	-
Other Payables	251.32	-	-	-	1,440.75	-	-	-
Debt securities	255,442.86	-	-	-	306,140.54	-	-	-
Borrowings (Other than Debt Securities)	296,822.12	-	-	-	263,996.56	-	-	-
Subordinated Liabilities	20,239.62	-	-	-	20,241.93	-	-	-
Total	**573,423.09**	**-**	**1,524.25**	**-**	**594,654.58**	**-**	**5,441.02**	**-**

36.2. Fair Value

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

(Amount in lakh)

Particulars	Fair value							
	As at 31st March, 2021				As at 31st March, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Mutual Funds	18,052.36	-	-	18,052.36	22,000.51	-	-	22,000.51
Investments in Venture Capital Funds	-	-	1,524.05	1,524.05	-	-	1,530.97	1,530.97
Investments in Preference Shares	-	-	-	-	-	-	3,766.10	3,766.10
Investments in Equity Instruments	-	-	54.93	54.93	-	-	65.87	65.87
Investments in Debt Securities	-	14,223.54	-	14,223.54	-	-	-	-
Investments in Government securities	30,348.99	-	-	30,348.99	-	-	-	-
Investments in Treasury bills	-	34,878.63	-	34,878.63	-	-	-	-
Total	**48,401.35**	**49,102.17**	**1,578.98**	**99,082.50**	**22,000.51**	**-**	**5,362.94**	**27,363.45**
Financial liabilities								
Derivative financial instruments	-	1,524.25	-	1,524.25	-	5,441.02		5,441.02
Total	**-**	**1,524.25**	**-**	**1,524.25**	**-**	**5,441.02**	**-**	**5,441.02**

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

(Amount in lakh)

Particulars	Fair value							
	As at 31st March, 2021				As at 31st March, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans	-	-	624,957.78	624,957.78	-	-	546,696.62	546,696.62
Investments	-	41,762.40	-	41,762.40	-	41,581.53	10,331.54	51,913.07
Total	**-**	**41,762.40**	**624,957.78**	**666,720.18**	**-**	**41,581.53**	**557,028.16**	**598,609.69**
Financial liabilities								
Debt securities	-	257,329.47	-	257,329.47	-	309,707.68	-	309,707.68
Borrowings (Other than Debt Securities)	-	317,468.40	-	317,468.40	-	285,651.11	-	285,651.11
Total	**-**	**574,797.87**	**-**	**574,797.87**	**-**	**595,358.79**	**-**	**595,358.79**

Fair value of Statement of Financial Position is presented below:

(Amount in lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	14,691.83	14,691.83	158,990.51	158,990.51
Bank Balance other than cash and cash equivalent	42.90	42.90	1,497.07	1,497.07
Receivables:				
Trade receivables	122.85	122.85	58.78	58.78
Other receivables	594.51	594.51	382.25	382.25
Loans	620,983.57	624,957.78	535,036.55	546,696.62
Investments*	144,622.18	146,602.79	83,185.13	85,058.67
Other financial assets	221.99	221.99	197.71	197.71
Total	**781,279.83**	**787,234.65**	**779,348.00**	**792,881.61**
Financial liabilities				
Derivative financial instruments	1,524.25	1,524.25	5,441.02	5,441.02
Payables				
Trade Payables	667.17	667.17	2,834.80	2,834.80
Other Payables	251.32	251.32	1,440.75	1,440.75
Debt securities	255,442.86	257,329.47	306,140.54	309,707.68
Borrowings (Other than Debt Securities)	296,822.12	295,181.25	263,996.56	264,172.62
Subordinated Liabilities	20,239.62	22,287.16	20,241.93	21,478.50
Total	**574,947.34**	**577,240.62**	**600,095.60**	**605,075.37**

*Fair valuation of the investments include investments in associate and Joint Ventures which has been carried at cost.

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

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36.3. Measurement of fair values

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

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

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

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

36.3.1 Financial instruments valued at carrying value

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

36.3.2 Valuation techniques used to determine fair value:

36.3.2.1 Investments in Mutual Funds

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

36.3.2.2 Investments in Preference Shares

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

36.3.2.3 Investment in Venture Capital Funds

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

36.3.2.4 Investment in Equity instruments

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

36.3.2.5 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

36.3.2.6 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.

36.3.2.6 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.

36.3.3 Fair value of financial instruments carried at amortised cost

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36.3.3.1 Loans

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

36.3.3.2 Borrowings

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

36.4.Fair values measurement on level 3 Investments

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

(Amount in lakh)

Particulars	As at 1st April, 2020	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfers in/(out)	As at 31st March, 2021
Investments in Preference Shares	3,766.10	163.18	-	(3,929.28)	-	-
Investments in Equity Instruments	65.87	(10.94)	-	-	-	54.93
Investments in Venture funds	1,530.97	(1.92)	-	(5.00)	-	1,524.05

(Amount in lakh)

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

36.4.2. Unobservable inputs used in measuring fair value

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

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36.4.3. Sensitivity analysis of Level 3 financial instruments measured at fair value on a recurring basis

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

(Amount in lakh)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow
Investments in Preference Shares	-	-	-	-	34.82	(35.47)	-	-
Investments in Equity Instruments	-	-	2.75	(2.75)	-	-	3.29	(3.29)

36.5. Financial risk management

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

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

36.5.1. Risk management framework

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

The Company's risk management policies are established to identify and analyse 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.

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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)
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.

36.5.2. Credit risk

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

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

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

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

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loans at amortised cost		
- Commercial Real Estate	362,944.88	354,136.16
- Loan against Securities and Structured Products	227,473.78	137,293.09
- Margin Funding	45,572.90	54,934.73
Investments	39,781.78	50,039.54
Other financial assets	15,492.30	160,967.01
Total	**691,265.64**	**757,370.53**

36.5.2.1. Narrative disclosures of credit risk

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

36.5.2.2. Quantitative Information of Collateral - Credit Impaired assets

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

(Amount in lakh)

Sr. No.	Loan To Value (LTV) range	Gross value of loan in stage 3	
		As at March 31st, 2021	As at March 31st, 2020
1	Upto 50% Coverage *	2,533.33	2,602.94
2	51% - 70% Coverage	-	-
3	71% - 100% Coverage	-	-
4	Above 100% coverage	5,221.79	4,917.65
		7,755.12	**7,520.59**

** Provision Created for Impairment allowance agains these Loans - ₹ 2533.33 Lakh (Previous Year ₹ 1912.88 Lakh)*

36.5.2.3. Financial assets received as collateral

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

At 31st March, 2021, 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 ₹ 4,39,903.97 lakh (31st March, 2020: ₹ 5,69,080.05 lakh).

During the year ended on 31st March, 2021, the fair value of financial assets accepted as collateral that had been sold was ₹ 4,525.81 lakh (Year ended on 31st March, 2020: ₹ 36,853.43 lakh). The Company adjusts the sales Proceed from carrying amount of loan and is not obliged to return equivalent securities.

36.5.2.4. Amounts arising from ECL

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

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

Inputs considered in the ECL model:

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

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

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Loans are categorised 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 significant increase in credit risk based on the internal assessment.

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

From Stage 2 to Stage 1

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

From Stage 3 to Stage 2

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

Assumption considered in the ECL model:

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

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

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

Forward looking information:

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

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.

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Policy for write-off of Financial assets

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

36.5.2.4.2. Gross Carrying value

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

Loans

(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 31st March, 2019	**795,926.47**	**79,678.42**	**4,075.60**	**879,680.49**
Transition From 12 month ECL	(41,067.17)	37,989.53	3,077.65	-
Transition From Lifetime ECL not credit impaired	21,279.28	(25,903.18)	4,623.90	-
Transition From Lifetime ECL credit impaired	25.28	48.19	(73.47)	-
Net remeasurement	(150,882.48)	(13,868.92)	(3,943.47)	(168,694.86)
New financial assets originated during the year	173,231.12	18,463.74	-	191,694.86
Financial assets that have been derecognised during the period	(324,694.38)	(31,382.51)	(167.64)	(356,244.53)
Write-offs	-	-	(71.98)	(71.98)
Balance as at 31st March, 2020	**473,818.12**	**65,025.27**	**7,520.59**	**546,363.98**
Transition From 12 month ECL	(46,177.52)	46,177.52	-	-
Transition From Lifetime ECL not credit impaired	12,557.65	(16,368.97)	3,811.32	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement	(52,835.81)	1,510.97	(3,575.04)	(54,899.88)
New financial assets originated during the year	246,998.48	-	-	246,998.48
Financial assets that have been derecognised during the period	(85,690.65)	(16,778.61)	(1.76)	(102,471.02)
Write-offs	-	-	-	-
Balance as at 31st March, 2021	**548,670.27**	**79,566.18**	**7,755.11**	**635,991.56**

Investments

(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at 31st March, 2019	**44,912.52**	**9,011.54**		**3,844.22**	**50,079.84**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	9,011.54	(9,011.54)	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	(40.30)	-	-	-	(40.30)
New financial assets originated during the year	-	-	-	-	-
Financial assets that have been derecognised during the period	(3,844.22)	-	-	(3,844.22)	-
Write-offs	-	-	-	-	0
Balance as at 31st March, 2020	**50,039.54**	**-**	**-**	**-**	**50,039.54**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	(0.00)	0.00	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	(593.68)	-	-	-	(593.68)
New financial assets originated during the year	20,375.46	-	-	-	20,375.46
Financial assets that have been derecognised during the period	(30,039.54)	-	-	0.00	(30,039.54)
Write-offs	-	-	-	-	-
Balance as at 31st March, 2021	**39,781.78**	**0.00**	**-**	**0.00**	**39,781.78**

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Trade Receivables And Other financial assets

(Amount in lakh)

Particulars	Trade Receivables And Other financial assets
Balance as at 31st March, 2019	**50,952.16**
Addition/Deletion during the year	110,014.85
Balance as at 31st March, 2020	**160,967.01**
Addition/Deletion during the year	(145,474.71)
Balance as at 31st March, 2021	**15,492.30**

36.5.2.4.3. IMPAIRMENT LOSS ALLOWANCE

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

Loans

(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 31st March, 2019	**1,663.70**	**1,936.85**	**1,869.67**	**5,470.22**
Transition From 12 month ECL	(112.55)	112.41	0.14	-
Transition From Lifetime ECL not credit impaired	148.56	(631.88)	483.32	-
Transition From Lifetime ECL credit impaired	0.39	0.06	(0.45)	-
Net remeasurement of loss allowance	953.27	2,047.28	778.23	3,778.78
New financial assets originated during the year	1,687.49	1,166.89	-	2,854.38
Financial assets that have been derecognised during the period	(618.34)	(127.51)	(29.27)	(775.12)
Write-offs	-	-	(0.83)	(0.83)
Balance as at 31st March, 2020	**3,722.52**	**4,504.10**	**3,100.81**	**11,327.43**
Transition From 12 month ECL	(514.16)	514.16	-	-
Transition From Lifetime ECL not credit impaired	562.39	(1,106.42)	544.03	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(1,163.21)	4,242.36	1,027.92	4,107.07
New financial assets originated during the year	1,554.79	-	-	1,554.79
Financial assets that have been derecognised during the period	(430.10)	(1,263.75)	(287.44)	(1,981.29)
Write-offs	-	-	-	-
Balance as at 31st March, 2021	**3,732.23**	**6,890.45**	**4,385.32**	**15,008.00**

Investments

(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at 31st March, 2019	**206.37**	**182.96**	**-**	**11.14**	**378.19**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	182.96	(182.96)	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement of loss allowance	(59.83)	-	-	-	(59.83)
New financial assets originated during the year	-	-	-	-	-
Financial assets that have been derecognised during the period	(11.14)	-	-	(11.14)	-
Write-offs	-	-	-	-	0

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(Amount in lakh)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at 31st March, 2020	**318.36**	**-**	**-**	**-**	**318.36**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	-	-	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement of loss allowance	(3.05)	-	-	-	(3.05)
New financial assets originated during the year	242.69	-	-	-	242.69
Financial assets that have been derecognised during the period	(215.42)	-	-	-	(215.42)
Write-offs	-	-	-	-	-
Balance as at 31st March, 2021	**342.58**	**-**	**-**	**-**	**342.58**

Trade Receivables And Other financial assets

(Amount in lakh)

Particulars	Trade Receivables And Other financial assets
Balance as at 31st March, 2019	**13.37**
Addition/Deletion during the year	27.33
Balance as at 31st March, 2020	**40.70**
Addition/Deletion during the year	(22.47)
Balance as at 31st March, 2021	**18.23**

36.5.2.5. CREDIT QUALITY ANALYSIS

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

(Amount in lakh)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	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	284,585.02	56,768.92	-	341,353.94	292,652.02	40,846.19	-	333,498.21
Past due 1–30 days	-	-	-	-	-	1,917.01	-	1,917.01
Past due 31–60 days	-	4,622.75	-	4,622.75	-	13,804.97	-	13,804.97
Past due 61–90 days	-	11,746.40	-	11,746.40	-	-	-	-
Past due 90 days	-	-	5,221.79	5,221.79	-	-	4,915.97	4,915.97
Gross carrying amount	**284,585.02**	**73,138.07**	**5,221.79**	**362,944.88**	**292,652.02**	**56,568.17**	**4,915.97**	**354,136.16**
Impairment loss allowance	(3,165.76)	(6,840.95)	(1,851.99)	(11,858.70)	(3,387.16)	(4,426.44)	(1,187.30)	(9,000.90)
Net carrying amount	**281,419.26**	**66,297.12**	**3,369.80**	**351,086.18**	**289,264.86**	**52,141.73**	**3,728.67**	**345,135.26**
Loan against Securities and Structured Products								
Current Bucket	224,674.89	821.34	-	225,496.23	133,576.59	1,029.74	-	134,606.33
Past due 1–30 days	412.68	-	-	412.68	1,068.18	-	-	1,068.18
Past due 31–60 days	-	-	-	-	-	70.69	-	70.69
Past due 61–90 days	-	257.20	-	257.20	-	-	-	-
Past due 90 days	-	-	1,307.67	1,307.67	-	-	1,547.89	1,547.89
Gross carrying amount	**225,087.57**	**1,078.54**	**1,307.67**	**227,473.78**	**134,644.77**	**1,100.43**	**1,547.89**	**137,293.09**
Impairment loss allowance	(443.07)	(3.57)	(1,307.67)	(1,754.31)	(113.25)	(2.29)	(870.98)	(986.52)

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(Amount in lakh)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	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
Net carrying amount	**224,644.50**	**1,074.97**	**-**	**225,719.47**	**134,531.52**	**1,098.14**	**676.91**	**136,306.57**
Margin Funding								
Current Bucket	36,262.49	1,514.98	-	37,777.47	45,559.19	5,686.18	-	51,245.37
Past due 1–30 days	2,735.19	3,073.06	-	5,808.25	962.14	923.52	-	1,885.66
Past due 31–60 days	-	761.52	-	761.52	-	746.97	-	746.97
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	1,225.66	1,225.66	-	-	1,056.73	1,056.73
Gross carrying amount	**38,997.68**	**5,349.56**	**1,225.66**	**45,572.90**	**46,521.33**	**7,356.67**	**1,056.73**	**54,934.73**
Impairment loss allowance	(123.40)	(45.93)	(1,225.66)	(1,394.99)	(222.13)	(75.34)	(1,042.53)	(1,340.00)
Net carrying amount	**38,874.28**	**5,303.63**	**-**	**44,177.91**	**46,299.20**	**7,281.33**	**14.20**	**53,594.73**
Debenture								
Current Bucket	39,781.78	-	-	39,781.78	50,039.54	-	-	50,039.54
Gross carrying amount	**39,781.78**	**-**	**-**	**39,781.78**	**50,039.54**	**-**	**-**	**50,039.54**
Impairment loss allowance	(342.58)	-	-	(342.58)	(318.36)	-	-	(318.36)
Net carrying amount	**39,439.20**	**-**	**-**	**39,439.20**	**49,721.18**	**-**	**-**	**49,721.18**

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 lakh)

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	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	65,227.62	-	-	65,227.62	-	-	-	-
Gross carrying amount	**65,227.62**	**-**	**-**	**65,227.62**	**-**	**-**	**-**	**-**
Impairment loss allowance	-	-	-	-	-		-	-
Net carrying amount	**65,227.62**	**-**	**-**	**65,227.62**	**-**	**-**	**-**	**-**
Fair Value	-	-	-	-	-	-	-	-

Covid-19 Impact

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27th March, 2020 and 7th April, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto Six months on the payment of installments falling due between 1st March, 2020 and 31st August, 2020 to all eligible borrowers. In respect of accounts where moratorium benefit has been granted, days past due (DPD) status of those accounts as at 31st March 2020 is based on the days past due status as on 29th February 2020.

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

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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 lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
	12-month ECL	12-month ECL
Current	15,492.30	1,60,967.01
Impairment loss allowance	(18.23)	(40.70)
Carrying amount	**15,474.07**	**1,60,926.31**

36.5.3. LIQUIDITY RISK

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

Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances. For further details on the Company's strategy to mitigate liquidity risk Refer Note 36.5.1.

Maturity Profile of Financial Liabilities

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

(Amount in lakh)

Particulars	1to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at 31st March, 2021										
Financial assets										
Cash and cash equivalents	14,694.70	-	-	-	-	-	-	-	-	14,694.70
Bank Balance other than cash and cash equivalents	-	-	42.91	-	-	-	-	-	-	42.91
Receivables										
(I) Trade receivables	122.58	2.28	-	-	-	-	-	-	-	124.86
(II) Other receivables	-	-	-	604.22	-	-	-	-	-	604.22
Loans	9,399.07	3,797.76	29,838.75	20,806.06	80,709.33	162,170.19	247,660.58	59,816.56	21,793.27	635,991.57
Investments	18,125.20	65,044.25	14,336.94	600.00	6.32	1,000.00	38,172.57	-	7,679.50	144,964.78
Other Financial assets	-	-	-	-	-	-	-	-	225.62	225.62
Total	**42,341.55**	**68,844.29**	**44,218.60**	**22,010.28**	**80,715.65**	**163,170.19**	**285,833.15**	**59,816.56**	**29,698.39**	**796,648.66**
Financial liabilities										
Derivative financial instruments	-	1,524.25	-	-	-	-	-	-	-	1,524.25
Payables										
(I) Trade payables	564.27	-	-	102.90	-	-	-	-	-	667.17
(II) Other payables	234.08	-	-	0.67	4.97	-	11.60	-	-	251.32
Debt securities	-	21,544.09	10,138.16	910.00	53,369.05	38,140.21	148,608.32	-	-	272,709.83
Borrowings (Other than Debt Securities)	-	15,000.00	31,026.00	50,500.00	67,199.70	99,500.00	37,829.83	-	-	301,055.53
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.00	8,445.00	16,270.21	29,882.71
Total	**798.35**	**38,068.34**	**41,164.16**	**51,513.57**	**120,573.72**	**139,362.71**	**189,894.75**	**8,445.00**	**16,270.21**	**606,090.81**

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(Amount in lakh)

Particulars	1to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at 31st March, 2020										
Financial assets										
Cash and cash equivalents	22,431.73	136,589.79	-	-	-	-	-	-	-	159,021.52
Bank Balance other than cash and cash equivalents	-	-	-	-	-	1,457.14	40.22	-	-	1,497.36
Receivables										
(I) Trade receivables	59.65	-	-	-	-	-	-	-	-	59.65
(II) Other receivables	-	-	387.87	-	-	-	-	-	-	387.87
Loans	18,011.79	19,132.18	15,020.72	38,604.50	78,150.44	76,736.35	239,231.20	41,468.39	20,008.41	546,363.98
Investments	22,000.51	27.66	-	-	20,000.00	10,611.87	7,966.10	16,716.66	6,180.69	83,503.49
Other Financial assets	-	-	-	-	-	-	-	-	200.62	200.62
Total	**62,503.68**	**155,749.63**	**15,408.59**	**38,604.50**	**98,150.44**	**88,805.36**	**247,237.52**	**58,185.05**	**26,389.72**	**791,034.49**
Financial liabilities										
Derivative financial instruments	-	-	-	-	248.93	3,837.07	1,355.02	-	-	5,441.02
Payables										
(I) Trade payables	2,585.72	-	-	249.08	-	-	-	-	-	2,834.80
(II) Other payables	1,440.75	-	-	-	-	-	-	-	-	1,440.75
Debt securities	-	5,207.74	32,642.63	3,528.16	82,997.44	70,292.25	139,209.07	-	-	333,877.29
Borrowings (Other than Debt Securities)	10,568.39	39,300.00	24,277.24	46,500.00	61,158.11	83,355.52	5,199.70	-	-	270,358.96
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.00	3,445.00	22,992.71	31,605.21
Total	**14,594.86**	**44,507.74**	**56,919.87**	**50,277.24**	**144,404.48**	**159,207.34**	**149,208.79**	**3,445.00**	**22,992.71**	**645,558.03**

36.5.4. Interest Rate Risk

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

Exposure to interest rate risk

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

(Amount in lakh)

Particulars	31st March, 2021	31st March, 2020
	12-month ECL	12-month ECL
Fixed-rate instruments		
Financial assets	587,767.28	382,773.60
Financial liabilities	(484,547.94)	(541,533.92)
Variable-rate instruments		
Financial assets	185,761.03	377,673.68
Financial liabilities	(87,956.66)	(48,845.10)
Rate Insensitive	5,308.78	9,184.14
Total Net	**206,332.49**	**179,252.40**

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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 lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments (net)	978.04	(978.04)	3,288.29	(3,288.29)
Cash Flow Sensitivity	**978.04**	**(978.04)**	**3,288.29**	**(3,288.29)**

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

36.5.5. The following table presents the recognised financial instruments and other similar agreements that can be offset but are not offset

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

(Amount in lakh)

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
31st March, 2021					
Loans and advances					
Loans against securities and structured products	95,485.30	-	95,485.30	(94,568.08)	917.22
Margin funding	45,572.90	-	45,572.90	(44,342.70)	1,230.20
	141,058.20	**-**	**141,058.20**	**(138,910.78)**	**2,147.42**
31st March, 2020					
Loans and advances					
Loans against securities and structured products	94,564.17	-	94,564.17	(93,553.36)	1,010.81
Margin funding	54,934.73	-	54,934.73	(53,768.95)	1,165.78
	149,498.90	**-**	**149,498.90**	**(147,322.31)**	**2,176.59**

[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 minimise impact of change in Market value of lending/investments.

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36.5.7. Currency risk

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

NOTE 37 EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans:

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognised provident fund and administered by a Board of Trustees. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The Company recognised ₹ 114.88 lakh (Previous year. ₹ 115.01 lakh) 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 lakh. (Previous Year ₹ 20 lakh).

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 lakh)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
Net defined benefit liability	17 (i)	253.93	261.30
Total employee benefit liabilities		**253.93**	**261.30**

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to the Standalone Financial Statements for the year ended 31st March, 2021

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 lakh)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**261.30**	**204.76**	**-**	**-**	**261.30**	**204.76**
Included in profit or loss		-	-	-		
Current service cost	36.29	32.16	-	-	36.29	32.16
Past service cost	-	-	-	-	-	-
Interest cost (income)	15.17	13.43	-	-	15.17	13.43
	312.76	**250.35**	**-**	**-**	**312.76**	**250.35**
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	3.26	0.99	-	-	3.26	0.99
Experience adjustment	(1.36)	18.88	-	-	(1.36)	18.88
Return on plan assets excluding interest income	-	-	-	-	-	-
	1.90	**19.87**	**-**	**-**	**1.90**	**19.87**
Other						
Benefits paid	(34.55)	(1.07)	-	-	(34.55)	(1.07)
Liabilities assumed / (settled)	(26.18)	(7.85)			(26.18)	(7.85)
Closing balance	**253.93**	**261.30**	**-**	**-**	**253.93**	**261.30**
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					253.93	261.30
					253.93	**261.30**

C. Expenses recognised in Statement of Profit and Loss

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current service cost	36.29	32.16
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	15.17	13.43
(Gains) / losses on settlement	-	-
Total employee benefit liabilities	**51.46**	**45.59**

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D. Remeasurements recognised in other comprehensive income

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Actuarial loss (gain) arising from:		
Demographic assumptions	-	-
Financial assumptions	3.26	0.99
Experience adjustment	(1.36)	18.88
	1.90	**19.87**
Return on plan assets excluding interest income	-	-
	1.90	**19.87**

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, 2021	As at 31st March, 2020
Discount rate	6.20%	6.40%
Salary escalation rate	7.00%	0.00% 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 lakh)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	245.93	262.42	253.05	270.07
Future salary growth (0.5% movement)	259.33	248.64	266.45	256.31

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

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to the Standalone Financial Statements for the year ended 31st March, 2021

F. Experience Adjustments

(Amount in lakh)

Particulars	Gratuity				
	Year ended 31st March				
	2021	2020	2019	2018	2017
Defined benefit obligation	253.93	261.30	204.76	178.43	145.79
Plan assets	-	-	-	-	-
Surplus / (deficit)	253.93	261.30	204.76	178.43	145.79
Experience adjustments on plan liabilities	(1.36)	18.88	9.18	18.41	4.94
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 recognised ₹ 1.02 lakh (Previous year. ₹ 24.33 lakh) for Compensated Absences in the Statement of Profit and Loss.

H. Long Service Award

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

NOTE 38 SHARE-BASED PAYMENT ARRANGEMENTS:

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, ("the Bank"), the shareholders of the Bank had unanimously passed Special Resolutions on 5th July, 2007, 21st August, 2007 and 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

(a) Kotak Mahindra Equity Option Scheme 2007; and

(b) Kotak Mahindra Equity Option Scheme 2015

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

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

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

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

The fair value of the option is determined using a Black-Scholes options pricing model. During the year, ₹ 99.13 lakh (31st March, 2020: 131.19 lakh) was charged to the Company's Statement of Profit or Loss in respect of equity-settled share-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

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

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2021			31st March, 2020		
			No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2007-47								
D	09-May-15	Equity settled	-	-	-	13,576	31-Dec-18	4.15
2015-02								
C	19-May-16	Equity settled	-	-	-	6,764	30-Jun-19	3.62
D	19-May-16	Equity settled	664	30-Nov-19	3.87	6,764	30-Nov-19	3.87

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Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2021			31st March, 2020		
			No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-03								
A	19-May-16	Equity settled	-	-	-	20,000	01-Jan-20	3.87
2015-05								
A	10-Aug-16	Equity settled	-	-	-	9,000	15-Aug-19	3.39
B	10-Aug-16	Equity settled	9,000	15-Aug-20	4.39	9,000	15-Aug-20	4.39
2015-07								
B	15-May-17	Equity settled	6,819	31-Oct-19	2.96	14,088	31-Oct-19	2.96
C	15-May-17	Equity settled	5,988	30-Jun-20	3.63	9,392	30-Jun-20	3.63
D	15-May-17	Equity settled	5,988	31-Dec-20	4.13	9,392	31-Dec-20	4.13
2015-14								
A	18-May-18	Equity settled	-	31-Jul-19	1.71	14,592	31-Jul-19	1.71
B	18-May-18	Equity settled	9,909	31-Oct-20	2.95	14,592	31-Oct-20	2.95
C	18-May-18	Equity settled	6,606	30-Jun-21	3.62	9,728	30-Jun-21	3.62
D	18-May-18	Equity settled	6,606	31-Dec-21	4.12	9,728	31-Dec-21	4.12
2015-16								
A	18-May-18	Equity settled	5,000	31-Jul-20	2.71	5,000	31-Jul-20	2.71
B	18-May-18	Equity settled	5,000	31-Jul-21	3.71	5,000	31-Jul-21	3.71
2015-19								
A	20-May-19	Equity settled	11,970	31-Jul-20	1.70	12,012	31-Jul-20	1.70
B	20-May-19	Equity settled	11,970	31-Oct-21	2.95	12,012	31-Oct-21	2.95
C	20-May-19	Equity settled	7,980	30-Jun-22	3.62	8,008	30-Jun-22	3.62
D	20-May-19	Equity settled	7,980	31-Dec-22	4.12	8,008	31-Dec-22	4.12
2015-25								
A	07-Aug-20	Equity settled	5,949	31-Aug-21	1.07	-	-	-
B	07-Aug-20	Equity settled	5,949	30-Nov-22	2.32	-	-	-
C	07-Aug-20	Equity settled	3,966	30-Jun-23	2.90	-	-	-
D	07-Aug-20	Equity settled	3,966	31-Dec-23	3.40	-	-	-

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

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

As at 31st March, 2021

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
2015-02	19-May-16	1.37 - 3.53	0.33 - 1.00	1.62 - 3.70	710.00	708.90	7.25% - 7.46%	0.07%	26.85% - 27.96%	134.08 - 229.80
2015-05	10-Aug-16	3.01 - 4.02	0.38 - 0.38	3.20 - 4.21	765.00	764.75	7.04% - 7.13%	0.07%	26.75% - 28.05%	225.33 - 261.42
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955.00	954.65	6.64% - 6.95%	0.06%	20.74% - 35.44%	145.98 - 349.84
2015-14	18-May-18	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,271.00	1,270.70	7.44% - 7.99%	0.06%	18.68% - 32.95%	184.60 - 465.70
2015-16	18-May-18	2.21 - 3.21	0.50 - 0.50	2.46 - 3.46	1,271.00	1,270.70	7.75% - 7.98%	0.06%	19.74% - 31.94%	277.78 - 438.73
2015-19	20-May-19	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,460.00	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28
2015-25	07-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

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

As at 31st March, 2020

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

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2021.

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

C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme as at 31st March, 2021

Scheme	Grant Date	31st March, 2021							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2007-47	09-May-15	-	-	-	-	-	-	-	-
2015-02	19-May-16	664	-	(664)	-		-	-	-
2015-07	15-May-17	18,795	-	(11,166)	(2,691)	-	-	4,938	4,938
2015-05	10-Aug-16	9,000	-	(9,000)	-	-	-	-	-
2015-03	19-May-16	-	-	-	-	-	-	-	-
2015-14	18-May-18	23,121	-	(617)	(7,602)	(124)	-	14,778	8,146
2015-19	20-May-19	39,160	-	(8,643)	(10,350)	(371)	-	19,796	-
2015-16	18-May-18	10,000	-	(5,000)	-	-	-	5,000	-
2015-25	07-Aug-20	-	19,510	-	(880)	-	-	18,630	
		100,740	**19,510**	**(35,090)**	**(21,523)**	**(495)**	**-**	**63,142**	**13,084**

Scheme	Grant Date	31st March, 2020							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2007-47	09-May-15	5,268	-	(9,472)	4,204	-	-	-	-
2015-02	19-May-16	10,160	-	(5,284)	(4,212)	-	-	664	664
2015-07	15-May-17	24,675	-	(2,367)	(3,241)	-	(272)	18,795	6,819
2015-05	10-Aug-16	18,000	-	(9,000)	-	-	-	9,000	-
2015-03	19-May-16	20,000	-	-	(20,000)	-	-	-	-
2015-14	18-May-18	39,480	-	(10,095)	(5,830)	-	(434)	23,121	-
2015-19	20-May-19	-	40,040	-	-	-	(880)	39,160	-
2015-16	18-May-18	-	-	-	10,000	-	-	10,000	-
		117,583	**40,040**	**(36,218)**	**(19,079)**	**-**	**(1,586)**	**100,740**	**7,483**

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

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to the Standalone Financial Statements for the year ended 31st March, 2021

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,691.09 (Previous year: ₹ 1,547.78).

ESOP Scheme	Range of exercise prices (₹)	31st March, 2021			31st March, 2020		
		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 (₹)
2015-02	701-800	-	-	-	664	0.70	761.22
2015-05	701-800	-	-	-	9,000	0.70	761.22
2015-07	901-1000	4,938	0.25	955.00	18,795	0.67	955.00
2015-14	1201-1300	14,778	0.68	1,271.00	23,121	1.53	1,271.00
2015-16	1201-1300	5,000	0.68	1,271.00	10,000	1.53	1,271.00
2015-25	1300-1400	18,630	2.13	1,341.00	-	-	-
2015-19	1401-1500	19,796	1.61	1,460.00	39,160	2.08	1,460.00

ii. Stock Appreciation Rights (cash-settled)

During the year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Company under its various plans / series has granted 12,330 SARs during FY 2020- 21. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.07 years to 4.11 years

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2021			31st March, 2020		
			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 4								
Tranche V-3A	19-May-16	Cash settled	-	-	-	722	30-Jun-19	3.12
Tranche V-3B	19-May-16	Cash settled	-	-	-	722	07-Jul-19	3.13
Tranche V-3C	19-May-16	Cash settled	-	-	-	728	14-Jul-19	3.15
Tranche V-4A	19-May-16	Cash settled	-	-	-	722	30-Nov-19	3.53
Tranche V-4B	19-May-16	Cash settled	-	-	-	722	07-Dec-19	3.55
Tranche V-4C	19-May-16	Cash settled	-	-	-	728	14-Dec-19	3.57
Scheme 2015 Series 9								
Tranche V-2A	15-May-17	Cash settled	-	-	-	1248	31-Oct-19	2.46
Tranche V-2B	15-May-17	Cash settled	-	-	-	1248	07-Nov-19	2.48
Tranche V-2C	15-May-17	Cash settled	-	-	-	1248	14-Nov-19	2.50
Tranche V-3A	15-May-17	Cash settled	495	30-Jun-20	3.13	828	30-Jun-20	3.13
Tranche V-3B	15-May-17	Cash settled	495	07-Jul-20	3.15	828	07-Jul-20	3.15
Tranche V-3C	15-May-17	Cash settled	504	14-Jul-20	3.17	840	14-Jul-20	3.17
Tranche V-4A	15-May-17	Cash settled	495	31-Dec-20	3.63	828	31-Dec-20	3.63
Tranche V-4B	15-May-17	Cash settled	495	07-Jan-21	3.65	828	07-Jan-21	3.65
Tranche V-4C	15-May-17	Cash settled	504	14-Jan-21	3.67	840	14-Jan-21	3.67
Scheme 2015 Series 12								
Tranche V-1B	15-May-17	Cash settled	-	-	-	470	30-Jun-19	2.13
Scheme 2015 Series 17								
Tranche V-1A	18-May-18	Cash settled	-	-	-	1254	31-Jul-19	1.20
Tranche V-1B	18-May-18	Cash settled	-	-	-	1254	07-Aug-19	1.22
Tranche V-1C	18-May-18	Cash settled	-	-	-	1254	14-Aug-19	1.24
Tranche V-2A	18-May-18	Cash settled	818	31-Oct-20	2.46	1254	31-Oct-20	2.46
Tranche V-2B	18-May-18	Cash settled	818	07-Nov-20	2.48	1254	07-Nov-20	2.48
Tranche V-2C	18-May-18	Cash settled	818	14-Nov-20	2.50	1254	14-Nov-20	2.50
Tranche V-3A	18-May-18	Cash settled	546	30-Jun-21	3.12	837	30-Jun-21	3.12
Tranche V-3B	18-May-18	Cash settled	546	07-Jul-21	3.14	837	07-Jul-21	3.14

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Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2021			31st March, 2020		
			No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
Tranche V-3C	18-May-18	Cash settled	544	14-Jul-21	3.16	834	14-Jul-21	3.16
Tranche V-4A	18-May-18	Cash settled	546	31-Dec-21	3.62	837	31-Dec-21	3.62
Tranche V-4B	18-May-18	Cash settled	546	07-Jan-22	3.64	837	07-Jan-22	3.64
Tranche V-4C	18-May-18	Cash settled	544	14-Jan-22	3.66	834	14-Jan-22	3.66
Scheme 2015 Series 19								
Tranche V-1A	07-Jul-18	Cash settled	426	31-Jul-20	2.07	426	31-Jul-20	2.07
Tranche V-1B	07-Jul-18	Cash settled	425	07-Aug-20	2.09	425	07-Aug-20	2.09
Tranche V-1C	07-Jul-18	Cash settled	425	14-Aug-20	2.11	425	14-Aug-20	2.11
Tranche V-2A	07-Jul-18	Cash settled	425	31-Jul-21	3.07	425	31-Jul-21	3.07
Tranche V-2B	07-Jul-18	Cash settled	425	07-Aug-21	3.09	425	07-Aug-21	3.09
Tranche V-2C	07-Jul-18	Cash settled	425	14-Aug-21	3.11	425	14-Aug-21	3.11
Scheme 2015 Series 22								
Tranche V-1A	20-May-19	Cash settled	1051	16-Nov-02	1.20	1069	31-Jul-20	1.20
Tranche V-1B	20-May-19	Cash settled	1051	16-Nov-02	1.22	1069	07-Aug-20	1.22
Tranche V-1C	20-May-19	Cash settled	1051	16-Nov-02	1.24	1069	14-Aug-20	1.24
Tranche V-2A	20-May-19	Cash settled	1066	01-Dec-02	2.45	1069	31-Oct-21	2.45
Tranche V-2B	20-May-19	Cash settled	1066	01-Dec-02	2.47	1069	07-Nov-21	2.47
Tranche V-2C	20-May-19	Cash settled	1066	01-Dec-02	2.49	1069	14-Nov-21	2.49
Tranche V-3A	20-May-19	Cash settled	712	12-Dec-01	3.12	714	30-Jun-22	3.12
Tranche V-3B	20-May-19	Cash settled	710	10-Dec-01	3.14	712	07-Jul-22	3.14
Tranche V-3C	20-May-19	Cash settled	710	10-Dec-01	3.16	712	14-Jul-22	3.16
Tranche V-4A	20-May-19	Cash settled	712	12-Dec-01	3.62	714	31-Dec-22	3.62
Tranche V-4B	20-May-19	Cash settled	710	10-Dec-01	3.64	712	07-Jan-23	3.64
Tranche V-4C	20-May-19	Cash settled	710	10-Dec-01	3.66	712	14-Jan-23	3.66
Scheme 2015 Series 28								
Tranche I	07-Aug-20	Cash settled	607	31-Aug-21	1.07	-	-	-
Tranche II	07-Aug-20	Cash settled	607	07-Sep-21	1.08	-	-	-
Tranche III	07-Aug-20	Cash settled	607	14-Sep-21	1.10	-	-	-
Tranche IV	07-Aug-20	Cash settled	607	30-Nov-22	2.32	-	-	-
Tranche V	07-Aug-20	Cash settled	607	07-Dec-22	2.33	-	-	-
Tranche VI	07-Aug-20	Cash settled	607	14-Dec-22	2.35	-	-	-
Tranche VII	07-Aug-20	Cash settled	400	30-Jun-23	2.90	-	-	-
Tranche VIII	07-Aug-20	Cash settled	407	07-Jul-23	2.92	-	-	-
Tranche IX	07-Aug-20	Cash settled	407	14-Jul-23	2.93	-	-	-
Tranche X	07-Aug-20	Cash settled	400	31-Dec-23	3.40	-	-	-
Tranche XI	07-Aug-20	Cash settled	407	07-Jan-24	3.42	-	-	-
Tranche XII	07-Aug-20	Cash settled	407	14-Jan-24	3.44	-	-	-
Scheme 2015 Series 31								
Tranche I	07-Aug-20	Cash settled	1268	31-Aug-23	3.07	-	-	-
Tranche II	07-Aug-20	Cash settled	1268	07-Sep-23	3.08	-	-	-
Tranche III	07-Aug-20	Cash settled	1268	14-Sep-23	3.10	-	-	-
Tranche IV	07-Aug-20	Cash settled	843	31-Aug-24	4.07	-	-	-
Tranche V	07-Aug-20	Cash settled	843	07-Sep-24	4.09	-	-	-
Tranche VI	07-Aug-20	Cash settled	850	14-Sep-24	4.11	-	-	-

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

As at 31st March, 2021

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 17	18-May-18	0.25 - 0.79	0.25 - 0.79	-	1,781.25	3.45% - 3.77%	0.04%	30.03% - 32.27%	1780.62 - 1781.05
Scheme 2015 Series 19	07-Jul-18	0.33 - 0.37	0.33 - 0.37	-	1,781.25	3.50% - 3.53%	0.04%	28.6% - 28.66%	1780.95 - 1780.98
Scheme 2015 Series 22	20-May-19	0.59 - 1.79	0.59 - 1.79	-	1,781.25	3.66% - 4.16%	0.04%	32.26% - 38.57%	1779.82 - 1780.78
Scheme 2015 Series 28	07-Aug-20	0.42 - 2.79	0.42 - 2.79	-	1,781.25	3.56% - 5.02%	0.04%	29.09% - 34.24%	1779.02 - 1780.91
Scheme 2015 Series 31	07-Aug-20	2.42 - 3.46	2.42 - 3.46	-	1,781.25	4.59% - 5.51%	0.04%	31.93% - 35.38%	1778.48 - 1779.31

As at 31st March, 2020

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (₹)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (₹)
Scheme 2015 Series 9	15-May-17	0.25 - 0.79	0.25 - 0.79	-	1,293.70	4.31% - 4.74%	0.06%	38.78% - 58.01%	1293.07 - 1293.50
Scheme 2015 Series 17	18-May-18	0.59 - 1.79	0.59 - 1.79	-	1,293.70	4.59% - 5.18%	0.06%	31.65% - 42.98%	1292.27 - 1293.23
Scheme 2015 Series 19	07-Jul-18	0.33 - 1.37	0.33 - 1.37	-	1,293.70	4.38% - 5.06%	0.06%	33.41% - 51.43%	1292.60 - 1293.43
Scheme 2015 Series 22	20-May-19	0.33 - 2.79	0.33 - 2.79	-	1,293.70	4.38% - 5.4%	0.06%	27.74% - 51.43%	1291.47 - 1293.43

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2021.

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

Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme	Grant Date	31st March, 2021						
		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 9	15-May-17	2,988	-	(2,540)	(448)	-	-	-
Scheme 2015 Series 17	18-May-18	5,726	-	(2,196)	(1,230)	-	(28)	2,272
Scheme 2015 Series 19	07-Jul-18	2,551	-	(1,276)	-	-	-	1,275
Scheme 2015 Series 22	20-May-19	10,510	-	(2,880)	(1,764)	-	(77)	5,789
Scheme 2015 Series 28	07-Aug-20	-	5,990	-	(230)	-	-	5,760
Scheme 2015 Series 31	07-Aug-20	-	6,340	-	-	-	-	6,340
		21,775	**12,330**	**(8,892)**	**(3,672)**	**-**	**(105)**	**21,436**

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Scheme	Grant Date	31st March, 2020						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2015 Series 9	15-May-17	6,244	-	(2,286)	(910)	-	(60)	2,988
Scheme 2015 Series 12	15-May-17	470	-	-	(470)	-	-	-
Scheme 2015 Series 4	19-May-16	2,880	-	(2,316)	(564)	-	-	-
Scheme 2015 Series 17	18-May-18	9,710	-	(2,496)	(1,390)	-	(98)	5,726
Scheme 2015 Series 19	07-Jul-18	2,551	-	-	-	-	-	2,551
Scheme 2015 Series 22	20-May-19	-	10,690	-	-	-	(180)	10,510
		21,855	**10,690**	**(7,098)**	**(3,334)**	**-**	**(338)**	**21,775**

** 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 lakh)

Particulars	31st March, 2021	31st March, 2020
Total Employee compensation cost pertaining to share-based payment plans	285.68	274.81
Compensation cost pertaining to equity-settled employee share-based payment plan included above	99.13	131.19
Closing balance of liability for cash-settled options	177.34	160.65
Total intrinsic value of liabilities for vested benefits	-	-

NOTE 39 CAPITAL DISCLOSURE

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

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

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

For Capital-to-Risk Weighted Assets (CRAR) as required by Regulator- Refer Note 48.01

NOTE 40 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

(Amount in lakh)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	14,691.83	-	14,691.83	158,990.51	-	158,990.51
Bank Balance other than cash and cash equivalents	42.90	-	42.90	1,497.07	-	1,497.07
Receivables						
(I) Trade receivables	122.85	-	122.85	58.78	-	58.78
(II) Other receivables	594.51	-	594.51	382.25	-	382.25
Loans	304,877.89	316,105.68	620,983.57	242,665.91	292,370.64	535,036.55
Investments	99,101.57	45,520.61	144,622.18	52,445.19	30,739.94	83,185.13
Other Financial assets	-	221.99	221.99	-	197.71	197.71
Sub total	**419,431.55**	**361,848.28**	**781,279.83**	**456,039.71**	**323,308.29**	**779,348.00**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current Tax assets (Net)	-	1,517.82	1,517.82	-	995.19	995.19
Deferred Tax assets (Net)	-	3,200.07	3,200.07	-	2,911.86	2,911.86
Property, Plant and Equipment	-	127.26	127.26	-	218.75	218.75
Intangible assets under development	-	3.30	3.30	-	333.43	333.43
Other intangible assets	-	320.89	320.89	-	18.82	18.82
Other Non-financial assets	270.46	-	270.46	241.68	-	241.68
Sub total	**270.46**	**5,169.34**	**5,439.80**	**241.68**	**4,478.05**	**4,719.73**
Total Assets	**419,702.01**	**367,017.62**	**786,719.63**	**456,281.39**	**327,786.34**	**784,067.73**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	1,524.25	-	1,524.25	4,086.00	1,355.02	5,441.02
Payables						-
(I) Trade payables	667.17	-	667.17	2,834.80	-	2,834.80
(II) Other payables	251.32	-	251.32	1,440.75	-	1,440.75
Debt securities	115,732.35	139,710.51	255,442.86	178,705.74	127,434.80	306,140.54
Borrowings (Other than Debt Securities)	259,168.92	37,653.20	296,822.12	258,889.11	5,107.45	263,996.56
Subordinated Liabilities	-	20,239.62	20,239.62	-	20,241.93	20,241.93
Sub total	**377,344.01**	**197,603.33**	**574,947.34**	**445,956.40**	**154,139.20**	**600,095.60**
Non-Financial liabilities						
Current tax liabilities (Net)	3,159.26	-	3,159.26	852.90	-	852.90
Provisions	403.24	899.59	1,302.83	330.49	345.69	676.18
Other non-financial liabilities	506.18	-	506.18	755.02	-	755.02
Sub total	**4,068.68**	**899.59**	**4,968.27**	**1,938.41**	**345.69**	**2,284.10**
Total Liabilities	**381,412.69**	**198,502.92**	**579,915.61**	**447,894.81**	**154,484.89**	**602,379.70**

NOTE 41 LITIGATION

The Company does not have any material litigations pending against it as at 31st March, 2021 and 31st March, 2020 which would impact its financial position.

NOTE 42 SEGMENT REPORTING

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

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

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

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

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

A. Information about reportable segments.

(Amount in lakh)

For the year ended 31st March, 2021	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	21,575.52	47,858.69	4,390.00	40,915.79	**114,740.00**	-	-	114,740.00
Inter-segment revenue	-	-	-	-	**-**	-	(38,611.30)	(38,611.30)
Total Revenue	**21,575.52**	**47,858.69**	**4,390.00**	**40,915.79**	**114,740.00**	**-**	**(38,611.30)**	**76,128.70**
Segment results / Profit before Tax	9,215.24	12,538.66	2,107.00	8,343.23	**32,204.13**	1,406.79	-	33,610.92
Segment assets	**259,392.29**	**371,453.02**	**44,233.70**	**106,440.44**	**781,519.45**	**5,200.18**	**-**	**786,719.63**
Segment liabilities	**(10.66)**	**727.80**	**116.42**	**574,064.96**	**574,898.52**	**5,017.09**	**-**	**579,915.61**
Other disclosures								
Depreciation and amortisation	79.27	121.65	2.85	0.54	**204.31**	3.97	-	208.28
Capital expenditure	75.99	70.85	1.06	-	**147.90**	3.73	-	151.63

(Amount in lakh)

For the year ended 31st March, 2020	Reportable segments							
Particulars	Loan against Securities and Structured Products	Commercial Real Estate	Margin Funding	Treasury and Other Investments	Total Segments	Unallocated	Adjustments and Eliminations	Total
Revenue								
External revenue	39,520.00	49,884.19	10,478.95	65,921.80	**165,804.94**	-	-	165,804.94
Inter-segment revenue	-	-	-	-	**-**	-	(60,732.50)	(60,732.50)
Total Revenue	**39,520.00**	**49,884.19**	**10,478.95**	**65,921.80**	**165,804.94**	**-**	**(60,732.50)**	**105,072.44**
Segment results / Profit before Tax	12,308.69	12,147.71	4,185.60	5,895.18	**34,537.18**	(1,178.12)	-	33,359.06
Segment assets	**170,067.64**	**365,584.09**	**54,844.37**	**189,863.97**	**780,360.07**	**3,707.66**	**-**	**784,067.73**
Segment liabilities	**2,447.57**	**851.22**	**921.49**	**596,066.59**	**600,286.87**	**2,092.83**	**-**	**602,379.70**
Other disclosures								
Depreciation and amortisation	30.18	59.24	1.95	0.56	**91.93**	1.80	-	93.73
Capital expenditure	3.55	111.91	2.04	0.49	**117.99**	0.39	-	118.38

NOTE 43 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, 2021	As at 31st March, 2020
Phoenix ARC Private Limited	Associate	Mumbai	At Cost	30.00%	30.00%

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 44 DISAGGREGATION OF REVENUE

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

NOTE 45 LEASE DISCLOSURES

Operating Lease as Lessee:

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

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

Accordingly, rent payment to holding/fellow Subsidiary Company for sharing of Premises are recognised in Statement of profit and Loss under the head "Rent and Electricity Expenses" amounting to ₹ 558.05 lakh (Previous year. ₹ 654.25 lakh).

NOTE 46 LONG TERM CONTRACTS

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses, if any on such long term contracts has been made in the books of accounts.

NOTE 47 SEBI DISCLOSURE

Note 47.01 Initial Disclosure in terms of Para 4.1 of circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26 2018

Sr. No.	Particulars	Details
1	Name of the company	Kotak Mahindra Investments Limited
2	CIN	U65900MH1988PLC047986
3	Outstanding borrowing of company as on 31st March, 2021	₹ 5,72,420 lakh*
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	NCD: CRISIL AAA NCD Tier II: CRISIL AAA and ICRA AAA CP: CRISIL A1+ and ICRA A1+ MLD: CRISIL PP-MLD AAAr/Stable.
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	Bombay Stock Exchange

The Company confirms that it is a Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.
Date – 23rd April 2021
** Face Value of Debenture and CPs and Principal Outstanding in case of Loans/ICDs*
 # - In terms para of 3.2(ii) of the circular, beginning F.Y 2022, in the event of shortfall in the mandatory borrowing through debt securities, a fine of 0.2% of the shortfall shall be levied by Stock Exchanges at the end of the two-year block period. Therefore, an entity identified as LC shall provide, in its initial disclosure for a financial year, the name of Stock Exchange to which it would pay the fine in case of shortfall in the mandatory borrowing through debt markets.

Note 47.02 Annual Disclosure to be made by an entity identified as Large Entities under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018

Sr. No.	Particulars	Details
1	Name of the company	Kotak Mahindra Investments Limited
2	CIN	U65900MH1988PLC047986
3	Incremental borrowing done in FY	₹ 1,30,000 Lakh
4	Mandatory borrowing to be done through issuance of debt securities	₹ 32,500 Lakh
5	Actual borrowings done through debt securities in FY	₹ 1,22,500 Lakh
6	Shortfall in the mandatory borrowing through debt securities, if any	NIL
7	Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

Date – 23rd April 2021

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Note 47.03 Disclosures under Listing Agreement for Debt Securities

Disclosure under Regulation 53(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Debenture Trustees:

IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001
Tel. : 022-40807050
Fax : 022-40807021
Email: jimit@idbitrustee.com
Website: www.idbitrustee.com

Disclosure under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Related Party transactions (Refer Note 35)

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
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 lakh (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.

NOTE 48 DISCLOSURES AS REQUIRED BY THE NBFC MASTER DIRECTIONS ISSUED BY RBI

Note 48.01 Capital to Risk Weighted Assets Ratio (CRAR) *

(Amount in lakh)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
1.0	CRAR (%)	32.72%	28.73%
2.0	CRAR - Tier I Capital (%)	29.34%	24.97%
3.0	CRAR - Tier II Capital (%)	3.38%	3.77%
4.0	Amount of subordinated debt raised as Tier-II capital	19,217.18	19,219.30
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'.*

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Note 48.02 Investments

(Amount in lakh)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
1.0	**Value of Investments**		
1.1	**Gross Value of Investments:**	**144,964.76**	**83,503.49**
i	In India	144,964.76	83,503.49
ii	Outside India,	-	-
1.2	**Provisions for Depreciation:**	**342.58**	**318.36**
i	In India	342.58	318.36
ii	Outside India,	-	-
1.3	**Net Value of Investments**	**144,622.16**	**83,185.13**
i	In India	144,622.16	83,185.13
ii	Outside India,	-	-
2.0	**Movement of provisions held towards depreciation on investments**		
2.1	**Opening balance**	**318.36**	**378.19**
2.2	Add : Provisions made during the year	242.69	-
2.3	Less : Write-off / write-back of excess provisions during the year	(218.47)	(59.83)
2.4	**Closing balance**	**342.58**	**318.36**

Note 48.03 Derivatives

48.03.1. Forward Rate Agreement / Interest Rate Swap

(Amount in lakh)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	The notional principal of swap agreements	-	-
2	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
3	Collateral required by the NBFC upon entering into swaps	-	-
4	Concentration of credit risk arising from the swaps		
5	The fair value of the swap book	-	-

48.03.2. Exchange Traded Interest Rate (IR) Derivatives

(Amount in lakh)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
2	Notional principal amount of exchange traded IR derivatives outstanding	-	-
3	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
4	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

48.03.3. Disclosures on Risk Exposure in Derivatives

The Company did not have any open interest in derivative contracts during the current year.

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

48.03.4. Quantitative Disclosures

(Amount in lakh)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
1.0	Derivatives (Notional Principal Amount)		
	For hedging	-	-
2.0	Marked to Market Positions		
i	Assets(+)	-	-
ii	Liability(-)	-	-
3.0	Credit Exposure	-	-
4.0	Unhedged Exposures	-	-

Note 48.04 Disclosures relating to Securitisation

48.04.1. Outstanding amount of securitised 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 lakh)

Sr. No.	Particulars	As at 31st March, 2021
1.0	No of SPVs sponsored by the NBFC for securitisation transactions*	-
2.0	Total amount of securitised 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 securitisation transactions other than MRR	
4.1	Off-Balance Sheet exposures	
i	Exposure to own securitisations	
	First loss	-
	Others	-
ii	Exposure to third party securitisations	
	First loss	-
	Others	-
4.2	On-Balance Sheet exposures	
i	Exposure to own securitisations	
	First loss	-
	Others	-
ii	Exposure to third party securitisations	
	First loss	-
	Others	-

** Only the SPVs relating to outstanding securitisation transactions may be reported here*

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

48.04.2. Details of Assignment transactions undertaken by applicable NBFCs

(Amount in lakh)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
1.0	No. of accounts	-	-
2.0	Aggregate value (net of provisions) of accounts sold	-	-
3.0	Aggregate consideration	-	-
4.0	Additional consideration realised in respect of accounts transferred in earlier years		
5.0	Aggregate gain / loss over net book value	-	-

48.04.3. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction.

(Amount in lakh)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
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 realised in respect of accounts transferred in earlier years		
5.0	Aggregate gain / loss over net book value	-	-

48.04.4. Details of non-performing financial assets purchased / sold - Nil (Previous year Nil)

Note 48.05 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at 31st March, 2021

(Amount in lakh)

Particulars	0-14 Days	14-31 Days	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits										
Advances	9,399.07	3,797.76	29,838.75	20,806.06	80,709.33	162,170.19	247,660.58	59,816.56	21,793.27	635,991.57
Investments	18,125.20	65,044.25	14,336.94	600.00	6.32	1,000.00	38,172.57	-	7,679.50	144,964.78
Borrowings	152.40	34,870.38	40,804.88	51,142.11	118,407.30	131,798.91	175,449.39	5,000.00	14,879.24	572,504.61
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-

As at 31st March, 2020

(Amount in lakh)

Particulars	0-14 Days	14-31 Days	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-
Advances	18,011.79	19,132.18	15,020.72	38,604.50	78,150.44	76,736.35	239,231.20	41,468.39	20,008.41	546,363.98
Investments	22,000.51	27.66	-	-	20,000.00	10,611.87	7,966.10	16,716.66	6,180.69	83,503.49
Borrowings	10,544.69	44,316.47	56,472.69	49,194.28	140,051.67	140,565.66	129,729.53	-	19,504.04	590,379.02
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-

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

to the Standalone Financial Statements for the year ended 31st March, 2021

Note 48.06 Exposures

48.06.1. Exposure to Real Estate Sector:

(Amount in lakh)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
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;**	396,083.23	391,415.12
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		**396,083.23**	**391,415.12**

***Includes Unsecured Loans to Real Estate Sector of ₹ 17490.74 lakh (Previous year. ₹ 16,509.98 lakh)*

48.06.2. Exposure to Capital Market

(Amount in lakh)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
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	13,140.43	16,178.24
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	105,342.53	83,189.34
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	70,465.24	88,280.44
1.4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
1.5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
1.6	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
1.7	Bridge loans to companies against expected equity flows / issues	-	-
1.8	All exposures to Venture Capital Funds (both registered and unregistered)	11.66	14.31
Total		**188,959.86**	**187,662.33**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

48.06.3. Financing of parent company products : Nil (Previous year Nil)

48.06.4. Disclosure in respect of exposure where details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) has exceeded : Nil (Previous year Nil)

48.06.5. Unsecured Advances:

The amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral – ₹ Nil (Previous year Nil)

For other Unsecured Advances, Refer Note 5

Note 48.07 Registration obtained from other financial sector regulators: Nil

Note 48.08 Disclosure of Penalties imposed by RBI and other regulators: Nil (Previous year Nil)

Note 48.09 Related Party Transactions

48.09.1. Details of all material transactions with the related parties

Refer Note No. 35

48.09.2. Policy on dealing with Related Party transaction:

The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like Directors and Key Managerial Personnel (KMP). The Directors and KMP's are also required to inform the Company of any changes to such declaration during the year. All related party transactions are reported and referred for approval to the Audit Committee as per section 177 of the Companies Act, 2013. The Audit committee may grant general approval for repetitive related party transactions. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

As per section 188 of the Companies Act, 2013, the consent of the Board/Shareholders' approval is required, by a special resolution in a general meeting, for entering into the specified transactions with a related party, if they are not in ordinary course of business of the Company or at arm's length and exceeds the threshold limits as specified in the Act.

Note 48.10 Ratings assigned by credit rating agencies and migration of ratings during the year

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
CRISIL	Long Term Rating for Non-Convertible Debentures aggregating ₹ 52 billion	CRISIL AAA/stable	02-Mar-21	Till Date
CRISIL	Long Term Rating for Bank Lines (Overdraft) aggregating ₹ 20 billion	CRISIL AAA/stable	02-Mar-21	Till Date
CRISIL	Long Term Rating for Subordinated Debt aggregating ₹ 2 billion	CRISIL AAA/stable	02-Mar-21	Till Date
CRISIL	Long Term Rating for Principal Protected Market Linked Debentures aggregating ₹ 5 billion	CRISIL PP-MLD AAAr/ Stable	02-Mar-21	Till Date
CRISIL	Short Term Debt Programmed (including Commercial Paper) for ₹ 70 billion	CRISIL A1+	02-Mar-21	Till Date
CRISIL	Short Term Debt Programmed (including Commercial Paper) for ₹ 20 billion	CRISIL A1+	02-Mar-21	Till Date
ICRA	Long Term Rating for Subordinated Debt aggregating ₹ 2 billion	ICRA AAA/stable	18-Jan-21	
ICRA	Short Term Debt Programmed (including Commercial Paper) for ₹ 70 billion	ICRA A1+	04-Mar-21	
India Rating	Short Term Debt Programmed (including Commercial Paper) for ₹ 80 billion	India Rating A1+	26-Mar-21	Till Date

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Note 48.11 Remuneration of Directors

The details of transaction with Non-Executive Independent Directors are as below:

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Directors' Sitting Fees	17.20	14.00
Commission to Directors	12.00	10.00

Note 48.12 Provisions and Contingencies

Break up of 'Provisions and Contingencies' (including write – offs; net of write-backs) shown under the head Expenditure in Statement of Profit and Loss:

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provisions / (write back) for depreciation on Investment measured at FVOCI	-	(11.14)
Provisions / (write back) for depreciation on Investment measured at Amortised cost	24.22	(59.82)
Provision made towards Income tax (including Deferred Tax)	8,592.24	9,223.05
Other Provision and Contingencies (with details)	-	-
ECL on Stages 1 and 2 Loans and other financial assets	2,038.85	4,420.29
ECL on Stages 3 Loans and other financial assets	1,284.52	1,231.13

Note 48.13 Draw Down from Reserves

There was no draw down from reserves during the financial year. (Previous year Nil)

Note 48.14 Concentration of Deposits, Advances, Exposures and NPAs

48.14.1. Concentration of Advances

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total Advances to twenty largest borrowers / customers	288,223.18	247,435.62
%age of Advances to twenty largest borrowers / customers to Total Advances of the company on borrowers / customers	42%	41%

48.14.2. Concentration of Exposure*

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total Exposure to twenty largest borrowers / customers	303,065.59	320,933.74
%age of Exposures to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers	35%	27%

** Exposures refers to higher of sanctioned limits or outstanding. Sanctioned limits are unconditionally cancellable at any time by the company without prior notice.*

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

48.14.3. Concentration of NPAs

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total Exposure to top four NPA accounts	6,002.85	6,946.88

48.14.4. Sector-Wise NPAs %age to Total Advances in That Sector*

(Amount in lakh)

Particulars	As at 31st March, 2021**	As at 31st March, 2020**
Agriculture & allied activities		
MSME		
Corporate borrowers	1.01%	1.52%
Services		
Unsecured personal loans		
Auto loans		
Other personal loans	1.35%	0.88%

** Financial assets in Stage 3 as per Ind AS 109 are classified as NPA*

** Represents Gross NPA to Gross Advances in the respective sector

Note 48.15 Movement of NPAs*

(Amount in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Net NPAs to Net Advances (%)	**0.51%**	**0.76%**
Movement of NPAs (Gross)		
Opening balance	**7,520.59**	**4,075.60**
Additions during the year	3,811.32	12,481.47
Reductions during the year	(3,576.80)	(9,036.48)
Closing balance	**7,755.11**	**7,520.59**
Movement of Net NPAs		
Opening balance	**4,419.79**	**2,205.93**
Additions during the year	2,239.36	11,170.59
Reductions during the year	(3,289.36)	(8,956.73)
Closing balance	**3,369.79**	**4,419.79**
Movement of ECL on NPA Cases		
Opening balance	**3,100.81**	**1,869.67**
Provisions made during the year	1,571.95	1,310.88
Write-off / write-back of excess provisions	(287.44)	(79.74)
Closing balance	**4,385.32**	**3,100.81**

** Financial assets in Stage 3 as per Ind AS 109 are classified as NPA*

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Note 48.16 Overseas Assets: Nil

Note 48.17 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil

Note 48.18 Customer Complaints

Particulars	As at 31st March, 2021
No. of complaints pending at the beginning of the year	1.00
No. of complaints received during the year	3.00
No. of complaints redressed during the year	4.00
No. of complaints pending at the end of the year	-

Note 48.19 Schedule to the Balance Sheet

Liabilities Side

(Amount in lakh)

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 #	255,442.86	-
	Debentures: Unsecured #	20,239.62	-
b	Deferred Credits		-
c	Terms Loans#	30,152.40	-
d	Inter-corporate loans and borrowing	18,599.83	-
e	Commercial Paper	195,577.49	-
f	Public Deposits	-	-
g	Other Loans – Secured Overdfraft facility from Bank#	52,492.40	-

 # 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 lakh)

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	575,487.74
	b Unsecured	60,503.83
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	-

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

Sr. No.	Particulars	Amount Outstanding
4.0	**Break-up of Investments:**	
	Current Investments:	
4.1	**Quoted:**	
	i Shares:	-
	a Equity	-
	b Preference	-
	ii Debentures and Bonds	14,223.54
	iii Units of Mutual Funds	-
	iv Government Securities	30,348.99
	v Others (please specify)	-
4.2	**Unquoted:**	**-**
	i Shares:	-
	a Equity	-
	b Preference	-
	ii Debentures and Bonds	-
	iii Units of Mutual Funds	18,052.36
	iv Government Securities	-
	v Treasury Bills	34,878.63
	Long Term Investments:	**-**
4.3	**Quoted:**	**-**
	i Shares:	-
	a Equity	-
	b Preference	-
	ii Debentures and Bonds	20,132.77
	iii Units of Mutual Funds	-
	iv Government Securities	-
	v Others (please specify)	-
4.4	**Unquoted:**	**-**
	i Shares:	-
	a Equity	6,155.43
	b Preference	-
	ii Debentures and Bonds	19,306.43
	iii Units of Mutual Funds	-
	iv Government Securities	-
	v Others (please specify)	1,524.05

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

(Amount in lakh)

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	563,376.89	57,606.68	620,983.57
Total		**563,376.89**	**57,606.68**	**620,983.57**

** As per Indian Accounting Standard issued by MCA (Please see Note b)*

(Amount in lakh)

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	140,502.29	138,521.68
Total		**146,602.79**	**144,622.18**

* As per Indian Accounting Standard issued by MCA (Please see Note b)

(Amount in lakh)

Sr. No.	Particulars	Amount
7.00	**Other information:**	
	i Gross Non-Performing Assets @	
	a Related parties	-
	b Other than related parties	7,755.11
	ii Net Non-Performing Assets @	
	a Related parties	-
	b Other than related parties	3,369.79
	iii Assets acquired in satisfaction of debt	-

@ NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS. 90 Days Past Due and other qualitative factors has been considered as default for classifying a financial instrument as credit impaired.

Notes:

a) As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

b) All Accounting Standards and Guidance Notes issued by MCA are applicable including for valuation of investments and other assets as assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

Note 48.2 Disclosure Required by Reserve Bank of India on Liquidity Risk Under Liquidity Risk Management Framework

48.2.01 Liquidity Coverage Ratio (LCR)

(Amount in lakh)

Sr. No.	Particulars	Average Q1 2020-21		Average Q2 2020-21		Average Q3 2020-21		Average Q4 2020-21	
		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)	10,058.00	10,058.00	9,473.00	9,473.00	64,813.33	64,813.33	78,872.67	78,872.67
	Cash Outflow:	-	-	-	-	-	-	-	-
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	22,300.00	25,645.00	25,833.33	29,708.33	27,333.33	31,433.33	65,000.00	74,750.00
4	Secured wholesale funding	27,314.67	31,411.87	8,263.33	9,502.83	13,993.33	16,092.33	13,390.00	15,398.50
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	2,515.33	2,892.63	2,339.67	2,690.62	4,179.67	4,806.62	4,352.87	5,005.80
7	Other contingent funding obligations	451,570.33	519,305.88	380,367.67	437,422.82	265,968.00	305,863.20	131,966.33	151,761.28
8	**Total Cash Outflow**	**503,700.33**	**579,255.38**	**416,804.00**	**479,324.60**	**311,474.33**	**358,195.48**	**214,709.20**	**246,915.58**
	Cash Inflows:	-		-					
9	Secured lending	9,240.67	6,930.50	9,443.67	7,082.75	6,555.67	4,916.75	9,184.33	6,888.25
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows:	57,323.00	42,992.25	33,125.67	24,844.25	15,268.00	11,451.00	60,596.33	45,447.25
12	**Total Cash Inflow**	**66,563.67**	**49,922.75**	**42,569.34**	**31,927.00**	**21,823.67**	**16,367.75**	**69,780.66**	**52,335.50**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		10,058.00		9,473.00		64,813.33		78,872.67
14	Total Net Cash Outflows		529,332.63		447,397.60		341,827.73		194,580.08
15	**Liquidity Coverage Ratio % ***		**1.90%**		**2.12%**		**18.96%**		**40.53%**

** 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 December, 2020. Prior to 1st December, 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

to the Standalone Financial Statements for the year ended 31st March, 2021

48.2.02. 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.

48.2.03. Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr No.	Number of Significant Counterparties *	Amount (₹ Lakh)	% of Total deposits	% of Total Liabilities
1	26	497,757.82	0%	86%

** 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*

48.2.04. Top 20 large deposits Nil (Previous year Nil)

48.2.05. Top 10 Borrowings

1	Top 10 Borrowings	372,970.08
2	% age of Total Borrowings	64%

48.2.06. Funding Concentration based on significant instrument/product

Sr No.	Name of Significant Instrument / Product *	Amount (₹ Lakh)	% of Total Liabilities**
1	Non-Convertible Debenture	255,442.86	44%
2	Commercial Paper	195,577.49	34%
3	Bank Borrowing	82,644.80	14%
4	Inter Corporate Deposit	18,599.85	3%
5	Subordinated Debt	20,239.62	3%
Total		**572,504.62**	**99%**

** 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.*

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

48.2.07. Stock Ratios:

Sr. No.	Instrument/Product	%age of		
		Total Public Funds	Total Liabilities	Total Assets
1	Commercial Papers	34%	34%	25%
2	Non Convertible Debentures (Original Maturity of Less than One Year)	0%	0%	0%
3	Other Short Term Liabilities	10%	10%	7%

48.2.08. 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 49 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 50

In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7th April, 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, the Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. 1st March, 2020 to 31st August, 2020. Company has estimated the said amount and made a provision in the financial statements for the year ended 31st March, 2021. As on 31st March, 2021, Company holds a specific liability of ₹ 550 lakh which is debited to interest income to meet its obligation towards refund of interest on interest to eligible borrowers as prescribed by the RBI.

NOTE 51 DISCLOSURE REQUIRED UNDER COVID19 REGULATORY PACKAGE - ASSET CLASSIFICATION AND PROVISIONING

(Amount in lakh)

Particulars	As at 31st March, 2021
Amounts in SMA/overdue categories, where the moratorium/deferment was extended	15,745.60
Amount where asset classification benefits is extended	-
Provision Created*	3,451.27
Less: Provisions adjusted during the period against slippages*	1,136.30
Residual provisions*	2,314.97

** Provision Created as per Ind AS 109*

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 52 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*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

**As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016*

NOTE 53 DISCLOSURE UNDER GUIDANCE NOTE ON IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS BY NON-BANKING FINANCIAL COMPANIES AND ASSET RECONSTRUCTION COMPANIES

Note 53.01: 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

Note 53.02: Comparison between provisions required under Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances as per Ind AS 109

As at 31st March, 2021

(Amount in lakh)

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	5,88,444.03	4,070.95	5,84,373.08	2,247.34	1,823.61
	Stage 2	79,566.18	6,890.43	72,675.75	317.16	6,573.27
Subtotal		**6,68,010.21**	**10,961.38**	**6,57,048.83**	**2,564.50**	**8,396.88**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,246.56	1,136.30	2,110.26	293.36	842.94
Doubtful	Stage 3	1,975.22	715.69	1,259.53	505.41	210.28
Loss	Stage 3	2,533.33	2,533.33	-	1,573.63	959.70
Subtotal for NPA		**7,755.11**	**4,385.32**	**3,369.79**	**2,372.40**	**2,012.93**
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	22,537.50	22.10	22,515.40	-	22.10
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	Stage 1	6,10,981.53	4,093.05	6,06,888.48	2,247.34	1,845.71
	Stage 2	79,566.18	6,890.43	72,675.75	317.16	6,573.27
	Stage 3	7,755.11	4,385.32	3,369.79	2,372.40	2,012.92
		6,98,302.82	**15,368.80**	**6,82,934.02**	**4,936.90**	**10,431.90**

Notes

to the Standalone Financial Statements for the year ended 31st March, 2021

NOTE 54

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

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

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

Sharad Agarwal
Partner
Membership No. 118522

Date and Place: 18th May, 2021, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN: 00031794

Paritosh Kashyap
Director
DIN: 07656300

Amit Bagri
Chief Executive Officer

Deepak Goel
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: 18th May, 2021, Mumbai

Kotak Mahindra Investments Limited
27BKC, C 27, G Block, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
Company Website: www.kmil.co.in
Kotak Mahindra Bank Website: www.kotak.com

CIN: U65900MH1988PLC047986