

Independent Auditor's Report

To The Members of Kotak Mahindra Capital Company Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of **Kotak Mahindra Capital Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report including Annexures to Directors' Report, but does not include the 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 during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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 system 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit of the standalone financial statements we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366WW-100018)

Ketan Vora

Partner

(Membership No. 100459)

UDIN: 20100459AAAAKV5213

Mumbai, June 29, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Kotak Mahindra Capital Company Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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 over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the criteria for internal financial control over financial reporting 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.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Ketan Vora

Partner

(Membership No. 100459)

UDIN: 20100459AAAAKV5213

Mumbai, June 29, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of Kotak Mahindra Capital Company Limited for the year ended 31st March 2020)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) With respect to immovable properties viz. buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause 3 (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder are not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 and hence reporting under clause 3 (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities. Having regard to the nature of the Company's business / activities, Custom Duty and Excise Duty, are not applicable.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Goods and Services Tax and Service Tax which have not been deposited as on 31st March 2020 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is pending | Period to which the Amount relates | Amount (₹ in lakhs) |
|-----------------|----------------|-------------------------------------|------------------------------------|---------------------|
| Income Tax | Tax | Commissioner of Income Tax (Appeal) | A.Y. 2015-16 | 18.18 |

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366WW-100018)

Ketan Vora

Partner

(Membership No. 100459)

UDIN: 20100459AAAAKV5213

Mumbai, June 29, 2020

Balance Sheet

as at 31st March 2020

₹ in Lakhs

| Sr No | Particulars | Note No. | As at 31 st March 2020 | As at 31 st March 2019 |
|-------------------------------|---|----------|-----------------------------------|-----------------------------------|
| ASSETS | | | | |
| 1 | Financial assets | | | |
| | (a) Cash and cash equivalents | 2 | 33.82 | 21.78 |
| | (b) Bank Balance other than cash & cash equivalents | 3 | 5,799.03 | 10,004.82 |
| | (c) Receivables | | | |
| | (I) Trade receivables | 4 | 4,224.43 | 4,328.35 |
| | (II) Other receivables | 4A | 36.34 | 86.97 |
| | (d) Loans | 5 | 1.76 | 4.89 |
| | (e) Investments | 6 | 258,754.99 | 210,030.77 |
| | (f) Other Financial assets | 7 | 5.68 | 0.67 |
| | Total financial assets | | 268,856.05 | 224,478.25 |
| 2 | Non-financial assets | | | |
| | (a) Current Tax assets (Net) | | 905.44 | 648.35 |
| | (b) Deferred Tax assets (Net) | 27 | 135.51 | 299.46 |
| | (c) Investment property | 8 | 1,370.13 | 1,400.62 |
| | (d) Property, Plant and Equipment | 9 | 496.05 | 321.96 |
| | (e) Other intangible assets | 10 | 1.12 | 2.48 |
| | (f) Other non-financial assets | 11 | 698.83 | 292.15 |
| | Total non-financial assets | | 3,607.08 | 2,965.02 |
| | TOTAL ASSETS | | 272,463.13 | 227,443.27 |
| LIABILITIES AND EQUITY | | | | |
| LIABILITIES | | | | |
| 1 | Financial liabilities | | | |
| | (a) Payables | 12 | | |
| | (I) Trade payables | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | | 1.62 | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 464.16 | 811.04 |
| | (II) Other payables | | | |
| | (b) Other Financial liabilities | 13 | 828.39 | 783.01 |
| | Total financial liabilities | | 1,294.17 | 1,594.05 |
| 2 | Non-Financial liabilities | | | |
| | (a) Current tax liabilities (Net) | | 186.29 | 357.84 |
| | (b) Provisions | 14 | 1,196.12 | 1,533.74 |
| | (c) Deferred tax liabilities (Net) | 27 | 45,509.23 | 36,801.56 |
| | (d) Other non-financial liabilities | 15 | 532.54 | 935.61 |
| | Total non-financial liabilities | | 47,424.18 | 39,628.75 |
| 3 | EQUITY | | | |
| | (a) Equity Share Capital | 16 | 343.61 | 343.61 |
| | (b) Other equity | 17 | 223,401.17 | 185,876.86 |
| | Total equity | | 223,744.78 | 186,220.47 |
| | TOTAL LIABILITIES AND EQUITY | | 272,463.13 | 227,443.27 |
| | See accompanying significant policies and notes forming part of the financial statements | 1-35 | | |

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

For and on behalf of the Board of Directors

Uday Kotak
Chairman

Ramesh Srinivasan
Managing Director & CEO

Krishnan Venkat Subramanian
Director

Milind Deolalkar
Chief Financial Officer

Ajay Vaidya
Company Secretary

Place: Mumbai
Date: June 29, 2020

Place: Mumbai
Date: June 29, 2020

Statement of Profit and Loss

for the year ended 31st March 2020

₹ in Lakhs

| Particulars | Note No. | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|--|----------|--|--|
| REVENUE FROM OPERATIONS | 18 | | |
| (i) Sale of services | | 20,611.82 | 14,086.24 |
| I. Total revenue from operations | | 20,611.82 | 14,086.24 |
| II. Other income | 19 | 2,994.68 | 2,431.60 |
| III. Total income (I+II) | | 23,606.50 | 16,517.84 |
| EXPENSES | 20 | | |
| (i) Finance costs | | 31.13 | 6.66 |
| (ii) Impairment on financial instruments | | 3,187.76 | 22.50 |
| (iii) Employee Benefits expenses | | 7,102.70 | 6,232.42 |
| (iv) Depreciation, amortization and impairment | | 193.03 | 154.50 |
| (v) Other expenses | | 2,731.15 | 2,625.24 |
| IV. Total expenses | | 13,245.77 | 9,041.32 |
| V. Profit before tax (III-IV) | | 10,360.73 | 7,476.52 |
| VI. Tax expense: | 27 | | |
| (1) Current tax | | 2,800.12 | 3,141.00 |
| (2) Current tax pertaining to prior periods | | (140.87) | (44.80) |
| (3) Deferred tax charge/(credit) | | 362.50 | (311.77) |
| Total tax expense | | 3,021.75 | 2,784.43 |
| VII. Profit for the period from continuing operations (V-VI) | | 7,338.98 | 4,692.09 |
| VIII. Other comprehensive income | 17 | 10,877.83 | 8,436.43 |
| (i) Items that will not be reclassified to profit or loss | | | |
| - Remeasurements of the defined benefit plans | 27 | 4.46 | (11.75) |
| - Equity Instruments through Other Comprehensive Income | 27 | 40,505.65 | 33,419.63 |
| Sub-total | | 40,510.11 | 33,407.88 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 27 | 8,509.12 | 7,968.44 |
| Total | | 32,000.99 | 25,439.44 |
| Other comprehensive income | | 32,000.99 | 25,439.44 |
| (IX) Total Comprehensive Income for the period | | 39,339.97 | 30,131.53 |
| (X) Earnings per equity share of ₹ 10/- each | 21 | | |
| Basic (₹) | | 213.58 | 136.55 |
| Diluted (₹) | | 213.58 | 136.55 |
| see accompanying significant policies and notes forming part of the financial statements | 1-35 | | |

In terms of our report attached
For Deloitte Haskins & Sells LLP
 Chartered Accountants

Ketan Vora
 Partner

For and on behalf of the Board of Directors

Uday Kotak
 Chairman

Ramesh Srinivasan
 Managing Director & CEO

Krishnan Venkat Subramanian
 Director

Milind Deolalkar
 Chief Financial Officer

Ajay Vaidya
 Company Secretary

Place: Mumbai
 Date: June 29, 2020

Place: Mumbai
 Date: June 29, 2020

Cash Flow Statement

for the year ended 31st March 2020

₹ in Lakhs

| | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before extraordinary items and tax | 10,360.73 | 7,476.52 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation | 193.03 | 154.51 |
| Interest on deposits with banks | (677.20) | (952.11) |
| Net gain on fair value changes | (732.51) | (856.27) |
| Net gain on derecognition of property, plant and equipment | (49.05) | (45.24) |
| Net gain or loss on foreign currency transaction and translation | (157.98) | (30.56) |
| Interest on Security Deposit | 1.82 | 1.66 |
| Other interest expense | 29.31 | 5.00 |
| Impairment on financial instruments | 271.28 | 22.50 |
| Share based payments to employees | 1,949.84 | 837.51 |
| Interest income from debentures | (1,042.83) | (262.55) |
| Provision for no longer required written back | (55.64) | - |
| | (269.94) | (1,125.54) |
| Operating profit before working capital changes | 10,090.80 | 6,350.98 |
| <i>Changes in working capital:</i> | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Trade receivables | 47.93 | (885.53) |
| Loans and advances | 3.07 | (3.96) |
| Other assets | (411.69) | 116.34 |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables | (345.26) | (2.15) |
| Other liabilities | (357.69) | (206.98) |
| Provisions | (1,145.08) | 404.19 |
| | (2,208.72) | (578.09) |
| Cash generated from operations | 7,882.08 | 5,772.89 |
| Net income tax paid | (3,087.90) | (3,487.30) |
| Net cash flow from operating activities (A) | 4,794.18 | 2,285.59 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure on Property, Plant and Equipment | (348.07) | (329.31) |
| Proceeds from sale of Property, Plant and Equipment | 61.83 | 46.17 |
| Bank deposits placed during the year not considered as cash & cash equivalents | - | - |
| | (19,625.13) | (37,021.88) |
| Bank deposits matured during the year not considered as cash & cash equivalents | - | - |
| | 23,831.78 | 36,811.22 |
| Purchase of Investments | (10,900.61) | (17,272.66) |
| Proceeds from sale of Investments | 3,835.57 | 19,545.49 |
| Interest received on bank deposits | 676.04 | 981.19 |
| Interest income from debentures | 615.49 | (121.11) |
| Loss distribution from Venture Funds | - | (17.22) |
| Net cash flow used in investing activities (B) | (1,853.10) | 2,621.89 |

₹ in Lakhs

| | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---|---|---|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest paid on delayed payment of taxes | (29.31) | (5.00) |
| Dividend paid including corporate dividend tax | (2,899.72) | (4,970.95) |
| Net cash flow from / (used in) financing activities (C) | (2,929.03) | (4,975.95) |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | 12.05 | (68.47) |
| Cash and cash equivalents at the beginning of the year | 21.79 | 90.26 |
| Cash and cash equivalents at the end of the year | 33.84 | 21.79 |

Notes:

- The above statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Statement of Cash Flows'.
- Non- cash financing activity -**
ESOP from parent of ₹ 1084.08 lakhs for year ended 31 March 2020 (previous year - ₹ 839.54 lakhs)
- Reconciliation of Cash and cash equivalents with the Balance Sheet:**

| | | |
|---|--------------|--------------|
| Cash and cash balances as per Balance Sheet (Refer note 2) | 33.82 | 21.78 |
| Add: Expected credit losses as per Ind AS 109 | 0.02 | 0.01 |
| Cash and cash equivalents at the end of the year (Balances with banks in current accounts) | 33.84 | 21.79 |
- Net profit before tax and (Increase) / Decrease in debtors includes unrealized foreign exchange profit amounting to ₹ 157.98 lakhs (Previous year foreign exchange loss of ₹0.07 lakhs)

In terms of our report attached
For Deloitte Haskins & Sells LLP
 Chartered Accountants

Ketan Vora
 Partner

Place: Mumbai
 Date: June 29, 2020

For and on behalf of the Board of Directors

Uday Kotak
 Chairman

Milind Deolalkar
 Chief Financial Officer

Place: Mumbai
 Date: June 29, 2020

Ramesh Srinivasan
 Managing Director & CEO

Ajay Vaidya
 Company Secretary

Krishnan Venkat Subramanian
 Director

Statement of Changes in Equity

for the year ended 31st March 2020

A. Equity share capital

₹ in Lakhs

| Particulars | Balance at the beginning of the period | Changes in equity share capital during the year | Balance at the end of the period |
|---|--|---|----------------------------------|
| Equity shares of ₹ 10 each fully paid up | | | |
| As on March 31, 2019 | 343.61 | - | 343.61 |
| As on March 31, 2020 | 343.61 | - | 343.61 |

B. Other equity

₹ in Lakhs

| Particulars | Reserves & Surplus | | Other Comprehensive Income | | Capital Contribution from Parent | Total |
|--|--------------------|----------------------------|----------------------------|-----------------------------|----------------------------------|-------------------|
| | Securities premium | Capital redemption reserve | Retained earnings | Equity instruments at FVOCI | | |
| Opening balance as on 31 March 2018 | 6,177.89 | 68.00 | 49,874.89 | 103,328.68 | 427.26 | 159,876.72 |
| Total Comprehensive Income for the period | | | 4,684.45 | | | 4,684.45 |
| Other Comprehensive Income for the period | | | | 25,447.08 | | 25,447.08 |
| Dividends | | | (4,123.38) | | | (4,123.38) |
| Dividend Distribution Tax | | | (847.57) | | | (847.57) |
| Contribution for the period | | | | | 839.54 | 839.54 |
| Changes during the period | - | - | (286.50) | 25,447.08 | 839.54 | 26,000.12 |
| Closing balance as on 31 March 2019 | 6,177.89 | 68.00 | 49,588.39 | 128,775.76 | 1,266.80 | 185,876.84 |
| Total Comprehensive Income for the period | | | 7,342.32 | | | 7,342.32 |
| Other Comprehensive Income for the period | | | | 31,997.65 | | 31,997.65 |
| Dividends | | | (2,405.30) | | | (2,405.30) |
| Dividend Distribution Tax | | | (494.42) | | | (494.42) |
| Contribution for the period | | | | | 1,084.08 | 1,084.08 |
| Changes during the period | - | - | 4,442.60 | 31,997.65 | 1,084.08 | 37,524.33 |
| Closing balance as on 31 March 2020 | 6,177.89 | 68.00 | 54,030.99 | 160,773.41 | 2,350.88 | 223,401.17 |

See accompanying significant policies and notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
 Chartered Accountants

Ketan Vora
 Partner

For and on behalf of the Board of Directors

Uday Kotak
 Chairman

Ramesh Srinivasan
 Managing Director & CEO

Krishnan Venkat Subramanian
 Director

Milind Deolalkar
 Chief Financial Officer

Ajay Vaidya
 Company Secretary

Place: Mumbai
 Date: June 29, 2020

Place: Mumbai
 Date: June 29, 2020

Schedules

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

1. CORPORATE INFORMATION

Kotak Mahindra Capital Company Limited (the Company) is a Category I Merchant banker registered with SEBI and incorporated on 27th July, 1995, with its registered office situated at 27BKC, 1st Floor, Plot No.C-27, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051, India.

It operates as a full – service Investment bank.

2. BASIS OF PREPARATION

A. Statement of compliance

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards (herein after referred as 'Ind AS') notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016] and other relevant provisions of the Act.

The 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 financial statements. These standalone financial statements were authorized for issue by the Company's Board of Director's on 29th June 2020

B. Functional and presentation currency

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

C. Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following:

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments);
- Net defined benefit (asset) / liability: Net defined benefit liability is measured at present value of defined benefit obligation less fair value of planned assets.;
- Share-based payments - measured at fair value.

D. Use of estimates and judgements

The preparation of financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgement, estimates and assumptions are required in particular for:

I. Recognition of revenue over time or at a point in time

The Company recognizes revenue from Issue management and placement services, underwriting commission and financial advisory services at a point in time because performance obligation is completed once the service is provided by the Company.

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

Useful lives of property, plant and equipment are based on 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.

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 23.

IV. Recognition of deferred tax assets

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

Schedules

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

V. Recognition and measurement of provisions and contingencies

The recognition and measurement of 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

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 made includes expected volatility of share price, expected dividends and discount rate, under this option pricing model. For cash-settled share-based payment transactions, the liability needs to be remeasured 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 24.

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 refer Note 25.

IX. Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments 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. 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 behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the of financial instrument.

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

XI. Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECL) on its financial assets measured at amortized cost and Fair Value through Other Comprehensive Income (FVOCI) except investment in equity instruments. 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.

Schedules

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

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. Lease classification: Company as a lessor

The Company has given office premises under lease. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

XIV. Impact of COVID -19

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The outbreak was identified in China and on March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. Various governments have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of virus. Due to uncertainty around the course of the COVID-19 pandemic, we do not have visibility into the extent to which it will impact the Company's results and it will depend upon on future developments. The impact of the global health pandemic may be different from that estimated as at the date of approval of Company's financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company's Board of Directors have ensured that the carrying values of the financial assets and liabilities as on March 31, 2020 have been assessed and adjusted, where necessary, for impact of COVID-19.

3. AMENDMENTS TO EXISTING IND AS:

(A) Amendments to existing Standards

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

A. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

- a. its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the statement of profit and loss .

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss .

Schedules

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

ii. Subsequent expenditure

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

iii. Depreciation

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

| | |
|------------------------|--|
| Computers | 3 years |
| Office Equipment | 5 years |
| Furniture and Fixtures | 6 years |
| Vehicles | 4 years |
| Leasehold Improvements | Over the period of lease subject to a maximum of 6 years |

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

B. Intangible assets

i. Recognition and measurement

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making 'the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

iii. Amortisation

The intangible assets are amortized over the estimated useful lives as given below:

| | |
|--|---------|
| Software (including development) expenditure | 3 years |
|--|---------|

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

C. Investment property

i. Recognition and measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost.

ii. Subsequent expenditure

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Any gain or loss on disposal of an investment property is recognised in profit or loss. The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

iii. Depreciation

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

| | |
|-----------|----------|
| Buildings | 58 years |
|-----------|----------|

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Schedules

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

D. Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services

Fee Income

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

Income from venture fund

Revenue on account of distribution from Venture Capital Funds / Alternate Investment Funds is recognised on the receipt of the distribution letter or when right to receive is established.

Interest Income

Interest income on financial assets is recognized on an accrual basis using effective interest method. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under impairment stages 1 and 2 as against on amortised cost for the assets falling under impairment stage 3.

Dividend Income

Dividend income is recognised in the statement of profit and loss when the right to receive the dividend is established.

E. Leases

The Company assess whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if it 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 recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company considers incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

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.

Schedules

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

Operating Leases as a Lessor

Lease income from operating leases where the company is a lessor is recognised in income on either a straight-line basis or another systematic basis. The respective leased assets are included in the balance sheet based on their nature.

F. Income Tax

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

Current tax

Current tax [including Minimum Alternate Tax ('MAT')] 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 assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset only if the Company has a legally enforceable right to set off the recognised amounts, and it intends to realize the asset and settle the liability on a net basis or simultaneously.

Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

- a. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

G. Employee benefits

Defined contribution plan

- Provident fund

Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to statement of profit and loss when due.

- Superannuation Fund

The Company contributes a sum equivalent to 15% of eligible employee's salary subject to a maximum of ₹1 Lakh per annum per employee to a Superannuation Fund administered by trustees and managed by Kotak Life Insurance Company. The Company recognizes such contributions as an expense in the year they are incurred.

Schedules

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

Defined benefit plan

– Gratuity

The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The Company contributes to a Gratuity Fund administered by trustees and managed by Kotak Mahindra Life Insurance Company Limited, fellow subsidiary. The liability or asset recognised in the standalone balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated at end of each period by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the standalone statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the standalone statement of changes in equity and in the standalone balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in standalone statement of profit and loss as past service cost.

– Compensated absences

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 accrued benefit method (same as projected unit credit method in respect of past service) as at the Balance Sheet date

Other Employee Benefits

As per the company 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, done for the group as a whole and charge allocated to the company.

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

H. Foreign Currency transactions

Transactions in foreign currencies are translated into functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

I. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

J. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are 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 year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Schedules

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

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

K. Impairment of non-financial assets

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

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

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

L. Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but disclosed in the notes.

M. Share based payments

Employees Stock Options Plans ("ESOPs") - Equity settled

The ultimate holding company of the company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity settled transactions").

The cost of equity-settled transactions with employees and directors for grants is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions is recognised in statement profit and loss, together with a corresponding increase in reserves, representing contribution received from the ultimate holding company, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Stock Appreciation Rights ("SARs") - Cash Settled

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period the employees unconditionally become entitled to payment. The liability is measured at the end of each reporting date up to and including settlement date, with changes in the fair value recognised in the statement of profit and loss in 'Provision for Stock Appreciation Rights' under the head Employee Benefit Expense.

N. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. For detailed disclosure, refer Note 29.

O. 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.

Financial assets

Recognition and Initial measurement

All financial assets are recognised initially at fair value plus or minus, 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.

Schedules

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

All regular way purchase or sale of financial assets 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.

Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Company determines business model in which an asset is held consistent with the way in which business is managed and information is provided to the management. The information considered 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.

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.

Subsequent measurement

The Company classifies its financial assets in the following measurement categories:

Financial assets at amortised cost

A financial asset is measured at amortised cost using the Effective interest rate EIR method only if both of the following conditions are met:

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

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 losses if any, arising from impairment are recognised in the statement of profit and loss.

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, are recognized through profit and loss account. The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset.

Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses on these equity instruments are never recycled to the profit and loss. Dividends are recognised in the statement of profit and loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Schedules

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

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

Any financial asset, which does not meet the criteria for classification as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Financial liabilities and equity instruments:

Classification as debt or equity -

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

Equity instruments -

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

Financial liabilities

The company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. 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 and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

P. 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 trade receivables, employee loans, investment in debt instruments, 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.

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.
- 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.

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

The Company has historic credit loss data to compute ECL. The Company uses days past due information and forecasts the information to assess deterioration in credit quality of a financial asset.

The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Method used to compute lifetime ECL/12 month ECL:

The Company calculates ECLs based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at 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

Schedules

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

present value of cash flows that the entity expects to receive. The Company applies statistical techniques to estimate 12 month ECL and lifetime ECL.

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

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

Q. Write-offs

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. 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 the 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.

R. 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.

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 the statement of profit and loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

S. 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 financial 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 financial asset 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 profit and loss account. 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 or other gain or loss as appropriate.

Financial liabilities

The Company derecognizes 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 the statement of profit and loss.

Schedules

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

T. Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

U. Measurement of fair values

The Company's accounting policies and disclosures require fair value measurement of financial instruments such as investment in unquoted equity instruments, mutual funds, venture capital funds etc.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 an asset or a 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 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).

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

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 exceptional 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.

6. TRANSITION TO IND AS 116: LEASES:

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

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

The Company as a lessee

As a lessee, the Company leases property. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company.

On transitioning to Ind AS 116, The Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

The Company as a lessor

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. Further on adoption of Ind AS 116, Company has recorded lease rent income on straight line basis from prospective basis.

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

NOTE 2 : CASH AND CASH EQUIVALENTS

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------------------------------|---|---|
| Cash on hand | 0.23 | - |
| Balances with banks | 33.61 | 21.79 |
| Sub total | 33.84 | 21.79 |
| Less: Impairment loss allowance | (0.02) | (0.01) |
| Total | 33.82 | 21.78 |

NOTE 3 : BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------------------------------|---|---|
| Fixed deposit with bank | 5,802.68 | 10,008.18 |
| Sub total | 5,802.68 | 10,008.18 |
| Less: Impairment loss allowance | (3.65) | (3.36) |
| Total | 5,799.03 | 10,004.82 |

NOTE 4 : RECEIVABLES

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------------------------------|---|---|
| Trade receivables: | | |
| Unsecured, considered good | 4,579.26 | 4,401.89 |
| Less: Impairment loss allowance | (354.83) | (89.60) |
| Total | 4,224.43 | 4,312.29 |

NOTE 4A : OTHER RECEIVABLES

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------------------------------|---|---|
| Unsecured, considered good | 36.36 | 87.60 |
| Sub total | 36.36 | 87.60 |
| Less: Impairment loss allowance | (0.02) | (0.63) |
| Total | 36.34 | 86.97 |

NOTE 5 : LOANS (AT AMORTORTISED COST)

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|--|---|---|
| (A) (i) Loans repayable on Demand | 1.85 | 4.93 |
| Total Gross (A) | 1.85 | 4.93 |
| Less: Impairment loss allowance | (0.09) | (0.04) |
| Total Net (A) | 1.76 | 4.89 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------------------------------|---|---|
| (B) (i) Unsecured | 1.85 | 4.93 |
| Total Gross (B) | 1.85 | 4.93 |
| Less: Impairment loss allowance | (0.09) | (0.04) |
| Total Net (B) | 1.76 | 4.89 |
| (C) (I) Loans in India | | |
| (i) Public Sector | - | - |
| (ii) Others | 1.85 | 4.93 |
| Total Gross (C) (I) | 1.85 | 4.93 |
| Less: Impairment loss allowance | (0.09) | (0.04) |
| Total Net (C) (I) | 1.76 | 4.89 |
| (II) Loans outside India | - | - |
| Less: Impairment allowance | - | - |
| Total Net (C) (II) | - | - |
| Total (C) (I) and (II) | 1.76 | 4.89 |

NOTE 6 : INVESTMENTS

₹ in Lakhs

| Sr. Particulars No. | 31-Mar-20 | | | | | | |
|-----------------------------------|-------------------|--|------------------------------|---|-------------------|---------------------|-------------------|
| | Amortised Cost | At Fair Value | | | Sub total | Others (At Cost) | Total |
| | | Through Other Comprehen- sive 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) | |
| (A) Mutual funds | - | - | 10,961.25 | - | 10,961.25 | - | 10,961.25 |
| Debentures | 15,447.27 | - | - | - | - | - | 15,447.27 |
| Equity instruments | - | 212,419.63 | 4.99 | - | 212,424.62 | - | 212,424.62 |
| Associates | - | - | - | - | - | 19,897.81 | 19,897.81 |
| Venture Capital Funds | - | - | 33.76 | - | 33.76 | - | 33.76 |
| Total Gross (A) | 15,447.27 | 212,419.63 | 11,000.00 | - | 223,419.63 | 19,897.81 | 258,764.71 |
| (B) (i) Investments outside India | - | - | - | - | - | 1,061.78 | 1,061.78 |
| (ii) Investments in India | 15,447.27 | 212,419.63 | 11,000.00 | - | 223,419.63 | 18,836.03 | 257,702.93 |
| Total (B) | 15,447.27 | 212,419.63 | 11,000.00 | - | 223,419.63 | 19,897.81 | 258,764.71 |
| Less: Impairment allowance | (9.72) | - | - | - | - | - | (9.72) |
| Total Net | 15,437.55 | 212,419.63 | 11,000.00 | - | 223,419.63 | 19,897.81 | 258,754.99 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

| Sr. No. | Particulars | 31-Mar-19 | | | | | | |
|---------|-------------------------------|------------------|------------------------------------|------------------------|---|-------------------|------------------|-------------------|
| | | Amortised Cost | At Fair Value | | | Sub total | Others (At Cost) | 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) | | |
| (A) | Mutual funds | | | 7,970.55 | | 7,970.55 | | 7,970.55 |
| | Debentures | 10,156.32 | | | | - | | 10,156.32 |
| | Equity instruments | | 171,913.99 | 4.99 | | 171,918.98 | | 171,918.98 |
| | Associates | | | | | - | 19,897.81 | 19,897.81 |
| | Venture Capital Funds | | | 90.52 | | 90.52 | | 90.52 |
| | Total Gross (A) | 10,156.32 | 171,913.99 | 8,066.06 | - | 179,980.05 | 19,897.81 | 210,034.18 |
| (B) | (i) Investments outside India | | | | | - | 1,061.78 | 1,061.78 |
| | (ii) Investments in India | 10,156.32 | 171,913.99 | 8,066.06 | | 179,980.05 | 18,836.03 | 208,972.40 |
| | Total (B) | 10,156.32 | 171,913.99 | 8,066.06 | - | 179,980.05 | 19,897.81 | 210,034.18 |
| | Less: Impairment allowance | (3.41) | | | | - | | (3.41) |
| | Total Net | 10,152.91 | 171,913.99 | 8,066.06 | - | 179,980.05 | 19,897.81 | 210,030.77 |

NOTE 7 : OTHER FINANCIAL ASSETS

₹ in Lakhs

| Particulars | Ind AS | Ind AS |
|----------------------------|-----------------------------|-----------------------------|
| | 31 st March 2020 | 31 st March 2019 |
| Other Income receivable | 0.50 | 0.67 |
| Lease equalisation reserve | 5.18 | - |
| Total | 5.68 | 0.67 |

NOTE 8 : INVESTMENT PROPERTY

A. RECONCILIATION OF CARRYING AMOUNT

₹ in Lakhs

| Particulars | Premises |
|---|----------|
| Cost or Deemed cost (Gross carrying amount) | |
| As at 31 March 2018 | 1,461.60 |
| Additions during the year | - |
| Deletions/ disposals | - |
| As at 31 March 2019 | 1,461.60 |
| Additions during the year | - |
| Deletions/ disposals | - |
| As at 31 March 2020 | 1,461.60 |
| Accumulated depreciation | |
| As at 31 March 2018 | 30.49 |
| Charge for the year | 30.49 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in Lakhs

| Particulars | Premises |
|-------------------------|----------|
| As at 31 March 2019 | 60.98 |
| Charge for the year | 30.49 |
| As at 31 March 2020 | 91.47 |
| Carrying amounts | |
| As at 31 March 2019 | 1,400.62 |
| As at 31 March 2020 | 1,370.13 |
| Fair value | |
| As at 31 March 2019 | 1,816.50 |
| As at 31 March 2020 | 2,187.00 |

B. Measurement of fair values

i. Fair value hierarchy

The fair value of investment property has been determined by internal valuer. The fair value measurement for the investment property has been categorised as a level 3 fair value based on the inputs to the valuation technique.

ii. Valuation technique

The fair valuation is based on recent prices for similar properties. The main inputs used are quantum, area, location, demand, age of building and trend of fair market rent in the location of the property.

C. Disclosure pursuant to Ind AS 40 "Investment Property"

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Rental income derived from investment property | 177.94 | 267.56 |
| Direct operating expenses arising from investment property that generated rental income | 15.43 | 19.17 |

NOTE 9 : PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

| Particulars | Computers | Vehicles | Office equipment | Total |
|--|--------------|---------------|---------------------|---------------|
| At cost as on 31 March 2018 | 24.81 | 148.52 | 3.25 | 176.58 |
| Additions during the year | 33.77 | 291.08 | 1.85 | 326.70 |
| Disposals during the year | (0.23) | (25.41) | (2.31) | (27.95) |
| At cost as on 31 March 2019 | 58.35 | 414.19 | 2.79 | 475.33 |
| Accumulated depreciation and impairment as on 31 March 2018 | 12.97 | 49.63 | 0.76 | 63.36 |
| Depreciation for the year | 11.11 | 104.83 | 1.09 | 117.03 |
| Disposals during the year | (0.23) | (25.41) | (1.38) | (27.02) |
| Accumulated depreciation and impairment as on 31 March 2019 | 23.85 | 129.05 | 0.47 | 153.37 |
| Net carrying amount as on 31 March 2019 | 34.50 | 285.14 | 2.32 | 321.96 |
| At cost as on 31 March 2019 | 58.35 | 414.19 | 2.79 | 475.33 |
| Additions during the year | 9.12 | 337.27 | 0.48 | 346.87 |
| Disposals during the year | (0.28) | (99.09) | (1.41) | (100.78) |
| At cost as on 31 March 2020 | 67.19 | 652.37 | 1.86 | 721.42 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in lakhs

| Particulars | Computers | Vehicles | Office equipment | Total |
|--|--------------|---------------|------------------|---------------|
| Accumulated depreciation and impairment as on 31 March 2019 | 23.85 | 129.05 | 0.47 | 153.37 |
| Depreciation for the year | 15.85 | 143.29 | 0.84 | 159.98 |
| Disposals during the year | (0.12) | (87.15) | (0.71) | (87.98) |
| Accumulated depreciation and impairment as on 31 March 2020 | 39.58 | 185.19 | 0.60 | 225.37 |
| Net carrying amount as on 31 March 2020 | 27.61 | 467.18 | 1.26 | 496.05 |

Impairment loss and reversal of impairment loss

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

NOTE 10 : OTHER INTANGIBLE ASSETS

₹ in Lakhs

| Particulars | Software and System Development |
|--|---------------------------------|
| At cost as on 31 March 2018 | 16.62 |
| Additions during the year | 2.61 |
| Disposals during the year | - |
| At cost as on 31 March 2019 | 19.23 |
| Accumulated depreciation and impairment as on 31 March 2018 | 9.78 |
| Depreciation for the year | 6.97 |
| Disposals during the year | - |
| Accumulated depreciation and impairment as on 31 March 2019 | 16.75 |
| Net carrying amount as on 31 March 2019 | 2.48 |
| At cost as on 31 March 2019 | 19.23 |
| Additions during the year | 1.20 |
| Disposals during the year | - |
| At cost as on 31 March 2020 | 20.43 |
| Accumulated depreciation and impairment as on 31 March 2019 | 16.75 |
| Depreciation for the year | 2.56 |
| Disposals during the year | - |
| Accumulated depreciation and impairment as on 31 March 2020 | 19.31 |
| Net carrying amount as on 31 March 2020 | 1.12 |

Impairment loss and reversal of impairment loss

There is no impairment loss recognised for intangible assets

NOTE 11 : OTHER NON FINANCIAL ASSETS

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|--|--|--|
| Other deposits including electricity deposit | 1.26 | 1.27 |
| GST receivable (Net) | 644.06 | 229.55 |
| Prepaid expenses | 53.51 | 61.33 |
| Total | 698.83 | 292.15 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

NOTE 12 : PAYABLES

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---|---|---|
| Trade Payables | | |
| (i) total outstanding dues of micro enterprises and small enterprises | 1.62 | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 464.16 | 811.04 |
| Total | 465.78 | 811.04 |

NOTE 13 : OTHER FINANCIAL LIABILITIES

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------------------------|---|---|
| Security deposit | 21.43 | 19.59 |
| Employee related payables | 806.96 | 763.42 |
| Total | 828.39 | 783.01 |

NOTE 14 : PROVISIONS

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---|---|---|
| Provision for employee benefits | 186.47 | 222.70 |
| Provision for gratuity | 41.11 | 368.05 |
| Provision for stock appreciation rights | 963.31 | 937.69 |
| Provision for Long Service Awards | 5.23 | 5.30 |
| Total | 1,196.12 | 1,533.74 |

NOTE 15 : OTHER NON-FINANCIAL LIABILITIES

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|--------------------------|---|---|
| Rent received in Advance | 5.63 | 7.32 |
| Statutory dues payable | 526.91 | 928.29 |
| Total | 532.54 | 935.61 |

NOTE 16 : EQUITY SHARE CAPITAL

₹ in Lakhs

| Particulars | 31 st March 2020 | 31 st March 2019 |
|---------------------------------------|-----------------------------|-----------------------------|
| Authorised | | |
| Equity shares of ₹ 10 each | 1,000 | 1,000 |
| Issued, subscribed and paid-up | | |
| Equity shares of ₹ 10 each fully paid | 343.61 | 343.61 |
| | 343.61 | 343.61 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

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

| Particulars | No. of shares | Amount |
|------------------------------|------------------|---------------|
| As at 1 April 2018 | 3,436,149 | 343.61 |
| Add : Issued during the year | - | - |
| As at 31 March 2019 | 3,436,149 | 343.61 |
| Add : Issued during the year | - | - |
| As at 31 March 2020 | 3,436,149 | 343.61 |

b. Terms/ rights attached to equity shares

- (i) Right to receive dividend as may be approved by the Board / Annual General Meeting.
- (ii) The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act.
- (iii) Every member of the company holding equity shares has a right to attend the General Meeting of the company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the company.

c. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|------------------|----------------|------------------|----------------|
| | Number of shares | % Holding | Number of shares | % Holding |
| Kotak Mahindra Bank Limited, the holding company (alongwith nominees) | 3,436,149 | 100.00% | 3,436,149 | 100.00% |
| | 3,436,149 | 100.00% | 3,436,149 | 100.00% |

d. Details of shareholders holding more than 5% shares in the company

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|------------------|----------------|------------------|----------------|
| | Number of shares | % Holding | Number of shares | % Holding |
| Kotak Mahindra Bank Limited, the holding company (alongwith nominees) | 3,436,149 | 100.00% | 3,436,149 | 100.00% |
| | 3,436,149 | 100.00% | 3,436,149 | 100.00% |

NOTE 17 : OTHER EQUITY

₹ in Lakhs

| Particulars | 31 st March 2020 | 31 st March 2019 |
|----------------------------------|-----------------------------|-----------------------------|
| Capital redemption reserve | 68.00 | 68.00 |
| Securities Premium | 6,177.89 | 6,177.89 |
| Retained Earnings | 54,030.99 | 49,588.41 |
| Equity instrument through OCI | 160,773.41 | 128,775.76 |
| Capital Contribution from Parent | 2,350.88 | 1,266.80 |
| Total | 223,401.17 | 185,876.86 |

Nature and purpose of the reserve

Capital redemption reserve

Capital redemption reserve is created on buy back of equity share capital.

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

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 and is not available for distribution to shareholders.

Retained Earnings

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

Capital Contribution from Parent

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

NOTE 18 : REVENUE FROM OPERATIONS

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|--|---|---|
| Sale of Services | | |
| (i) Financial Advisory fees | 14,802.47 | 7,629.94 |
| (ii) Issue Management and Placement fees and underwriting commission | 5,809.35 | 6,456.30 |
| Total | 20,611.82 | 14,086.24 |

NOTE 19 : OTHER INCOME

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---|---|---|
| (i) Interest income (On Financial Assets measured at Amortised Cost): | | |
| Interest on loans | 0.32 | 0.09 |
| Interest on deposits with banks | 677.20 | 952.11 |
| Interest on debentures | 1,042.83 | 262.55 |
| Sub Total | 1,720.35 | 1,214.75 |
| (ii) Rental income [Refer Note 22(ii)] | 177.94 | 267.56 |
| (iii) Net gain on fair value changes: | - | - |
| (A) Net gain on financial instruments at fair value through profit or loss | | |
| - Mutual Fund investments | 771.71 | 879.37 |
| - Venture Capital Fund | (39.20) | (5.88) |
| Total Net gain on fair value changes | 732.51 | 873.49 |
| Fair value changes: | | |
| Realised | (21.54) | 1,858.20 |
| Unrealised | 754.05 | (984.71) |
| Total Net gain on fair value changes | 732.51 | 873.49 |
| (iv) Other income | | |
| Net gain on derecognition of property, plant and equipment | 49.05 | 45.24 |
| Net gain on foreign currency transaction and translation | 194.51 | 30.56 |
| Interest in income tax refund | 64.68 | - |
| Miscellaneous Income | 55.64 | - |
| Sub Total | 363.88 | 75.80 |
| Total | 2,994.68 | 2,431.60 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

NOTE 20 : EXPENSES

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|--|---|---|
| (i) Finance costs (On financial liabilities measured at amortised cost) : | | |
| Interest on Security Deposit | 1.82 | 1.66 |
| Other interest expense | 29.31 | 5.00 |
| | 31.13 | 6.66 |
| (ii) Impairment on financial instruments | | |
| Trade receivables | 265.22 | 16.78 |
| Investments | 6.31 | 3.41 |
| Other financial assets | (0.25) | 2.31 |
| Write off | 2,916.48 | - |
| Total | 3,187.76 | 22.50 |
| (iii) Employee Benefits expenses : | | |
| Salaries and wages | 4,779.49 | 4,170.66 |
| Contribution to provident and other funds [Refer Note : 23(i)] | 213.32 | 191.32 |
| Share Based Payments to employees [Refer Note : 24] | 1,949.84 | 1,734.80 |
| Staff welfare expenses | 102.89 | 81.26 |
| Gratuity [Refer Note : 23(ii)] | 57.16 | 54.38 |
| Total | 7,102.70 | 6,232.42 |
| (iv) Depreciation, amortization and impairment | | |
| Buildings | 30.49 | 30.49 |
| Vehicles | 143.29 | 104.83 |
| Office equipment | 0.84 | 1.09 |
| Computers | 15.85 | 11.18 |
| Software | 2.56 | 6.91 |
| Total | 193.03 | 154.50 |
| (v) Other expenses | | |
| Electricity expenses | 74.56 | 62.72 |
| Rent [Refer Note 22] | 1,011.21 | 1,013.55 |
| Repairs and maintenance | 136.08 | 138.51 |
| Communication Costs | 49.77 | 59.93 |
| Printing and stationery | 18.14 | 14.29 |
| Advertisement and publicity | 20.03 | 11.05 |
| Contribution towards Corporate Social Responsibility | 65.00 | 35.00 |
| Auditor's fees and expenses - Statutory Audit | 18.00 | 21.00 |
| Legal and Professional charges | 191.45 | 156.60 |
| Insurance | 19.86 | 17.99 |
| Travelling and Conveyance | 322.29 | 381.22 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|--|---|---|
| Rates and Taxes | 15.37 | 15.97 |
| Common establishment expenses | 579.98 | 510.58 |
| Miscellaneous expenses | 209.41 | 186.83 |
| Total | 2,731.15 | 2,625.24 |
| Expenditure incurred for corporate social responsibility (Refer note 32): | | |
| a) Gross amount required to be spent during the year | 130.26 | 110.95 |
| b) Amount spent during the period | 65.00 | 35.00 |

NOTE 21 : EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company 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.

| Sr. No. | Particulars | 31 st March 2020 | 31 st March 2019 |
|---------|--|-----------------------------|-----------------------------|
| A) | Net profit from continued operation attributable to equity holders | 7,338.98 | 4,692.09 |
| | Profit attributable to equity holders of the Company | 5,446.53 | 4,224.12 |
| B) | Weighted average number of shares | 3,436,149 | 3,436,149 |
| C) | Face value per share (INR) | 10 | 10 |
| D) | Basic earnings per share (INR) | 213.58 | 136.55 |
| E) | Diluted earnings per share (INR) | 213.58 | 136.55 |

NOTE 22 : LEASE DISCLOSURES

Operating Lease as Lessor:

The Company has given office premises under operating lease. These are generally renewable or cancelable at the option of the Lessee and range between 12 months to 120 months.

Rent receipts are recognized in the Statement of Profit and Loss under in Note 19 (ii) as "rental income".

i. Future lease receivables

Following table sets out a maturity analysis of lease receivables, showing undiscounted lease rentals to be received after reporting date

₹ in Lakhs

| Sr. No. | Particulars | 31 st March 2020 | 31 st March 2019 |
|--------------|----------------------------|-----------------------------|-----------------------------|
| A) | Less than one year | 76.08 | 72.77 |
| B) | Between one and five years | 188.92 | 265.00 |
| C) | More than five years | - | - |
| Total | | 265.00 | 337.77 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

ii. Amounts recognised in profit or loss

₹ in Lakhs

| Sr. No. | Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------|--------------|---|---|
| A) | Rent income | 177.94 | 267.56 |
| | Total | 177.94 | 267.56 |

Operating Lease as Lessee:

The Company has taken office and residential premises under operating lease or leave and license agreements. These are generally renewable or cancelable at the option of the Company and range between 6 months to 11 months.

Amounts recognised in profit or loss

₹ in Lakhs

| Sr. No. | Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------|--------------|---|---|
| A) | Rent expense | 1,011.21 | 1,013.55 |
| | Total | 1,011.21 | 1,013.55 |

NOTE 23 : EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes."

The Company recognised INR 213.32 lakhs (previous year INR 182.86 lakhs) for provident fund contributions in the Statement of Profit and Loss.

The Company recognised INR 2.00 lakhs (previous year INR 2.00 lakhs) for superannuation contribution and other retirement benefit contributions in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

Gratuity

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of Rs. 20 lakhs. (Previous Year Rs. 20 lakhs). The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The Company contributes to a Gratuity Fund administered by trustees and managed by Kotak Mahindra Life Insurance Company Limited, fellow subsidiary. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at 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:

₹ in Lakhs

| Particulars | 31 st March 2020 | 31 st March 2019 |
|--|-----------------------------|-----------------------------|
| Present value of funded defined benefit obligation (A) | 382.64 | 368.05 |
| Fair value of plan assets (B) | 341.53 | - |
| Net liability recognised in the Balance Sheet (A-B) | 41.11 | 368.05 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

B. Movement in net defined benefit (asset) liability

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

₹ in Lakhs

| Particulars | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit (asset) / liability | |
|---|----------------------------|---------------|---------------------------|-----------|---|---------------|
| | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 |
| Opening balance | 368.05 | 331.62 | - | - | 368.05 | 331.62 |
| Included in profit or loss | - | - | - | - | - | - |
| Current service cost | 33.66 | 31.92 | - | - | 33.66 | 31.92 |
| Past service cost | - | - | - | - | - | - |
| Interest cost (income) | 23.50 | 22.47 | - | - | 23.50 | 22.47 |
| Employers contribution | - | - | 366.87 | - | (366.87) | - |
| | 425.21 | 386.01 | 366.87 | - | 58.34 | 386.01 |
| Included in OCI | | | | | | |
| Remeasurement loss (gain): | | | | | | |
| Actual return on plan asset less interest on plan asset | - | - | 6.73 | - | (6.73) | - |
| Actuarial loss (gain) arising from: | | | | | | |
| Demographic assumptions | - | (0.19) | - | - | - | (0.19) |
| Financial assumptions | 6.47 | 14.73 | - | - | 6.47 | 14.73 |
| Experience adjustment | (4.20) | (2.79) | - | - | (4.20) | (2.79) |
| | 2.27 | 11.75 | 6.73 | - | (4.46) | 11.75 |
| Other | | | | | | |
| Benefits paid | (44.84) | (29.71) | (32.07) | - | (12.77) | (29.71) |
| Closing balance | 382.64 | 368.05 | 341.53 | - | 41.11 | 368.05 |
| Represented by | | | | | | |
| Net defined benefit asset | - | - | - | - | - | - |
| Net defined benefit liability | 382.64 | 368.05 | 341.53 | - | 41.11 | 368.05 |

C. Defined benefit obligations

i. Actuarial assumptions

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

| Particulars | 31 st March 2020 | 31 st March 2019 |
|------------------------|-----------------------------|-----------------------------|
| Discount rate | 6.40% | 7.15% |
| Salary escalation rate | 7.00%* | 7.00% |

* 0% until year 1 inclusive, then

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

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

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:

| Impact of change in assumptions | 31 st March 2020 | | 31 st March 2019 | |
|--------------------------------------|-----------------------------|----------|-----------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5% movement) | (11.32) | 11.97 | (9.95) | 10.51 |
| Future salary growth (0.5% movement) | 4.32 | (4.55) | 3.82 | (3.90) |

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.

iii. Risk exposure

A decrease in Government Securities yield will increase plan liabilities. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

D. Disaggregation of Plan Asset

| Particulars | 31 st March 2020 | | | 31 st March 2019 | | |
|-----------------------|-----------------------------|------------------|-------|-----------------------------|------------------|-------|
| | Quoted Value | Non-Quoted Value | Total | Quoted Value | Non-Quoted Value | Total |
| Insurer managed funds | - | 100% | 100% | - | - | - |

| Particulars | 31 st March 2020 | | 31 st March 2019 | |
|--|-----------------------------|---------------|-----------------------------|----------|
| | % | Amount | % | Amount |
| Equity | 45% | 153.48 | - | - |
| Government Securities | 18% | 60.10 | - | - |
| Bonds, debentures and other fixed income instruments | 26% | 88.68 | - | - |
| Money market instruments | 11% | 37.91 | - | - |
| Others | 0% | 1.36 | - | - |
| Total | 100% | 341.53 | - | - |

E. Expected Future Cash Flows

Expected contribution:

There is no compulsion on the part of the Group to fully pre fund the liability of the Plan. The Group's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is therefore 50 Lakhs.

Expected future benefit payments:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

| Maturity profile | ₹ in lakhs |
|------------------------------|------------|
| Expected benefits for Year 1 | 55.65 |
| Expected benefits for Year 2 | 62.80 |
| Expected benefits for Year 3 | 37.72 |
| Expected benefits for Year 4 | 47.10 |
| Expected benefits for Year 5 | 42.01 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

| Maturity profile | ₹ in lakhs |
|---|-------------------|
| Expected benefits for Year 6 | 50.24 |
| Expected benefits for Year 7 | 36.58 |
| Expected benefits for Year 8 | 22.23 |
| Expected benefits for Year 9 | 17.69 |
| Expected benefits for Year 10 and above | 234.95 |

(iii) **Compensated absences**

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

| Particulars | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|------------------------|--|--|
| Total liability | 186.47 | 222.70 |
| Assumptions : | | |
| Discount rate | 6.40% | 7.15% |
| Salary escalation rate | 7.00%* | 7.00% |

* 0% until year 1 inclusive, then

NOTE 24 : 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:

- Kotak Mahindra Equity Option Scheme 2007; and
- 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:

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

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

During the year ended 31 March 2020 the following schemes were in operation

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

As at 31st March 2020

| Scheme Reference | Grant Date | Method of Settlement Accounting | No of Share Options outstanding | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|------------------|------------|---------------------------------|---------------------------------|----------------------------|---------------------------------------|
| ESOP 2015-02 - D | 19-May-16 | Equity settled | 74 | 30-Nov-19 | 3.87 |
| ESOP 2015-07 - B | 15-May-17 | Equity settled | 30,918 | 31-Oct-19 | 2.96 |
| ESOP 2015-07 - C | 15-May-17 | Equity settled | 38,760 | 30-Jun-20 | 3.63 |
| ESOP 2015-07 - D | 15-May-17 | Equity settled | 38,760 | 31-Dec-20 | 4.13 |
| ESOP 2015-08 - A | 15-May-17 | Equity settled | 6,385 | 30-Sep-19 | 2.88 |
| ESOP 2015-08 - B | 15-May-17 | Equity settled | 6,385 | 30-Sep-20 | 3.88 |
| ESOP 2015-14 - B | 18-May-18 | Equity settled | 135,657 | 31-Oct-20 | 2.95 |
| ESOP 2015-14 - C | 18-May-18 | Equity settled | 90,438 | 30-Jun-21 | 3.62 |
| ESOP 2015-14 - D | 18-May-18 | Equity settled | 90,438 | 31-Dec-21 | 4.12 |
| ESOP 2015-19 - A | 20-May-19 | Equity settled | 99,561 | 31-Jul-20 | 1.70 |
| ESOP 2015-19 - B | 20-May-19 | Equity settled | 99,561 | 31-Oct-21 | 2.95 |
| ESOP 2015-19 - C | 20-May-19 | Equity settled | 66,374 | 30-Jun-22 | 3.62 |
| ESOP 2015-19 - D | 20-May-19 | Equity settled | 66,374 | 31-Dec-22 | 4.12 |

As at 31st March 2019

| Scheme Reference | Grant Date | Method of Settlement Accounting | No of Share Options outstanding | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|------------------|------------|---------------------------------|---------------------------------|----------------------------|---------------------------------------|
| ESOP 2007-47 - D | 09-May-15 | Equity settled | 6,940 | 31-Dec-18 | 4.15 |
| ESOP 2015-02 - C | 19-May-16 | Equity settled | 19,928 | 30-Jun-19 | 3.62 |
| ESOP 2015-02 - D | 19-May-16 | Equity settled | 19,928 | 30-Nov-19 | 3.87 |
| ESOP 2015-07 - B | 15-May-17 | Equity settled | 60,444 | 31-Oct-19 | 2.96 |
| ESOP 2015-07 - C | 15-May-17 | Equity settled | 40,296 | 30-Jun-20 | 3.63 |
| ESOP 2015-07 - D | 15-May-17 | Equity settled | 40,296 | 31-Dec-20 | 4.13 |
| ESOP 2015-08 - A | 15-May-17 | Equity settled | 6,385 | 30-Sep-19 | 2.88 |
| ESOP 2015-08 - B | 15-May-17 | Equity settled | 6,385 | 30-Sep-20 | 3.88 |
| ESOP 2015-14 - A | 18-May-18 | Equity settled | 142,656 | 31-Jul-19 | 1.71 |
| ESOP 2015-14 - B | 18-May-18 | Equity settled | 142,656 | 31-Oct-20 | 2.95 |
| ESOP 2015-14 - C | 18-May-18 | Equity settled | 95,104 | 30-Jun-21 | 3.62 |
| ESOP 2015-14 - D | 18-May-18 | Equity settled | 95,104 | 31-Dec-21 | 4.12 |

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

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

As at 31st March 2020

| Scheme | Grant Date | Vesting period | Exercise period | Expected life (Years) | Exercise Price (INR) | Market price (INR) | Risk free rate | Annual Dividend yield | Volatility | Fair value per share options (INR) |
|--------------|------------|----------------|-----------------|-----------------------|----------------------|--------------------|----------------|-----------------------|-----------------|------------------------------------|
| ESOP 2015-19 | 20-May-19 | 1.20 - .62 | 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 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

As at 31st March 2019

| Scheme | Grant Date | Vesting period | Exercise period | Expected life (Years) | Exercise Price (INR) | Market price (INR) | Risk free rate | Annual Dividend yield | Volatility | Fair value per share options (INR) |
|--------------|------------|----------------|-----------------|-----------------------|----------------------|--------------------|----------------|-----------------------|-----------------|------------------------------------|
| ESOP 2015-14 | 18-May-18 | 1.20 - 3.62 | 0.50 | 1.45 - 3.87 | 1,271.00 | 1,270.70 | 7.44% - 7.99% | 0.06% | 18.68% - 32.95% | 184.60 - 465.70 |

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

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

C. Reconciliation of outstanding share options

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

| Scheme | Grant Date | 31 st 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 |
| ESOP 2007-44 | 09-May-14 | - | - | 0 | - | - | - | - | - |
| ESOP 2007-47 | 09-May-15 | 6,940 | - | (6,940) | 360 | - | (360) | - | - |
| ESOP 2015-02 | 19-May-16 | 39,856 | - | (38,898) | 1,472 | (810) | (1,546) | 74 | 74 |
| ESOP 2015-07 | 15-May-17 | 141,036 | - | (30,296) | 3,584 | - | (5,886) | 108,438 | 30,918 |
| ESOP 2015-08 | 15-May-17 | 12,770 | - | - | - | - | - | 12,770 | 6,385 |
| ESOP 2015-14 | 18-May-18 | 475,520 | - | (141,557) | 5,920 | (3,494) | (19,856) | 316,533 | - |
| ESOP 2015-19 | 20-May-19 | - | 345,800 | - | - | - | (13,930) | 331,870 | - |
| | | 676,122 | 345,800 | (217,691) | 11,336 | (4,304) | (41,578) | 769,685 | 37,377 |

| Scheme | Grant Date | 31 st March 2019 | | | | | | | |
|--------------|------------|--------------------------------------|-------------------------|---------------------------|-------------------------|------------------------|---------------------------|------------------------------------|------------------------------------|
| | | Outstanding at the start of the year | Granted during the year | Exercised during the year | Net Transfer In/ (Out)* | Lapsed during the year | Forfeited during the year | Outstanding at the end of the year | Exercisable at the end of the year |
| ESOP 2007-44 | 09-May-14 | 3,982 | - | (3,982) | - | - | - | - | - |
| ESOP 2007-47 | 09-May-15 | 28,840 | - | (21,900) | - | - | - | 6,940 | 6,940 |
| ESOP 2015-02 | 19-May-16 | 74,992 | - | (35,136) | - | - | - | 39,856 | - |
| ESOP 2015-07 | 15-May-17 | 202,330 | - | (59,418) | - | (1,876) | - | 141,036 | - |
| ESOP 2015-08 | 15-May-17 | 12,770 | - | - | - | - | - | 12,770 | - |
| ESOP 2015-14 | 18-May-18 | - | 478,600 | - | - | (3,080) | - | 475,520 | - |
| | | 322,914 | 478,600 | (120,436) | - | (4,956) | - | 676,122 | 6,940 |

* This represents transfer of employees within Bank and its subsidiaries

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

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

| ESOP Scheme | Range of exercise prices (₹) | 31 st March 2020 | | | 31 st March 2019 | | |
|-------------|------------------------------|-------------------------------|---|-------------------------------------|-------------------------------|---|-------------------------------------|
| | | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (₹) | Number of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price (₹) |
| 2007-47 | 600-700 | - | - | - | 6,940 | 0.25 | 655 |
| 2015-02 | 700-800 | 74 | - | 710 | 39,856 | 0.88 | 710 |
| 2015-07 | 901-1000 | 108,438 | 0.71 | 955 | 141,036 | 1.60 | 955 |
| 2015-08 | 901-1000 | 12,770 | 0.71 | 955 | 12,770 | 1.60 | 955 |
| 2015-14 | 1201-1300 | 316,533 | 1.61 | 1,271 | 475,520 | 2.08 | 1,271 |
| 2015-19 | 1400-1500 | 331,870 | 2.08 | 1,460 | - | - | - |

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 63,570 SARs during FY 2019- 20. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.20 years to 3.66 years

As at 31st March 2020

| Scheme Reference | Grant Date | Method of Settlement Accounting | No of SARs outstanding | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|-----------------------|------------|---------------------------------|------------------------|----------------------------|---------------------------------------|
| Scheme 2015/V3-1 | 15-May-17 | Cash settled | 2765 | 30-Jun-20 | 3.13 |
| Scheme 2015/V3-2 | 15-May-17 | Cash settled | 2765 | 07-Jul-20 | 3.15 |
| Scheme 2015/V3-3 | 15-May-17 | Cash settled | 2790 | 14-Jul-20 | 3.17 |
| Scheme 2015/V4-1 | 15-May-17 | Cash settled | 2765 | 31-Dec-20 | 3.63 |
| Scheme 2015/V4-2 | 15-May-17 | Cash settled | 2765 | 07-Jan-21 | 3.65 |
| Scheme 2015/V4-3 | 15-May-17 | Cash settled | 2790 | 14-Jan-21 | 3.67 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 6796 | 31-Oct-20 | 2.46 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 8222 | 07-Nov-20 | 2.48 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 8222 | 14-Nov-20 | 2.50 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 4529 | 30-Jun-21 | 3.12 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5481 | 07-Jul-21 | 3.14 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5481 | 14-Jul-21 | 3.16 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 4529 | 30-Dec-21 | 3.62 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5481 | 07-Jan-22 | 3.64 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5481 | 14-Jan-22 | 3.66 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 5499 | 31-Jul-20 | 1.20 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 6357 | 07-Aug-20 | 1.22 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 6357 | 14-Aug-20 | 1.24 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 5499 | 31-Oct-21 | 2.45 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 6357 | 07-Nov-21 | 2.47 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

| Scheme Reference | Grant Date | Method of Settlement Accounting | No of SARs outstanding | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|-----------------------|------------|---------------------------------|------------------------|----------------------------|---------------------------------------|
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 6357 | 14-Nov-21 | 2.49 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 3666 | 30-Jun-22 | 3.12 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 4238 | 07-Jul-22 | 3.13 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 4238 | 14-Jul-22 | 3.15 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 3666 | 31-Dec-22 | 3.62 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 4238 | 07-Jan-23 | 3.64 |
| Scheme 2015/Series 22 | 20-May-19 | Cash settled | 4238 | 14-Jan-23 | 3.66 |

As at 31st March 2019

| Scheme Reference | Grant Date | Method of Settlement Accounting | No of SARs outstanding | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|-----------------------|------------|---------------------------------|------------------------|----------------------------|---------------------------------------|
| Series 2015/04 V7 | 19-May-16 | Cash settled | 1774 | 30-Jun-19 | 3.12 |
| Series 2015/04 V8 | 19-May-16 | Cash settled | 1774 | 07-Jul-19 | 3.13 |
| Series 2015/04 V9 | 19-May-16 | Cash settled | 1794 | 14-Jul-19 | 3.15 |
| Series 2015/04 V10 | 19-May-16 | Cash settled | 1774 | 30-Nov-19 | 3.53 |
| Series 2015/04 V11 | 19-May-16 | Cash settled | 1774 | 07-Dec-19 | 3.55 |
| Series 2015/04 V12 | 19-May-16 | Cash settled | 1794 | 14-Dec-19 | 3.57 |
| Series 2015/07 V2 | 19-May-16 | Cash settled | 7040 | 30-Apr-19 | 2.95 |
| Scheme 2015/V2-1 | 15-May-17 | Cash settled | 4325 | 31-Oct-19 | 2.46 |
| Scheme 2015/V2-2 | 15-May-17 | Cash settled | 4325 | 07-Nov-19 | 2.48 |
| Scheme 2015/V2-3 | 15-May-17 | Cash settled | 4325 | 14-Nov-19 | 2.50 |
| Scheme 2015/V3-1 | 15-May-17 | Cash settled | 2873 | 30-Jun-20 | 3.13 |
| Scheme 2015/V3-2 | 15-May-17 | Cash settled | 2873 | 07-Jul-20 | 3.15 |
| Scheme 2015/V3-3 | 15-May-17 | Cash settled | 2904 | 14-Jul-20 | 3.17 |
| Scheme 2015/V4-1 | 15-May-17 | Cash settled | 2873 | 31-Dec-20 | 3.63 |
| Scheme 2015/V4-2 | 15-May-17 | Cash settled | 2873 | 07-Jan-21 | 3.65 |
| Scheme 2015/V4-3 | 15-May-17 | Cash settled | 2904 | 14-Jan-21 | 3.67 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 8267 | 31-Jul-19 | 1.20 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 8267 | 07-Aug-19 | 1.22 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 8267 | 14-Aug-19 | 1.24 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 8267 | 31-Oct-20 | 2.46 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 8267 | 07-Nov-20 | 2.48 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 8267 | 14-Nov-20 | 2.50 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5510 | 30-Jun-21 | 3.12 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5510 | 07-Jul-21 | 3.14 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5514 | 14-Jul-21 | 3.16 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5510 | 30-Dec-21 | 3.62 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5510 | 07-Jan-22 | 3.64 |
| Scheme 2015/Series 17 | 18-May-18 | Cash settled | 5514 | 14-Jan-22 | 3.66 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

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

As at 31st March 2020

| Scheme | Grant Date | Vesting period | | Expected life (Years) | | Exercise Price (INR) | Weighted average share price | Risk free rate | | Annual Dividend yield | Volatility | | Fair value per SARs (INR) |
|------------------------|------------|----------------|------|-----------------------|------|----------------------|------------------------------|----------------|-------|-----------------------|------------|--------|---------------------------|
| | | From | To | From | To | | | From | To | | From | To | |
| Scheme 2015 /V2-1 | 15-May-17 | 0.25 | 0.79 | 0.25 | 0.79 | - | 1,293.70 | 4.31% | 4.74% | 0.06% | 38.78% | 58.10% | 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 22 | 20-May-19 | 0.33 | 2.79 | 0.33 | 2.79 | - | 1,293.70 | 4.38% | 5.40% | 0.06% | 27.74% | 51.43% | 1291.47 -1293.43 |

As at 31st March 2019

| Scheme | Grant Date | Vesting period | | Expected life (Years) | | Exercise Price (INR) | Weighted average share price | Risk free rate | | Annual Dividend yield | Volatility | | Fair value per SARs (INR) |
|------------------------|------------|----------------|------|-----------------------|------|----------------------|------------------------------|----------------|-------|-----------------------|------------|--------|---------------------------|
| | | From | To | From | To | | | From | To | | From | To | |
| Series 2015/04 V7 | 19-May-16 | 0.25 | 0.71 | 0.25 | 0.71 | - | 1,334.50 | 6.25% | 6.44% | 0.05% | 19.74% | 27.53% | 1334.00-1334.32 |
| Series 2015/07 V2 | 19-May-16 | 0.80 | 0.80 | 0.80 | 0.80 | - | 1,334.50 | 6.18% | 6.18% | 0.05% | 22.15% | 22.15% | 1,334.44 |
| Scheme 2015 /V2-1 | 15-May-17 | 0.59 | 1.79 | 0.59 | 1.79 | - | 1,334.50 | 6.39% | 6.65% | 0.05% | 22.31% | 28.06% | 1333.24-1334.09 |
| Scheme 2015/ Series 17 | 18-May-18 | 0.33 | 2.79 | 0.33 | 2.79 | - | 1,334.50 | 6.29% | 6.74% | 0.05% | 21.03% | 27.91% | 1332.54-1334.27 |

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

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

Reconciliation of Stock Appreciation Rights (cash-settled)

| Scheme | Grant Date | 31 st 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 |
| 2015-2 (Series 2) | 26-Oct-15 | - | - | - | - | - | - | - |
| 2015-4 (Series 4) | 09-May-15 | - | - | - | - | - | - | - |
| 2015-4 (Series 4) | 19-May-16 | 10,684 | - | (10,664) | - | - | (20) | - |
| 2015-7 (Series 7) | 19-May-16 | 7,040 | - | (7,040) | - | - | - | - |
| 2015-9 (Series 9) | 15-May-17 | 30,275 | - | (12,525) | - | - | (1,110) | 16,640 |
| 2015-17 (Series 17) | 18-May-18 | 82,670 | - | (25,384) | - | - | (3,064) | 54,222 |
| 2015-22 (Series 22) | 20-May-19 | - | 63,570 | - | - | - | (2,860) | 60,710 |
| | | 130,669 | 63,570 | (55,613) | - | - | (7,054) | 131,572 |

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Notes forming part of Financial Statements for the year ended 31st March 2020

| Scheme | Grant Date | 31 st March 2019 | | | | | | |
|---------------------|------------|--------------------------------------|-------------------------|---------------------------|------------------------|------------------------|---------------------------|------------------------------------|
| | | Outstanding at the start of the year | Granted during the year | Exercised during the year | Net Transfer In/ (Out) | Lapsed during the year | Forfeited during the year | Outstanding at the end of the year |
| 2015-2 (Series 2) | 26-Oct-15 | 8,708 | - | (8,708) | - | - | - | - |
| 2015-4 (Series 4) | 09-May-15 | 8,472 | - | (8,472) | - | - | - | - |
| 2015-4 (Series 4) | 19-May-16 | 18,662 | 20 | (7,998) | - | - | - | 10,684 |
| 2015-7 (Series 7) | 19-May-16 | 14,080 | - | (7,040) | - | - | - | 7,040 |
| 2015-9 (Series 9) | 15-May-17 | 43,430 | - | (13,029) | - | (126) | - | 30,275 |
| 2015-17 (Series 17) | 18-May-18 | - | 83,360 | - | - | (690) | - | 82,670 |
| | | 93,352 | 83,380 | (45,247) | - | (816) | - | 130,669 |

Effect of the employee share-based payment plans on the statement of Profit and Loss and on the balance sheet :

| Particulars | 2020 | 2019 |
|---|----------|----------|
| Year ended 31st March | | |
| Total Employee compensation cost pertaining to share-based payment plans | 1,949.84 | 1,734.80 |
| Compensation cost pertaining to equity-settled employee share-based payment plan included above | 1,084.07 | 839.54 |
| Closing balance of liability for cash-settled options | 963.31 | 937.69 |
| Total intrinsic value of liabilities for vested benefits | - | - |

NOTE 25 : FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Classification of financial assets and financial liabilities:

Carrying amounts of financial assets and financial liabilities as per their classification are presented below:

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|--|----------------------|--------|----------------|--------|----------------------|--------|----------------|--------|
| | FVTPL | FVTOCI | Amortised cost | Others | FVTPL | FVTOCI | Amortised cost | Others |
| Financial Assets | | | | | | | | |
| Cash and cash equivalents | - | - | 33.82 | - | - | - | 21.78 | - |
| Bank Balance other than cash and cash equivalent | - | - | 5,799.03 | - | - | - | 10,004.82 | - |
| Receivables: | | | | | | | | |
| Trade receivables | - | - | 4,224.43 | - | - | - | 4,328.35 | - |
| Other receivables | - | - | 36.34 | - | - | - | 86.97 | - |
| Loans: | | | | | | | | |
| Repayable on demand | - | - | 1.76 | - | - | - | 4.89 | - |
| Investments: | | | | | | | | |
| Mutual funds | 10,961.25 | - | - | - | 7,970.55 | - | - | - |
| Debentures | - | - | 15,437.55 | - | - | - | 10,152.91 | - |
| Venture Funds | 33.76 | - | - | - | 90.52 | - | - | - |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|------------------------------------|----------------------|-------------------|------------------|------------------|----------------------|-------------------|------------------|------------------|
| | FVTPL | FVTOCI | Amortised cost | Others | FVTPL | FVTOCI | Amortised cost | Others |
| Equity instruments: | | | | | | | | |
| Associates | - | - | - | 19,897.81 | - | - | - | 19,897.81 |
| Others | 4.99 | 212,419.63 | - | - | 4.99 | 171,913.99 | - | - |
| Other financial assets | - | - | 5.68 | - | - | - | 0.67 | - |
| Total financial assets | 11,000.00 | 212,419.63 | 25,538.61 | 19,897.81 | 8,066.06 | 171,913.99 | 24,600.39 | 19,897.81 |
| Financial liabilities | | | | | | | | |
| Trade Payables | - | - | 464.16 | - | - | - | 811.04 | - |
| Other Financial Liability | - | - | 828.39 | - | - | - | 783.01 | - |
| Total financial liabilities | - | - | 1,292.55 | - | - | - | 1,594.05 | - |

B. Fair value

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

₹ in lakhs

| Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|-------------------------------|----------------------|-------------------|-------------|-------------------|----------------------|-------------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | | | | | |
| Investments: | | | | | | | | |
| Mutual funds | 10,961.25 | - | - | 10,961.25 | 7,970.55 | - | - | 7,970.55 |
| Equity instruments: | | | | | | | | |
| Venture Funds | - | 33.76 | - | 33.76 | - | 90.52 | - | 90.52 |
| Others | - | 212,419.63 | 4.99 | 212,424.62 | - | 171,913.99 | 4.99 | 171,918.98 |
| Total financial assets | 10,961.25 | 212,453.39 | 4.99 | 223,419.63 | 7,970.55 | 172,004.51 | 4.99 | 179,980.05 |

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 does not include the fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

₹ in lakhs

| Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|------------------------------------|----------------------|------------------|----------|------------------|----------------------|------------------|----------|------------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | | | | | |
| Debentures | - | 15,592.47 | - | 15,592.47 | - | 10,388.90 | - | 10,388.90 |
| Total financial assets | - | 15,592.47 | - | 15,592.47 | - | 10,388.90 | - | 10,388.90 |
| Financial liabilities | | | | | | | | |
| Other Financial Liability | - | 23.47 | - | 23.47 | - | 19.89 | - | 19.89 |
| Total financial liabilities | - | 23.47 | - | 23.47 | - | 19.89 | - | 19.89 |

Fair value of financial assets and liabilities measured at amortised cost

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Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in lakhs

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|------------------|----------------------|------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Assets | | | | |
| Cash and cash equivalents | 33.82 | 33.82 | 21.78 | 21.78 |
| Bank Balance other than cash and cash equivalent | 5,799.03 | 5,799.03 | 10,004.82 | 10,004.82 |
| Receivables: | | | | |
| Trade receivables | 4,224.43 | 4,224.43 | 4,328.35 | 4,328.35 |
| Other receivables | 36.34 | 36.34 | 86.97 | 86.97 |
| Loans | 1.76 | 1.76 | 4.89 | 4.89 |
| Investments: | | | | |
| Debentures | 15,437.55 | 15,592.47 | 10,152.91 | 10,388.90 |
| Other financial assets | 5.68 | 5.68 | 0.67 | 0.67 |
| Total financial assets | 25,538.61 | 25,693.53 | 24,600.39 | 24,836.38 |
| Financial liabilities | | | | |
| Payables | | | | |
| Trade Payables | 464.16 | 464.16 | 811.04 | 811.04 |
| Other Financial Liability | 828.39 | 830.43 | 783.01 | 783.01 |
| Total financial liabilities | 1,292.55 | 1,294.59 | 1,594.05 | 1,594.05 |

The carrying amounts of Cash and cash equivalents, Bank balances, trade and other receivables, loan to employees, trade payables and other financial liabilities are considered to be approximate to their fair values due to their short-term nature.

C. 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 Bank 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 in valued using the closing price as at the reporting period. The mutual funds are valued at the closing NAV.

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

Level 3 : If one or more of the significant inputs is not based in 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 Bank develops Level 3 inputs based on the best information available in the circumstances.

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, loans repayable on demand and 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.

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Notes forming part of Financial Statements for the year ended 31st March 2020

Valuation techniques used to determine fair value

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.

Investments in Debentures

The fair values have been calculated using the discounted cash flow approach. The discount rates were based on yield curves appropriate for the remaining maturities of the instruments as published by FBIL.

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

Investment in Equity instruments (Classified as level 3)

Fair value has been determined by using the following approaches:

Comparable Companies Multiple Method: Under this method the value of shares/business of a company is determined based on market multiples of publicly traded comparable companies.

Comparable Transaction multiple method: Under this method the value of shares/business of a company is determined based on market multiples of publicly disclosed transactions in the similar segment as that of the company being valued
Discounted Cash Flow (DCF) : Under a DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.

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

Investment in Equity instruments (Classified as level 2)

Fair value has been determined by using the following approaches:

Comparable Companies Multiple Method: Under this method the value of shares/business of a company is determined based on market multiples of publicly traded comparable companies.

Comparable Transaction multiple method: Under this method the value of shares/business of a company is determined based on market multiples of publicly disclosed transactions in the similar segment as that of the company being valued.

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

Fair value of financial instruments carried at amortised cost

Investment securities held at amortised cost

Securities classified as held at amortised cost were, for the purposes of this disclosure, fair valued based on quoted market prices. If quoted market prices were not available, fair values were estimated using market yield on balance period to maturity on similar instruments and similar credit risk. The Bank records credit risk valuation adjustments in order to reflect the credit quality of the counterparties. Observable inputs include assumptions such as interest rates. Unobservable inputs include assumptions such as expected future default rates, prepayment rates and market liquidity discounts.

Deposits

The fair value of deposits without defined maturities are the amounts payable on demand. For deposits with defined maturities, the fair values were estimated using discounted cash flow models that apply market interest rates corresponding to similar deposits and timing of maturities.

Transfers between Level 1 and Level 2

There were no transfers between level 1 and 2 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

Level 3 fair values

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.

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Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in lakhs

| Particulars | As at April 1, 2019 | Total gains/(losses) recorded in profit or loss | Total gains/(losses) recorded in Other Comprehensive Income | Purchases | Sales/ Settlements | Transfers in/(out) | As at March 31, 2020 |
|-----------------------------------|---------------------|---|---|-----------|--------------------|--------------------|----------------------|
| Investments in Equity Instruments | 4.99 | - | - | - | - | - | 4.99 |

₹ in lakhs

| Particulars | As at April 1, 2018 | Total gains/(losses) recorded in profit or loss | Total gains/(losses) recorded in Other Comprehensive Income | Purchases | Sales/ Settlements | Transfers in/(out) | As at March 31, 2019 |
|-----------------------------------|---------------------|---|---|-----------|--------------------|--------------------|----------------------|
| Investments in Equity Instruments | 138,499.35 | - | 33,419.62 | - | - | (171,913.99) | 4.99 |

Transfer out of Level 3

The fair value of one unquoted equity investment (classified as FVOCI) was categorised as Level 3 at March 31, 2018 since the fair value of shares was computed using projected cash flow. During the year 2018-19, the Company has valued the investment in such unquoted equity investment considering the market multiple method using market available information of comparable companies and comparable transactions. Accordingly, the fair value measurement was transferred from Level 3 to Level 2 of the fair value hierarchy at March 31, 2019.

The table below lists key unobservable inputs to Level 3 financial instruments, and provides the range of those inputs as at March 31, 2020:

| Financial Instruments | Significant unobservable inputs | Fair value measurement sensitivity to unobservable inputs |
|----------------------------------|---|--|
| Investments in equity securities | Discount rate, Expected Cash Flows, price | If expected cash flows were higher / lower, discount rate were lower / higher and the price were higher / lower, the fair value would increase / decrease. |

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

Although the 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.

₹ in lakhs

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|----------|----------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Investment in unquoted equity shares: | | | | |
| If expected cash flows/price were higher / (lower) by 500 bps and the discount rate lower / (higher) by 100 bps, the fair value would increase / (decrease) | 0.25 | (0.25) | 0.25 | (0.25) |

Impact of COVID 19

Fair value hierarchy of financial instruments which carried at fair value is either at Level 1, Level 2 and Level 3.

Financial assets which are classified as Level 1 is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities & Mutual funds. Financial assets which are classified as Level 2 and Level 3, uncertainties arising out of COVID-19 is incorporated in discounts rates, credit spread and expected cashflows. Accordingly, impact has been considered while estimating fair value of the financial assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial results and the Company will continue to closely monitor any material changes to future economic conditions.

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

D. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the organization.

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

The management 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 management 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.

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

₹ in Lakhs

| Particulars | As at | As at |
|---|-----------------------------|-----------------------------|
| | 31 st March 2020 | 31 st March 2019 |
| Trade receivables | 4,579.26 | 4,401.89 |
| Other receivables | 36.36 | 87.60 |
| Investment in debentures | 15,447.27 | 10,156.32 |
| Cash and cash equivalents | 33.84 | 21.79 |
| Bank Balance other than cash and cash equivalents above | 5,802.68 | 10,008.18 |
| Other financial assets | 7.53 | 5.60 |
| Total | 25,906.94 | 24,681.38 |

a. Credit quality analysis

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

₹ in lakhs

| Particulars | As at 31 st March 2020 | | | | | Total |
|----------------------------|-----------------------------------|--------------------|---------------------|---------------------|------------------|----------|
| | Current | Past due 1-30 days | Past due 31-60 days | Past due 61-90 days | Past due 90 days | |
| Trade Receivables | 3,685.12 | 265.35 | 114.31 | 201.54 | 312.94 | 4,579.26 |
| Sub Total | 3,685.12 | 265.35 | 114.31 | 201.54 | 312.94 | 4,579.26 |
| Less: Impairment Allowance | (67.10) | (44.33) | (20.67) | (47.87) | (174.86) | (354.83) |
| Carrying amount | 3,618.02 | 221.02 | 93.64 | 153.67 | 138.08 | 4,224.43 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in lakhs

| Particulars | As at 31 st March 2020 | | | |
|-------------------------------|-----------------------------------|----------------------------------|------------------------------|----------|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| Other receivables | | | | |
| Current | 36.36 | - | | 36.36 |
| | 36.36 | - | - | 36.36 |
| Less: Impairment Allowance | (0.02) | | | (0.02) |
| Carrying amount | 36.34 | - | - | 36.34 |
| Cash and bank balances | | | | |
| Bank balances | 5,836.52 | - | - | 5,836.52 |
| | 5,836.52 | - | - | 5,836.52 |
| Less: Impairment Allowance | (3.67) | | | (3.67) |
| Carrying amount | 5,832.85 | - | - | 5,832.85 |
| Other Financial Assets | | | | |
| Other Financial Assets | 7.53 | - | - | 7.53 |
| | 7.53 | - | - | 7.53 |
| Less: Impairment Allowance | (0.09) | | | (0.09) |
| Carrying amount | 7.44 | - | - | 7.44 |

₹ in lakhs

| Particulars | As at 31 st March 2020 | | | |
|----------------------------|-----------------------------------|----------------------------------|------------------------------|-----------|
| | Current | | | |
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| Debentures | | | | |
| AAA | 15,447.27 | | | 15,447.27 |
| | 15,447.27 | - | - | 15,447.27 |
| Less: Impairment Allowance | (9.72) | | | (9.72) |
| Carrying amount | 15,437.55 | - | - | 15,437.55 |

₹ in lakhs

| Particulars | As at 31 st March 2019 | | | | | |
|----------------------------|-----------------------------------|--------------------|---------------------|---------------------|------------------|----------|
| | Current | Past due 1-30 days | Past due 31-60 days | Past due 61-90 days | Past due 90 days | Total |
| Trade Receivables | 2,607.98 | 1,545.68 | 248.24 | | 16.06 | 4,417.96 |
| Sub Total | 2,607.98 | 1,545.67 | 248.24 | - | 16.06 | 4,417.96 |
| Less: Impairment Allowance | (26.94) | (50.02) | (10.24) | - | (2.41) | (89.61) |
| Carrying amount | 2,581.04 | 1,495.65 | 238.00 | - | 13.65 | 4,328.35 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in lakhs

| Particulars | As at 31 st March 2019 | | | Total |
|-------------------------------|-----------------------------------|----------------------------------|------------------------------|-----------|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | |
| Other receivables | | | | |
| Current | 87.60 | - | - | 87.60 |
| | 87.60 | - | - | 87.60 |
| Less: Impairment Allowance | (0.63) | | | (0.63) |
| Carrying amount | 86.97 | - | - | 86.97 |
| Cash and bank balances | | | | |
| Bank balances | 10,029.97 | - | - | 10,029.97 |
| | 10,029.97 | - | - | 10,029.97 |
| Less: Impairment Allowance | (3.37) | | | (3.37) |
| Carrying amount | 10,026.60 | - | - | 10,026.60 |
| Other Financial Assets | | | | |
| Other Financial Assets | 5.60 | - | - | 5.60 |
| | 5.60 | - | - | 5.60 |
| Less: Impairment Allowance | (0.04) | | | (0.04) |
| Carrying amount | 5.56 | - | - | 5.56 |

₹ in lakhs

| Particulars | As at 31 st March 2019 | | | Total |
|----------------------------|-----------------------------------|----------------------------------|------------------------------|-----------|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | |
| Debentures | | | | |
| AAA | 10,156.32 | - | - | 10,156.32 |
| | 10,156.32 | - | - | 10,156.32 |
| Less: Impairment Allowance | (3.41) | - | - | (3.41) |
| Carrying amount | 10,152.91 | - | - | 10,152.91 |

b. Amounts arising from ECL

i. Inputs, assumptions and techniques used for estimating impairment:

Inputs considered in the ECL model:

The Company applies various approaches to determine if there has been a significant increase in credit risk. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due information and forecast information to assess deterioration in credit quality of a financial asset.

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

- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

The Company has used simplified approach to provide expected credit loss on trade receivables as prescribed by Ind AS 109 which permits use of lifetime expected credit loss provision for all trade receivables. The Company has historic credit loss data to compute ECL.

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

Assumption considered in the ECL model:

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "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.

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 total debt to GDP, Gross fixed investment etc. 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 assets 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 30 days past due.

Definition of default:

The Company considers a financial instrument defaulted when the counterparty fails to make the contractual payments within 90 days of the due date. This definition of default is determined by considering the business environment in which the company operates and other macro-economic factors. 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:

Receivables which are not recoverable in the opinion of management are written off.

ii. Impairment loss allowance

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

₹ in lakhs

| Particulars | Current | Past due 1-30 days | Past due 31-60 days | Past due 61-90 days | Past due more than 90 days | Total |
|--|--------------|-----------------------|------------------------|------------------------|----------------------------------|---------------|
| Trade receivables | | | | | | |
| Balance as at March 31, 2018 | 6.64 | 46.34 | 57.38 | 9.83 | 14.53 | 134.72 |
| Impact of change in parameters | 4.48 | 5.97 | 1.10 | - | - | 11.55 |
| New financial assets originated during the year | 22.46 | 44.05 | 9.14 | - | 64.30 | 139.95 |
| Financial assets that have been derecognised during the period | (6.64) | (46.34) | (57.38) | (9.83) | (14.53) | (134.72) |
| Write off | | | | | (61.89) | (61.89) |
| Balance as at March 31, 2019 | 26.94 | 50.02 | 10.24 | - | 2.41 | 89.61 |
| Transfer between DPD level | - | - | (0.35) | - | 0.35 | - |
| Remeasurement of loss allowance | - | - | - | - | 4.37 | 4.37 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in lakhs

| Particulars | Current | Past due 1–30 days | Past due 31–60 days | Past due 61–90 days | Past due more than 90 days | Total |
|--|--------------|-----------------------|------------------------|------------------------|----------------------------------|---------------|
| Impact of change in parameters | (30.53) | (17.14) | (7.58) | (14.12) | - | (69.37) |
| New financial assets originated during the year | 97.63 | 61.47 | 28.25 | 61.99 | 3,086.62 | 3,335.96 |
| Financial assets that have been derecognised during the period | (26.94) | (50.02) | (9.89) | - | (2.41) | (89.26) |
| Write off | - | - | - | - | (2,916.48) | (2,916.48) |
| Balance as at March 31, 2020 | 67.10 | 44.33 | 20.67 | 47.87 | 174.86 | 354.83 |

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

| Particulars | Amount |
|---|-------------|
| Balance as at March 31, 2018 | - |
| New financial assets originated during the year | 3.41 |
| Balance as at March 31, 2019 | 3.41 |
| New financial assets originated during the year | 3.24 |
| Net remeasurement of loss allowance | 3.07 |
| Balance as at March 31, 2020 | 9.72 |

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

| Particulars | Other receivables | Cash and bank balances | Other financial assets |
|-------------------------------------|-------------------|---------------------------|---------------------------|
| Balance as at March 31, 2018 | 0.42 | 2.93 | 0.16 |
| Net remeasurement of loss allowance | 0.21 | 0.44 | (0.12) |
| Balance as at March 31, 2019 | 0.63 | 3.37 | 0.04 |
| Net remeasurement of loss allowance | (0.61) | 0.30 | 0.05 |
| Balance as at March 31, 2020 | 0.02 | 3.67 | 0.09 |

Impact of COVID-19

Financial assets measured at amortised cost includes cash and cash equivalents INR 33.84 Lakhs, bank deposits and earmarked balances with banks INR 5802.68, Trade receivables INR 4,579.26 Lakhs, investment in debt securities INR 15,447.27 Lakhs & other financial assets INR 43.88 as at March 31, 2020. In addition to the historical pattern of credit loss, for assessing counter party credit risk we have considered the incorporated emerging situations due to COVID-19. The Company has used management overlay considering the nature of receivables, financial strength of the customers, and overall global economic conditions. The Group closely monitors its customers to understand its economic condition. Basis this assessment, the allowance for expected credit loss on financial assets of INR 368.33 Lakhs as at March 31, 2020 is considered adequate.

iii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

Maturity Profile of Financial Liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

₹ in lakhs

| Sr. No. | Particulars | Carrying amount | Total | On demand | Less than 6 months | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
|---|-----------------------------|-----------------|-----------------|-----------|--------------------|-------------|-----------|--------------|-------------------|
| As at March 31, 2020 | | | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | | |
| 1 | Trade and other Payables | 464.16 | 464.16 | - | 464.16 | - | - | - | - |
| 2 | Other Financial Liabilities | 828.39 | 835.73 | - | 806.96 | - | - | 28.76 | - |
| Carrying Amount | | 1,292.55 | 1,299.89 | - | 1,271.12 | - | - | 28.76 | - |

₹ in lakhs

| Sr. No. | Particulars | Carrying amount | Total | On demand | Less than 6 months | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
|---|-----------------------------|-----------------|-----------------|-----------|--------------------|-------------|-----------|--------------|-------------------|
| As at March 31, 2019 | | | | | | | | | |
| Non-derivative financial liabilities | | | | | | | | | |
| 1 | Trade and other Payables | 811.04 | 811.04 | - | 811.04 | - | - | - | - |
| 2 | Other Financial Liabilities | 783.01 | 792.18 | - | 763.42 | - | - | 28.76 | - |
| Carrying Amount | | 1,594.05 | 1,603.22 | - | 1,574.46 | - | - | 28.76 | - |

iv. Market risk

Market risk is the risk that changes in market prices – such as equity prices, interest rates and foreign exchange rates – 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. The Company is exposed to market risk primarily related to the market value of the Company's investments, interest rate risk and foreign exchange rate risk. Thus, the Company's exposure to market risk is a function of market value of investment portfolio and some revenue generating activities in foreign currency. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk on account of its trade receivables in foreign currency. The functional currency of the Company is Indian Rupee

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019 are as below:

₹ in Lakhs

| Particulars | 31 st March 2020 | 31 st March 2019 |
|-----------------------------|-----------------------------------|-----------------------------------|
| Financial assets | | |
| Trade and other receivables | 2,623.26 | 40.92 |
| | 2,623.26 | 40.92 |
| Particulars | | |
| Year end spot rate | | |
| | 31st March 2020 | 31st March 2019 |
| USD | 75.67 | - |
| JPY | - | 0.62 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against the foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Effect in INR | Profit or loss | |
|-------------------|----------------|--------------|
| | Strengthening | Weakening |
| 31-Mar-20 | | |
| USD - 1% Movement | (26.23) | 26.23 |
| | (26.23) | 26.23 |

| Effect in INR | Profit or loss | |
|-------------------|----------------|-------------|
| | Strengthening | Weakening |
| 31-Mar-19 | | |
| JPY - 1% Movement | (0.41) | 0.41 |
| | (0.41) | 0.41 |

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 investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from its investment in debentures and fixed deposits. The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows.

| Particulars | ₹ in Lakhs | |
|------------------------|--------------------------------------|--------------------------------------|
| | As at 31 st March 2020 | As at 31 st March 2019 |
| Fixed-rate instruments | | |
| Financial assets | 21,249.95 | 20,164.50 |
| Total Net | 21,249.95 | 20,164.50 |

Interest rate sensitivity analysis for fixed-rate instruments

The company's interest bearing investments are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

NOTE 26 : CAPITAL DISCLOSURE

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment. The Company monitors its capital on a regular basis. The Company is sufficiently capitalised and no changes were made in objectives, policies or processes for managing capital as at 31 March 2019 and 31 March 2020.

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

NOTE 27 : TAX EXPENSE

(a) Amounts recognised in profit and loss

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---|---|---|
| Current tax expense | | |
| Current period | 2,800.12 | 3,141.00 |
| Changes in estimated related to prior years | (140.87) | (44.80) |
| Total current tax expense (A) | 2,659.25 | 3,096.20 |
| Deferred income tax liability / (asset), net | | |
| Origination and reversal of temporary differences | 177.26 | (308.28) |
| Reduction in tax rate | 83.78 | (3.49) |
| Recognition of previously unrecognised tax losses | | |
| Change in recognised deductible temporary differences | 101.46 | - |
| Deferred tax expense (B) | 362.50 | (311.77) |
| Tax expense for the year (A)+(B) | 3,021.75 | 2,784.43 |

(b) Amounts recognised in other comprehensive income

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | | | For the year ended 31 st March 2019 | | |
|--|---|-----------------------------|------------------|---|-----------------------------|------------------|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Items that will not be reclassified to profit or loss | | | | | | |
| (a) Remeasurements of defined benefit liability (asset) | 4.46 | (1.12) | 3.34 | (11.75) | 4.11 | (7.64) |
| (b) Equity instruments through other comprehensive income | 40,505.65 | (8,508.00) | 31,997.65 | 33,419.63 | (7,972.55) | 25,447.08 |
| Total | 40,510.11 | (8,509.12) | 32,000.99 | 33,407.88 | (7,968.44) | 25,439.44 |

(c) Reconciliation of effective tax rate

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|--|---|---|
| Profit before tax | 10,360.73 | 7,476.52 |
| Tax using the Company's domestic tax rate (Current year 25.168% Previous Year 34.944%) | 2,607.59 | 2,612.60 |
| Tax effect of: | | |
| Tax impact of income not subject to tax | - | (359.00) |
| Tax effects of amounts which are not deductible from taxable income | 355.86 | 428.08 |
| Effect of different tax rate | 13.59 | 145.67 |
| Changes in estimated related to prior years | 44.37 | (48.29) |
| Others | 0.34 | 5.37 |
| Total income tax expense | 3,021.75 | 2,784.43 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

(d) Movement in deferred tax balances

₹ in lakhs

| Particulars | 31 st March 2020 | | | | | |
|---------------------------------|-----------------------------|------------------------------------|----------------------|--------------------|-----------------------|---------------------------|
| | Net balance 31-Mar-19 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset | Deferred tax liability |
| Deferred tax asset | | | | | | |
| Property, plant and equipment | (219.63) | 44.70 | | (174.93) | | (174.93) |
| Security deposits | (0.64) | 0.21 | | (0.43) | | (0.43) |
| Employee benefits | 561.13 | (260.11) | (1.12) | 299.90 | 299.90 | |
| Provisions | (76.92) | 83.81 | | 6.89 | 6.89 | |
| Investments | - | (3.69) | | (3.69) | | (3.69) |
| Other items | 35.52 | (27.75) | | 7.77 | 7.77 | |
| Sub-Total | 299.46 | (162.83) | (1.12) | 135.51 | 314.56 | (179.05) |
| Deferred tax liabilities | | | | | | |
| Fair valuation of investments | (36,801.56) | (199.67) | (8,508.00) | (45,509.23) | | (45,509.23) |
| Sub-Total | (36,801.56) | (199.67) | (8,508.00) | (45,509.23) | - | (45,509.23) |
| Total | (36,502.10) | (362.50) | (8,509.12) | (45,373.72) | 314.56 | (45,688.28) |

₹ in lakhs

| Particulars | 31 st March 2019 | | | | | |
|---------------------------------|-----------------------------|------------------------------------|----------------------|--------------------|-----------------------|---------------------------|
| | Net balance 31-Mar-18 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset | Deferred tax liability |
| Deferred tax asset | | | | | | |
| Property, plant and equipment | (167.44) | (52.19) | | (219.63) | | (219.63) |
| Security deposits | (0.63) | (0.01) | | (0.64) | | (0.64) |
| Employee benefits | 327.28 | 229.75 | 4.10 | 561.13 | 561.13 | |
| Provisions | (77.86) | 0.94 | | (76.92) | | (76.92) |
| Other items | 100.66 | (65.15) | | 35.52 | 35.52 | |
| Sub-Total | 182.01 | 113.34 | 4.10 | 299.46 | 596.65 | (297.19) |
| Deferred tax liabilities | | | | | | |
| Fair valuation of investments | (29,027.45) | 198.42 | (7,972.54) | (36,801.56) | | (36,801.56) |
| Sub-Total | (29,027.45) | 198.42 | (7,972.54) | (36,801.56) | - | (36,801.56) |
| Total | (28,845.44) | 311.76 | (7,968.44) | (36,502.10) | 596.65 | (37,098.75) |

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

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

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

(e) Tax losses carried forward

| Particulars | 31 March 2020 | Expiry date | 31 March 2019 | Expiry date |
|--------------|---------------|-------------|-----------------|-------------|
| Expire | - | - | 2,509.57 | 2021-27 |
| Never expire | | | | |
| | - | - | 2,509.57 | |

Company has opted for lower tax rate u/s 115BAA. Thus carried forward losses are not eligible for set off against future profits

NOTE 28 : REVENUE FROM CONTRACTS WITH CUSTOMERS

a) The Company has recognised following amounts relating revenue in the Statement of Profit and Loss:

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------------------------------------|---|---|
| Revenue from contracts with customers | 20,611.82 | 14,086.24 |
| Total Income | 20,611.82 | 14,086.24 |
| Impairment loss on receivables | 265.22 | 16.78 |

b) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major services and timing of revenue recognition:

₹ in Lakhs

| Particulars | Advisory and Transactional Services | |
|--------------------------------------|---|---|
| | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
| Major Service Lines | | |
| Advisory Fees | 14,802.47 | 7,629.94 |
| Issue Management and Placement | 5,809.35 | 6,456.30 |
| Total | 20,611.82 | 14,086.24 |
| Timing of revenue recognition | | |
| At a point in time | 20,611.82 | 14,086.24 |
| Over a period of time | - | - |
| Total | 20,611.82 | 14,086.24 |

c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

₹ in Lakhs

| Particulars | As at 31 st March 2020 | As at 31 st March 2019 |
|-------------|--------------------------------------|--------------------------------------|
| Receivables | 4,224.43 | 4,312.29 |

d) Transaction price allocated to the remaining performance obligations

The Company has elected to apply the practical expedient under Ind AS 115 and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

NOTE 29 : SEGMENT INFORMATION

An operating segment is a component of the Company 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.

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Notes forming part of Financial Statements for the year ended 31st March 2020

All operating segments' results, inter-company revenues and expenses, are regularly reviewed by the Board of Directors, which have been identified as the Chief Operating Decision Maker ('CODM') of the Company, 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 two reportable segments, as described below:

Advisory and Transactional Services

Trading and Principal Investments

A. Information about reportable segments

For the year ended March 31, 2020

₹ in Lakhs

| Particulars | Reportable segments | | |
|---|-------------------------------------|-----------------------------------|-------------------|
| | Advisory and Transactional Services | Trading and Principal Investments | Total Segments |
| Revenue from external customers | 20,911.34 | | 20,911.34 |
| Other income | | 2,452.54 | 2,452.54 |
| Total | 20,911.34 | 2,452.54 | 23,363.88 |
| Segment result | 7,768.50 | 2,395.56 | 10,164.06 |
| Unallocable income | - | - | 242.62 |
| Unallocable expenses | - | - | 45.95 |
| Tax expenses | - | - | 3,021.75 |
| Segment profit / (loss) | | | 7,338.98 |
| Segment assets | 5,460.44 | 264,585.94 | 270,046.38 |
| Unallocated assets | - | - | 2,416.75 |
| Total Assets | | | 272,463.13 |
| Segment liabilities | 2,995.77 | - | 2,995.77 |
| Unallocated liabilities | - | - | 45,722.58 |
| Total Liabilities | | | 48,718.36 |
| Other disclosures | | | |
| Depreciation and amortisation | 162.54 | - | 162.54 |
| Unallocated depreciation and amortisation | - | - | 30.49 |
| Capital expenditure | 348.07 | - | 348.07 |

For the year ended March 31, 2019

₹ in Lakhs

| Particulars | Reportable segments | | |
|---------------------------------|-------------------------------------|-----------------------------------|------------------|
| | Advisory and Transactional Services | Trading and Principal Investments | Total Segments |
| Revenue from external customers | 14,162.13 | - | 14,162.13 |
| Other income | - | 2,088.15 | 2,088.15 |
| Total | 14,162.13 | 2,088.15 | 16,250.28 |
| Segment result | 5,149.97 | 2,109.44 | 7,259.41 |
| Unallocable income | - | - | 267.56 |
| Unallocable expenses | - | - | 50.45 |

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Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in Lakhs

| Particulars | Reportable segments | | |
|---|-------------------------------------|-----------------------------------|----------------|
| | Advisory and Transactional Services | Trading and Principal Investments | Total Segments |
| Tax expenses | - | - | 2,784.43 |
| Segment profit / (loss) | | | 4,692.09 |
| Segment assets | 5,035.85 | 220,358.46 | 225,394.31 |
| Unallocated assets | - | - | 2,048.96 |
| Total Assets | | | 227,443.27 |
| Segment liabilities | 4,063.40 | - | 4,063.40 |
| Unallocated liabilities | | | 37,159.41 |
| Total Liabilities | | | 41,222.81 |
| Other disclosures | | | |
| Depreciation and amortisation | 124.01 | - | 124.01 |
| Unallocated depreciation and amortisation | - | - | 30.49 |
| Capital expenditure | 326.70 | - | 326.70 |

B. Reconciliations of information on reportable segments to Ind AS

₹ in Lakhs

| Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---|---|---|
| (a) Revenue | | |
| Total revenue for reportable segments | 23,363.88 | 16,250.28 |
| Unallocable | 242.62 | 267.56 |
| Elimination of inter-segment revenue | - | - |
| Total revenue | 23,606.50 | 16,517.84 |
| (b) Profit / loss before tax | | |
| Total profit before tax for reportable segments | 10,164.06 | 7,259.41 |
| Profit before tax for other segments | 196.67 | 217.11 |
| Elimination of inter-segment profit | - | - |
| Total profit before tax from operations | 10,360.73 | 7,476.52 |
| (c) Assets | | |
| Total assets for reportable segments | 270,046.38 | 225,394.31 |
| Assets for other segments | | |
| Other unallocated amounts | 2,416.75 | 2,048.96 |
| Total assets | 272,463.13 | 227,443.27 |
| (d) Liabilities | | |
| Total liabilities for reportable segments | 2,995.77 | 4,063.40 |
| Liabilities for other segments | | |
| Other unallocated amounts | 45,722.58 | 37,159.41 |
| Total liabilities | 48,718.36 | 41,222.81 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

C. Geographic information

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

| Geography | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|----------------------|---|---|
| I Revenue | | |
| In India | 16,338.71 | 13,780.71 |
| Outside India | 4,572.63 | 381.42 |
| Total Revenue | 20,911.34 | 14,162.13 |

D. Information about major customers

Revenues from one customer of the Advisory and Transactional Services segment represented approximately Rs.3268.81 lakhs (previous year - INR 2050.83 lakhs) of the Company's total revenues.

NOTE 30 : RELATED PARTY DISCLOSURES

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

A. Names of Related Parties

| Sr. No. | Particulars | Country of Incorporation | Proportion of ownership interest |
|-----------|---|--------------------------|----------------------------------|
| a) | Holding company: | | |
| | Kotak Mahindra Bank Limited | India | 100.00% |
| | Uday S. Kotak (Managing Director and CEO) along with his relatives and enterprises in which he has beneficial interest holds 29.92% of the equity share capital and 19.65% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31 st March 2020. | | |
| b) | Fellow subsidiaries with whom transactions have taken place during the year: | | |
| | Kotak Mahindra Life Insurance Company Limited | | |
| | Kotak Mahindra Prime Limited | | |
| | Kotak Mahindra Investments Limited | | |
| | Kotak Mahindra General Insurance Company Limited | | |
| | Kotak Mahindra (UK) Limited | | |
| c) | Associates | | |
| | Kotak Investment Advisors Limited | India | 41.37% |
| | Kotak Mahindra (International) Limited | Mauritius | 49.00% |
| | Kotak Mahindra Inc. | USA | 49.00% |
| | Kotak Securities Limited | India | 25.00% |
| | Kotak Infrastructure Debt Fund Limited | India | 20.00% |
| | Infina Finance Private Limited | India | 49.99% |
| d) | Key Management Personnel/Directors | | |
| | Mr. Uday Kotak-Chairman | | |
| | Mr. K V S Manian-Director | | |
| | Mr. Dipak Gupta-Director | | |
| | Mr. T.V.Raghunath-Director | | |
| | Mr. Jaimin Bhatt-Director | | |
| | Mr. Srinivasan Ramesh- Managing Director & CEO | | |
| | Mr. Sourav Mallik - Joint Managing Director | | |

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Notes forming part of Financial Statements for the year ended 31st March 2020

| Sr. No. | Particulars | Country of Incorporation | Proportion of ownership interest |
|-----------|--|--------------------------|----------------------------------|
| e) | Key Management Personnel of holding company | | |
| | Mr. Uday Kotak - Managing Director & CEO | | |
| | Mr. Dipak Gupta-Joint Managing Director | | |
| f) | Relative of Key Management Personnel of holding company | | |
| | Mr. Jay Kotak- (Son of Mr.Uday Kotak) (upto 31 st October 2019) | | |
| g) | Post employment benefits plan | | |
| | Kotak Mahindra Capital Company Limited employment gratuity fund | | |

B. Transactions with key management personnel

i. Key management personnel compensation

| Sr. No. | Particulars | For the year ended 31 st March 2020 | For the year ended 31 st March 2019 |
|---------|-------------------------------|--|--|
| i. | Short-term employee benefits* | 741.12 | 384.78 |
| ii. | Shared-based payments | 194.93 | 309.37 |

*Excludes provision for gratuity and leave encashment, since these are based on actuarial valuations done on an overall Company basis.

ii. Transactions with related parties

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

₹ in Lakhs

| Particulars | As at 31 st March 2020 | As at 31 st March 2019 |
|---|-----------------------------------|-----------------------------------|
| I. Holding Company | | |
| - Kotak Mahindra Bank Limited | | |
| Transactions during the year : | | |
| Interest received on Fixed Deposit | 677.20 | 952.11 |
| Fixed Deposit Placed | 19,625.13 | 37,021.88 |
| Fixed Deposit encashed/ Matured | 23,831.78 | 36,811.22 |
| Sale of Fixed assets | 0.15 | - |
| Expenses reimbursement to Kotak Mahindra Bank Limited | 1,787.72 | 1,687.12 |
| Expenses reimbursement by Kotak Mahindra Bank Limited | 109.58 | 215.43 |
| Final/Interim Dividend- Paid | 2,405.30 | 4,123.38 |
| Employee stock option plan | 1,084.07 | 839.54 |
| Balance Outstanding as of end of year | | |
| Bank Balance | 33.82 | 21.78 |
| Fixed Deposit Balance including accrued interest | 5,799.03 | 10,004.82 |
| Payables | 76.42 | 3.31 |
| Other receivables | 0.38 | 29.11 |
| Capital contribution from Parent | 2,350.88 | 1,266.80 |

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Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in Lakhs

| Particulars | As at 31 st March 2020 | As at 31 st March 2019 |
|---|--------------------------------------|--------------------------------------|
| II. Fellow Subsidiaries: (including entities that are also associates) | | |
| - Kotak Investment Advisors Limited | | |
| Expenses reimbursement by Kotak Investment Advisors Limited | 49.33 | 47.56 |
| Other receivables | 4.92 | 4.42 |
| - Kotak Mahindra (UK) Limited | | |
| Guarantees Outstanding | - | 1,020.75 |
| - Kotak Mahindra Inc. | | |
| Expenses reimbursement to Kotak Mahindra Inc | 2.51 | 0.52 |
| - Kotak Securities Limited | | |
| Expenses reimbursement to Kotak Securities Ltd. | 165.71 | 185.88 |
| Expenses reimbursement by Kotak Securities Ltd. | 355.07 | 334.10 |
| Brokerage /fee/commission sharing of revenue- Payable | 2,709.40 | 2,423.08 |
| Brokerage /fee/commission sharing of revenue- Receivable | 361.15 | 2,057.34 |
| Balance Outstanding as of end of year | | |
| Payable | 291.65 | 381.27 |
| Other receivables | 31.42 | 53.44 |
| - Kotak Mahindra Investments Limited | | |
| Interest received on Debentures | 155.56 | - |
| Debentures | 4,988.12 | - |
| Expenses reimbursement to Kotak Mahindra Investments Limited | 9.85 | - |
| Expenses reimbursement by Kotak Mahindra Investments Limited | 3.44 | 0.72 |
| Brokerage /fee/commission sharing of revenue- Payable | 427.81 | 268.26 |
| Balance Outstanding as of end of year | | |
| Debenture Balance including accrued interest | 5,140.44 | - |
| Payable | - | 165.93 |
| Other receivables | - | 0.72 |
| - Kotak Mahindra General Insurance Limited | | |
| Expenses reimbursement to Kotak Mahindra General Insurance Ltd. | 8.08 | 10.47 |
| Expenses reimbursement by Kotak Mahindra General Insurance Ltd. | 0.12 | 1.11 |
| - Kotak Mahindra Prime Limited | | |
| Interest received on Debentures | 887.28 | 262.55 |
| Debentures | - | 9,893.77 |
| Balance Outstanding as of end of year | | |
| Debenture Balance including accrued interest | 10,297.11 | 10,152.91 |
| - Kotak Mahindra Life Insurance Limited | | |
| Expenses reimbursement to Kotak Mahindra Life Insurance Ltd. | 9.38 | 3.84 |

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in Lakhs

| Particulars | As at 31 st March 2020 | As at 31 st March 2019 |
|---|--------------------------------------|--------------------------------------|
| - Key Management Personnel (KMP)* | | |
| Srinivasan Ramesh | 471.11 | 350.22 |
| Sourav Mallik | 464.94 | 343.93 |
| - Relative of Key Management Personnel of holding company* | | |
| Jay Kotak | 17.87 | 23.54 |
| - Post employment benefit plan | | |
| Kotak Mahindra Capital Company Limited employment gratuity fund (Refer note 23 for Details) | | |

* Excludes provision for gratuity and leave encashment, since these are based on actuarial valuations done on an overall Company basis.

iii. Terms and conditions of transactions with related parties

All transactions with these related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at the year-end are unsecured and settlement occurs in cash.

NOTE 31 : CONTINGENT LIABILITIES AND COMMITMENTS

₹ in Lakhs

| Sr. No. | Particulars | As at 31 st March 2020 | As at 31 st March 2019 |
|-----------|--|--------------------------------------|--------------------------------------|
| a) | Contingent Liabilities: | | |
| | Claims against the company not acknowledged as debt | | |
| | Income Tax Demand (Unsecured) (Amount paid) | 18.18 | 68.11 |
| b) | Guarantees issued by KMCC's bankers for Kotak International Entities (Unsecured) | | |
| | Issued to - | | |
| | The Hong Kong and Shanghai Banking Corporation Limited - Singapore | - | 1,020.75 |
| | Total | 18.18 | 1,088.86 |
| | Commitments: | | |
| a) | Estimated amount of contracts remaining to be executed on capital account and not provided for; | | |
| b) | Uncalled liability on shares and other investments partly paid | | |
| | Capital Commitments not provided | | |
| | Commitments to Venture Capital Fund (Unsecured) | | |
| | India Growth Fund | 16.71 | 16.71 |
| | Total | 16.71 | 16.71 |

NOTE 32 - CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of the Section 135 of the Companies Act, 2013 the Company is required to contribute for Corporate Social Responsibility Activities. The Company has contributed ₹ 65 lacs to the Kotak Education Foundation in the current financial year. The Company's CSR program is associated with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding Company. KMBL is building its CSR capabilities on a sustainable basis and the Company is committed to gradually increase its CSR spend in the coming years.

Schedules

Notes forming part of Financial Statements for the year ended 31st March 2020

A. Details of CSR expenditure

- a) Gross amount required to be spent during the year ₹ 130.26 lacs (Previous year ₹ 110.44 lacs)

₹ in Lakhs

| Particulars | In cash | Yet to be paid in cash | Total |
|--|---------|------------------------|-------|
| b) Amount spent during the year ending on 31 st March 2020: | | | |
| i) Construction/acquisition of any asset | - | - | - |
| ii) On purposes other than (i) above | 65.00 | - | 65.00 |
| c) Amount spent during the year ending on 31 st March 2019: | | | |
| i) Construction/acquisition of any asset | - | - | - |
| ii) On purposes other than (i) above | 35.00 | - | 35.00 |

NOTE 33 : DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

| Particulars | As at 31 st March 2020 | As at 31 st March 2019 |
|--|-----------------------------------|-----------------------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 1.62 | - |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | - | - |
| (iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |

The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act 2006. On the basis of confirmations from the suppliers, disclosures, if any, relating to unpaid amounts as at the year end together with interest paid/ payable as required under the said Act have been given.

NOTE 34 : MATURITY ANALYSIS

₹ in lakhs

| Particulars | As at March 31 st , 2020 | | | As at March 31 st , 2019 | | |
|---|-------------------------------------|-----------------|----------|-------------------------------------|-----------------|-----------|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| ASSETS | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 33.82 | - | 33.82 | 21.78 | - | 21.78 |
| Bank Balance other than cash and cash equivalents | 5,799.03 | - | 5,799.03 | 7,489.82 | 2,515.00 | 10,004.82 |

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Notes forming part of Financial Statements for the year ended 31st March 2020

₹ in lakhs

| Particulars | As at March 31 st , 2020 | | | As at March 31 st , 2019 | | |
|---|-------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| Receivables | | | | | | |
| (I) Trade receivables | 4,224.43 | - | 4,224.43 | 4,328.35 | - | 4,328.35 |
| (II) Other receivables | 36.34 | - | 36.34 | 86.97 | - | 86.97 |
| Loans | 1.76 | - | 1.76 | 4.89 | - | 4.89 |
| Investments | 12,841.56 | 245,913.43 | 258,754.99 | 97.06 | 209,933.70 | 210,030.77 |
| Other Financial assets | 5.68 | - | 5.68 | 0.67 | - | 0.67 |
| Sub total | 22,942.62 | 245,913.43 | 268,856.05 | 12,029.54 | 212,448.70 | 224,478.25 |
| Non-financial assets | | | | | | |
| Current Tax assets (Net) | - | 905.44 | 905.44 | - | 648.35 | 648.35 |
| Deferred Tax assets (Net) | - | 135.51 | 135.51 | - | 299.46 | 299.46 |
| Investment property | - | 1,370.13 | 1,370.13 | - | 1,400.62 | 1,400.62 |
| Property, Plant and Equipment | - | 496.05 | 496.05 | - | 321.96 | 321.96 |
| Other intangible assets | - | 1.12 | 1.12 | - | 2.48 | 2.48 |
| Other Non-financial assets | 684.30 | 14.53 | 698.83 | 254.89 | 37.26 | 292.15 |
| Sub total | 684.30 | 2,922.78 | 3,607.08 | 254.89 | 2,710.13 | 2,965.02 |
| Total Assets | 23,626.91 | 248,836.22 | 272,463.13 | 12,284.43 | 215,158.83 | 227,443.27 |
| LIABILITIES AND EQUITY | | | | | | |
| LIABILITIES | | | | | | |
| Financial liabilities | | | | | | |
| Trade payables | | | | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | 1.62 | - | 1.62 | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 464.16 | - | 464.16 | 811.04 | - | 811.04 |
| Other Financial liabilities | 806.96 | 21.43 | 828.39 | 763.42 | 19.59 | 783.01 |
| Sub total | 1,272.74 | 21.43 | 1,294.17 | 1,574.46 | 19.59 | 1,594.05 |
| Non-Financial liabilities | | | | | | |
| Current tax liabilities (Net) | - | 186.29 | 186.29 | - | 357.84 | 357.84 |
| Provisions | 655.65 | 540.47 | 1,196.12 | 579.75 | 953.99 | 1,533.74 |
| Deferred tax liabilities (Net) | - | 45,509.23 | 45,509.23 | - | 36,801.56 | 36,801.56 |
| Other non-financial liabilities | 532.54 | - | 532.54 | 935.61 | - | 935.61 |
| Sub total | 1,188.19 | 46,235.99 | 47,424.18 | 1,515.36 | 38,113.40 | 39,628.76 |
| Total Liabilities | 2,460.93 | 46,257.42 | 48,718.35 | 3,089.82 | 38,132.99 | 41,222.81 |

NOTE 35 : THE FIGURES FOR THE CORRESPONDING PREVIOUS YEAR HAVE BEEN REGROUPED/RECLASSIFIED WHEREVER NECESSARY, TO MAKE THEM COMPARABLE.