Independent Auditor's Report

To

The Members of

KOTAK MAHINDRA PENSION FUND LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of **Kotak Mahindra Pension Fund 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 Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the Board's Report including Annexures to Board's Report, Corporate Governance and such other disclosures related Information, excluding the standalone financial statements and auditor's report thereon ('Other Information'). The other information is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'.

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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Accounting Standards 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 statements 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. Given the level of uncertainty and speed of increasing impact of COVID 19, we have considered the current position at the point of sign off as a part of subsequent events right up to the point of signing off the audit report

The Board of Directors are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF STANDALONE IND AS 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 controls 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 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 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 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 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 it appears from our examination of those books.

c) The Balance sheet, Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on 31 March, 2020, taken on record by the Board of Directors, none of the directors are disqualified as on 31 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 included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, 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 Gokhale & Sathe
Chartered Accountants
Firm Reg. No.: 103264W

Atul A Kale
Partner
Membership No.109947

Place: Mumbai
Date: 04th June, 2020
UDIN: 20109947AAAACI4620

ANNEXURE A

Report on the Internal Financial Controls 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 PENSION FUND 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 Ind AS 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 Ind AS 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 Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS 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, 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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Gokhale & Sathe
Chartered Accountants
Firm Reg. No.: 103264W

Atul A Kale
Partner
Membership No.109947

Place: Mumbai
Date: 04th June, 2020
UDIN: 20109947AAAACI4620

ANNEXURE B

In the Annexure, as required by the **Companies (Auditor's Report) Order, 2016** issued by the Central Government in terms of Section 143 (11) of the Companies Act 2013, on the basis of checks, as we considered appropriate, we report on the matters specified in paragraph 3 and 4 of the said order,

i) a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets for the year under audit in the soft (computerized) form.

b) We have been informed that the physical verification of fixed assets was carried out by the management during the year, which in our opinion is reasonable having regard to the nature of the assets. We have been informed that no material discrepancy was noted on such verification.

c) No immovable properties are held by the company. Hence, the clause is not applicable.

ii) Considering the nature of the business and services rendered by the company, provisions of clause 3 (ii) of the CARO relating to inventory are not applicable.

iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Therefore provisions of clause 3 (iii) a, (iii) b, (iii) c of the CARO are not applicable.

iv) The Company has not granted any loans or provided any guarantees or securities covered under section 185 & section 186 of the Act. In respect of investment made by the company, in our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 186 of the Act.

v) During the year, the company has not accepted any deposits from public.

vi) Central Government has not prescribed any service rendered by the company under section 148(1) of the Companies Act for maintenance of Cost records.

vii) a) The company is regular in depositing with appropriate authorities undisputed statutory dues including the Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Goods and Services Tax, duty of Excise, Value Added Tax, cess and any other statutory dues applicable to it.

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, Goods and Services Tax, custom duty, excise duty, cess which have not been deposited on account of any dispute except the following:

Sr. No.	Name of the Statute	Financial Year	Amount	Forum where dispute is pending
1.	Income Tax Act	2010-11	86,880	Dy Commissioner of Income Tax

viii) In our opinion and according to the information and explanation given to us, the company does not have any loan or borrowings from a financial institution or bank or government or debenture holders. Therefore, provisions of clause 3 (viii) of the CARO are not applicable.

ix) During the year, the company has not raised any money by way of Initial Public Offer or further public offer nor obtained any term loans. Therefore, provisions of clause 3 (ix) of the CARO are not applicable.

x) According to the information and explanation given to us, no fraud on or by the company, by its officers and employees has been noticed or reported during the course of our audit.

xi) The company's managerial remuneration has been provided with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

xii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 3 (xii) of the CARO are not applicable.

xiii) In our opinion and according to the information and explanation given to us, transactions with the related parties are in compliance with sections 177 and 188 of the act where applicable and details of such transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable Accounting standards.

xiv) In our opinion and according to the information and explanation given to us, during the year the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3 (xiv) of the CARO are not applicable.

xv) In our opinion and according to the information and explanation given to us, during the year the company has not entered into non-cash transactions with the directors or persons connected with the directors and hence the provisions of Clause 3 (xv) of the CARO are not applicable.

xvi) The company is not required to be registered under Section 45IA of the Reserve Bank Of India Act, 1934.

For Gokhale & Sathe
Chartered Accountants
Firm Reg. No.: 103264W

Atul A Kale
Partner
Membership No.109947

Place: Mumbai
Date: 04th June, 2020
UDIN: 20109947AAAACI4620

Balance Sheet

as at 31st March, 2020

	Note No.	As at 31st March 2020 ₹	As at 31st March 2019 ₹
ASSETS			
Financial assets			
Cash and cash equivalents	2	91,955	337,108
Bank Balance other than above	3	1,473,794	1,378,468
Receivables			
Trade receivables	4	345,218	256,094
Loans	5	195,246	677,826
Investments	6	298,229,258	310,265,595
Sub total		**300,335,471**	**312,915,091**
Non-financial assets			
Current Tax assets (Net)		215,718	213,149
Property, Plant and Equipment	7	56,732	9,392
Intangible assets	8	277,902	155,436
Other Non-financial assets	9	358,859	632,109
Sub total		**909,212**	**1,010,086**
Total Assets		**301,244,683**	**313,925,177**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
total outstanding dues of creditors other than micro enterprises and small enterprises	10	1,131,427	810,081
Subordinated Liabilities	20	-	-
Other Financial liabilities	11	2,500,000	2,000,000
Sub total		**3,631,427**	**2,810,081**
Non-Financial liabilities			
Current tax liabilities (Net)		2,461,955	-
Provisions	12	4,365,132	4,019,455
Other non-financial liabilities	13	552,598	557,967
Sub total		**7,379,685**	**4,577,422**
EQUITY			
Equity Share Capital	14	280,000,000	280,000,000
Other equity	15	10,233,571	26,537,674
Sub total		**290,233,571**	**306,537,674**
Total Liabilities and equity		**301,244,683**	**313,925,177**
Significant Accounting Policies & Notes on Accounts	1		

In terms of our report of even date

For Gokhale & Sathe
Chartered Accountants
Firm Reg No.103264W

Atul A Kale
Partner
Mem No.F-109947

Mumbai
04th June, 2020

Sandeep Shrikhande
Chief Executive Officer

For and on Behalf of the Board of Directors

Sudhakar Shanbhag
Director

Nilesh Shah
Director

Krishnan Ramchandran
Chief Financial Officer

Darshana Baliya
Company Secretary

Profit and Loss Account

for the year ended 31st march, 2020

	Particulars	Note No.	For the year ended 31st March 2020 ₹	For the year ended 31st March 2019 ₹
	REVENUE FROM OPERATIONS			
	(i) Interest income	16	147,528	119,783
	(ii) Fees and Commission Income	17	913,537	625,860
	(iii) Net gain on fair value changes	18	20,263,663	24,220,279
(I)	**Total revenue from operations**		**21,324,728**	**24,965,922**
(II)	**Other income**	19	-	432,619
(III)	**Total income (I + II)**		**21,324,728**	**25,398,541**
	EXPENSES			
	(i) Finance costs	20	238	15
	(ii) Impairment on financial instruments	21	6,225	4,652
	(iii) Employee Benefits expenses	22	20,189,759	17,515,989
	(iv) Depreciation, amortization and impairment	23	217,695	226,732
	(v) Other expenses	24	12,529,683	10,532,569
(IV)	**Total expenses**		**32,943,600**	**28,279,956**
(V)	**Profit / (loss) before exceptional items and tax (III-IV)**		**(11,618,872)**	**(2,881,415)**
(VI)	**Tax expense**			
	(1) Current tax		2,564,000	-
	(2) Current tax pertaining to prior periods		2,314,130	-
	Total tax expense (1+2)		**4,878,130**	**-**
(VII)	**Profit/(loss) for the year**		**(16,497,002)**	**(2,881,415)**
(VIII)	**Other comprehensive income**			
	- Remeasurements of the defined benefit plans		126,506	(191,162)
	Sub-total		**126,506**	**(191,162)**
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	Total (A)		**126,506**	**(191,162)**
	Other comprehensive income (A + B)		**126,506**	**(191,162)**
(IX)	**Total Comprehensive Income for the period (XIII+XIV)**		(16,370,496)	(3,072,577)
(X)	**Earnings per equity share - Basic & diluted (Rs.)**	25	(0.58)	(0.11)

In terms of our report of even date
For Gokhale & Sathe
Chartered Accountants
Firm Reg No.103264W

For and on Behalf of the Board of Directors

Atul A Kale
Partner
Mem No.F-109947

Sandeep Shrikhande
Chief Executive Officer

Sudhakar Shanbhag
Director

Nilesh Shah
Director

Krishnan Ramchandran
Chief Financial Officer

Darshana Baliya
Company Secretary

Mumbai
04th June, 2020

Statement of Changes in Equity

for the year ended 31st march, 2020

A. Equity share capital

(Amount in INR)

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 Rs. 10 each fully paid up			
As on 1-April-2019	280,000,000		280,000,000
As on 31-Mar-2019	280,000,000		280,000,000
As on 31-Mar-2020	**280,000,000**		**280,000,000**

B. Other equity

(Amount in INR)

PARTICULARS	RESERVES AND SURPLUS		TOTAL
	SURPLUS IN STATEMENT OF PROFIT AND LOSS	CAPITAL CONTRIBUTION FROM PARENT	
Opening balance as on 01-April-2019	25,835,250	702,424	26,537,674
Profit for the year	(16,497,002)		(16,497,002)
Fair value of ESOP's		66,393	66,393
Remeasurments of defined benefit plans	126,506		126,506
Changes during the year	(16,370,496)	66,393	(16,304,103)
Closing balance as on 31-March-2020	**9,464,754**	**768,817**	**10,233,572**

In terms of our report of even date
For Gokhale & Sathe
Chartered Accountants
Firm Reg No.103264W

Atul A Kale
Partner
Mem No.F-109947

Mumbai
04th June, 2020

Sandeep Shrikhande
Chief Executive Officer

For and on Behalf of the Board of Directors

Sudhakar Shanbhag
Director

Nilesh Shah
Director

Krishnan Ramchandran
Chief Financial Officer

Darshana Baliya
Company Secretary

Cash Flow Statement

for the year ended 31st march, 2020

Particulars	For the Year ended 31st March, 2020 ₹	For the Year ended 31st March, 2019 ₹
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(11,618,872)	(2,881,415)
Adjustments for:		
Depreciation, amortization and impairment	217,694	226,732
Fair Valuation of Defined Obligation	126,506	(191,162)
Fair valuation of ESOP / SARS	66,182	400,217
Net unrealised gain / (loss) on financial instruments measured at fair value	12,149,578	3,375,708
Impairment on financial instruments	6,225	4,651
(Profit) / Loss on sale of tangible asset (Net)	-	(432,619)
Net (gain)/ loss on sale of Non-current investments	(32,413,240)	(27,595,987)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	**(31,465,928)**	**(27,093,875)**
Movements in working capital :		
Increase/ (decrease) in trade payables	321,345	(266,188)
Increase/ (decrease) in other financial liabilities	500,000	(500,000)
Increase / (decrease) in provisions	345,888	1,132,335
Increase/ (decrease) in other non financial liabilities	(5,369)	253,131
Decrease / (increase) in trade receivables	(89,234)	(123,835)
Decrease / (increase) in loans and advances	476,869	(682,261)
Decrease / (increase) in other non financial assets	273,250	(290,117)
CASH USED IN OPERATIONS	(29,643,178)	(27,570,811)
Direct Taxes Paid	(2,418,744)	(73,504)
NET CASH USED IN OPERATING ACTIVITIES (A)	**(32,061,922)**	**(27,644,315)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(387,500)	
Sale of fixed assets	-	432,619
Investments		
Purchase	(125,000,000)	(89,532,971)
Proceeds from sale	157,300,000	117,147,971
NET CASH (USED IN)/FROM INVESTING ACTIVITIES (B)	**31,912,500**	**28,047,619**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B)	**(149,422)**	**403,304**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,716,152	1,312,848
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,566,730**	**1,716,151**
Components of cash and cash equivalents		
With banks- on current account	92,013	337,221
- on deposit account	1,474,716	1,378,931
Cash & Cash Equivalents Before Impairment Provision	**1,566,729**	**1,716,152**
Impairment Loss Allowances	(980)	(576)
Cash & Cash Equivalents As Per Balance Sheet	**1,565,749**	**1,715,577**
Summary of significant accounting policies (note 1)		

Notes:

1. The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in Ind AS-7 "Cash Flow Statements"
2. The corresponding amounts of previous year have been re-grouped, wherever necessary.

In terms of our report of even date

For Gokhale & Sathe
Chartered Accountants
Firm Reg No.103264W

For and on Behalf of the Board of Directors

Atul A Kale
Partner
Mem No.F-109947

Mumbai
04th June, 2020

Sandeep Shrikhande
Chief Executive Officer

Sudhakar Shanbhag
Director

Nilesh Shah
Director

Krishnan Ramchandran
Chief Financial Officer

Darshana Baliya
Company Secretary

Schedules

Forming part of Balance Sheet and Profit and Loss Account

NOTE 1: NOTES TO THE STANDALONE FINANCIAL STATEMENT AS AT 31ST MARCH, 2020

1.1. Corporate information

Kotak Mahindra Pension Fund Limited ('the Company') is a company domiciled in India and incorporated on 23rd March, 2009 with its registered office situated at 27 BKC C-27, G Block, Bandra-Kurla Complex, Bandra East, Mumbai. The Company is incorporated to manage the investments of the National Pension System as formed by the Government of India through the Pension Fund Regulatory & Development Authority (PFRDA). The investments are held by the Board of Trustees of the National Pension System Trust, established by the PFRDA under the Indian Trusts Act, 1882.

1.2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of Preparation

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 ('the Act").

The standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the standalone financial statements. These standalone financial statements were authorized for issue by the Company's Board of Director's on 04th June 2020.

b) 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: plan assets are measured at fair value less present value of defined benefit obligation;
- Share-based payments - measured at fair value; and
- Assets held for sale: measured at fair value less costs to sell.

B. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

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 till May 31, 2020 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.

C. 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.

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Forming part of Balance Sheet and Profit and Loss Account

Judgment, estimates and assumptions are required in particular for:

I. Revenue

(a) Identifying performance obligation in the contract:

The Company manages the investments of the National Pension System as formed by the Government of India through the Pension Fund Regulatory & Development Authority (PFRDA). The Company has determined all the above services are capable of being distinct because the Company can provides those services on stand-alone basis and customer can benefit from those services on its own.

Recognition of revenue over time or at a point in time:

The Company recognizes revenue from all the services over time because the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

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 28.

IV. Recognition of deferred tax assets

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

V. Recognition and measurement of provisions and contingencies

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

VI. Discounting of long-term financial assets/liabilities

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets/liabilities which are required to be subsequently measured at amortized 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 have been made with respect to expected volatility includes 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 recognized in the Statement of Profit and Loss. This requires a reassessment of the estimates used at the end of each reporting period.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 28.

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. For further details about determination of fair value please refer Note 30.

IX. Business model assessment

Classification and measurement of financial assets depends on the results of the 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 judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

X. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognizes 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 recognizes the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

This estimation, by nature, requires an element of judgment 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 on its financial assets measured at amortized cost and Fair Value through Other Comprehensive Income (FVOCI) except investment in equity instruments classified as FVOCI. At each reporting date, the Company assesses whether the above financial assets are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios.

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 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. Determination of lease term

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

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Forming part of Balance Sheet and Profit and Loss Account

XIV. Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

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

a) Revenue recognition

The Company manages the investments of the National Pension System as formed by the Government of India through the PFRDA and does not foresee any immediate impact due to COVID-19. However, impact assessment due to COVID-19 is a continuous process given the uncertainties associated with its nature and duration.

b) Impairment of Non-Financial Assets

The Company basis their assessment believes that recoverability and fair value of non-financial assets is not impacted by COVID-19 pandemic after assessing discount rate, forecasts and budgets for future cash flows. 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.

c) Impairment on Financial Assets

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

d) Fair value of financial instruments

Fair value hierarchy of financial assets 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 and accordingly, any material volatility is not expected. 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 fair value 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.

D. New standards and amendments to existing Ind AS:

New standard or amendments to the existing standards which would have been applicable from April 1, 2020 has not been notified by Ministry of Corporate Affairs (“MCA”).

1.3. 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 recognized 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 recognized in the Statement of Profit and Loss.

ii. Subsequent expenditure

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

iii. Depreciation

Deprecation 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
Vehicles	4 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 capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

iii. Amortization

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. Accounting for Operating Leases as a Lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased term, are classified as operating leases. Payments made under operating leases are generally recognized in the Statement of Profit and Loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases.

D. Revenue recognition of income

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115, Revenue from Contracts with Customers to determine when to recognize revenue and at what amount.

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Forming part of Balance Sheet and Profit and Loss Account

Revenue is measured based on the consideration specified in the contract with a customer. Revenue from contracts with customer is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

Nature of services - Asset Management Services

The Company manages the investments of the National Pension System as formed by the Government of India through the Pension Fund Regulatory & Development Authority (PFRDA).

Revenue from contracts with customers is recognized 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

Investment Management Fee is recognized at specific rates agreed with the relevant schemes, applied on the daily net assets managed

Dividend income is recognized in the Statement of Profit and Loss on an accrual basis when the right to receive the dividend is established.

Purchase and sale of investments are recorded on trade date. The profit / loss on sale of investments is recognized in the Statement of Profit and Loss on the trade date, using the weighted average cost method.

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 amortized cost for the assets falling under impairment stage 3.

E. Income Tax

Income tax expense comprises current and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (OCI).

Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax

Deferred tax is recognized 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 judgment, are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized 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.

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Forming part of Balance Sheet and Profit and Loss Account

F. Employee benefits

Defined Contribution Plan

Provident Fund/Employee State Insurance Scheme

The Company's contribution to government provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no further obligations.

New Pension Scheme

The Company contributes up to 10% of eligible employees' salary per annum, to the New Pension Fund administered by PFRDA appointed pension fund manager. The Company recognizes such contributions as an expense in the year they are incurred.

Defined Benefit Plan

Gratuity

The Company accounts for the liability for future gratuity benefits based on an independent actuarial valuation. The gratuity obligation is unfunded. The net present value of the Company's obligation towards the same is determined based on the Projected Unit Credit method as at the Balance Sheet date.

Remeasurement of all defined benefit plans, which comprise actuarial gains and losses and the effect of asset ceiling, if applicable are recognized immediately in OCI in the year they are incurred. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in the Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent period.

Compensated Absences

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employees performs the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

Other Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentives.

As per the Group 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.

G. 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.

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.

H. 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 recognized for such excess amount in the Statement of Profit and Loss.

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The recoverable amount is the greater of the fair value less costs of disposal and 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 that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When there is indication that an impairment loss recognized 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 recognized 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.

I. Provisions and contingent liabilities

A provision is recognized 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 recognized but disclosed in the notes.

J. Share based payments

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 whole-time 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 recognized on a straight-line basis in the Statement of Profit or 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 recognized 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 the Statement of Profit or Loss for a period represents the movement in the cumulative expense recognized 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 SAR's, which are settled in cash, is recognized 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 recognized in the Statement of Profit and Loss in 'Provision for Stock Appreciation Rights' under the head Employee Benefit Expense.

K. Segment reporting

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

L. 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 recognized 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.

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 makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with information 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, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.
- 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 this assessment, '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 amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

- 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.

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

Financial asset at fair value through Other Comprehensive Income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

After initial measurement, such financial assets are subsequently measured at fair value. Interest income is recognized using the effective interest (EIR) method. The impairment losses, if any, are recognized through Statement of Profit and Loss. The loss allowance is recognized in OCI and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss.

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

Any financial 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.

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Forming part of Balance Sheet and Profit and Loss Account

All equity investments except for investments in subsidiary/associate/joint ventures are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL.

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 30 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 Statement of Profit and Loss. Dividends are recognized 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.

Financial liabilities

The company classifies all financial liabilities as subsequently measured at amortized 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.

M. 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 amortized cost and FVOCI, such as loans, trade receivables, 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 amortized cost and FVOCI is credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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

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

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

For trade receivables, contract assets and lease receivables, the Company applies a simplified approach. 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 expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

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

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

- **Stage 1: 12 month ECL:**

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

- **Stage 2: Lifetime ECL (not credit impaired):**

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

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

- **Stage 3: Lifetime ECL (credit impaired):**

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

  If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the Expected Credit Loss reverts from lifetime ECL to 12-months ECL.

  For loans whose significant payment obligations are only after next 12 months, life time ECL has been applied.

Method used to compute lifetime ECL:

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

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

The Company considers its historical loss experience and adjusts it for current observable data. In addition, the Company uses reasonable forecasts of future economic conditions including expert judgment 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.

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Forming part of Balance Sheet and Profit and Loss Account

N. Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized 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 derecognized) 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 recognized in OCI is recognized in the Statement of Profit and Loss.

Financial liabilities

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

O. Modifications of financial assets and financial liabilities

Financial assets

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

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognizes 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 amortized over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company 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 recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the Statement of Profit and Loss.

P. 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 fund, 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 judgment 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 categorized into different levels in a fair value hierarchy based on the inputs 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).

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Forming part of Balance Sheet and Profit and Loss Account

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

Q. 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.

R. 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.

S. All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the provision of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Schedules

Forming part of Balance Sheet and Profit and Loss Account

2 CASH AND CASH EQUIVALENTS :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Balances with banks	92,013	337,221
Sub total	**92,013**	**337,221**
Less: Impairment loss allowance	(58)	(113)
TOTAL	**91,955**	**337,108**

3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Fixed deposit with bank	1,474,716	1,378,931
Sub total	**1,474,716**	**1,378,931**
Less: Impairment loss allowance	(922)	(463)
TOTAL	**1,473,794**	**1,378,468**

4 RECEIVABLES :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Trade receivables:		
Unsecured, considered good	345,392	256,157
Sub total	**345,392**	**256,157**
Less: Impairment loss allowance	(173)	(64)
TOTAL	**345,218**	**256,094**

5 LOANS :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
(A)		
(i) Employee Loan	205,392	682,261
Sub total	**205,392**	**682,261**
Less: Impairment loss allowance	(10,146)	(4,435)
TOTAL	**195,246**	**677,826**
(B)		
(i) Unsecured	205,392	682,261
Total Gross (B)	**205,392**	**682,261**
Less: Impairment loss allowance	(10,146)	(4,435)
TOTAL NET (B)	**195,246**	**677,826**

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Forming part of Balance Sheet and Profit and Loss Account

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
(C)		
(I) Loans in India		
(i) Public Sector	-	-
(i) Others	205,392	682,261
Total Gross (C) (I)	**205,392**	**682,261**
Less: Impairment loss allowance	(10,146)	(4,435)
Total Net (C) (I)	**195,246**	**677,826**
(II) Loans outside India	**-**	**-**
Less: Impairment allowance	-	-
Total Net (C) (II)	**-**	**-**
Total (C) (I) and (II)	**195,246**	**677,826**

6 INVESTMENTS :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Mutual funds	298,229,258	310,265,595
Total Gross (A)	**298,229,258**	**310,265,595**
(i) Investments outside India	-	-
(ii) Investments in India	298,229,258	310,265,595
Total (B)	**298,229,258**	**310,265,595**
Less: Impairment allowance	-	-
Total Net	**298,229,258**	**310,265,595**
Ammortised cost		
At fair value through profit or loss	298,229,258	310,265,595
	298,229,258	**310,265,595**

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Forming part of Balance Sheet and Profit and Loss Account

7 PROPERTY, PLANT AND EQUIPMENT

Particulars	Office equipment	Computers	Total
	₹	₹	₹
At cost or fair value as at 1-April-2018	5,232	66,874	72,106
Additions during the year			-
Disposals during the year			-
At cost or fair value as at 31-March-2018	**5,232**	**66,874**	**72,106**
Accumulated depreciation and impairment as at 1-April-2018	**2,850**	**33,529**	**36,379**
Depreciation for the year	2,382	23,954	26,335
Disposals during the year			-
Accumulated depreciation and impairment as at 31-March-2019	**5,232**	**57,482**	**62,714**
Net carrying amount as on 31-March-2019	**-**	**9,392**	**9,392**
At cost or fair value as at 31-March-2019	**5,232**	**66,874**	**72,106**
Additions during the year		65,500	65,500
Disposals during the year			-
At cost or fair value as at 31-March-2020	**5,232**	**132,374**	**137,606**
Accumulated depreciation and impairment as at 31-March-2019	**5,232**	**57,482**	**62,714**
Depreciation for the year	-	18,160	18,160
Disposals during the year			-
Accumulated depreciation and impairment as at 31-March-2020	**5,232**	**75,642**	**80,874**
Net carrying amount as at 31-March-2020	**-**	**56,732**	**56,732**

Impairment loss and reversal of impairment loss
There is no impairment loss recognized for tangible assets

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Forming part of Balance Sheet and Profit and Loss Account

8 INTANGIBLE ASSETS

Particulars	Software ₹	Total ₹
At cost or fair value as at 1-April-2018	556,230	556,230
Additions during the year		-
Disposals during the year		-
At cost or fair value as at 31-March-2019	**556,230**	**556,230**
Accumulated depreciation and impairment as at 1-April-2018	200,397	200,397
Depreciation for the year	200,397	200,397
Disposals during the year		-
Accumulated depreciation and impairment as at 31-March-2019	**400,793**	**400,793**
Net carrying amount as at 31-March-2019	**155,436**	**155,436**
At cost or fair value as at 31-March-2019	**556,230**	**556,230**
Additions during the year	322,000	322,000
Disposals during the year		-
At cost or fair value as at 31-March-2020	**878,230**	**878,230**
Accumulated depreciation and impairment as at 31-March-2019	**400,793**	**400,793**
Depreciation for the year	199,534	199,534
Disposals during the year		-
Accumulated depreciation and impairment as at 31-March-2020	**600,328**	**600,328**
Net carrying amount as at 31-March-2020	**277,902**	**277,902**

Impairment loss and reversal of impairment loss
There is no impairment loss recognized for tangible assets

9 OTHER NON FINANCIAL ASSETS :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Prepaid Expenses	307,555	217,249
GST receivable (Net)	51,304	414,860
TOTAL	**358,859**	**632,109**

10 PAYABLES :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,131,427	810,081
Total (I)	**1,131,427**	**810,081**

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Forming part of Balance Sheet and Profit and Loss Account

11 OTHER FINANCIAL LIABILITIES :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Incentive Payable	2,500,000	2,000,000
Total	**2,500,000**	**2,000,000**

12 PROVISIONS :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Provision for employee benefits	865,825	956,531
Provision for gratuity	2,491,778	2,154,890
Provision for stock appreciation rights	1,007,529	908,034
Total	**4,365,132**	**4,019,455**

13 OTHER NON-FINANCIAL LIABILITIES :

	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Statutory dues payable	552,598	557,967
Total	**552,598**	**557,967**

14 EQUITY SHARE CAPITAL

Particulars	As at 31st March 2020 ₹	As at 31st March 2019 ₹
Authorised		
6,00,00,000 (31 March 2019 6,00,00,000) equity shares of Rs.10/- each	600,000,000	600,000,000
Issued, subscribed and paid-up		
2,80,00,000 (31 March 2019 2,80,00,000) equity shares of Rs 10/- each, fully paid up	280,000,000	280,000,000
	280,000,000	280,000,000

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

Particulars	No. of shares	Amount
Equity shares of Rs 10 each, fully paid-up		
As at 1 April 2018	28,000,000	28,000,000
Add : Issued during the year		
As at 31 March 2019	28,000,000	28,000,000
Add : Issued during the year		
As at 31 March 2020	**28,000,000**	28,000,000

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b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31-Mar-20		31-Mar-19	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Asset Management Company Limited	26,800,000	95.71	26,800,000	95.71
Kotak Mahindra Bank Limited	1,200,000	4.29	1,200,000	4.29
	28,000,000	100.00	28,000,000	100.00

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

	31-Mar-20		31-Mar-19	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Asset Management Company Limited	26,800,000	95.71	26,800,000	95.71
	26,800,000	95.71	26,800,000	95.71

15 OTHER EQUITY :

	As at 31st March 2020	As at 31st March 2019
	₹	₹
Surplus in Statement of Profit and Loss	9,464,754	25,835,250
Capital Contribution from parent	768,817	702,424
Total	**10,233,571**	**26,537,674**

15.1 Nature and purpose of reserve

Surplus in Statement of Profit and Loss

Surplus in profit or loss account represents surplus/deficit of the company and are available for distribution to shareholders.

Capital Contribution from parent

Capital Contribution from parent represents fair value of the employee stock option plan. The option are issued by the ultimate parent company “Kotak Mahindra Bank Limited” to the employees of the Company.

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Forming part of Balance Sheet and Profit and Loss Account

16 INTEREST INCOME :

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Other interest income	147,528	119,783
Total	**147,528**	**119,783**
Ammortise cost		
At fair value through profit or loss	147,528	119,783
	147,528	**119,783**

17 FEES AND COMMISSION INCOME :

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Management Fees	913,537	625,860
	913,537	**625,860**

18 NET GAIN/(LOSS) ON FAIR VALUE CHANGES :

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
(A) Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	20,263,663	24,220,279
Total Net gain/(loss) on fair value changes (C = A+B)	**20,263,663**	**24,220,279**
Fair value changes:		
Realized	32,413,240	27,595,987
Unrealized	(12,149,578)	(3,375,708)
Total Net gain/(loss) on fair value changes (D)	**20,263,663**	**24,220,280**

19 OTHER INCOME :

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Net gain/(loss) on derecognition of property, plant and equipment	-	432,619
TOTAL	**-**	**432,619**

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Forming part of Balance Sheet and Profit and Loss Account

EXPENSES

20 FINANCE COSTS :

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Other interest expense - Bank Charges	238	15
	238	**15**
Ammortised cost		
At fair value through profit or loss	238	15
	238	**15**

21 IMPAIRMENT ON FINANCIAL INSTRUMENTS :

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Loans	5,711	4,435
Receivables	110	25
Bank Balances	(55)	104
Fixed Deposit	459	88
TOTAL	**6,225**	**4,652**

22 EMPLOYEE BENEFITS EXPENSES :

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Salaries and wages	18,176,831	15,271,894
Contribution to provident and other funds	866,556	751,463
Share Based Payments to employees	954,841	1,263,185
Staff welfare expenses	9,653	3,116
Others	181,877	226,331
TOTAL	**20,189,759**	**17,515,989**

23 DEPRECIATION, AMORTIZATION AND IMPAIRMENT:

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Software	199,534	200,397
Office equipment	-	2,382
Computers	18,160	23,954
TOTAL	**217,695**	**226,732**

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24 OTHER EXPENSES:

	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Rent, taxes and energy costs	3,456,554	3,489,882
Repairs and maintenance	94,554	87,875
Communication Costs	45,506	63,755
Computer related expenses	683,361	823,825
Travel related expenses	96,460	64,142
Printing and stationery	10,522	10,343
Business promotion, Distribution and Mutual Fund expenses	1,459,518	1,196,550
Membership subscription	1,287,920	1,260,950
Reimbursement of common administrative cost	1,200,000	1,253,751
Director's fees, allowances and expenses	545,000	460,000
Auditor's fees and expenses	179,680	179,680
Legal and Professional charges	1,598,242	636,089
Insurance	3,284	34,903
Other expenditure	1,869,083	970,822
Total	**12,529,683**	**10,532,569**
Professional fees include fees payable to the auditor		
(a) As auditor	175,000	175,000
(b) Reimbursement of expenses	4,680	4,680
TOTAL	**179,680**	**179,680**

25 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	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
A)	Net profit from continued operation attributable to equity holders	(16,370,496)	(3,072,577)
B)	**Profit attributable to equity holders of the Company adjusted for the effect of dilution**	**(16,370,496)**	**(3,072,577)**
C)	**Weighted average number of ordinary shares**	28,000,000	28,000,000
	Issued ordinary shares at 1 April	28,000,000	28,000,000
	Weighted average number of shares at 31 March	**28,000,000**	**28,000,000**
D)	**Face value per share (INR)**	10	10
E)	**BASIC AND DILUTED EARNINGS PER SHARE (INR)**	**(0.58)**	**(0.11)**

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Forming part of Balance Sheet and Profit and Loss Account

26 CONTINGENT LIABILITIES AND COMMITMENTS:

Sr. No.	Particulars	As at 31st March 2020 ₹	As at 31st March 2019 ₹
	Contingent Liabilities:		
a)	In respect of demand from IT authorities	86,180	86,180
	Total	**86,180**	**86,180**

27 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
	Holding Company		
	Kotak Mahindra Asset Management Company Limited	India	95.71%
	Names of related parties by whom significant influence is exercised		
	Kotak Mahindra Bank Limited	India	
	Kotak Mahindra Life Insurance Limited	India	
	Kotak Mahindra General Insurance Company Limited	India	
	Key Management Personnel		
	Sandeep Shrikhande	India	
	Vinod A N (01st April to 30th June 2018)	India	
	Independent Director		
	Tushar Mavani		
	Balan Wasudeo		

B. Transactions with key management personnel

i. Key management personnel compensation*

Sr. No.	Particulars	For the year ended March 31, 2020 ₹	For the year ended March 31, 2019 ₹
i.	Short-term employee benefits	2,835,783	3,997,516
ii.	Post-employment defined benefit	144,000	159,000
	Independent Director		
i.	Director Sitting Fees	545,000	460,000

* The above figures do not include provisions for encashable leave and gratuity, as separate actuarial valuation are not available.

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27 RELATED PARTY DISCLOSURES (CONTINUED)

Note 27 above provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of Transaction	Year ended March 31	Ultimate Holding Company	Holding Company	Fellow Subsidiaries
Balances Outstanding				
Balance in Current Account	2020	89,118		
	2019	334,208		
Fixed Deposit	2020	1,465,035		
	2019	1,367,249		
Interest accrued on FD	2020	9,681		
	2019	11,682		
Trade payable	2020	353,003	108,000	-
	2019	343,197	-	-
Transactions during the year				
Interest on Fixed Deposit	2020	106,427		
	2019	108,672		
Reimbursement of Expenses				
Rent	2020	3,244,920		
	2019	3,303,123		
Reimbursement of common administrative costs	2020		1,200,000	-
	2019		600,000	653,751
Reimbursement of opex cost	2020	623,295		
	2019	586,410		
Insurance Expenses	2020			-
	2019			24,541

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Forming part of Balance Sheet and Profit and Loss Account

28 EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans:

The Company makes Provident Fund contributions to Recognized Provident Fund for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs.8,66,556 (March 31, 2019: Rs 7,51,463) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the Fund are at rates specified in the Rules of the Scheme."

(ii) Defined Benefit Plan:

Gratuity :-

The Company accounts for the liability for future gratuity benefits based on an independent actuarial valuation. The gratuity obligation is unfunded. The net present value of the Company's obligation towards the same is determined based on the Projected Unit Credit method as at the Balance Sheet date.

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

	Note	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Present value of Unfunded defined benefit obligation (A)		2,491,778	2,154,890
Fair value of plan assets (B)		-	-
Net (asset) / liability recognized in the Balance Sheet (A-B)		2,491,778	2,154,890

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:-

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	As at March 31, 2020 ₹	As at March 31, 2019 ₹	As at March 31, 2020 ₹	As at March 31, 2019 ₹	As at March 31, 2020 ₹	As at March 31, 2019 ₹
Opening balance	**2,154,890**	**1,679,216**	**-**	**-**	**2,154,890**	**1,679,216**
Included in profit or loss						
Current service cost	240,669	162,173	-	-	240,669	162,173
Past service cost	-	-	-	-	-	-
Interest on Net Defined Benefit Liability/ (Assets)	146,827	122,339	-	-	146,827	122,339
	2,542,386	**1,963,728**	**-**	**-**	**2,542,386**	**1,963,728**
Included in OCI						
Remeasurement loss / (gain):						
Actuarial loss / (gain) arising from:						
Demographic assumptions	-	(872)	-	-	-	(872)
Financial assumptions	(16,292)	110,849	-	-	(16,292)	110,849
Experience adjustment	(110,214)	81,185	-	-	(110,214)	81,185

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Forming part of Balance Sheet and Profit and Loss Account

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	₹	₹	₹	₹	₹	₹
Actual return on plan assets less interest on plan assets	-	-	-	-	-	-
	(126,506)	**191,162**	**-**	**-**	**(126,506)**	**191,162**
Other						
Contributions paid by the employer	-	-	-		-	-
Benefits paid	-	-	-		-	-
Liabilities assumed / (settled)*	75,898		-	-	75,898	-
Closing balance	**2,491,778**	**2,154,890**	**-**	**-**	**2,491,778**	**2,154,890**
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					2,491,778	2,154,890
					2,491,778	**2,154,890**

C. Expenses recognized in statement of profit and loss

	As at March 31, 2020	As at March 31, 2019
	₹	₹
Current service cost	240,669	162,173
Past service cost	-	-
Interest on net defined benefit liability / (asset)	146,827	122,339
	387,496	**284,512**

D. Remeasurements recognized in other comprehensive income

	As at March 31, 2020	As at March 31, 2019
	₹	₹
Actuarial loss / (gain) arising from:		
Financial assumptions	(16,292)	110,849
Demographic assumptions	-	(872)
Experience adjustments	(110,214)	81,185
Actual return on plan assets less interest on plan assets	-	-
Adjustment to recognize the effect of asset ceiling	-	-
	(126,506)	**191,162**

Schedules

Forming part of Balance Sheet and Profit and Loss Account

E. Defined benefit obligations

i. Actuarial assumptions

The key actuarial assumptions adopted for the purposes of this valuation are given below:-

	As at March 31, 2020	As at March 31, 2019
Discount rate (p.a.)	6.40%	7.15%
Salary escalation rate (p.a.)	0.00% until year 1 inclusive, then 7.00%	7.00%

ii. Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the change in defined benefit obligation compared with the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	84,065	(88,929)	74,918	(79,244)
Salary escalation rate (50 bps movement)	(62,836)	61,581	(56,047)	55,652

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

F. Experience adjustments

	As at March 31, 2020				
	2020	2019	2018	2017	2016
Present value of defined benefit obligation	2,491,778	2,154,890	1,679,216	1,102,905	941,589
Fair value of plan assets					
Surplus / (Deficit)	(2,491,778)	(2,154,890)	(1,679,216)	(1,102,905)	(941,589)
Experience adjustments on plan liabilities	(110,213)	81,184	111,826	(114)	(2,746)

Experience adjustments on plan assets

G. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized Rs. (90,413) (Previous year : Rs.1,38,405Lakhs) for Compensated Absences in the Statement of Profit and Loss.

H. Long Service Award

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

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Forming part of Balance Sheet and Profit and Loss Account

29 SHARE-BASED PAYMENTS

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, ("the Bank"), the shareholders of the Bank had unanimously passed Special Resolutions on 5th July, 2007, 21st August, 2007 and 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

(a) Kotak Mahindra Equity Option Scheme 2007; and

(b) Kotak Mahindra Equity Option Scheme 2015"

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

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

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

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

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

As at 31st March, 2020

Scheme reference	Grant Date	Mode of settlement accounting	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
ESOP 2015-07	15-May-17	Equity settled	1,092	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.88
ESOP 2015-14	18-May-18	Equity settled	2,324	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.87
ESOP 2015-19	20-May-19	Equity settled	2,630	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.87

As at 31st March, 2019

Scheme reference	Grant Date	Mode of settlement accounting	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
ESOP 2007-47	9-May-15	Equity settled	72	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.90
ESOP 2015-02	19-May-16	Equity settled	368	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.70
ESOP 2015-07	15-May-17	Equity settled	1,911	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.88
ESOP 2015-14	18-May-18	Equity settled	3,320	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.87

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.

The requirement that the employee has to save in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee will stop saving based on historical behavior.

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 2015-07	15-May-17	1.30	0.48	1.54	955.00	954.65	6.64%	0.06%	20.74%	145.98
ESOP 2015-07	15-May-17	2.46	0.50	2.71	955.00	954.65	6.77%	0.06%	35.44%	289.06
ESOP 2015-07	15-May-17	3.13	0.50	3.38	955.00	954.65	6.88%	0.06%	33.81%	320.11
ESOP 2015-07	15-May-17	3.63	0.50	3.88	955.00	954.65	6.95%	0.06%	34.20%	349.84
ESOP 2015-14	18-May-18	1.20	0.50	1.45	1,271.00	1,270.70	7.44%	0.06%	18.68%	184.60
ESOP 2015-14	18-May-18	2.46	0.50	2.71	1,271.00	1,270.70	7.83%	0.06%	32.95%	383.29
ESOP 2015-14	18-May-18	3.12	0.50	3.37	1,271.00	1,270.70	7.97%	0.06%	32.13%	433.45
ESOP 2015-14	18-May-18	3.62	0.50	3.87	1,271.00	1,270.70	7.99%	0.06%	31.43%	465.70
ESOP 2015-19	20-May-19	1.20	0.50	1.45	1,460.00	1,460.00	6.63%	0.05%	23.24%	230.35
ESOP 2015-19	20-May-19	2.45	0.50	2.70	1,460.00	1,460.00	6.83%	0.05%	21.16%	330.89
ESOP 2015-19	20-May-19	3.12	0.50	3.37	1,460.00	1,460.00	6.94%	0.05%	21.32%	387.19
ESOP 2015-19	20-May-19	3.62	0.50	3.87	1,460.00	1,460.00	7.03%	0.05%	31.00%	508.28

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 2015-02	19-May-16	1.37	0.50	1.62	710.00	708.90	7.25%	0.07%	26.85%	134.08
ESOP 2015-02	19-May-16	2.20	0.50	2.45	710.00	708.90	7.32%	0.07%	26.32%	172.75
ESOP 2015-02	19-May-16	3.12	0.50	3.37	710.00	708.90	7.43%	0.07%	27.96%	218.71
ESOP 2015-02	19-May-16	3.53	0.34	3.70	710.00	708.90	7.46%	0.07%	27.35%	229.80
ESOP 2015-07	15-May-17	1.30	0.48	1.54	955.00	954.65	6.64%	0.06%	20.74%	145.98
ESOP 2015-07	15-May-17	2.46	0.50	2.71	955.00	954.65	6.77%	0.06%	35.44%	289.06
ESOP 2015-07	15-May-17	3.13	0.50	3.38	955.00	954.65	6.88%	0.06%	33.81%	320.11
ESOP 2015-07	15-May-17	3.63	0.50	3.88	955.00	954.65	6.95%	0.06%	34.20%	349.84
ESOP 2015-14	18-May-18	1.20	0.50	1.45	1,271.00	1,270.70	7.44%	0.06%	18.68%	184.60
ESOP 2015-14	18-May-18	2.46	0.50	2.71	1,271.00	1,270.70	7.83%	0.06%	32.95%	383.29
ESOP 2015-14	18-May-18	3.12	0.50	3.37	1,271.00	1,270.70	7.97%	0.06%	32.13%	433.45
ESOP 2015-14	18-May-18	3.62	0.50	3.87	1,271.00	1,270.70	7.99%	0.06%	31.43%	465.70

Schedules

Forming part of Balance Sheet and Profit and Loss Account

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-MAR-20								31-MAR-19							
		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	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 2015-02	19-May-16	368	-	(368)	-	-	-	-	-	644	-	(276)	-	-	-	368	
ESOP 2015-07	15-May-17	1,911	-	(819)	-	-	-	1,092	-	2,730	-	(819)	-	-	-	1,911	
ESOP 2015-14	18-May-18	3,320	-	(996)	-	-	-	2,324	-	-	3,320	-	-	-	-	3,320	
ESOP 2015-19	20-May-19		2,630	-	-	-	-	2,630	-	-			-	-	-	-	
		5,599	**2,630**	**(2,183)**		**-**	**-**	**6,046**	**-**	**3,374**	**3,320**	**(1,095)**		**-**	**-**	**5,599**	**-**

* This represents transfer of employees within Bank and its subsidiaries

The weighted average share price at the date of exercise for stock options exercised during the year was Rs. 935.55 (Previous year: Rs. 879.16).

ESOP SCHEME	RANGE OF EXERCISE PRICES (RS.)	31ST MARCH, 2020			31ST MARCH, 2019		
		OUTSTANDING AT THE START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	OUTSTANDING AT THE START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR
ESOP 2015-02	701-800				368	0.88	710.00
ESOP 2015-07	901-1000	1,092	1.00	955.00	1,911	1.11	955.00
ESOP 2015-14	1201-1300	2,324	1.61	1,271.00	3,320	1.58	1,271.00
ESOP 2015-19	1301-1400	2,630	2.08	1,460.00			

Schedules

Forming part of Balance Sheet and Profit and Loss Account

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 540 SARs during FY 2019-20. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 0.25 years to 2.79 years

As at 31st March, 2020

Scheme reference	Grant Date	Mode of settlement accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-9 (Series 9)	15-May-17	Cash settled	236	30% - 2018-19 30% - 2019-20 40% - 2020-21	3.67
2015-17 (Series 17)	18-May-18	Cash settled	546	30% - 2019-20 30% - 2020-21 40% - 2021-22	3.66
2015-17 (Series 22)	20-May-19	Cash settled	540	30% - 2020-21 30% - 2021-22 40% - 2022-23	3.66

As at 31st March, 2019

Scheme reference	Grant Date	Mode of settlement accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-4 (Series 4)	19-May-16	Cash settled	100	30% - 2018-19 30% - 2019-20 40% - 2020-21	3.57
2015-9 (Series 9)	15-May-17	Cash settled	413	30% - 2019-20 30% - 2020-21 40% - 2021-22	3.67
2015-17 (Series 17)	18-May-18	Cash settled	780	30% - 2020-21 30% - 2021-22 40% - 2022-23	3.66

Schedules

Forming part of Balance Sheet and Profit and Loss Account

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)
Series 2015-9 (Series 9)									
Tranche VII	15-May-17	0.25	0.25	-	1,293.70	4.31%	0.06%	58.10%	1,293.50
Tranche VIII	15-May-17	0.27	0.27	-	1,293.70	4.33%	0.06%	56.44%	1,293.48
Tranche IX	15-May-17	0.29	0.29	-	1,293.70	4.35%	0.06%	54.68%	1,293.47
Tranche X	15-May-17	0.75	0.75	-	1,293.70	4.71%	0.06%	39.55%	1,293.10
Tranche XI	15-May-17	0.77	0.77	-	1,293.70	4.73%	0.06%	39.08%	1,293.08
Tranche XII	15-May-17	0.79	0.79	-	1,293.70	4.74%	0.06%	38.78%	1,293.07
Series 2015-17 (Series 17)									
Tranche IV	18-May-18	0.59	0.59	-	1,293.70	4.59%	0.06%	42.98%	1,293.23
Tranche V	18-May-18	0.61	0.61	-	1,293.70	4.60%	0.06%	42.52%	1,293.21
Tranche VI	18-May-18	0.62	0.62	-	1,293.70	4.62%	0.06%	41.98%	1,293.20
Tranche VII	18-May-18	1.25	1.25	-	1,293.70	5.01%	0.06%	32.93%	1,292.70
Tranche VIII	18-May-18	1.27	1.27	-	1,293.70	5.02%	0.06%	32.74%	1,292.68
Tranche IX	18-May-18	1.29	1.29	-	1,293.70	5.03%	0.06%	32.62%	1,292.67
Tranche X	18-May-18	1.75	1.75	-	1,293.70	5.18%	0.06%	31.96%	1,292.30
Tranche XI	18-May-18	1.77	1.77	-	1,293.70	5.18%	0.06%	31.76%	1,292.28
Tranche XII	18-May-18	1.79	1.79	-	1,293.70	5.18%	0.06%	31.65%	1,292.27
Series 2015-17 (Series 22)									
Tranche I	20-May-19	0.33	0.33	-	1,293.70	4.38%	0.06%	51.43%	1,293.43
Tranche II	20-May-19	0.35	0.35	-	1,293.70	4.40%	0.06%	50.22%	1,293.42
Tranche III	20-May-19	0.37	0.37	-	1,293.70	4.42%	0.06%	49.01%	1,293.40
Tranche IV	20-May-19	1.59	1.59	-	1,293.70	5.13%	0.06%	32.93%	1,292.43
Tranche V	20-May-19	1.61	1.61	-	1,293.70	5.14%	0.06%	32.81%	1,292.42
Tranche VI	20-May-19	1.62	1.62	-	1,293.70	5.14%	0.06%	32.82%	1,292.40
Tranche VII	20-May-19	2.25	2.25	-	1,293.70	5.27%	0.06%	29.75%	1,291.90
Tranche VIII	20-May-19	2.27	2.27	-	1,293.70	5.27%	0.06%	29.65%	1,291.89
Tranche IX	20-May-19	2.29	2.29	-	1,293.70	5.28%	0.06%	29.53%	1,291.87
Tranche X	20-May-19	2.75	2.75	-	1,293.70	5.39%	0.06%	27.87%	1,291.50
Tranche XI	20-May-19	2.77	2.77	-	1,293.70	5.40%	0.06%	27.81%	1,291.48
Tranche XII	20-May-19	2.79	2.79	-	1,293.70	5.40%	0.06%	27.74%	1,291.47

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)
Series 2015-9 (Series 9)									
Tranche VII	15-May-17	0.25	0.25	-	1,293.70	4.31%	0.06%	58.10%	1,293.50
Tranche VIII	15-May-17	0.27	0.27	-	1,293.70	4.33%	0.06%	56.44%	1,293.48
Tranche IX	15-May-17	0.29	0.29	-	1,293.70	4.35%	0.06%	54.68%	1,293.47
Tranche X	15-May-17	0.75	0.75	-	1,293.70	4.71%	0.06%	39.55%	1,293.10
Tranche XI	15-May-17	0.77	0.77	-	1,293.70	4.73%	0.06%	39.08%	1,293.08
Tranche XII	15-May-17	0.79	0.79	-	1,293.70	4.74%	0.06%	38.78%	1,293.07
Series 2015-17 (Series 17)									
Tranche IV	18-May-18	0.59	0.59	-	1,293.70	4.59%	0.06%	42.98%	1,293.23
Tranche V	18-May-18	0.61	0.61	-	1,293.70	4.60%	0.06%	42.52%	1,293.21
Tranche VI	18-May-18	0.62	0.62	-	1,293.70	4.62%	0.06%	41.98%	1,293.20
Tranche VII	18-May-18	1.25	1.25	-	1,293.70	5.01%	0.06%	32.93%	1,292.70
Tranche VIII	18-May-18	1.27	1.27	-	1,293.70	5.02%	0.06%	32.74%	1,292.68
Tranche IX	18-May-18	1.29	1.29	-	1,293.70	5.03%	0.06%	32.62%	1,292.67
Tranche X	18-May-18	1.75	1.75	-	1,293.70	5.18%	0.06%	31.96%	1,292.30
Tranche XI	18-May-18	1.77	1.77	-	1,293.70	5.18%	0.06%	31.76%	1,292.28
Tranche XII	18-May-18	1.79	1.79	-	1,293.70	5.18%	0.06%	31.65%	1,292.27

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.

Schedules

Forming part of Balance Sheet and Profit and Loss Account

Reconciliation of Stock Appreciation Rights (cash-settled)

SCHEME	GRANT DATE	31-MAR-20							31-MAR-19						
		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	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
2015-04	9-May-15	-						-	40	-	(40)				-
2015-4 (Series 4)	19-May-16	100		(100)				-	175	-	(75)				100
2015-9 (Series 9)	15-May-17	413		(177)				236	590	-	(177)				413
2015-17 (Series 17)	18-May-18	780		(234)				546	-	780					780
2015-17 (Series 22)	20-May-19		540					540							
		1,293	**540**	**(511)**	**-**	**-**	**-**	**1,322**	**805**	**780**	**(292)**	**-**	**-**	**-**	**1,293**

* This represents transfer of employees within Bank and its subsidiaries

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

YEAR ENDED 31ST MARCH	As at March 31, 2020	As at March 31, 2019
	₹	₹
Total Employee compensation cost pertaining to share-based payment plans	954,841	1,263,185
Compensation cost pertaining to equity-settled employee share-based payment plan included above	66,393	400,148
Closing balance of liability for cash-settled options	1,007,529	908,034
Total intrinsic value of liabilities for vested benefits	-	-

Schedules

Forming part of Balance Sheet and Profit and Loss Account

30 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Classification of financial assets and financial liabilities:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified as on Fair value through Profit and Loss (FVTPL), Fair value through other comprehensive Income (FVTOCI) and Amortised Cost.

Particulars	As at 31-Mar-20			As at 31-Mar-19		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Cash and cash equivalents	-	-	92,013			337,221
Receivables:						
Trade receivables	-	-	345,218			256,094
Loans	-	-	205,392			682,261
Investments	298,229,258			310,265,595		
Total financial assets	**298,229,258**	**-**	**642,623**	**310,265,595**	**-**	**1,275,576**
Financial liabilities						
Payables						
Trade Payables			1,131,427			810,081
Other Financial liabilities			2,500,000			2,000,000
Total financial liabilities	**-**	**-**	**3,631,427**	**-**	**-**	**2,810,081**

B. Fair value hierarchy:

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

Particulars	As at 31-Mar-20				As at 31-Mar-19			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
- Mutual funds	298,229,258			298,229,258	310,265,595	-	-	310,265,595
Total financial assets	**298,229,258**	**-**	**-**	**298,229,258**	**310,265,595**	**-**	**-**	**310,265,595**

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

Particulars	As at 31-Mar-20				As at 31-Mar-19			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans								
- Loans given to Employee	-	-	205,392	205,392	-	-	682,261	682,261
Total financial assets	**-**	**-**	**205,392**	**205,392**	**-**	**-**	**682,261**	**682,261**

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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 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs)

Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31-Mar-20		As at 31-Mar-19	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	92,013	92,013	337,221	337,221
Receivables:				
Trade receivables	345,218	345,218	256,094	256,094
Loans				
- Loans given to Employee	205,392	205,392	682,261	682,261
	642,623	**642,623**	**1,275,576**	**1,275,576**
Financial liabilities				
Payables				
Trade Payables	1,131,427	1,131,427	810,081	810,081
Other Financial liabilities	2,500,000	2,500,000	2,000,000	2,000,000
Total financial liabilities	**3,631,427**	**3,631,427**	**2,810,081**	**2,810,081**

The carrying amounts of Cash and cash equivalents, Bank Balance other than cash and cash equivalent, trade receivables, loan to employees, other financial assets, trade payables, other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments not measured at fair value

Instrument type	Valuation technique
Investment in Mutual Funds	The fair values investments in mutual funds is based on Net Asset Value (NAV) as stated by the issuers of these mutual fund units in the published statement as at the balance sheet date. NAV represents the price at which the issuer will further issue units of mutual fund and the price at which the issuer will redeem such units from the investors
Loans	The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on internal models and consequently for the purposes of level disclosures categorized under Level 3. The Level 3 loans would decrease (increase) in value based upon an increase (decrease) in discount rate. For purposes of these fair value estimates, the fair values of impaired loans were computed by discounting expected cashflows using appropriate market yield.

D. Financial risk management

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

- Credit risk ; and
- Liquidity risk

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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:-"

PARTICULARS	As at March 31, 2020	As at March 31, 2019
	₹	₹
Trade receivables	345,392	256,157
Cash and cash equivalents	92,013	337,221
Bank Balance other than (a) above	1,474,716	1,378,931
Loan to Employees	205,392	682,261
Total	**2,117,512**	**2,654,571**

a. Credit quality analysis

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

Particulars	As at 31st March, 2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Trade receivables				
Past due 1–30 days	-			-
Past due 31–60 days	-	345,392		345,392
Past due 61–90 days	-			-
Past due 90 days	-			-
	-	345,392	-	345,392
Impairment loss allowance	-	(173)		(173)
Carrying amount	**-**	**345,218**	**-**	**345,218**
Current	205,392	-	-	205,392
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-		-
	205,392	-	-	205,392
Impairment loss allowance	(10,146)	-		(10,146)
Carrying amount	**195,246**	**-**	**-**	**195,246**
Other financial assets				
Current	1,566,729	-	-	1,566,729
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-	-	-
	1,566,729	-	-	1,566,729
Impairment loss allowance	(980)	-	-	(980)
Carrying amount	**1,565,749**	**-**	**-**	**1,565,749**

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Particulars	As at 31st March, 2019			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Trade receivables				
Past due 1–30 days	-			-
Past due 31–60 days	-	256,157		256,157
Past due 61–90 days	-			-
Past due 90 days	-			0
	-	256,157	-	256,157
Impairment loss allowance	-	(64)		(64)
Carrying amount	**-**	**256,094**	**-**	**256,094**
Current	682,261	-	-	682,261
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-		-
	682,261.04	-	-	682,261
Impairment loss allowance	(4,435)	-		(4,435)
Carrying amount	**677,826**	**-**	**-**	**677,826**
Current	-	-	-	-
Past due 1–30 days	19.73	-	-	19.73
Past due 31–60 days	-	2.76	-	2.76
Past due 61–90 days	-	1.69	-	1.69
Past due 90 days	-	-	1,090.37	1,090.37
	19.73	**4.45**	**1,090.37**	**1,114.55**
Impairment loss allowance	(2.95)	(0.72)	(827.98)	(831.65)
Carrying amount	**16.78**	**3.73**	**262.39**	**282.90**
Other financial assets				
Current	1,716,152	-	-	1,716,152
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-	-	-
	1,716,152	**-**	**-**	**1,716,152**
Impairment loss allowance	(576)	-	-	(576)
Carrying amount	**1,715,577**	**-**	**-**	**1,715,577**

Concentration of credit risk

c. 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.

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 Gross domestic product, change in gross fixed investments. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

Assessment of significant increase in credit risk:

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

Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the company operates and other micro-economic factors. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

ii. Impairment loss allowance

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

Particulars	**Past due 1–30 days**	**Past due 31–60 days**	**Past due 61–90 days**	**Past due more than 90 days**
Trade receivables				
Balance as at 1st April, 2018		39		
New financial assets originated during the year		64		
Financial assets that have been derecognised during the period		(39)		
Balance as at 31st March, 2019	**-**	**64**	**-**	**-**
Net remeasurement of loss allowance				
New financial assets originated during the year		173		
Financial assets that have been derecognised during the period		(64)		
Balance as at 31st March, 2020	**-**	**173**	**-**	**-**

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Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Employee loans			
Balance as at 1st April, 2018	4,435	-	
New financial assets originated during the year	-	-	
Balance as at 31st March, 2019	**4,435**	**-**	**-**
New financial assets originated during the year	10,146	-	-
Financial assets that have been derecognised during the period	(4,435)		
Balance as at 31st March, 2020	**10,146**	**-**	**-**

Particulars	Bank Balances	Other financial assets
Balance as at 1st April, 2018	384	
New financial assets originated during the year	576	
Financial assets that have been derecognised during the period	(384)	
Balance as at 31st March, 2019	**576**	
New financial assets originated during the year	980	
Financial assets that have been derecognised during the period	(576)	
Balance as at 31st March, 2020	**980**	

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.

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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.

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 31-Mar-20								
Financial assets								
Cash and cash equivalents	91,955	91,955	91,955					
Bank Balance other than (a) above	1,473,794	1,473,794						1,473,794
Receivables								
(I) Trade receivables	345,218	345,218		345,218				
Loans	195,246	195,246			195,246			
Investments	298,229,258	298,229,258	298,229,258					
Financial liabilities								
Trade and other Payables	1,131,427	1,131,427		1,131,427				
Other Financial Liabilities	2,500,000	2,500,000		2,500,000				
Carrying Amount	**303,966,898**	**303,966,898**	**298,321,213**	**3,976,645**	**195,246**	**-**	**-**	**1,473,794**

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 31-Mar-19								
Financial assets								
Cash and cash equivalents	337,108	337,108	337,108					
Bank Balance other than (a) above	1,378,468	1,378,468				1,378,468		
Receivables		-						
(I) Trade receivables	256,094	256,094		256,094				
Loans	677,826	677,826			677,826			
Investments	310,265,595	310,265,595	310,265,595					
Financial liabilities		-						
Trade and other Payables	810,081	810,081		810,081				
Other Financial Liabilities	2,000,000	2,000,000		2,000,000				
Carrying Amount	**315,725,173**	**315,725,173**	**310,602,703**	**3,066,175**	**677,826**	**1,378,468**	**-**	**-**

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Forming part of Balance Sheet and Profit and Loss Account

31 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Particulars	For the year ended	
	31st March, 2020	31st March, 2019
	₹	₹
Revenue from contracts with customers	913,537	625,860
Revenue from other sources	20,411,191	24,772,681
TOTAL REVENUE	**21,324,728**	**25,398,541**

Contract Balances

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

Particulars	As at 31st March 2020	As at 31st March 2019
	₹	₹
Receivables	345,218	256,094

32 Tax expense

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the company can use the benefits thereform:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
	₹	₹
Fixed Assets Difference	134,639	249,668
Unabsorbed business losses	23,090,889	22,749,777
Unabsorbed depreciation	524,005	402,813
Provision for gratuity	647,862	244,813
Provision for Compensated Absenses	201,796	138,965
STCG	225,453	110
Stock Apprciation Right	261,948	
MTM Adj on a/c of Fair value of Invt	(3,210,608)	-
ECL on Financial Assets	2,938	110
	21,878,922	**23,786,256**

In terms of our report of even date
For Gokhale & Sathe
Chartered Accountants
Firm Reg No.103264W

For and on Behalf of the Board of Directors

Atul A Kale
Partner
Mem No.F-109947

Mumbai
04th June, 2020

Sandeep Shrikhande
Chief Executive Officer

Sudhakar Shanbhag
Director

Nilesh Shah
Director

Krishnan Ramchandran
Chief Financial Officer

Darshana Baliya
Company Secretary