Annual Report 2018-19

kotak

# Courage
of Conviction.
# Constancy
of Change.

# Directors' Report

To the Members of
**KOTAK MAHINDRA PRIME LIMITED**

The Board of Directors has a pleasure in presenting Twenty Third Annual Report together with audited Financial Statements (standalone and consolidated) of your Company for the year ended 31st March 2019.

## FINANCIAL HIGHLIGHTS

The Ministry of Corporate Affairs, on March 30, 2016, notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 for implementation of Indian Accounting Standards (Ind AS) by Non-Banking Financial Companies. In view of this, financials of the Company for accounting period beginning on or after April 01, 2018 was prepared on the basis of Ind AS.

Financial performance under Ind AS for FY 2018-19 with comparative numbers for FY 2017-18 is presented below:

(₹ in Lakh)

| Particulars | Year ended 31st March 2019 | Year ended 31st March 2018 |
|---|---|---|
| Gross Income | 320,285.97 | 306,633.16 |
| Profit before Depreciation and Tax | 90,379.29 | 92,003.47 |
| Depreciation | 438.55 | 327.41 |
| Profit before Tax | 89,940.74 | 91,676.06 |
| Provision for Tax | 30,896.21 | 31,084.98 |
| Profit after Tax | 59,044.53 | 60,591.08 |
| Other Comprehensive Income | 22,001.27 | 50,501.51 |
| Total Comprehensive Income | 81,045.80 | 111,092.59 |
| Balance of Profit from previous years | 342,083.85 | 293,336.78 |
| Amount available for appropriation | 401,128.38 | 353,927.86 |
| Appropriations: | | |
| Dividend paid on Equity Shares | 20.97 | 20.97 |
| Corporate Dividend Tax | 4.31 | 4.28 |
| Special Reserve u/s 45IC of the RBI Act, 1934. | 12,000.00 | 11,793.00 |
| Capital Redemption Reserve | - | - |
| Surplus carried forward to the Balance Sheet | 389,106.37 | 342,083.85 |

## DIVIDEND

The Directors recommend Dividend on Equity Shares @ ₹0.60 per equity share (Previous Year: ₹0.60 per equity share).

## DEBENTURES

Pursuant to various circulars issued by the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) from time to time, the Company continues to issue debentures on private placement basis and list all debentures issued, on the Bombay Stock Exchange Limited under Information Memorandums issued by the Company from time to time. The Company has appointed IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17 R. Kamani Marg Ballard Estate, Mumbai 400 001 (Contact Nos.:022– 40807050; 40807021; 40807023, Email: jimit@idbitrustee.com; paridhi@idbitrustee.com Website:www.idbitrustee.com) as Debenture Trustees to the issues.

## CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of your Company as on 31st March 2019 was at 19.66% (Tier I – 18.28%).

## CREDIT RATING

The Company's long-term borrowings rating continued to be "AAA" (with Stable Outlook) by CRISIL and ICRA. The Company's Tier II

Subordinated Debts continued to be dual rated by CRISIL and ICRA, with a rating of “AAA” (with Stable Outlook).

The Company’s short-term borrowing program rated by CRISIL and ICRA continued to enjoy the highest rating of “A1+”.

During the year, the Company requested for withdrawal of the Issuer Credit Rating assigned by Standard & Poor’s Global Rating, as the Company was not likely to use the rating for any foreign currency borrowings in the near term. The request for the Rating withdrawal was confirmed with effect from 24th July 2018. At the time of the withdrawal request, the Issuer rating of the Company was as follows:

Long term issuer credit rating: continued to be BBB-(Stable)

Short term issuer credit rating: continued to be A-3.

The assessment of your Company’s risk profile by the rating agencies strengthens the confidence placed by a large pool of investors in your Company.

AAA indicates highest degree of safety regarding timely servicing of financial obligations and carries a lowest credit risk.

## FINANCE

Your Company continues to be a Non-Deposit Accepting NBFC - Investment and Credit Company (reclassified from Asset Finance Company (AFC) vide RBI circular dated February 22, 2019 on Harmonisation of NBFCs categories). It has well diversified and large pool of lenders comprising of Public Sector Banks, Private and MNC Banks, Mutual Funds, Insurance Companies, Pension Funds, Financial Institutions, Foreign Institutional Investors (FII) and Corporates. Your Company continued to introduce new investors during the year. Further, prudent Asset Liability Management continues to be focus of your Company.

During the financial year 2018-19, the growth and growth expectations in the economy remained modest with Gross Domestic Product (GDP) growth expected to be at about 7%. With RBI’s GDP growth (y-o-y) projected to be 7.2% in FY 2019-20, India continues to be a bright spot in the global economy with leading GDP growth rate among major economies.

Going forward, RBI expects CPI inflation to average 2.9-3.0% and 3.5-3.8% in the first-half and second-half of FY 2019-20 respectively with risk broadly balanced. Private consumption, which has remained resilient, is also expected to get a fillip from public spending in rural areas and an increase in disposable incomes of households due to tax benefits. Business expectations continue to be optimistic.

Further on the domestic front, despite continued challenges faced by the NBFC sector during the latter half of the financial year, your Company continued to get regular access to funding from various sources and has continued to maintain adequate liquidity profile.

Financial markets continued to be driven by monetary policy stances of key central banks and movements in crude oil prices. Bond yields in the US softened, slipped into negative territory in Germany and dipped further into negative territory in Japan as central banks signaled softer stances. Crude oil prices have risen in recent months on production cuts by OPEC and Non-OPEC countries as well as disruption in supplies due to US sanctions on exports from Iran & Venezuela. The US-China trade war, Brexit and weakening of Eurozone may pose a risk of slowdown in the global economy.

Your Company with its strong treasury and risk management philosophies and practices is well geared to meet the challenges of global headwinds and a dynamic interest rate and liquidity environment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Company Business

Your Company is primarily into car finance, engaged in financing of retail customers of passenger cars and multi-utility vehicles and inventory and term funding to car dealers. Your Company finances new and used cars under retail loan, hire purchase and lease contracts.

The main streams of income for your Company are retail income, dealer finance income and fee based income. Your Company also receives income from loans against securities, securitization / assignment transactions, purchase of non-performing assets, personal loans, corporate loans and developer funding. During the year, the Company has also diversified into two-wheeler financing business. The major expenses for your Company are interest expense, business sourcing expense and cost of running operations.

During the Financial Year 2018-19, your Company’s retail vehicle disbursements were at ₹798,477 lakh as against ₹954,466 lakh in the previous year. During the year under review, gross advances stood at ₹2,849,624 lakh as against ₹2,850,074 lakh in the previous year.

Your Company continued to focus on cost control and credit losses, while improving its positioning in the car finance market by scaling up the business.

As detailed in the 'Financial Results' section above, Gross Income of your Company increased from ₹306,633.16 lakh in 2017-18 to ₹320,285.97 lakh in 2018-19. Profit before Tax was at ₹89,940.74 lakh in 2018-19 as compared to ₹91,676.06 lakh in 2017-18. The net NPA of your Company was at 0.54%.

**Segment wise performance**

The Company has identified segments as Vehicle Financing, Other Lending activities and Treasury and Investments.

Vehicle Finance includes Retail and Wholesale trade finance and the segment result is Profit before tax of ₹50,173.95 lakh. Other Lending activities include financing against securities, securitization, debenture investment / lending in commercial real estate and other loan / fee based services and the segment result is Profit before tax of ₹32,935.37 lakh. Treasury and Investment activities include proprietary trading in shares and the segment result is Profit before tax of ₹6,831.42 lakh.

**Industry Scenario**

The passenger car market in India saw a growth of 2.83% for the Financial Year 2018-19 as compared to a growth of 7.73% for 2017-18. Total unit sales of cars and MUV's crossed 33.42 lakh units in financial year 2018-19.

**Prospects**

Passenger car sales are likely to grow in the range of 3-5% as per current industry estimates. Your Company has, carved out a niche for itself in the car-financing segment focusing on distribution and relationship management across manufacturers, dealers, channel partners and customers. Fee based income is an important initiative of your Company. Dedicated infrastructure is in place to give a further impetus to the growth of fee based income with a twin objective of offering value added services to customers and leveraging the large existing customer database to generate further fee based income.

Customer knowledge, easy accessibility through its wide network of branches and a firm commitment to deliver superior customer service are key drivers for your Company's performance.

**Internal Controls**

The Internal Audit department of Kotak Mahindra Bank Limited regularly conducts a review to assess the financial and operating controls at various locations of your Company including Head Office functions and at branches. Reports of the audits conducted by the Internal Audit department are presented to the Audit Committee. Representatives of the statutory auditors are permanent invitees to the Audit Committee.

**Human Resources**

The Company is professionally managed with key management personnel having relatively long tenure with the Company. Your Company follows a policy of building strong teams of talented professionals. Your Company encourages and facilitates long term careers with your Company through carefully designated management development programs and performance management systems. The total number of on roll employees was 2,484 at end of March 31, 2019.

**Information Technology**

Your Company uses "ORACLE" as its Financial system and the operating system 'CORE' which is owned and managed by Kotak Mahindra Bank Limited and is used for its retail assets division since 2003. The CORE system has the latest technology platform and also has capacity to scale based on business requirements. The modular nature of the system supports efficiency in operations coupled with strong systems and operational controls. The system is robust to cater to efficient customer service and support marketing initiatives at reasonable cost.

**Cautionary Note**

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

## DIRECTORS' & KEY MANAGERIAL PERSONNEL

**Change in Directors during the year**

Mr. Arvind Kathpalia (DIN: 02630873) was appointed as an Additional Director of the Company with effect from 1st April 2018 and Ms. Akila Urankar (DIN: 00226541) was appointed as an Additional Director (Independent) with effect from 1st April 2018, subject to the approval of the members at the General meeting. Accordingly, the members of the Company at the Annual General meeting of the Company held on 11th June 2018 approved the appointment of Mr. Arvind Kathpalia as a Director and Ms. Akila Urankar as an Independent Director.

**Directors retiring by rotation during the year**

Ms. Shanti Ekambaram (DIN: 00004889), Director, retires by rotation at the Twenty Third Annual General Meeting and being eligible, has offered herself for re-appointment.

**Re-appointment of Managing Director**

The Board of Directors of the Company at its meeting held on 27th April, 2018, re-appointed Mr. Vyomesh Kapasi, Managing Director of the Company, as the Managing Director of the Company for a period of two years with effect from 9th December, 2018, subject to the approval of the shareholders at the General Meeting. Accordingly, the members of the Company at the Annual General meeting of the Company held on 11th June 2018 approved the re-appointment of Mr. Vyomesh Kapasi as the Managing Director.

**Re-appointment of Independent Directors**

The Board of Directors, based on the recommendation of the Nomination & Remuneration Committee and the results of the performance evaluation, re-appointed Prof. S. Mahendra Dev (DIN: 06519869) and Mr. Chandrashekhar Sathe (DIN: 00017605) as Independent Directors for second term with effect from 30th March 2020 till 29th March 2025, subject to the necessary approvals from the shareholders. Accordingly, the approvals of the shareholders for re-appointment of Prof. Dev and Mr. Sathe through special resolutions are being sought at the ensuing Annual General Meeting.

Prof S. Mahendra Dev, aged 61 years, is currently Director (Vice Chancellor) of Indira Gandhi Institute of Development Research. Mr. Dev was the Chairman of the Commission for Agriculture Costs and Prices, Government of India. Mr. Dev was the Director, Centre for Economic and Social Studies, Hyderabad for 9 years.

Mr. Chandrashekhar Sathe, B. Tech. (Chemical Engineering) from IIT, Mumbai, aged 68 years, has over 40 years' experience in the banking and financial sector. Mr. Sathe has worked with Bank of Nova Scotia, Kotak Mahindra Bank Limited and Bank of Maharashtra and has wide ranging experience in Banking, Finance, Administration, Credit, Foreign Exchange and Money Markets. Mr. Sathe was a widely consulted expert on Foreign Exchange and Money Markets in India and was a frequent contributor to financial newspapers, magazines and TV News channels.

**Declaration from Independent Directors**

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

**Board Evaluation**

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

In line with the SEBI Guidance note on Board Evaluation, a Board effectiveness assessment questionnaire was designed for the performance evaluation of the Board, its Committees, Chairman and individual directors and in accordance with the criteria set and covering various aspects of performance including structure of the board, meetings of the board, functions of the board, role and responsibilities of the board, governance and compliance, evaluation of risks, grievance redressal for investors, conflict of interest, relationship among directors, director competency, board procedures, processes, functioning and effectiveness. The said questionnaire was circulated to all the directors of the Company for the annual performance evaluation.

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

**Key Managerial Personnel (KMPs)**

In terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Vyomesh Kapasi, Managing Director, Mr. Bharat C Thakkar, Chief Financial Officer and Mr. Kiran Tangudu, Company Secretary, are the Key Managerial Personnel of the Company.

**Appointment & Remuneration of Directors and KMPs**

The Nomination and Remuneration Committee of the Board of Directors of the Company has formulated criteria for appointment of Senior Management personnel and the Directors. Based on the criteria set it recommends to the Board the appointment of Directors and Senior

Management personnel. The Committee considers the qualifications, experience fit & proper status, positive attributes as per the suitability of the role and independent status and various regulatory/statutory requirements as may be required of the candidate before such appointment.

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

- Objective is to maintain fair, consistent and equitable compensation practices in alignment with Kotak's core values and strategic business goals.
- Applicable to all employees of the Company. Employees classified into 3 groups:
    - o Whole-time Directors/Chief Executive Officer
    - o Risk, Operations & Support Staff
    - o Other categories of Staff
- Compensation structure broadly divided into Fixed, Variable and ESOPs
    - o Fixed Pay – Total cost to the Company i.e. Salary, Retirals and Other Benefits
    - o Variable Pay – Linked to assessment of performance and potential based on Balanced Key Result Areas (KRAs), Standards of Performance and achievement of targets with overall linkage to Bank budgets and business objectives. The main form of incentive compensation includes – Cash, Deferred Cash/Incentive Plan and Stock Appreciation Rights.
    - o ESOPs of Kotak Mahindra Bank Limited – Granted on a discretionary basis to employee based on their performance and potential with the objective of retaining the employee.
- Compensation Composition – The ratio of Variable Pay to Fixed Pay and the ratio of Cash v/s Non Cash within Variable pay outlined for each category of employee classification.
- Any variation in the Policy to be with approval of the Nomination & Remuneration Committee.
- Malus and Clawback clauses applicable on Deferred Variable Pay.

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

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

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

**Number of Board Meetings**
During the year, 11 meetings of the Board of Directors were held.

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

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

| Name | Title | Ratio | Ratio excluding SARs |
|---|---|---|---|
| Mr. Vyomesh Kapasi | Managing Director | 28.09x | 22.52x |

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

| Director/KMP | Title | % increase in remuneration | % increase in remuneration excluding SARs |
|---|---|---|---|
| Mr. Vyomesh Kapasi | Managing Director | 6.51% | 6.23% |
| Mr. Bharat Thakkar | CFO | NA | NA |
| Mr. Kiran Tangudu | CS | NA | NA |

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

   (6.16)% considering employees who were in employment for the whole of FY 2017-18 and FY 2018-19.

4. Number of permanent employees on the rolls of Company at the end of the year: 2,484

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

   For employees other than managerial personnel who were in employment of FY 2017-18 and FY 2018-19 the average increase is 10.92% and 10.88% excluding SARs.

   Average increase for managerial personnel is 6.51% and 6.23% excluding SARs.

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

   The Company is in compliance with its Remuneration Policy.

**Notes:**

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

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

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

## COMMITTEES

### (A) AUDIT COMMITTEE

The Audit Committee presently consists of Mr. Chandrashekhar Sathe (Chairman), Mr. Narayan S.A. and Prof. S. Mahendra Dev. The quorum comprises of any two members. During the year, Mr. Chandrashekhar Sathe was appointed as Chairman of the Audit Committee.

During the financial year ended 31st March 2019, 7 meetings of the Committee were held.

The First Tier Audit Committee presently comprises of Mr. Narayan S.A., Mr. Vyomesh Kapasi and Mr. Bharat Thakkar. The quorum comprises of any two members. The Committee screens the matters entrusted to the Audit Committee and also the routine matters such as overseeing the programme of inspections and compliance of inspection reports.

### (B) NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee presently comprises of Mr. Narayan S.A. (Chairman), Prof. S. Mahendra Dev and Mr. Chandrashekhar Sathe. The quorum comprises of any two members. During the year, Mr. Narayan S.A. was appointed as Chairman of the Nomination & Remuneration Committee.

During the financial year ended 31st March 2019, 2 meetings of the Committee were held.

### (C) COMMITTEE OF THE BOARD OF DIRECTORS

The Committee of the Board of Directors presently consists of Mr. Narayan S.A., Ms. Shanti Ekambaram and Mr. Vyomesh Kapasi. The quorum comprises of any two members. The Committee looks into the routine transactions of Company which inter alia include authorizing opening, operation & closure of bank accounts of the Company, authorizing officials of the Company to execute various documents/agreements, issuing power of attorney for representing the Company in various Courts of Law and before various Statutory Authorities and borrowing of money within the delegated limit.

During the financial year ended 31st March 2019, 10 meetings of the Committee were held.

### (D) RISK MANAGEMENT COMMITTEE

The Tier II level (supervisory level) Risk Management Committee presently consists of Mr. Narayan S.A. (Chairman), Mr. Chandrashekhar Sathe and Mr. Arvind Kathpalia. The quorum comprises of any two members. It reviews the adequacy of the risk management process and up-gradation thereof. During the year, Mr. Narayan S.A. was appointed as Chairman of the Risk Management Committee.

During the financial year ended 31st March 2019, 4 meetings of the Tier II level Committee were held.

### (E) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was re-constituted during the year and presently consists of Ms. Akila Urankar (Chairperson), Mr. Narayan S.A. and Mr. Vyomesh Kapasi, with any two members forming the quorum. During the year, Ms. Akila Urankar was appointed as Chairperson of the Corporate Social Responsibility Committee.

During the financial year ended 31st March 2019, 2 meetings of the Committee were held.

### (F) CREDIT COMMITTEE

The Credit Committee (Board) presently consists of Mr. Narayan S.A., Ms. Shanti Ekambaram and Mr. Arvind Kathpalia, with any two members forming the quorum. The Committee scrutinizes and approves credit proposals above such limit as specified in the Approval Authorities from time to time.

During the financial year ended 31st March 2019, 5 meetings of the Committee were held.

## AUDITORS

The Company's Auditors, Price Waterhouse Chartered Accountant LLP (Firm Registration no. 012754N/N500016) have been appointed as auditors for a period of 5 years at the 21st AGM of the Company held on 12th June 2017 to hold office from the conclusion of the Twenty First AGM until the conclusion of the Twenty Sixth AGM of the Company.

## INTERNAL FINANCIAL CONTROLS

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

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the financial statements of the Company and its controlled entity. It consolidates an entity when it controls it. Control is achieved when it is exposed, or has rights, from its involvement with the investee and has the ability to affect those returns through its power over the investee.

## COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of sub-section (1) of section 148 of the Companies Act, 2013, are not applicable for the business activities carried out by the Company.

## RELATED PARTY TRANSACTIONS

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

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

All Related Party Transactions as required under Accounting Standards AS18 are reported in Notes to Accounts under clause no.39

The Company's Policy on dealing with Related Party Transactions is available on the Company's website www.carloan.kotak.com

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

## WHISTLE BLOWER POLICY & VIGIL MECHANISM

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

The Whistle Blower Policy is also put up on the Company's website www.carloan.kotak.com

## CORPORATE SOCIAL RESPONSIBILITY

Your Company has re-constituted a Corporate Social Responsibility (CSR) Committee during the year and the same presently consists of the following Directors:

- Ms. Akila Urankar, Independent Director, Chairperson
- Mr. Narayan S.A., Non-Executive Director
- Mr. Vyomesh Kapasi, Managing Director

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

a. Education

b. Vocational skills and livelihood

c. Preventive healthcare and sanitation

d. Reducing inequalities faced by socially and economically backward groups

e. Sustainable development

f. Relief and rehabilitation

g. Clean India

h. Sports

The Company's CSR policy is available on the Company's website viz. www.carloan.kotak.com

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

The average net profit u/s 198 of the Company for the last three financial years preceding 31$^{st}$ March, 2019 is ₹82,077 lakh.

The prescribed CSR expenditure required u/s 135, of the Act for FY 2018-19 is ₹ 1,642 lakh.

The CSR expenditure incurred for the period 1$^{st}$ April 2018 to 31$^{st}$ March 2019 under Section 135 of Companies Act, 2013 amounts to ₹533 lakh as against ₹ 208 lakh CSR spend in the FY 2017-18. The unspent amount CSR Expenditure amount for FY 2018-19 is ₹1,109 lakh.

CSR expenditure of ₹533 lakh in FY 2018-19 as a percentage of average net profit u/s 198 of the Company at ₹82,077 lakh, which is 0.65%.

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

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

The Company's CSR Expenditure in FY 2018-19 of ₹533 lakh, which is over 156 % higher than the previous financial year. In FY 2016-17, the Company's CSR Expenditure was ₹200 lakh, which increased to ₹208 lakh in FY 2017-18 – an increase of over 4% over the previous financial year.

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

The details of CSR Programmes and Expenditure under Section 135 of the Companies Act, 2013 for FY 2018-19, are annexed to this Report.

## RISK MANAGEMENT POLICY

Your Company manages risk, based on Risk Management framework, governance structure and policies which lays down guidelines in identifying, assessing and managing risks.

Further, to facilitate better enterprise wide risk management, a Risk management committee (RMC) has been constituted. This RMC meetings are conducted on quarterly basis and is responsible for review of risk management practices covering credit risk, operations risk, liquidity risk, market risk and other risks including capital adequacy with a view to align the same to the risk strategy & risk appetite of the company.

Your Company has qualified Credit officer's at all major locations who appraise and approve retail car finance proposals that are generated at branches and representative offices. Credit officers have pre-approved approval authorities for each location, beyond which the proposal is forwarded to higher authority and to senior management for necessary approval. With a view to provide superior customer decision experience to preferred set of customer profiles, certain pre-approved credit approval programs are also implemented by specialized central credit teams.

Your Company uses various tools like field investigations, credit score card, CIBIL score, asset tenure matrix to ensure high quality portfolio. All Retail proposals are scanned by Risk Containment Unit to verify the authenticity of the documents and customers.

Your Company's Dealer finance & Other business division's credit management are centralized and follow robust risk management policies for their evaluation. These credit proposals are approved at Senior levels as per Board approved authorities including credit committees, due to the nature and complexities of facilities offered. The Company follows stringent monitoring mechanism for the disbursed facilities which results in early detection of potential stress accounts and thus ensuring early action for resolution of such accounts.

Your Company manages and controls credit risk by setting limits and monitors the concentration of risk and also monitors the market value of the collaterals available on regular basis.

Your Company maintains stringent policies and procedures to ensure controls over various functions of Head office & Branches. There are periodic independent reviews and monitoring of operating controls as defined in the company's operating manual.

## SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013, your Company has appointed Ms. Rupal D. Jhaveri, a Company Secretary in Practice, as its Secretarial Auditor. The Secretarial Audit Report for the financial year ended 31$^{st}$ March 2019 is annexed to this Report. Your Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for the FY 2018-2019.

## ANNUAL RETURN

Pursuant to section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) rules, 2014, the annual return of the company as on 31$^{st}$ March, 2019 is disclosed on the Company's website viz. Url: https://carloan.kotak.com/policies.htm.

Also, an extract of the annual return as on 31$^{st}$ March, 2019 in form MGT-9 is annexed to this report.

## EMPLOYEES

The employee strength of your Company was 2,484 as of 31$^{st}$ March 2019.

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

As required by the Sexual Harrasment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated a Policy on Sexual Harrassment of Women at Workplace (Prevention, Prohibition & Redressal). Following is a summary of sexual harassment complaints received and disposed off during the year 2018-19:

- No. of complaints received: 1 (one)
- No. of complaints disposed off: 1 (one)

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

## DEPOSITS

The Company did not accept any deposits from the public during the year. Also, there are no deposits due and outstanding as on 31st March 2019.

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

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

During the year, the Company had foreign exchange inflow of ₹ Nil (Previous Year: ₹ Nil) while the outgo of foreign exchange was ₹25.70 lakh (Previous Year: ₹ Nil).

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2019 and of the profit of the Company for the financial year ended 31st March 2019;

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

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

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

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

## ANNEXURES

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

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

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

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

## ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for the valuable guidance and support received from the Government and Regulatory agencies. The Directors thank the shareholders, dealers and their staff for the strong support that they have continued to extend to your Company. The Board also takes this opportunity to place on record its appreciation of the outstanding performance and dedication of your Company's employees at all levels, without whose commitment, the achievement of results as indicated above could not have been possible. The Board also acknowledges the faith reposed in the Company by the Company's lending institutions.

For and on behalf of the Board of Directors

**Uday Kotak**
Chairman

Mumbai, 31st May 2019

**(ANNEXURE – A)**

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**
**as on the financial year ended on 31st March 2019**

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

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| i) | CIN | U67200MH1996PLC097730 |
| ii) | Registration Date | 28th February 1996 |
| iii) | Name of the Company | Kotak Mahindra Prime Limited |
| iv) | Category / Sub-Category of the Company | Non-Banking Financial Company |
| v) | Address of the Registered office and contact details | 27BKC, C 27, G Block,<br>Bandra Kurla Complex,<br>Bandra (E),<br>Mumbai – 400051<br>Tel No. : (022) 61660000<br>Fax No.: (022) 67132403 |
| vi) | Whether listed company Yes / No | Yes (Only non-convertible debentures are listed under the debt market segment) |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited,<br>C-101, 1st Floor, 247 Park,<br>Lal Bahadur Shastri Marg,<br>Vikhroli (West), Mumbai - 400083<br>Tel: (022) 4918 6000,<br>Fax: (022) 4918 6060<br>Website: www.linkintime.co.in |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | Vehicle Finance, Loans against securities / collaterals | 64920 | 92 |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| | Holding Company | | | | |
| 1 | Kotak Mahindra Bank Limited*<br>27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 | L65110MH1985PLC038137 | Holding | 100.00 | 2(87) |

** Kotak Mahindra Bank Limited (KMBL) holds 51% of the equity share capital of the Company and 49% held by Kotak Securities Limited (KSL). Kotak Securities Limited is a subsidiary of KMBL.*

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) Individual / HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 1,224,400 | 488,200 | 1,712,600 | 49.00 | 1,224,400 | 488,200 | 1,712,600 | 49.00 | 0.00 |
| e) Banks/FI* | - | 1,782,600 | 1,782,600 | 51.00 | 1,782,520 | 80 | 1,782,600 | 51.00 | 0.00 |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub total (A) (1)** | **1,224,400** | **2,270,800** | **3,495,200** | **100.00** | **3,006,920** | **488,280** | **3,495,200** | **100.00** | **0.00** |
| **2) Foreign** | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other…. | - | - | - | - | - | - | - | - | - |
| **Sub total (A) (2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | **1,224,400** | **2,270,800** | **3,495,200** | **100.00** | **3,006,920** | **488,280** | **3,495,200** | **100.00** | **0.00** |
| **B. Public Share-holding as per classification given by Depository** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | - | - | - | - | - | - | - | - | - |
| Overseas Bodies Corporate | - | - | - | - | - | - | - | - | - |
| Foreign Bank | - | - | - | - | - | - | - | - | - |
| Foreign Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Bodies-DR | - | - | - | - | - | - | - | - | - |
| Trust | - | - | - | - | - | - | - | - | - |
| HUF | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| **Sub-total(B)(2):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **C. Shares held by Custodian for GDRs & ADRs** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Grand Total (A+B+C)** | **1,224,400** | **2,270,800** | **3,495,200** | **100.00** | **3,006,920** | **488,280** | **3,495,200** | **100.00** | **0.00** |

**Includes Nominees*

**(ii) Shareholding of Promoters**

| Sr No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share-holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | KOTAK MAHINDRA BANK LIMITED | 1,782,520 | 51.00 | 0.00 | 1,782,520 | 51.00 | 0.00 | 0.00 |
| 2 | NOMINEES OF KOTAK MAHINDRA BANK LIMITED | | | | | | | |
| | (JOINTLY HOLDING WITH KOTAK MAHINDRA BANK LIMITED) | | | | | | | |
| | Mr. C Jayaram | 5 | 0.00 | 0.00 | 5 | 0.00 | 0.00 | 0.00 |
| | Mr. Narayan S.A | 20 | 0.00 | 0.00 | 20 | 0.00 | 0.00 | 0.00 |
| | Mr. Dipak Gupta | 15 | 0.00 | 0.00 | 15 | 0.00 | 0.00 | 0.00 |

| Sr No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share-holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| | Mr. Jaimin Bhatt | 5 | 0.00 | 0.00 | 5 | 0.00 | 0.00 | 0.00 |
| | Ms. Shanti Ekambaram | 20 | 0.00 | 0.00 | 20 | 0.00 | 0.00 | 0.00 |
| | Mr. T.V. Raghunath | 15 | 0.00 | 0.00 | 15 | 0.00 | 0.00 | 0.00 |
| 3 | KOTAK SECURITIES LIMITED (subsidiary of Kotak Mahindra Bank Ltd.) | 1,712,600 | 49.00 | 0.00 | 1,712,600 | 49.00 | 0.00 | 0.00 |
| | **Total** | **3,495,200** | **100.00** | **0.00** | **3,495,200** | **100.00** | **0.00** | **0.00** |

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

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

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

| Sr. No. | Name of the Share Holder | Shareholding at the beginning of the year | | Increase/Decrease in Shareholding during the year | | | Date of change | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of share | % of total shares of the company | No. of shares - Decrease | No. of shares - Increase | Reason | | No. of shares | % of total shares of the company |
| - | - | - | - | - | - | - | - | - | - |

(v) **Shareholding of Directors and Key Managerial Personnel:**

| Sr. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Increase/Decrease in Shareholding | | | Date of change | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of share | % of total shares of the company | No. of shares Decrease | No. of shares Increase | Reason | | No. of shares | % of total shares |
| | **DIRECTORS** | | | | | | | | |
| | (Holding shares as nominee of Kotak Mahindra Bank Ltd. jointly with Kotak Mahindra Bank Ltd.) | | | | | | | | |
| 1 | Narayan S.A. | 20 | 0.00 | - | - | - | 3/31/2018 | 20 | 0.00 |
| | | | | | | | 3/31/2019 | 20 | 0.00 |
| 2 | Shanti Ekambaram | 20 | 0.00 | - | - | - | 3/31/2018 | 20 | 0.00 |
| | | | | | | | 3/31/2019 | 20 | 0.00 |
| | **KEY MANAGERIAL PERSONNEL** | NIL | | | | | | | |

## V. INDEBTEDNESS

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

(₹ in lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 1,928,214.30 | 560,811.29 | - | 2,489,025.59 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **1,928,214.30** | **560,811.29** | **-** | **2,489,025.59** |
| **Change in Indebtedness during the financial year** | | | | |
| · Addition | 2,135,653.88 | 1,234,962.41 | - | 3,370,616.29 |
| · Reduction | 2,303,449.07 | 1,076,069.22 | - | 3,379,518.29 |
| **Net Change** | -167,795.19 | 158,893.19 | - | -8,902.00 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 1,760,419.11 | 719,704.48 | - | 2,480,123.59 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **1,760,419.11** | **719,704.48** | **-** | **2,480,123.59** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakh)

| Sr. No. | Particulars of Remuneration | | Name of MD/WTD/ Manager | Total Amount |
|---|---|---|---|---|
| | | | **Mr. Vyomesh Kapasi (Managing Director)** | |
| 1 | Gross salary * | | | |
| | (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 183.15 | 183.15 |
| | (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 @ | 52.32 | 52.32 |
| | (c) | Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - |
| 2 | Stock Option | | Cost included in 1(b) above | |
| 3 | Sweat Equity | | - | - |
| 4 | Commission | | - | - |
| | - | as % of profit | - | - |
| | - | Others, specify… | - | - |
| 5 | Others, please specify | | - | - |
| | **Total (A)** | | **235.47** | **235.47** |
| *Ceiling as per the Act ***| | | | |

**Notes:**

@ The perquisite value towards stock options includes the difference between exercise price & market price on the date of exercise. The same amounting to ₹ 51.92 lakh for Mr. Vyomesh Kapasi is not paid by the Company.

*Gross salary includes Basic salary, House Rent Allowance, Professional Allowance, Reimbursement of Medical expenses, Leave Travel Allowance, Annual Incentives and cost towards Stock Appreciation Rights.

** Remuneration payable to the Managing Director shall not exceed 5% of the net profits of the Company.

### B. Remuneration to other directors

(₹ in lakh)

| Sr. no. | Particulars of Remuneration | Name of Directors | | | Total Amount in ₹ |
|---|---|---|---|---|---|
| 1 | Independent Directors | Prof. S. Mahendra Dev | Chandrashekhar Sathe | Akila Urankar | |
| | Fee for attending board committee meetings | 6.1 | 8 | 4.6 | 18.7 |
| | Commission * | 5 | 5 | - | 10 |
| | Others, please specify | - | - | - | - |
| | **Total (1)** | **11.1** | **13** | **4.6** | **28.7** |
| 2 | Other Non-Executive Directors | | | | |
| | Fee for attending board committee meetings | - | - | - | - |
| | Commission | - | - | - | - |
| | Others - Remuneration | - | - | - | - |
| | **Total (2)** | **-** | **-** | **-** | **-** |
| | **Total (B)=(1+2)** | | | | **28.70** |
| | **Total Managerial Remuneration** | **-** | **-** | **-** | **-** |
| | Overall Ceiling as per the Act | - | - | - | - |

** Commission pertaining to FY 2017-18 paid during FY 2018-19.*

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(₹ in lakh)

| Sr. no. | Particulars of Remuneration | Key Managerial Personnel (CFO) | (CS) | Total Amount |
|---|---|---|---|---|
| 1 | Gross salary * | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 102.8 | 29.28 | 132.08 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 @ | 8.38 | 0.14 | 8.52 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | Cost included in 1(b) above | | |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify… | - | - | - |
| 5 | Others, please specify | - | - | - |
| | **Total** | **111.18** | **29.42** | **140.6** |

**Notes:**
@ The perquisite value towards stock options includes the difference between exercise price & market price on the date of exercise. The same amounting to ₹8.05 lakh for CFO is not paid by the Company.

*Gross salary includes Basic salary, House Rent Allowance, Professional Allowance, Reimbursement of Medical expenses, Leave Travel Allowance, Annual Incentives and cost towards Stock Appreciation Rights.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

**(ANNEXURE – B)**

## FORM MR-3

## SECRETARIAL AUDIT REPORT
### FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**KOTAK MAHINDRA PRIME LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kotak Mahindra Prime Limited** (hereinafter called the **"Company"**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **Company's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit,

I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 ("Audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March 2019, according to the provisions of, as may be applicable:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
4. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings: There was no overseas Direct Investment made or External Commercial Borrowings during the year;
5. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
6. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
7. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-
   a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   d) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
   e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
   f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
9. Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs;
10. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
11. Prevention of Money Laundering Act, 2002 and the rules made thereunder;
12. Other laws to the extent applicable to the Company as per the representations made by the Company;

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

(i) Secretarial Standards issued pursuant to section 118(10) of the Act, by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the above Secretarial Standards issued by The Institute of Company Secretaries of India.

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

**I further report that**

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

Adequate notice is given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance except for the meetings which were held at a shorter notice to transact urgent business and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

**I further report that** during the audit period:

1. A special resolution was passed at the Extra Ordinary General Meeting of the Company held on 16th May, 2018 for approving issuance of secured debentures on private placement basis upto a limit of ₹ 35,000 crores and unsecured debentures on private placement basis upto a limit of ₹ 450 crores pursuant to section 42 of the Companies Act, 2013.

**Rupal Dhiren Jhaveri**
**FCS No: 5441**
**Certificate of Practice No. 4225**

Place: Mumbai
Date: 30th May 2019

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

**Annexure A**

To,
The Members,
**KOTAK MAHINDRA PRIME LIMITED**

My report of even date is to be read along with this letter.

**'Annexure A'**

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Rupal Dhiren Jhaveri**
**FCS No: 5441**
**Certificate of Practice No. 4225**

Place: Mumbai
Date: 30th May 2019

**CSR REPORT** **(ANNEXURE – C)**

(Pursuant to the provisions of Section 135(4)(a) of the Companies Act, 2013, read with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014)

| | | |
|---|---|---|
| 1 | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. | CSR activities at Kotak Mahindra Prime Limited are carried in association with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding Company.<br>**Projects / Programme undertaken** |
| | | • Kotak Education Foundation |
| | | • Pratham Education Foundation |
| | | • Ratna Nidhi Charitable Trust |
| | | • Wockhardt Foundation |
| | | The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013. |
| | | Web-link to CSR Policy http://www.carloan.kotak.com |
| 2 | The Composition of the CSR Committee. | CSR Committee comprises of following Directors: |
| | | 1. Ms. Akila Urankar – Chairperson |
| | | 2. Mr. Vyomesh Kapasi |
| | | 3. Mr. Narayan S A |
| 3 | Average net profit of the company for last three financial years | ₹ 82,077.26 lakh |
| 4 | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | ₹ 1,641.55 lakh |
| 5 | Details of CSR spent during the financial year. | The Company has contributed as follows |
| | (1) Total amount to be spent for the F.Y. | • Kotak Education Foundation ₹300 lakh |
| | (2) Amount unspent , if any; | • Pratham Education Foundation ₹135 lakh |
| | (3) Manner in which the amount spent during the financial year : | • Ratna Nidhi Charitable Trust ₹5 lakh |
| | | • Wockhardt Foundation ₹93 lakh |

(Amount in ₹ lakh)

| CSR project/ activity identified | Sector in which the project is covered | Area of project implementation (Name of the District / s, State / s where project / programme was undertaken | Programme / project wise outlay (budgeted amount) (₹ Lakh) | Programme / project wise actual spend during the year – Direct expenditures (₹ Lakh) | Programme / project wise actual spend during the year – Overheads (₹ Lakh) | Cumulative Expenditure up to reporting period (Since FY 2014-15) (₹ Lakh) | Amount spent Direct or through implementing agency (₹ Lakh) |
|---|---|---|---|---|---|---|---|
| Promoting education | Education | Mumbai - Maharashtra | 300.00 | 211.19 | 40.23 | ₹ 970.00 (Out of ₹ 300.00 lakh the NGO has not utilised ₹48.58 lakh. This will be used towards meeting expenses for FY 2019-20) | Implementing Agency -₹ 300.00 |
| Promoting livelihood | Vocational Skills and Livelihood | Pan India | 135.00 | 119.60 | 3.29 | ₹185.00 (Out of ₹ 135.00 lakh the NGO has not utilised ₹12.12 lakh. This will be used towards meeting expenses for FY 2019-20) | Implementing Agency - ₹135.00 |
| Promoting healthcare | Healthcare | Jalandhar - Punjab, Thrissur - Kerala; Mumbai- Maharashtra | 98.00 | 9.34 | 1.48 | ₹103.00 (Out of ₹ 98.00 lakh, the NGOs did not utilise ₹ 87.18 lakh. This will be utilised for meeting the requirements for FY 2019-20) | Implementing Agency - ₹98.00 |
| TOTAL CSR SPEND U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2018-19 | | | | | | | ₹533.00 |

**Summary of CSR Programmes implemented in FY 2018-19**

- Kotak Education Foundation (KEF) is the Company's long-term CSR partner and primary vehicle to implement its CSR Programmes in Education and Livelihood. Founded in 2006, KEF empowers young people from underprivileged families through various education-based initiatives and equips them with employable skills. KEF also organises various livelihood programmes for Below Poverty Line (BPL) families in the regions of Mumbai, Thane and Raigad.

  Additionally, the Company has started implementing long term CSR Programmes that are sustainable and scalable.

- In FY2018-19, the Company implemented its CSR Programme 'Vocational Skills and Livelihood', which it is implementing in partnership with (and through) Pratham Education Foundation (Pratham). The expenditure will provide vocational skill training in the Automotive area to the underprivileged youths from economically disadvantaged backgrounds in Mumbai, Nagpur, Kolhapur (Maharashtra), Bhopal (Madhya Pradesh), Lucknow (Uttar Pradesh), Raipur (Chhattisgarh), Hyderabad (Telangana), Vizag (Andhra Pradesh), Jaipur (Rajasthan), Cuttack (Odisha), and Ranchi (Jharkhand). This CSR initiative is to enable them to access employment as well as create entrepreneurship opportunities.

- In FY 2018-19, the Company implemented its CSR Programme on Healthcare, which it is implementing in partnership with (and through) 'Wockhardt Foundation' for a four year period, FY2018-19 to FY2021-22. The Foundation runs the Mobile 1,000 programme in which Mobile Medical Vans (MMV) deliver primary healthcare to the underprivileged. Each MMV caters to both preventive as well as curative (to an extent) healthcare needs of the underprivileged community benefitting more than 25,000 patients every year. The MMVs disburse free medicines and also refers these patients to nearest government healthcare bodies such as Primary Healthcare Centre (PHC) or Hospital. Under its CSR programme Healthcare, the Company is funding a total of 12 Mobile Medical Vans (MMVs), six in Jalandhar, Punjab and six in Thrissur, Kerala.

- In FY 2018-19, the Company implemented its CSR Programme on Healthcare in partnership with (and through) "Ratna Nidhi Charitable Trust". Under this CSR initiative, artificial prosthetic aids are distributed free of cost to the persons with physical disabilities in Mumbai, Maharashtra. The main objective is to uplift people with physical disability by providing them access to mobility aids so as to enable their social and economic empowerment.

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

| **Vyomesh Kapasi** | **Akila Urankar** |
|---|---|
| Managing Director | Chairperson CSR Committee |

# Independent Auditor's Report

To
the Members of
**Kotak Mahindra Prime Limited**

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### OPINION

1. We have audited the accompanying standalone financial statements of Kotak Mahindra Prime Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.(hereinafter referred to as "financial statements")

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit for the year and other comprehensive income), changes in equity and its cash flows for the year then ended.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| I. Assessment of impairment loss allowance basis expected credit losses (ECL) on Loans(Refer Note 7, 8 and 30 of the financial statements)<br><br>The loan balances towards vehicle finance, structured loans, personal loans and other loans aggregating to ₹2,882,971.94 lakhs and the associated impairment allowances aggregating to ₹32,204.07 lakhs are significant to the financial statements and involves judgement around the determination of the impairment allowance in line with the requirements of the Ind-AS 109.<br><br>Impairment allowances represent management's estimate of the losses incurred within the loan portfolios at the balance sheet date and are inherently judgmental. Impairment, based on ECL model, is calculated using two main variables viz. 'Probability of Default' and 'Loss Given Default' as specified under the related Accounting Standard (Ind AS 109). | The audit procedures performed by us to assess appropriateness of the impairment allowance basis ECL on loans included the following:<br><br>• We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over –<br>i. the assumptions used in the calculation of ECL and its various aspects such as determination of Probability of Default, Loss Given Default, Exposure At Default, Staging of Loans etc.;<br>ii. the completeness and accuracy of source data used by the Management in the ECL computation;<br>iii. ECL computations for their reasonableness.<br><br>• We, along with the help of the auditor's experts, verified the appropriateness of methodology and models used by the Company and reasonableness of the assumptions used within the computation process to derive impairment provision. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Quantitative factors like days past due behavior of the portfolio, historical losses incurred on defaults and macro-economic data points and qualitative factors like nature of the underlying loan, deterioration in credit quality, reduction in the value of security, correlation of macro-economic variables to determine expected losses, uncertainty over realisability of security and related RBI guidelines, to the extent applicable, etc. have been taken into account in the ECL computation.<br><br>Given the inherent judgmental nature and the complexity of audit procedures involved, we determined this to be a key audit matter. | • We also checked the completeness and accuracy of source data used.<br><br>• We recomputed the impairment provision for sample of loans across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standard (Ind AS 109) used in the ECL computation.<br><br>• We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the financial statements.<br><br>Based on the procedures performed above, we considered that the management's assessment of impairment loss allowance basis ECL on Loans to be reasonable. |
| II. Assessment of fair valuation of certain types of equity and debt investments (Refer Note 8 of the financial statements)<br><br>Investments made by the Company in equity and debt instruments amounting to ₹ 19,348.10 lakhs are measured at fair value with the corresponding fair value changes recognised in either the statement of profit or loss or other comprehensive income in accordance with related Accounting Standard (Ind AS 109).<br><br>The valuation of these investments are inherently subjective since these are valued using unobservable inputs i.e., which may not be observable independently of the Company information and valued basis management assumptions/ estimates using the services of an independent valuation expert engaged by the management.<br><br>Significant inputs used in the valuation of above investments include cash flow projections, discount rate, etc. The use of methodology for valuing these investments may also be subjective.<br><br>Given the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter. | The following procedures were performed by us, to test the valuation of certain types of investments:<br><br>• We evaluated the competence, capabilities and objectivity of Management's expert (independent professional valuer).<br><br>• We tested the design and operating effectiveness of the relevant controls in the investment valuation process such as Management's assessment of the relevance, completeness and accuracy of inputs, review of appropriateness of valuation etc.<br><br>• We involved auditor's expert to assess the appropriateness of valuation methodology and reasonableness of significant assumptions used by the Company to estimate the fair value.<br><br>• We verified the source data used in the determination of fair valuation of investments on a sample basis.<br><br>• We tested the arithmetical accuracy of fair value computations.<br><br>• We evaluated the adequacy of presentation and disclosures in relation to these investments in the financial statements.<br><br>Based on these procedures, we considered the management's assessment of the fair valuation of certain investments in equity and debt instruments to be reasonable. |

## OTHER INFORMATION

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

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

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

   We have nothing to report in this regard.

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8. 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 financial statements.

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

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

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

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

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. 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.

11. 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.

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

## OTHER MATTER

13. The transition date opening balance sheet as at April 1, 2017 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the year ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide report dated April 21, 2017. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

14. The financial information of the Company for the year ended March 31, 2018 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the year ended March 31, 2018 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 28, 2018. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

    Our opinion is not modified in respect of above matters

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

    (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements;

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note Nos. 7, 8, 13, 29 and 30 to the financial statements;

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019;

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company.

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

**Sharad Vasant**
Partner
Membership Number 101119

Mumbai
May 30, 2019

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 16(f) of the Independent Auditors' Report of even date to the members of Kotak Mahindra Prime Limited on the standalone financial statements for the year ended March 31, 2019**

## REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls with reference to financial statements of Kotak Mahindra Prime Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

## AUDITORS' RESPONSIBILITY

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

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

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

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

## OPINION

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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.

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

**Sharad Vasant**
Partner
Membership Number 101119

Mumbai
May 30, 2019

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of Kotak Mahindra Prime Limited on the standalone financial statements as of and for the year ended March 31, 2019**

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

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

(c) The title deeds of immovable properties, as disclosed in Note 10 on fixed assets to the financial statements, are held in the name of the Company.

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

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explations given to us the Company has compiled with the provision of Section 186 of the Act in respect of the loans or investments made, or guarantees or security provided by it, to the extent applicable.

The Company has not granted any loans or provided any guarantees or securities in connection with any loan taken by party coverd under Section 185 of the Act.

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

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

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, cess, value added tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 36 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax or goods and service tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ In lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---:|---|---|
| Income Tax Act,1961 | Income Tax | 562.49 | Assessment Year 2013-14 | Commissioner of Income tax (Appeals) |
| Income Tax Act,1961 | Income Tax | 335.97 | Assessment Year 2014-15 | Commissioner of Income tax (Appeals) |
| Income Tax Act,1961 | Income Tax | 328.82 | Assessment Year 2015-16 | Commissioner of Income tax (Appeals) |
| Income Tax Act,1961 | Income Tax | 327.73 | Assessment Year 2016-17 | Commissioner of Income tax (Appeals) |
| The Delhi Value Added Tax Rules, 2005 | Value Added Tax | 57.13 | Assessment Year 2013-14 | Special Objection Hearing Authority – Delhi Department of Rates and Taxes |
| Maharashtra Value Added Tax, 2002 | Value Added Tax | 2.02 | Assessment Year 2013-14 | Deputy Commissioner of Sales Tax - Maharashtra |
| Maharashtra Value Added Tax, 2002 | Value Added Tax | 4.32 | Assessment Year 2014-15 | Deputy Commissioner of Sales Tax - Maharashtra |
| Maharashtra Value Added Tax, 2002 | Value Added Tax | 43.02 * | Assessment Year 2015-16 | Joint Commissioner of Sales Tax - Maharashtra |

| Name of the statute | Nature of dues | Amount (₹ In lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| The West Bengal Value Added Tax Rules, 2005 | Value Added Tax | 18.14 ** | Assessment Year 2014-15 | President, West Bengal Sales Tax Appellate - Revisional Board |
| Kerala Value Added Tax, 2002 | Value Added Tax | 1.39 | Assessment Year 2012-13 | Deputy commissiner tax (appeals) - Earnakulam |
| Kerala Value Added Tax, 2002 | Value Added Tax | 1.61 | Assessment Year 2013-14 | Deputy commissiner tax (appeals) - Earnakulam |

*₹ 4.30 lakhs paid under protest*

***₹ 3.27 lakhs paid under protest*

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

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the money raised by way of term loans have been applied for the purposes for which they were obtained.

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

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

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

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

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

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

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

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

**Sharad Vasant**
Partner
Membership Number 101119

Mumbai
May 30, 2019

# Standalone Balance Sheet
as at March 31, 2019

₹in lakh

| Particulars | Note No. | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 4 | 21,898.46 | 6,896.68 | 8,504.41 |
| Bank balance other than cash and cash equivalents | 5 | 142,293.45 | 88,465.97 | 97,228.09 |
| Receivables | 6 | | | |
| Trade receivables | | 15.68 | 6.35 | 6.08 |
| Loans | 7 | 2,817,526.33 | 2,824,787.17 | 2,449,958.09 |
| Investments | 8 | 212,923.27 | 191,449.81 | 183,501.41 |
| Other financial assets | 9 | 1,122.15 | 802.51 | 728.30 |
| **Sub total** | | **3,195,779.34** | **3,112,408.49** | **2,739,926.38** |
| **Non-financial assets** | | | | |
| Current tax assets (Net) | 34(e) | 2,212.42 | 2,210.35 | 1,565.16 |
| Deferred tax assets (Net) | 34(d) | 10,587.42 | 9,117.13 | 6,746.07 |
| Property, plant and equipment | 10 | 2,902.48 | 2,792.55 | 2,798.56 |
| Other intangible assets | 11 | 171.23 | 214.84 | 78.84 |
| Other non-financial assets | 12 | 3,985.71 | 3,529.68 | 976.82 |
| **Sub total** | | **19,859.26** | **17,864.55** | **12,165.45** |
| **Total Assets** | | **3,215,638.60** | **3,130,273.04** | **2,752,091.83** |
| **LIABILITIES AND EQUITY** | | | | |
| **LIABILITIES** | | | | |
| **Financial liabilities** | | | | |
| Derivatives financial instruments | 13 | 9,224.91 | - | 448.96 |
| Payables | | | | |
| Trade payables | 14 | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 30,084.54 | 31,389.85 | 38,203.53 |
| Debt securities | 15 | 1,547,961.85 | 1,701,424.68 | 1,454,078.66 |
| Borrowings (other than debt securities) | 16 | 881,503.68 | 728,417.62 | 722,270.41 |
| Deposits | 17 | 208.93 | 248.50 | 734.21 |
| Subordinated liabilities | 18 | 50,658.06 | 59,183.46 | 55,995.71 |
| Other financial liabilities | 19 | 2,559.48 | 3,015.72 | 2,613.58 |
| **Sub total** | | **2,522,201.45** | **2,523,679.83** | **2,274,345.06** |
| **Non-financial liabilities** | | | | |
| Current tax liabilities (Net) | 34(e) | 4,564.91 | 5,459.25 | 4,166.88 |
| Provisions | 20 | 656.28 | 734.52 | 510.16 |
| Deferred tax liabilities (Net) | 34(d) | 31,859.43 | 25,024.17 | 9,526.55 |
| Other non-financial liabilities | 21 | 1,588.04 | 1,736.78 | 1,064.01 |
| **Sub total** | | **38,668.66** | **32,954.72** | **15,267.60** |
| **EQUITY** | | | | |
| Equity share capital | 22 | 349.52 | 349.52 | 349.52 |
| Other equity | 23 | 654,418.97 | 573,288.97 | 462,129.65 |
| **Sub total** | | **654,768.49** | **573,638.49** | **462,479.17** |
| **Total Liabilities and Equity** | | **3,215,638.60** | **3,130,273.04** | **2,752,091.83** |

The above standalone balance sheet should be read in conjunction with the accompanying notes.

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

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

**Sharad Vasant**
Partner
Membership No: 101119

Date and Place: May 30, 2019, Mumbai

For **and on behalf of the Board of Directors**

**Vyomesh Kapasi**
Managing Director
DIN: 07665329

**Narayan S A**
Director
DIN: 00007404

**Bharat Thakkar**
Chief Financial Officer

**Kiran Tangudu**
Company Secretary

# Standalone Statement of Profit And Loss

for the year ended March 31, 2019

₹in lakh

| | Particulars | Note No. | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|---|
| | **REVENUE FROM OPERATIONS** | | | |
| (i) | Interest Income on financial instruments measured at: | 24 | | |
| | - Amortised Cost | | 301,995.46 | 283,792.47 |
| | - Fair Value Through Other Comprehensive Income | | 1,866.64 | 6,445.35 |
| (ii) | Dividend income | | 1,567.92 | 1,795.49 |
| (iii) | Rental income | | 589.32 | 560.75 |
| (iv) | Fees and commission income | 25 | 10,989.33 | 10,428.15 |
| (v) | Net gain on fair value changes | 26 | 3,245.00 | 3,586.34 |
| **(I)** | **Total revenue from operations** | | **320,253.67** | **306,608.55** |
| **(II)** | **Other income** | **27** | **32.30** | **24.61** |
| **(III)** | **Total income (I + II)** | | **320,285.97** | **306,633.16** |
| | **EXPENSES** | | | |
| (i) | Finance costs | 28 | 189,603.18 | 182,353.63 |
| (ii) | Fees and commission expense | | 1.61 | 5.52 |
| (iii) | Net loss on fair value changes | 29 | 456.45 | - |
| (iv) | Impairment on financial instruments | 30 | 11,249.24 | 6,066.03 |
| (v) | Employee benefits expenses | 31 | 10,433.53 | 8,661.22 |
| (vi) | Depreciation and amortisation | 32 | 438.55 | 327.41 |
| (vii) | Other expenses | 33 | 18,162.67 | 17,543.29 |
| **(IV)** | **Total expenses** | | **230,345.23** | **214,957.10** |
| **(V)** | **Profit before tax (III - IV)** | | **89,940.74** | **91,676.06** |
| **(VI)** | **Tax expense** | **34** | | |
| | (1) Current tax | | 32,097.00 | 32,973.00 |
| | (2) Deferred tax | | (1,200.79) | (1,888.02) |
| | **Total tax expense** | | **30,896.21** | **31,084.98** |
| **(VII)** | **Profit for the year (V-VI)** | | **59,044.53** | **60,591.08** |
| **(VIII)** | **Other comprehensive income** | | | |
| **(A)** | **(i) Items that will not be reclassified to profit or loss** | | | |
| | - Remeasurements of the defined benefit plans | | 5.03 | (39.60) |
| | - Equity Instruments through Other Comprehensive Income | | 28,252.26 | 66,611.37 |
| | **Sub-total** | | **28,257.29** | **66,571.77** |
| | **(ii) Income tax relating to items that will not be reclassified to profit or loss** | | | |
| | - Remeasurements of the defined benefit plans | | (1.76) | 13.84 |
| | - Equity Instruments through Other Comprehensive Income | | (6,455.77) | (15,391.91) |
| | **Total (A)** | | **21,799.76** | **51,193.70** |
| **(B)** | **(i) Items that will be reclassified to profit or loss** | | | |
| | - Debt Instruments through Other Comprehensive Income | | 309.74 | (1,055.68) |
| | **Sub total** | | **309.74** | **(1,055.68)** |
| | **(ii) Income tax relating to items that will be reclassified to profit or loss** | | | |
| | - Debt Instruments through Other Comprehensive Income | | (108.23) | 363.49 |
| | **Total (B)** | | **201.51** | **(692.19)** |
| | **Other comprehensive income (A + B)** | | **22,001.27** | **50,501.51** |
| **(IX)** | **Total comprehensive income for the period (VII+VIII)** | | **81,045.80** | **111,092.59** |
| **(X)** | **Earnings per equity share** | **35** | 1,689.30 | 1,733.55 |
| | Earnings per share - Basic and Diluted | | | |

The above standalone statement of profit and loss should be read in conjunction with the accompanying notes.

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

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

**Sharad Vasant**
Partner
Membership No: 101119

Date and Place: May 30, 2019, Mumbai

For **and on behalf of the Board of Directors**

**Vyomesh Kapasi**
Managing Director
DIN: 07665329

**Narayan S A**
Director
DIN: 00007404

**Bharat Thakkar**
Chief Financial Officer

**Kiran Tangudu**
Company Secretary

# Standalone Statement of Cash Flow

for the period ended MARCH 31, 2019

₹in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax** | **89,940.74** | **91,676.06** |
| **Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities** | | |
| Depreciation and amortization expense | 438.55 | 327.41 |
| Net gain on fair value changes | (3,245.00) | (3,476.67) |
| MTM on embedded option | 383.20 | - |
| Loss on buy back of commercial paper | 4.78 | - |
| Dividend on investments | (1,567.92) | (1,795.49) |
| Discount income on certificate of deposits | (5.83) | - |
| Unwinding of discount on security deposits | (7.70) | (9.31) |
| Profit on sale of property, plant and equipment | (9.25) | (10.23) |
| Share-based payments | 266.11 | 201.11 |
| Provision for employee benefits - gratuity | 147.59 | 206.53 |
| Interest on financial liabilities measured at amortised cost | (1,670.89) | (552.48) |
| Provision for employee benefits - compensated absences | 39.55 | (28.81) |
| Impairment loss allowance | 11,249.24 | 6,066.03 |
| **Operating profit before working capital changes** | **95,963.17** | **92,604.15** |
| **Working capital adjustments** | | |
| (Increase) / decrease in loans | (4,034.75) | (381,133.84) |
| (Increase) / decrease in trade receivables | (9.37) | (0.28) |
| (Increase) / decrease in bank balance other than cash and cash equivalent | (53,837.98) | 8,763.83 |
| (Increase) / decrease in debentures | 2,696.58 | 60,810.91 |
| (Increase) / decrease in other financial assets | (313.86) | (64.20) |
| (Increase) / decrease in other non-financial assets | (456.03) | (2,552.86) |
| Increase / (decrease) in trade payables | (1,305.31) | (6,813.68) |
| Increase / (decrease) in deposits | (39.57) | (485.72) |
| Increase / (decrease) in other financial liabilities | (456.24) | 402.14 |
| Increase / (decrease) in debt securities, borrowings other than debt securities and subordinated liabilities due to interest accrued | 4,593.78 | (5,151.15) |
| Increase / (decrease) in provisions | (416.98) | (102.10) |
| Increase / (decrease) in other financial liabilities | (148.76) | 672.76 |
| | (53,728.49) | (325,654.19) |
| **Cash generated from / (used in) operations** | **42,234.68** | **(233,050.04)** |
| Income tax paid (net) | (32,993.41) | (32,325.82) |
| **Net cash generated from / (used in) operating activities** | **9,241.27** | **(265,375.86)** |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | (530.10) | (479.35) |
| Proceeds from sale of property, plant and equipment | 34.50 | 32.20 |
| Dividend on investments | 3,431.05 | 72.77 |
| Discount income on certificate of deposits | 5.84 | - |
| Purchase of investments | (3,433,514.77) | (4,969,979.90) |
| Proceeds from sale of investments | 3,439,350.32 | 4,972,139.82 |
| **Net cash generated from investing activities** | **8,776.84** | **1,785.54** |
| **Cash flow from financing activities** | | |
| Increase in debt securities (Net) | (154,566.90) | 252,960.69 |
| Increase / (decrease) in borrowings other than debt securities (Net) | 150,761.84 | 6,123.92 |
| Increase / (decrease) in subordinated liabilities | (8,020.00) | 3,299.99 |
| Increase / (decrease) in derivative financial instruments | 8,841.72 | (377.14) |
| Loss on sale of commercial paper | (4.78) | - |

₹in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Dividend paid (including dividend distribution tax) on equity shares | (25.28) | (25.24) |
| **Net cash (used in) / generated from financing activities** | **(3,013.40)** | **261,982.22** |
| **Net increase / (decrease) in cash and cash equivalents** | **15,004.71** | **(1,608.10)** |
| Cash and cash equivalents at the beginning of the year | 6,897.89 | 8,505.98 |
| **Cash and cash equivalents at the end of the year (refer note a below)** | **21,902.60** | **6,897.88** |
| | | |
| **Notes:** | | |
| **a. Reconciliation of cash and cash equivalents with the balance sheet** | | |
| Cash and cash equivalents as per balance sheet (refer note 4) | | |
| Cash on hand | 666.56 | 687.70 |
| Balances with banks in current account | 20,372.31 | 5,143.49 |
| Cheques, drafts on hand | 863.73 | 1,066.70 |
| **Cash and cash equivalents as per balance sheet*** | **21,902.60** | **6,897.89** |

* Cash and cash equivalents shown in Balance Sheet is net of ECL provision of ₹ 4.14 lakhs as at March 31, 2019, ₹ 1.21 lakhs as at March 31, 2018 and ₹ 1.57 lakhs at April 1, 2017

b. The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Cash Flow Statements'.

**c. Change in liabilities arising from financing activities**

| Particulars | As at March 31, 2018 | Cash flows | Non-cash changes* | As at March 31, 2019 |
|---|---|---|---|---|
| Debt securities | 1,701,424.68 | (154,566.90) | 1,104.07 | 1,547,961.85 |
| Borrowings (other than debt securities) | 728,417.62 | 150,761.84 | 2,324.22 | 881,503.68 |
| Subordinated liabilities | 59,183.46 | (8,020.00) | (505.40) | 50,658.06 |
| **Total liabilities from financing activities** | **2,489,025.76** | **(11,825.06)** | **2,922.89** | **2,480,123.59** |

| Particulars | As at April 1, 2017 | Cash flows | Non-cash changes* " | As at March 31, 2018 |
|---|---|---|---|---|
| Debt securities | 1,454,078.66 | 252,960.69 | (5,614.67) | 1,701,424.68 |
| Borrowings (other than debt securities) | 722,270.41 | 6,123.92 | 23.29 | 728,417.62 |
| Subordinated liabilities | 55,995.71 | 3,299.99 | (112.24) | 59,183.46 |
| **Total liabilities from financing activities** | **2,232,344.78** | **262,384.60** | **(5,703.62)** | **2,489,025.76** |

* Non-cash changes includes the effect of recording financial liability at amortized cost, amortization of transaction costs etc.

The above standalone statement of cash flows should be read in conjunction with the accompanying notes.

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

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

**Sharad Vasant**
Partner
Membership No: 101119

Date and Place: May 30, 2019, Mumbai

**For and on behalf of the Board of Directors**

**Vyomesh Kapasi**
Managing Director
DIN: 07665329

**Narayan S A**
Director
DIN: 00007404

**Bharat Thakkar**
Chief Financial Officer

**Kiran Tangudu**
Company Secretary

# Standalone Statement of Changes In Equity

for the period ended MARCH 31, 2019

## A. EQUITY SHARE CAPITAL

₹in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Balance at the beginning of the reporting period | 349.52 | 349.52 | 349.52 |
| Changes in equity share capital during the year | - | - | - |
| **Balance at the end of the reporting period** | **349.52** | **349.52** | **349.52** |

## B. OTHER EQUITY

| Particulars | Reserves and Surplus | | | | | | Debt instruments through OCI | Equity instruments through OCI | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Special reserve | Securities premium | Capital redemption reserve | General reserve | Capital contribution from parent | Retained earnings | | | |
| **Balance as at April 1, 2017** | **74,069.94** | **53,075.16** | **100.00** | **182.54** | **80.19** | **293,336.78** | **1,051.95** | **40,233.09** | **462,129.65** |
| Profit for the year | - | - | - | - | - | 60,591.08 | - | - | 60,591.08 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | - | (25.76) | (692.19) | 51,219.46 | 50,501.51 |
| **Total comprehensive income for the year ended March 31, 2018** | **-** | **-** | **-** | **-** | **-** | **60,565.32** | **(692.19)** | **51,219.46** | **111,092.59** |
| **Transfer/utilisations** | | | | | | | | | |
| Transfer to special reserve u/s 45 IC of the RBI Act, 1934 | 11,793.00 | - | - | - | - | (11,793.00) | - | - | - |
| Share based payment (refer note 42) | - | - | - | - | 91.98 | - | - | - | 91.98 |
| Dividend on equity shares (refer note 22(h)) | - | - | - | - | - | (20.97) | - | - | (20.97) |
| Dividend distribution tax on preference / equity shares | - | - | - | - | - | (4.28) | - | - | (4.28) |
| **Balance as at March 31, 2018** | **85,862.94** | **53,075.16** | **100.00** | **182.54** | **172.17** | **342,083.85** | **359.76** | **91,452.55** | **573,288.97** |
| Profit for the year | - | - | - | - | - | 59,044.53 | - | - | 59,044.53 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | - | 3.27 | 201.50 | 21,796.50 | 22,001.27 |
| **Total Comprehensive Income for the year ended March 31, 2018** | **-** | **-** | **-** | **-** | **-** | **59,047.80** | **201.50** | **21,796.50** | **81,045.80** |
| **Transfer/utilisations** | | | | | | | | | |
| Transfer to special reserve u/s 45 IC of the RBI Act, 1934 | 12,000.00 | - | - | - | - | (12,000.00) | - | - | - |
| Share based payment (refer note 42) | - | - | - | - | 109.48 | - | - | - | 109.48 |
| Dividend on equity shares (refer note 22(h)) | - | - | - | - | - | (20.97) | - | - | (20.97) |
| Dividend distribution tax on preference / equity shares | - | - | - | - | - | (4.31) | - | - | (4.31) |
| **Balance as at March 31, 2019** | **97,862.94** | **53,075.16** | **100.00** | **182.54** | **281.65** | **389,106.37** | **561.26** | **113,249.05** | **654,418.97** |

The above standalone statement of changes in equity should be read in conjunction with the accompanying notes.

This is the Statement of changes in equity referred to in our report of even date

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

**Sharad Vasant**
Partner
Membership No: 101119

Date and Place: May 30, 2019, Mumbai

**For and on behalf of the Board of Directors**

**Vyomesh Kapasi**
Managing Director
DIN: 07665329

**Narayan S A**
Director
DIN: 00007404

**Bharat Thakkar**
Chief Financial Officer

**Kiran Tangudu**
Company Secretary

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 1 – CORPORATE INFORMATION

Kotak Mahindra Prime Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a Non-Banking Financial Company with Reserve Bank of India. The Company is primarily engaged in financing of passenger cars and multi-utility vehicles for retail customers and inventory and term funding to car dealers. The Company also provides finance for loans against securities, personal loans, corporate loans and developer funding.

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

The standalone financial statements upto year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first standalone financial statements of the Company under Ind AS. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the standalone equity, standalone total comprehensive income and standalone cash flow are provided in note 47.

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, including the preparation of the opening Ind AS standalone balance sheet as at April 1, 2017 being the 'date of transition to Ind AS'. These standalone financial statements were authorized for issue by the Company's Board of Director's on May 30, 2019.

#### b) Historical cost convention

The standalone financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities - Measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans - Plan assets are measured at fair value;
- Share-based payments - Measured at fair value

### B. PROPERTY, PLANT AND EQUIPMENT

#### i. Recognition and measurement

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

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

a. its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in standalone statement of profit and loss within other gains/(losses).

# Schedules forming part of Balance Sheet and Profit and Loss Account

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to standalone statement of profit and loss during the reporting period in which they are incurred.

**iii. Depreciation methods, estimated useful lives and residual value**

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 and based on technical evaluation done by the management's expert. Estimated useful lives over which assets are depreciated / amortised are as follows

| | |
|---|---|
| Computers | 3 years |
| Office Equipment | 5 years |
| Furniture and Fixtures | 6 years |
| Vehicles | 4 years |
| Premises | 58 years |
| Leasehold Improvements | Over the period of lease subject to a maximum of 6 years |

Assets costing less than 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.

**iv. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## C. INTANGIBLE ASSETS

**i. Recognition and measurement**

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

**ii. Subsequent expenditure**

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

**iii. Amortisation**

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

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

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

**iv. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## D. FOREIGN CURRENCY

**Functional and presentation currency**

The standalone financial statements are presented in Indian Rupees (INR), which is the functional currency of the Company. All amounts have been rounded off to the nearest lakhs with two decimals, unless otherwise indicated.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in standalone statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the standalone statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the standalone statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the gain or loss on fair value changes.

## E. FINANCIAL INSTRUMENT

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**

The Company classifies its financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial recognition and measurement**

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

**Business model assessment**

The Company makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with information provided to 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 realising 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 realised.
- 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.

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

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

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

**(i) Amortised cost (AC)**
A financial asset is measured at amortised cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets 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 amortised cost using the effective interest (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the standalone statement of profit and loss. The losses if any, arising from impairment are recognised in the standalone statement of profit and loss.

**(ii) Fair value through Other Comprehensive Income (FVOCI) – debt investment**
A debt investment 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 recognised using the effective interest (EIR) method. The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to standalone statement of profit and loss.

**(iii) Fair value through Other Comprehensive Income (FVOCI) – equity investment**
On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income. This election is made on an investment- by- investment basis.

After initial measurement, such financial assets are subsequently measured at fair value. Dividends are recognised as income in standalone statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to standalone statement of profit and loss.

**(iv) Fair value through profit and loss (FVTPL)**
This is a residual category for classification. Any asset which does not meet the criteria for classification as at amortised cost or FVOCI, is classified as FVTPL. Financial assets at FVTPL are measured at fair value, and changes in fair value therein are recognised in the standalone statement of profit and loss.

**Financial liabilities**
All financial liabilities are subsequently measured at amortised cost except when designated to be measured at FVTPL.

## F. IMPAIRMENT OF FINANCIAL ASSETS

**Methodology for computation of Expected Credit Losses (ECL)**

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

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost and FVOCI 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 includes the observable data such as Days Past Due ('DPD') or default event.

**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:

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

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

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

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

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

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

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

- **Stage 1: 12 month ECL**
  For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- **Stage 2: Lifetime ECL (not credit impaired)**
  At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due (DPD) information and other qualitative factors to assess deterioration in credit quality of a financial asset.

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

- **Stage 3: Lifetime ECL (credit impaired)**
  Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

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

**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 lifetime ECL.

**Manner in which forward looking assumptions has been incorporated in ECL estimates:**
The Company considers its historical loss experience and adjusts it for current observable data. In addition, the Company uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively.

## G. WRITE-OFFS

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

## H. 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 derecognised when:

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

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

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

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

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

## I. MODIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

**Financial assets**

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

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

**Financial liabilities**

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

## J. MEASUREMENT OF FAIR VALUES

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments such as unquoted equity instruments, debentures, preference shares etc.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the 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).

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

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

## K. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is reported in the standalone balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

## L. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are only used for economic hedging purposes and not as a speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at FVTPL.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The resulting gain or loss is recognised in standalone statement of profit and loss immediately.

# Schedules forming part of Balance Sheet and Profit and Loss Account

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are shown as gains/(losses) on fair value changes.

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

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

## M. REVENUE RECOGNITION

**Interest income**

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

**The EIR in case of a financial asset is computed**

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of loss allowance) of the financial asset.

**Dividend income**

Dividend income is recognised in standalone statement of profit and loss on an accrual basis when the right to receive the dividend is established.

**Fees and commission income**

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out in Ind AS 115, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

## N. EMPLOYEE BENEFITS

### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as employee benefit obligations in the standalone balance sheet.

**(ii) Compensated Absences - Other Long-Term Employee Benefits**

The Company accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary. The net present value of the Company's obligation is determined based on the projected unit credit method as at the balance sheet date. Remeasurement gains or losses on long term compensated absences are recognised in standalone statement of profit and loss.

**(iii) Post-employment obligations**

The Company operates the following post-employment schemes:

**a. Gratuity – Defined Benefit Plan**

The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The Company contributes to a Gratuity Fund administered by trustees and managed by Kotak Mahindra Life Insurance Company Limited, fellow subsidiary.

The liability or asset recognised in the standalone balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

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

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

**b. Provident Fund/Employee State Insurance Scheme - Defined Contribution Plan**

The Company's contribution to 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.

**(iv) Other Employee Benefits**

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

As per the Company policy, employees of the Company are eligible for an award after completion of a specified number of years of service with the Company. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method. This cost is included in employee benefit expense in the standalone statement of profit and loss.

**(v) Share based payment**
**Employees Stock Options Plans ("ESOPs") - Equity settled**

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

The cost of equity-settled transactions with employees and directors for grants is measured by reference to the fair value at the date at which they are granted:

a. including any market performance conditions (e.g., the entity's share price)

b. excluding the impact of any service and non-market performance vesting conditions (e.g. remaining an employee of the entity over a specified time period)

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

**Stock Appreciation Rights ("SARs") - Cash Settled**

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

**(vi) Bonus**

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## O. INCOME TAX

Current and deferred tax is recognised in standalone statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**Current tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Deferred tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## P. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net 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 financial year, 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. 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.

For the purpose of calculating diluted earnings per share, the net 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.

## Q. ACCOUNTING FOR OPERATING LEASES AS A LESSEE

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to standalone statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## R. ACCOUNTING FOR FINANCE LEASES AS A LESSOR

Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Assets given under finance leases are recognised as a receivable at an amount equal to the net investment in the lease. Finance income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the net investment in the finance lease.

## S. PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements

## T. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets/cash generating units (CGU) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## U. SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Refer note 46 for segment information presented.

## V. CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

# Schedules forming part of Balance Sheet and Profit and Loss Account

## W. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in standalone statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## X. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## Y. BORROWING COST

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

## Z. TRADE RECEIVABLE

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

## AA. Contributed equity

**Equity shares are classified as equity.**

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## BB. Rounding of amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

## CC. Standards issued but not yet effective

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs ('MCA') on March 30$^{th}$, 2019) which are effective for annual period beginning after April 1, 2019. The Company intends to adopt these standards or amendments from the effective date.

**Ind AS 116, Leases**

Ind AS 116 is applicable for financial reporting periods beginning on or after April 1, 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company is in the process of analysing the impact of new lease standard on its standalone financial statements.

**DD. Amendments to existing Ind AS**

The following amended standards are not expected to have a significant impact on the Company's standalone financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective amended standards.

**1. Amendment to Ind AS 12 Income Taxes : Appendix C – Uncertainty over Income Tax Treatments**

The Appendix addresses how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

**2. Amendments to Ind AS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

**3. Amendments to Ind AS 109 Financial Instruments : Prepayment Features with Negative Compensation**

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

**4. Amendments to Ind AS 19 Employee Benefits**

This amendment requires:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in standalone statement of profit and loss as part of past service cost, or gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

**Note -3 Use of estimates and judgements**

The preparation of standalone financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving estimates or judgements are:

(i) Estimation of defined benefit obligations

(ii) Recognition of deferred tax assets, estimation of current tax expense and current tax payable

(iii) Estimation of provisions and contingencies

(iv) Fair value of employee share options

(v) Fair value of financial instruments including unlisted equity instruments

(vi) Business model assessment

(vii) Impairment of financial instruments

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 4 CASH AND CASH EQUIVALENTS

₹in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Cash on hand | 666.56 | 687.70 | 436.01 |
| Balances with banks in current account | 20,372.31 | 5,143.49 | 6,909.66 |
| Cheques, drafts on hand | 863.73 | 1,066.70 | 1,160.31 |
| | **21,902.60** | **6,897.89** | **8,505.98** |
| Less: Impairment loss allowance (refer note 43(ii)) | (4.14) | (1.21) | (1.57) |
| | **21,898.46** | **6,896.68** | **8,504.41** |

## NOTE 5 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Earmarked balances with banks | | | |
| Unclaimed matured debentures | 7.60 | 7.60 | 7.60 |
| Fixed deposit with banks | 142,313.60 | 88,475.62 | 97,239.45 |
| | **142,321.20** | **88,483.22** | **97,247.05** |
| Less: Impairment loss allowance (refer note 43(ii)) | (27.75) | (17.25) | (18.96) |
| | **142,293.45** | **88,465.97** | **97,228.09** |

## NOTE 6 RECEIVABLES

₹in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| **Amortised Cost** | | | |
| **Trade receivables** | | | |
| Secured, considered good | - | - | - |
| Unsecured, considered good | 15.75 | 6.37 | 6.10 |
| Significant increase in credit risk | - | - | - |
| Credit impaired | - | - | - |
| | **15.75** | **6.37** | **6.10** |
| Less: Impairment loss allowance (refer note 43(ii)) | (0.07) | (0.02) | (0.02) |
| | **15.68** | **6.35** | **6.08** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 7 LOANS

₹ in lakh

| | Particulars | Amortised Cost | At Fair Value | | | Sub total | Total |
|---|---|---|---|---|---|---|---|
| | | | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | | |
| | | (1) | (2) | (3) | (4) | (5=2+3+4) | (6=1+5) |
| | **As at March 31, 2019** | | | | | | |
| **(A)** | (i) Loans | | | | | | |
| | - Vehicle finance | 1,930,939.16 | - | - | - | - | 1,930,939.16 |
| | - Structured loans * | 784,632.27 | - | - | - | - | 784,632.27 |
| | - Personal loans | 129,781.95 | - | - | - | - | 129,781.95 |
| | (ii) CBLO lending | 4,199.26 | - | - | - | - | 4,199.26 |
| | (iii) Inter corporate deposits | - | - | - | - | - | - |
| | (iv) Loan to employees | 72.10 | - | - | - | - | 72.10 |
| | (v) Lending through Pass Through Certificates (PTC) | - | - | - | - | - | - |
| | **Total Gross (A)** | **2,849,624.74** | **-** | **-** | **-** | **-** | **2,849,624.74** |
| | Less: Impairment loss allowance | (32,098.41) | - | - | - | - | (32,098.41) |
| | **Total Net (A)** | **2,817,526.33** | **-** | **-** | **-** | **-** | **2,817,526.33** |
| **(B)** | (i) Secured by tangible assets | 2,502,570.64 | - | - | - | - | 2,502,570.64 |
| | (ii) Unsecured | 347,054.10 | - | - | - | - | 347,054.10 |
| | **Total Gross (B)** | **2,849,624.74** | **-** | **-** | **-** | **-** | **2,849,624.74** |
| | Less: Impairment loss allowance | (32,098.41) | - | - | - | - | (32,098.41) |
| | **Total Net (B)** | **2,817,526.33** | **-** | **-** | **-** | **-** | **2,817,526.33** |
| **(C)(I)** | Loans in India | | | | | | |
| | (i) Public Sector | - | - | - | - | - | - |
| | (ii) Others | 2,849,624.74 | - | - | - | - | 2,849,624.74 |
| | **Total Gross (C) (I)** | **2,849,624.74** | **-** | **-** | **-** | **-** | **2,849,624.74** |
| | Less: Impairment loss allowance | (32,098.41) | - | - | - | - | (32,098.41) |
| | **Total Net (C) (I)** | **2,817,526.33** | **-** | **-** | **-** | **-** | **2,817,526.33** |
| | **As at March 31, 2018** | | | | | | |
| **(A)** | (i) Term Loans | | | | | | |
| | - Vehicle finance | 1,936,882.27 | - | - | - | - | 1,936,882.27 |
| | - Structured loans * | 750,272.41 | - | - | - | - | 750,272.41 |
| | - Personal loans | 107,413.77 | - | - | - | - | 107,413.77 |
| | (ii) CBLO lending | 37,487.69 | - | - | - | - | 37,487.69 |
| | (iii) Inter corporate deposits | 15,528.98 | - | - | - | - | 15,528.98 |
| | (iv) Loan to employees | 65.26 | - | - | - | - | 65.26 |
| | (v) Lending through Pass Through Certificates (PTC) | 2,423.80 | - | - | - | - | 2,423.80 |
| | **Total Gross (A)** | **2,850,074.18** | **-** | **-** | **-** | **-** | **2,850,074.18** |
| | Less: Impairment loss allowance | (25,287.01) | - | - | - | - | (25,287.01) |
| | **Total Net (A)** | **2,824,787.17** | **-** | **-** | **-** | **-** | **2,824,787.17** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| | Particulars | Amortised Cost | At Fair Value | | | Sub total | Total |
|---|---|---|---|---|---|---|---|
| | | | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | | |
| | | (1) | (2) | (3) | (4) | (5=2+3+4) | (6=1+5) |
| **(B)** | (i) Secured by tangible assets | 2,572,856.62 | - | - | - | - | 2,572,856.62 |
| | (ii) Unsecured | 277,217.56 | - | - | - | - | 277,217.56 |
| | **Total Gross (B)** | **2,850,074.18** | **-** | **-** | **-** | **-** | **2,850,074.18** |
| | Less: Impairment loss allowance | (25,287.01) | - | - | - | - | (25,287.01) |
| | **Total Net (B)** | **2,824,787.17** | **-** | **-** | **-** | **-** | **2,824,787.17** |
| **(C)(I)** | Loans in India | | | | | | |
| | (i) Public Sector | - | - | - | - | - | - |
| | (ii) Others | 2,850,074.18 | - | - | - | - | 2,850,074.18 |
| | **Total Gross (C) (I)** | **2,850,074.18** | **-** | **-** | **-** | **-** | **2,850,074.18** |
| | Less: Impairment loss allowance | (25,287.01) | - | - | - | - | (25,287.01) |
| | **Total Net (C) (I)** | **2,824,787.17** | **-** | **-** | **-** | **-** | **2,824,787.17** |
| | **As at April 1, 2017** | | | | | | |
| **(A)** | (i) Term Loans | | | | | | |
| | - Vehicle finance | 1,761,477.60 | - | - | - | - | 1,761,477.60 |
| | - Structured loans * | 604,498.60 | - | - | - | - | 604,498.60 |
| | - Personal loans | 89,534.09 | - | - | - | - | 89,534.09 |
| | (ii) CBLO lending | - | - | - | - | - | - |
| | (iii) Inter corporate deposits | 10,521.67 | - | - | - | - | 10,521.67 |
| | (iv) Loan to employees | 81.34 | - | - | - | - | 81.34 |
| | (v) Lending through Pass Through Certificates (PTC) | 6,299.06 | - | - | - | - | 6,299.06 |
| | **Total Gross (A)** | **2,472,412.36** | **-** | **-** | **-** | **-** | **2,472,412.36** |
| | Less: Impairment loss allowance | (22,454.27) | - | - | - | - | (22,454.27) |
| | **Total Net (A)** | **2,449,958.09** | **-** | **-** | **-** | **-** | **2,449,958.09** |
| **(B)** | (i) Secured by tangible assets | 2,291,425.27 | - | - | - | - | 2,291,425.27 |
| | (ii) Unsecured | 180,987.09 | - | - | - | - | 180,987.09 |
| | **Total Gross (B)** | **2,472,412.36** | **-** | **-** | **-** | **-** | **2,472,412.36** |
| | Less: Impairment loss allowance | (22,454.27) | - | - | - | - | (22,454.27) |
| | **Total Net (B)** | **2,449,958.09** | **-** | **-** | **-** | **-** | **2,449,958.09** |
| **(C)(I)** | Loans in India | | | | | | |
| | (i) Public Sector | - | - | - | - | - | - |
| | (ii) Others | 2,472,412.36 | - | - | - | - | 2,472,412.36 |
| | **Total Gross (C) (I)** | **2,472,412.36** | **-** | **-** | **-** | **-** | **2,472,412.36** |
| | Less: Impairment loss allowance | (22,454.27) | - | - | - | - | (22,454.27) |
| | **Total Net (C) (I)** | **2,449,958.09** | **-** | **-** | **-** | **-** | **2,449,958.09** |

**Structured loan includes loan against securities, commercial real estate loans and other structured loans.*

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 8 INVESTMENTS

₹ in lakh

| | Particulars | Amortised Cost | At Fair Value | | | Sub total | Others | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | | | |
| | | (1) | (2) | (3) | (4) | (5=2+3+4) | (6) | (7=1+5+6) |
| | **As at March 31, 2019** | | | | | | | |
| **(A)** | Mutual funds | - | - | 2,501.64 | - | 2,501.64 | - | 2,501.64 |
| | Debentures | - | 33,347.20 | - | - | 33,347.20 | - | 33,347.20 |
| | Equity instruments* | - | 154,177.99 | 1,554.12 | - | 155,732.11 | - | 155,732.11 |
| | Preference Share | - | - | 11,488.23 | - | 11,488.23 | - | 11,488.23 |
| | Certificate of Deposits | 9,856.01 | - | - | - | - | - | 9,856.01 |
| | **Total Gross (A)** | **9,856.01** | **187,525.19** | **15,543.99** | **-** | **203,069.18** | **-** | **212,925.19** |
| **(B)** | (i) Investments outside India | - | - | - | - | - | - | - |
| | (ii) Investments in India | 9,856.01 | 187,525.19 | 15,543.99 | - | 203,069.18 | - | 212,925.19 |
| | **Total (B)** | **9,856.01** | **187,525.19** | **15,543.99** | **-** | **203,069.18** | **-** | **212,925.19** |
| | Less: Impairment allowance | (1.92) | - | - | - | - | - | (1.92) |
| | **Total Net** | **9,854.09** | **187,525.19** | **15,543.99** | **-** | **203,069.18** | **-** | **212,923.27** |
| | **As at March 31, 2018** | | | | | | | |
| **(A)** | Mutual funds | - | - | 10,014.46 | - | 10,014.46 | - | 10,014.46 |
| | Debentures | 1,003.20 | 34,669.59 | - | - | 34,669.59 | - | 35,672.79 |
| | Equity instruments* | - | 125,925.72 | 1,309.44 | - | 127,235.16 | - | 127,235.16 |
| | Preference Share | 18,529.81 | - | - | - | - | - | 18,529.81 |
| | **Total Gross (A)** | **19,533.01** | **160,595.31** | **11,323.90** | **-** | **171,919.21** | **-** | **191,452.22** |
| **(B)** | (i) Investments outside India | - | - | - | - | - | - | - |
| | (ii) Investments in India | 19,533.01 | 160,595.31 | 11,323.90 | - | 171,919.21 | - | 191,452.22 |
| | **Total (B)** | **19,533.01** | **160,595.31** | **11,323.90** | **-** | **171,919.21** | **-** | **191,452.22** |
| | Less: Impairment allowance | (2.41) | - | - | - | - | - | (2.41) |
| | **Total Net** | **19,530.60** | **160,595.31** | **11,323.90** | **-** | **171,919.21** | **-** | **191,449.81** |
| | **As at April 1, 2017** | | | | | | | |
| **(A)** | Mutual funds | - | - | 4,501.28 | - | 4,501.28 | - | 4,501.28 |
| | Debentures | 1,320.00 | 95,985.38 | - | - | 95,985.38 | - | 97,305.38 |
| | Equity instruments* | - | 59,314.35 | 5,577.69 | - | 64,892.04 | - | 64,892.04 |
| | Preference Share | 16,807.08 | - | - | - | - | - | 16,807.08 |
| | **Total Gross (A)** | **18,127.08** | **155,299.73** | **10,078.97** | **-** | **165,378.70** | **-** | **183,505.78** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| | | Particulars | Amortised Cost | At Fair Value | | | Sub total | Others | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | | | |
| | | | (1) | (2) | (3) | (4) | (5=2+3+4) | (6) | (7=1+5+6) |
| **(B)** | (i) | Investments outside India | - | - | - | - | - | - | - |
| | (ii) | Investments in India | 18,127.08 | 155,299.73 | 10,078.97 | - | 165,378.70 | - | 183,505.78 |
| | | **Total (B)** | **18,127.08** | **155,299.73** | **10,078.97** | **-** | **165,378.70** | **-** | **183,505.78** |
| | | Less: Impairment allowance | (4.37) | - | - | - | - | - | (4.37) |
| | | **Total Net** | **18,122.71** | **155,299.73** | **10,078.97** | **-** | **165,378.70** | **-** | **183,501.41** |

*Note - Equity shares designated as at fair value through other comprehensive income

At April 1, 2017, the Company designated the investments shown below as equity shares at FVOCI because these equity shares represent investments that the Company intends to hold for long-term for strategic purposes.

₹ in lakh

| Investment in equity shares of | Fair value at March 31, 2019 | Dividend income recognised during 2018-19 | Fair value at March 31, 2018 | Dividend income recognised during 2017-18 | Fair value at April 1, 2017 |
|---|---|---|---|---|---|
| Phoenix ARC Private Limited | 7,675.99 | - | 7,903.32 | - | 6,739.89 |
| Kotak Mahindra Life Insurance Company Limited | 146,502.00 | - | 118,022.40 | - | 52,574.46 |
| | **154,177.99** | **-** | **125,925.72** | **-** | **59,314.35** |

No strategic investments were disposed of during 2018-19 and 2017-18, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

## NOTE 9 OTHER FINANCIAL ASSETS

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Lease deposits | 156.21 | 143.61 | 124.77 |
| Other deposits | 851.26 | 515.23 | 482.49 |
| Other receivables | 119.43 | 146.50 | 124.57 |
| | 1,126.90 | 805.34 | 731.83 |
| Less: Impairment loss allowance (refer note 43(ii)) | (4.75) | (2.83) | (3.53) |
| | **1,122.15** | **802.51** | **728.30** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 10 PROPERTY, PLANT AND EQUIPMENT

₹ in lakh

| Particulars | Buildings | Furniture and fixtures | Vehicles | Office equipment | Computers | Leasehold improvements | Building given under operating lease | Total |
|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2018** | | | | | | | | |
| **Gross carrying amount** | | | | | | | | |
| **Deemed cost as at April 1, 2017** | **10.60** | **6.01** | **171.31** | **67.07** | **90.63** | **172.58** | **2,280.36** | **2,798.56** |
| Additions | - | 1.25 | 165.56 | 19.65 | 83.56 | 17.57 | - | 287.59 |
| Disposals | - | (0.52) | (76.36) | (1.38) | (19.16) | - | - | (97.42) |
| **Closing gross carrying amount** | **10.60** | **6.74** | **260.51** | **85.34** | **155.03** | **190.15** | **2,280.36** | **2,988.73** |
| **Accumulated depreciation** | | | | | | | | |
| Depreciation charge during the year | 0.29 | 4.22 | 75.62 | 30.29 | 68.57 | 47.32 | 45.33 | 271.64 |
| Disposals | - | (0.52) | (54.61) | (1.38) | (18.95) | - | - | (75.46) |
| **Closing accumulated depreciation** | **0.29** | **3.70** | **21.01** | **28.91** | **49.62** | **47.32** | **45.33** | **196.18** |
| **Net carrying amount** | **10.31** | **3.04** | **239.50** | **56.43** | **105.41** | **142.83** | **2,235.03** | **2,792.55** |
| **Year ended March 31, 2019** | | | | | | | | |
| **Gross carrying amount** | | | | | | | | |
| **Opening gross carrying amount** | **10.60** | **6.74** | **260.51** | **85.34** | **155.03** | **190.15** | **2,280.36** | **2,988.73** |
| Additions | - | 18.86 | 126.10 | 64.94 | 115.03 | 149.42 | - | 474.35 |
| Disposals | - | (2.70) | (40.85) | (21.49) | (48.85) | - | - | (113.89) |
| **Closing gross carrying amount** | **10.60** | **22.90** | **345.76** | **128.79** | **221.21** | **339.57** | **2,280.36** | **3,349.19** |
| **Accumulated depreciation** | **0.29** | **3.70** | **21.01** | **28.91** | **49.62** | **47.32** | **45.33** | **196.18** |
| Depreciation charge during the year | 0.29 | 11.27 | 87.91 | 31.21 | 78.48 | 84.68 | 45.33 | 339.17 |
| Disposals | - | (2.70) | (29.66) | (21.48) | (34.80) | - | - | (88.64) |
| **Closing accumulated depreciation** | **0.58** | **12.27** | **79.26** | **38.64** | **93.30** | **132.00** | **90.66** | **446.71** |
| **Net carrying amount** | **10.02** | **10.63** | **266.50** | **90.15** | **127.91** | **207.57** | **2,189.70** | **2,902.48** |

The Company has availed the deemed cost exemption as per Ind AS 101 in relation to the property, plant and equipment on the date of transition and hence the net carrying amount has been considered as the gross carrying amount on that date. Refer note below for the gross carrying value and the accumulated depreciation on April 1, 2017 under the previous GAAP.

**Deemed cost as on April 1, 2017**

₹ in lakh

| Particulars | Buildings | Furniture and fixtures | Vehicles | Office equipment | Computers | Leasehold improvements | Building given under operating lease | Total |
|---|---|---|---|---|---|---|---|---|
| Gross carrying value as on April 1, 2017 | 18.07 | 80.24 | 277.73 | 224.46 | 517.12 | 566.20 | 2,635.42 | 4,319.24 |
| Accumulated depreciation till March 31, 2017 | 7.47 | 74.23 | 106.42 | 157.39 | 426.49 | 393.62 | 355.06 | 1,520.68 |
| **Net Block treated as Deemed cost upon transition** | **10.60** | **6.01** | **171.31** | **67.07** | **90.63** | **172.58** | **2,280.36** | **2,798.56** |

**Impairment loss and reversal of impairment loss**

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

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 11 OTHER INTANGIBLE ASSETS

₹ in lakh

| Particulars | Computer Software | Total |
|---|---|---|
| **Year ended March 31, 2018** | | |
| **Gross carrying amount** | | |
| **Deemed cost as at April 1, 2017** | **78.84** | **78.84** |
| Additions | 191.77 | 191.77 |
| Disposals | - | - |
| **Closing gross carrying amount** | **270.61** | **270.61** |
| **Accumulated amortisation** | | |
| Amortisation recognised for the year | 55.77 | 55.77 |
| Disposals | - | - |
| **Closing accumulated amortisation** | **55.77** | **55.77** |
| **Net carrying amount** | **214.84** | **214.84** |
| **Year ended March 31, 2019** | | |
| **Gross carrying amount** | | |
| **Opening gross carrying amount** | **270.61** | **270.61** |
| Additions | 55.78 | 55.78 |
| Disposals | - | - |
| **Closing gross carrying amount** | **326.39** | **326.39** |
| **Accumulated amortisation** | **55.77** | **55.77** |
| Amortisation recognised for the year | 99.39 | 99.39 |
| Disposals | - | - |
| **Closing accumulated amortisation** | **155.16** | **155.16** |
| **Net carrying amount** | **171.23** | **171.23** |

The Company has availed the deemed cost exemption as per Ind AS 101 in relation to the intangible assets on the date of transition and hence the net carrying amount has been considered as the gross carrying amount on that date. Refer note below for the gross carrying value and the accumulated amortisation on April 1, 2017 under the previous GAAP.

**Deemed cost as on April 1, 2017**

₹in lakh

| Particulars | Software | Total |
|---|---|---|
| Gross carrying value as on April 1, 2017 | 170.29 | 170.29 |
| Accumulated amortisation till March 31, 2017 | 91.45 | 91.45 |
| **Net Block treated as Deemed cost upon transition** | **78.84** | **78.84** |

**Impairment loss and reversal of impairment loss**

There is no impairment loss recognised for intangible assets.

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 12 OTHER NON-FINANCIAL ASSETS

₹in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Capital advances | - | 59.35 | - |
| Prepaid expenses | 171.24 | 177.72 | 158.26 |
| Balances with government authorities | | | |
| (i) VAT credit receivable | 174.81 | 174.81 | 658.45 |
| (ii) Service tax credit receivable | - | - | 111.31 |
| (iii) GST input receivable | 3,394.65 | 2,954.98 | - |
| Advances to suppliers | 158.69 | 100.02 | 18.11 |
| Advances to employees | 37.46 | 36.35 | 30.69 |
| Others | 48.86 | 26.45 | - |
| **Total** | **3,985.71** | **3,529.68** | **976.82** |

## NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS:

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

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

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

₹in lakh

| Particulars | Notional Amounts | Fair Value - Liabilities |
|---|---|---|
| **As at March 31, 2019** | | |
| **Part I** | | |
| Embedded option on Nifty linked debentures | NA | 9,224.91 |
| **Total Derivative financial instruments** | **-** | **9,224.91** |
| **Part II** | | |
| Included in above (Part I) are derivatives held for hedging and risk management purposes as follows: | | |
| Undesignated derivatives | NA | 9,224.91 |
| **Total derivative financial instruments** | **-** | **9,224.91** |
| **As at March 31, 2018** | | |
| **Part I** | | |
| Embedded option on Nifty linked debentures | - | - |
| **Total Derivative financial instruments** | **-** | **-** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹in lakh

| Particulars | Notional Amounts | Fair Value - Liabilities |
|---|---|---|
| **Part II** | | |
| Included in above (Part I) are derivatives held for hedging and risk management purposes as follows: | | |
| Undesignated derivatives | - | - |
| **Total derivative financial instruments** | **-** | **-** |
| **As at April 1, 2017** | | |
| **Part I** | | |
| Currency derivatives: | | |
| Spots and forwards | 12,281.97 | 448.96 |
| **Total Derivative financial instruments** | **12,281.97** | **448.96** |
| **Part II** | | |
| Included in above (Part I) are derivatives held for hedging and risk management purposes as follows: | | |
| Undesignated derivatives | 12,281.97 | 448.96 |
| **Total derivative financial instruments** | **12,281.97** | **448.96** |

## NOTE 14 TRADE PAYABLES

₹in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Trade payables (Refer Note (i) below) : | | | |
| (i) Payable to dealers towards financing activities | 16,867.88 | 16,714.97 | 14,274.37 |
| (ii) Other Payables | 13,216.66 | 14,674.88 | 23,929.16 |
| | **30,084.54** | **31,389.85** | **38,203.53** |

**Note (i)**

There are no dues payable to micro and small enterprises based on the information available with the company and therefore disclosures under The Micro, Small And Medium Enterprises Development Act, 2006 are not applicable.

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 15 DEBT SECURITIES

₹in lakh

| Particulars | At Amortised Cost | At Fair Value Through Profit or Loss | Designated at fair value through profit or loss | Total |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4 = 1+2+3) |
| **As at March 31, 2019** | | | | |
| Deep discount debentures (Secured) | 399,915.81 | - | - | 399,915.81 |
| Non convertible debentures (Secured) | 1,081,326.79 | - | - | 1,081,326.79 |
| Nifty linked debentures (Secured) | 66,719.25 | - | - | 66,719.25 |
| **Total (A)** | **1,547,961.85** | **-** | **-** | **1,547,961.85** |
| Debt securities in India | 1,547,961.85 | - | - | 1,547,961.85 |
| Debt securities outside India | - | - | - | - |
| **Total (B)** | **1,547,961.85** | **-** | **-** | **1,547,961.85** |
| **As at March 31, 2018** | | | | |
| Deep discount debentures (Secured) | 329,269.46 | - | - | 329,269.46 |
| Non convertible debentures (Secured) | 1,372,155.22 | - | - | 1,372,155.22 |
| Nifty linked debentures (Secured) | - | - | - | - |
| **Total (A)** | **1,701,424.68** | **-** | **-** | **1,701,424.68** |
| Debt securities in India | 1,701,424.68 | - | - | 1,701,424.68 |
| Debt securities outside India | - | - | - | - |
| **Total (B)** | **1,701,424.68** | **-** | **-** | **1,701,424.68** |
| **As at April 1, 2017** | | | | |
| Deep discount debentures (Secured) | 222,820.73 | - | - | 222,820.73 |
| Non convertible debentures (Secured) | 1,231,257.93 | - | - | 1,231,257.93 |
| Nifty linked debentures (Secured) | - | - | - | - |
| **Total (A)** | **1,454,078.66** | **-** | **-** | **1,454,078.66** |
| Debt securities in India | 1,454,078.66 | - | - | 1,454,078.66 |
| Debt securities outside India | - | - | - | - |
| **Total (B)** | **1,454,078.66** | **-** | **-** | **1,454,078.66** |

**Note:-**

The Debentures are redeemable at par / premium. All debt securities as stated above are secured by way of a first and pari passu mortgage in favour of the Debenture Trustee on the Company's immovable property of ₹18.07 lakhs and further secured by way of hypothecation / mortgage of charged assets such as receivables arising out of loan and lease, book debts, current assets and investments (excluding strategic investments of the Company). The carrying amount of assets (other than immovable property) on which charge is created are as follows:-

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Loans | 2,814,570.32 | 2,815,088.82 | 2,443,153.90 |
| Investments (excluding strategic investments & Perference Shares) | 45,704.85 | 45,687.25 | 101,806.66 |
| Cash and cash equivalents | 21,902.60 | 6,897.89 | 8,505.98 |
| Bank balance other than cash and cash equivalents | 142,283.87 | 88,457.68 | 97,230.75 |
| | **3,024,461.64** | **2,956,131.64** | **2,650,697.29** |

**Terms of repayment schedule of debt securities:-**

₹in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value |
| **Deep discount debentures** | | | | | | | | | | |
| **Repayable at Maturity** | | | | | | | | | | |
| | May-22 | 8.70 | 530.28 | 690.00 | - | - | - | - | - | - |
| | Aug-21 | 8.82 | 4,893.27 | 6,000.00 | - | - | - | - | - | - |
| | May-21 | 8.08 to 8.83 | 78,911.11 | 94,000.00 | 8.08 to 8.15 | 39,709.53 | 50,850.00 | - | - | - |
| | Apr-21 | 7.80 to 8.83 | 73,054.47 | 85,920.00 | 7.80 to 8.15 | 60,697.39 | 77,020.00 | - | - | - |
| | Feb-21 | 7.63 | 8,254.35 | 9,470.00 | 7.63 | 7,669.19 | 9,470.00 | - | - | - |
| | Jan-21 | 7.80 | 636.25 | 730.00 | 7.80 | 590.21 | 730.00 | - | - | - |
| | Oct-20 | 7.80 | 568.93 | 640.00 | 7.80 | 527.77 | 640.00 | - | - | - |
| | Sep-20 | 7.30 to 8.77 | 41,464.22 | 46,460.00 | 7.30 | 15,564.76 | 18,500.00 | - | - | - |
| | Aug-20 | 7.80 | 3,659.28 | 4,060.00 | 7.80 | 3,394.51 | 4,060.00 | - | - | - |
| | Jul-20 | 7.50 to 7.80 | 6,353.09 | 6,980.00 | 7.50 to 7.80 | 5,899.62 | 6,980.00 | - | - | - |
| | Jun-20 | 7.80 | 1,319.86 | 1,450.00 | 7.80 | 1,224.36 | 1,450.00 | - | - | - |
| | May-20 | 7.45 to 7.85 | 14,329.51 | 15,580.00 | 7.45 to 7.85 | 13,295.76 | 15,580.00 | 7.85 | 4,204.99 | 5,320.00 |
| | Apr-20 | 7.80 to 8.80 | 51,629.48 | 56,120.00 | 7.8 to 7.85 | 1,304.84 | 1,520.00 | 7.85 | 142.81 | 180.00 |
| | Mar-20 | 7.85 | 4,506.31 | 4,850.00 | 7.85 | 4,178.31 | 4,850.00 | 7.85 | 3,874.19 | 4,850.00 |
| | Nov-19 | 8.55 | 20,896.26 | 22,000.00 | - | - | - | - | - | - |
| | Aug-19 | 7.18 to 8.65 | 28,498.48 | 29,270.00 | 7.18 to 8.65 | 26,550.26 | 29,270.00 | 8.65 | 2,192.17 | 2,680.00 |
| | Jul-19 | 7.55 to 7.76 | 5,044.94 | 5,170.00 | 7.55 to 7.76 | 4,688.54 | 5,170.00 | - | - | - |
| | Jun-19 | 8.65 | 1,441.54 | 1,470.00 | 8.65 | 1,326.78 | 1,470.00 | 8.65 | 1,221.15 | 1,470.00 |
| | May-19 | 7.52 to 8.85 | 22,868.56 | 23,130.00 | 7.52 to 8.85 | 21,075.42 | 23,130.00 | 8.48 to 8.85 | 17,157.12 | 20,490.00 |
| | Apr-19 | 7.52 to 8.85 | 31,055.62 | 31,140.00 | 7.52 to 8.85 | 28,656.67 | 31,140.00 | 8.63 to 8.85 | 18,857.18 | 22,340.00 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value |
| | Mar-19 | - | - | - | 8.65 to 8.85 | 18,383.58 | 19,970.00 | 8.65 to 8.85 | 16,904.88 | 19,970.00 |
| | Jan-19 | - | - | - | 8.70 | 2,392.83 | 2,560.00 | 8.70 | 2,201.16 | 2,560.00 |
| | Dec-18 | - | - | - | 8.50 to 8.67 | 7,346.78 | 7,810.00 | 8.50 to 8.67 | 6,762.24 | 7,810.00 |
| | Nov-18 | - | - | - | 8.50 | 842.76 | 890.00 | 8.50 | 776.74 | 890.00 |
| | Aug-18 | - | - | - | 8.70 | 1,016.24 | 1,050.00 | 8.70 | 934.90 | 1,050.00 |
| | Jul-18 | - | - | - | 8.55 to 8.80 | 23,042.90 | 23,590.00 | 8.55 to 8.80 | 21,182.58 | 23,590.00 |
| | Jun-18 | - | - | - | 8.80 | 2,189.66 | 2,230.00 | 8.80 | 2,012.56 | 2,230.00 |
| | May-18 | - | - | - | 7.85 | 33,322.88 | 33,600.00 | 7.85 | 30,897.42 | 33,600.00 |
| | Apr-18 | - | - | - | 8.75 | 4,377.91 | 4,390.00 | 8.75 | 4,025.67 | 4,390.00 |
| | Feb-18 | - | - | - | - | - | - | 6.80 to 8.65 | 17,712.87 | 18,870.00 |
| | Nov-17 | - | - | - | - | - | - | 8.70 | 845.78 | 890.00 |
| | Sep-17 | - | - | - | - | - | - | 8.70 | 1,990.30 | 2,070.00 |
| | Aug-17 | - | - | - | - | - | - | 8.52 | 16,051.57 | 16,500.00 |
| | Jul-17 | - | - | - | - | - | - | 8.65 to 9.55 | 27,991.93 | 28,650.00 |
| | Jun-17 | - | - | - | - | - | - | 8.65 | 7,059.81 | 7,160.00 |
| | May-17 | - | - | - | - | - | - | 8.65 | 2,223.56 | 2,250.00 |
| | Apr-17 | - | - | - | - | - | - | 8.65 to 10.10 | 15,597.15 | 15,670.00 |
| | | | **399,915.81** | **445,130.00** | | **329,269.46** | **377,920.00** | | **222,820.73** | **245,480.00** |
| **Non convertible debentures** | | | | | | | | | | |
| **Fixed Interest Rate; Repayable at Maturity; Issued at premium/ discount under same ISIN** | | | | | | | | | | |
| **Related parties:** | | | | | | | | | | |
| | Jun-20 | 7.48 | 312.12 | 300.00 | - | - | - | - | - | - |
| | Nov-20 | 7.5 | 5,075.09 | 5,000.00 | - | - | - | - | - | - |
| | Oct-20 | 7.3 | 5,073.41 | 5,000.00 | - | - | - | - | - | - |
| | Sep-19 | 7.19 | 10,459.40 | 10,000.00 | 7.19 | 10,459.02 | 10,000.00 | - | - | - |
| **Others:** | | | | | | | | | | |
| | Dec-21 | 8.8 | 2,104.31 | 2,000.00 | - | - | - | - | - | - |
| | Sep-21 | 8.75 | 21,993.30 | 21,000.00 | - | - | - | - | - | - |
| | Jul-21 | 8.70 to 8.83 | 49,143.67 | 45,940.00 | - | - | - | - | - | - |
| | Mar-21 | 8.05 to 8.15 | 14,598.84 | 13,350.00 | 8.05 to 8.15 | 13,499.05 | 13,350.00 | - | - | - |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value |
| | Jan-21 | 7.54 | 35,412.78 | 35,500.00 | - | - | - | - | - | - |
| | Dec-20 | 8.75 to 9.10 | 43,971.37 | 40,700.00 | - | - | - | - | - | - |
| | Nov-20 | 7.5 | 8,651.06 | 8,500.00 | - | - | - | - | - | - |
| | Oct-20 | 7.3 | 33,775.16 | 33,200.00 | - | - | - | - | - | - |
| | Jun-20 | 7.48 | 51,899.11 | 49,700.00 | - | - | - | - | - | - |
| | Feb-20 | 8.59 | 21,602.43 | 20,000.00 | - | - | - | - | - | - |
| | Jan-20 | 8.55 | 12,709.30 | 12,000.00 | - | - | - | - | - | - |
| | Dec-19 | 7.75 | 2,530.81 | 2,500.00 | - | - | - | - | - | - |
| | Nov-19 | 7.47 | 10,244.06 | 10,000.00 | - | - | - | - | - | - |
| | Sep-19 | 7.19 | 1,045.94 | 1,000.00 | 7.19 | 1,045.90 | 1,000.00 | - | - | - |
| **Fixed Interest Rate; Repayable at Maturity;** | | | | | | | | | | |
| **Related parties:** | | | | | | | | | | |
| | Jul-20 | 7.79 | 3,204.63 | 3,000.00 | - | - | - | - | - | - |
| | May-19 | - | - | - | 7.76 | 532.96 | 500.00 | - | - | - |
| | Apr-19 | 8.48 | 1,082.01 | 1,000.00 | 8.48 | 1,081.75 | 1,000.00 | 8.48 | 5,409.55 | 5,000.00 |
| | Feb-19 | - | - | - | 7.75 to 8.03 | 10,583.62 | 10,500.00 | 7.75 | 10,078.56 | 10,000.00 |
| | Oct-18 | - | - | - | 7.66 | 5,166.82 | 5,000.00 | 7.66 | 5,034.62 | 5,000.00 |
| | Aug-18 | - | - | - | 8.25 | 10,515.34 | 10,000.00 | 8.25 | 26,288.36 | 25,000.00 |
| | Apr-18 | - | - | - | - | - | - | 8.48 | 9,737.07 | 9,000.00 |
| | Dec-17 | - | - | - | - | - | - | 7.7 | 2,600.03 | 2,500.00 |
| **Others:** | | | | | | | | | | |
| | Dec-21 | 8.8 | 66,486.10 | 62,500.00 | - | - | - | - | - | - |
| | Sep-21 | 8.75 | 21,513.56 | 20,400.00 | - | - | - | - | - | - |
| | Jul-21 | 8.83 to 8.84 | 16,881.95 | 15,800.00 | - | - | - | - | - | - |
| | Jun-21 | 8.43 | 45,026.12 | 45,000.00 | - | - | - | - | - | - |
| | Mar-21 | 7.79 to 7.95 | 15,643.27 | 14,300.00 | 7.79 to 7.95 | 14,528.09 | 14,300.00 | - | - | - |
| | Jan-21 | 7.54 | 10,171.54 | 10,000.00 | 7.54 | 10,171.54 | 10,000.00 | - | - | - |
| | Dec-20 | 7.79 to 7.8 | 33,491.56 | 30,500.00 | 7.79 to 7.8 | 31,106.41 | 30,500.00 | - | - | - |
| | Nov-20 | 7.5 to 7.79 | 21,225.96 | 20,500.00 | 7.5 to 7.79 | 21,221.72 | 20,500.00 | - | - | - |
| | Oct-20 | 7.3 | 2,603.26 | 2,500.00 | 7.3 | 2,602.46 | 2,500.00 | - | - | - |
| | Sep-20 | 7.79 | 533.50 | 500.00 | 7.79 | 533.07 | 500.00 | - | - | - |
| | Aug-20 | 7.5 | 15,785.96 | 15,000.00 | 7.5 | 15,785.96 | 15,000.00 | - | - | - |
| | Jul-20 | 7.79 | 7,477.46 | 7,000.00 | 7.79 | 10,681.08 | 10,000.00 | - | - | - |
| | Jun-20 | 7.48 to 7.8 | 9,019.00 | 8,500.00 | 7.48 to 7.8 | 8,795.26 | 8,500.00 | - | - | - |
| | May-20 | 7.81 to 7.82 | 26,831.54 | 24,000.00 | 7.81 to 7.82 | 25,578.82 | 24,000.00 | - | - | - |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 Interest Rate Range (%) | As at March 31, 2019 Carrying amount | As at March 31, 2019 Face Value | As at March 31, 2018 Interest Rate Range (%) | As at March 31, 2018 Carrying amount | As at March 31, 2018 Face Value | As at April 1, 2017 Interest Rate Range (%) | As at April 1, 2017 Carrying amount | As at April 1, 2017 Face Value |
|---|---|---|---|---|---|---|---|---|---|---|
| | Apr-20 | 7.76 to 7.86 | 18,035.43 | 16,000.00 | 7.76 to 7.86 | 17,186.38 | 16,000.00 | 7.85 to 7.86 | 11,023.85 | 11,000.00 |
| | Mar-20 | 7.75 to 7.76 | 8,063.75 | 7,500.00 | 7.75 to 7.76 | 8,046.24 | 7,500.00 | - | - | - |
| | Feb-20 | 8.1 | 10,844.66 | 10,000.00 | 8.1 | 10,032.06 | 10,000.00 | - | - | - |
| | Jan-20 | 8.55 | 15,881.56 | 15,000.00 | - | - | - | - | - | - |
| | Dec-19 | 7.75 | 51,024.45 | 50,000.00 | 7.75 | 51,023.62 | 50,000.00 | - | - | - |
| | Nov-19 | 7.47 | 36,067.14 | 35,000.00 | 7.47 | 36,066.89 | 35,000.00 | - | - | - |
| | Oct-19 | 7.38 | 26,350.58 | 25,500.00 | 7.38 | 26,350.33 | 25,500.00 | - | - | - |
| | Sep-19 | 7.19 | 20,918.10 | 20,000.00 | 7.19 | 20,918.10 | 20,000.00 | - | - | - |
| | Aug-19 | 9.55 | 6,880.95 | 6,500.00 | 9.55 | 6,879.25 | 6,500.00 | 9.55 | 6,877.55 | 6,500.00 |
| | Jul-19 | 7.55 | 81,187.54 | 77,000.00 | 7.55 | 81,182.69 | 77,000.00 | - | - | - |
| | Jun-19 | 7.65 to 8.65 | 97,990.15 | 91,800.00 | 7.65 to 8.65 | 97,989.23 | 91,800.00 | 8.65 | 24,676.95 | 23,100.00 |
| | May-19 | 7.76 | 76,174.84 | 71,500.00 | 7.76 | 75,678.74 | 71,000.00 | - | - | - |
| | Apr-19 | 8.48 | 4,328.06 | 4,000.00 | 8.48 | 4,328.05 | 4,000.00 | - | - | - |
| | Mar-19 | - | - | - | 7.69 to 8.66 | 66,501.31 | 65,500.00 | 7.7 to 8.66 | 40,737.88 | 40,500.00 |
| | Feb-19 | - | - | - | 7.15 to 8.03 | 132,775.84 | 131,500.00 | 7.7 | 20,137.32 | 20,000.00 |
| | Jan-19 | - | - | - | 7.15 to 8.7 | 90,786.02 | 89,500.00 | 7.65 to 8.7 | 21,405.10 | 21,000.00 |
| | Dec-18 | - | - | - | 7.65 to 8.11 | 56,600.04 | 56,000.00 | 7.68 to 8.11 | 46,393.06 | 46,000.00 |
| | Nov-18 | - | - | - | 7.66 | 25,766.21 | 25,000.00 | 7.66 | 25,173.18 | 25,000.00 |
| | Oct-18 | - | - | - | 7.66 | 20,667.29 | 20,000.00 | 7.66 | 20,138.49 | 20,000.00 |
| | Sep-18 | - | - | - | 7.61 to 8.82 | 36,874.89 | 35,000.00 | 7.61 to 8.82 | 35,728.14 | 35,000.00 |
| | Aug-18 | - | - | - | 7.71 to 10.5 | 88,333.79 | 84,500.00 | 7.71 to 10.5 | 72,551.63 | 69,500.00 |
| | Jul-18 | - | - | - | 7.6 to 8.8 | 57,816.11 | 56,000.00 | 7.6 to 8.8 | 58,570.71 | 56,650.00 |
| | Jun-18 | - | - | - | 7.6 to 8.8 | 99,137.96 | 92,560.00 | 7.6 to 8.8 | 97,433.09 | 91,910.00 |
| | May-18 | - | - | - | 7.7 to 8.81 | 43,047.25 | 39,900.00 | 7.7 to 8.81 | 42,046.93 | 39,900.00 |
| | Apr-18 | - | - | - | 8.48 to 8.65 | 24,278.06 | 22,130.00 | 8.48 to 8.65 | 14,372.05 | 13,130.00 |
| | Mar-18 | - | - | - | - | - | - | 7.75 to 8.85 | 64,779.70 | 61,200.00 |
| | Feb-18 | - | - | - | - | - | - | 7.56 to 8.66 | 83,705.02 | 82,500.00 |
| | Jan-18 | - | - | - | - | - | - | 8.17 to 9.4 | 23,132.96 | 22,000.00 |
| | Dec-17 | - | - | - | - | - | - | 7.63 to 8.68 | 24,906.21 | 24,000.00 |
| | Nov-17 | - | - | - | - | - | - | 8.11 to 9.2 | 70,545.23 | 69,200.00 |
| | Oct-17 | - | - | - | - | - | - | 8.5 to 9.21 | 18,653.02 | 16,700.00 |
| | Sep-17 | - | - | - | - | - | - | 8.5 to 9.55 | 26,995.01 | 25,700.00 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value |
| | Aug-17 | - | - | - | - | - | - | 8.45 to 9.55 | 57,004.04 | 54,500.00 |
| | Jul-17 | - | - | - | - | - | - | 8.73 to 9.71 | 44,669.50 | 41,200.00 |
| | Jun-17 | - | - | - | - | - | - | 8.47 to 9.51 | 61,566.38 | 57,580.00 |
| | May-17 | - | - | - | - | - | - | 8.46 to 9.95 | 79,827.77 | 72,290.00 |
| | Apr-17 | - | - | - | - | - | - | 8.67 to 10.09 | 79,058.97 | 70,240.00 |
| | | | **1,081,326.79** | **1,025,990.00** | | **1,372,155.22** | **1,319,040.00** | | **1,231,257.93** | **1,172,800.00** |
| **Nifty linked debentures** | | | | | | | | | | |
| **Fixed Interest Rate; Repayable at Maturity;** | | | | | | | | | | |
| **Related parties:** | | | | | | | | | | |
| | Jul-20 | 8.87 | 803.82 | 900.00 | - | - | - | - | - | - |
| | Nov-19 | 8.33 | 95.16 | 100.00 | - | - | - | - | - | - |
| **Others:** | | | | | | | | | | |
| | Jul-20 | 8.87 | 30,008.00 | 33,620.00 | - | - | - | - | - | - |
| | Nov-19 | 8.33 | 17,032.43 | 17,900.00 | - | - | - | - | - | - |
| | Jul-19 | 8.28 | 18,779.84 | 19,300.00 | - | - | - | - | - | - |
| | | | **66,719.25** | **71,820.00** | | **-** | **-** | | **-** | **-** |

## NOTE 16 BORROWINGS (OTHER THAN DEBT SECURITIES)

₹in lakh

| Particulars | At Amortised Cost | At Fair Value Through Profit or Loss | Designated at fair value through profit or loss | Total |
|---|---|---|---|---|
| | **(1)** | **(2)** | **(3)** | **(4 = 1+2+3)** |
| **As at March 31, 2019** | | | | |
| (a) Term loans (Secured) | | | | |
| (i) from banks | - | - | - | - |
| (ii) from other parties | 22,893.53 | - | - | 22,893.53 |
| (b) Inter corporate deposits (Unsecured) | 66,343.12 | - | - | 66,343.12 |
| (c) Cash credit from banks (Secured) | 84,663.73 | - | - | 84,663.73 |
| (d) Commercial paper (Unsecured) | 365,203.30 | - | - | 365,203.30 |
| (d) Book overdraft balance (Secured) | - | - | - | - |
| (e) Loans repayable on demand | | | | - |
| (i) from banks (Secured) | 104,900.00 | - | - | 104,900.00 |
| (ii) from banks (Unsecured) | 237,500.00 | - | - | 237,500.00 |
| **Total (A)** | **881,503.68** | **-** | **-** | **881,503.68** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹in lakh

| Particulars | At Amortised Cost | At Fair Value Through Profit or Loss | Designated at fair value through profit or loss | Total |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4 = 1+2+3) |
| Borrowings in India | 881,503.68 | - | - | 881,503.68 |
| Borrowings outside India | - | - | - | - |
| **Total (B)** | **881,503.68** | **-** | **-** | **881,503.68** |
| Secured Borrowings | 212,457.26 | - | - | 212,457.26 |
| Unsecured Borrowings | 669,046.42 | - | - | 669,046.42 |
| **Total (C)** | **881,503.68** | **-** | **-** | **881,503.68** |
| **As at March 31, 2018** | | | | |
| (a) Term loans (Secured) | | | | |
| (i) from banks | - | - | - | - |
| (ii) from other parties | 22,813.38 | - | - | 22,813.38 |
| (b) Inter corporate deposits (Unsecured) | 47,637.35 | - | - | 47,637.35 |
| (c) Cash credit from banks (Secured) | 94,472.31 | - | - | 94,472.31 |
| (d) Commercial paper (Unsecured) | 453,990.48 | - | - | 453,990.48 |
| (d) Book overdraft balance (Secured) | 0.17 | - | - | 0.17 |
| (e) Loans repayable on demand | | | | - |
| (i) from banks (Secured) | 109,503.93 | - | - | 109,503.93 |
| (ii) from banks (Unsecured) | - | - | - | - |
| **Total (A)** | **728,417.62** | **-** | **-** | **728,417.62** |
| Borrowings in India | 728,417.62 | - | - | 728,417.62 |
| Borrowings outside India | - | - | - | - |
| **Total (B)** | **728,417.62** | **-** | **-** | **728,417.62** |
| Secured Borrowings | 216,789.79 | - | - | 216,789.79 |
| Unsecured Borrowings | 511,627.83 | - | - | 511,627.83 |
| **Total (C)** | **728,417.62** | **-** | **-** | **728,417.62** |
| **As at April 1, 2017** | | | | |
| (a) Term loans (Secured) | | | | |
| (i) from banks | 63,148.48 | - | - | 63,148.48 |
| (ii) from other parties | - | - | - | - |
| (b) Inter corporate deposits (Unsecured) | 28,140.13 | - | - | 28,140.13 |
| (c) Cash credit from banks (Secured) | 40,980.75 | - | - | 40,980.75 |
| (d) Commercial paper (Unsecured) | 540,899.24 | - | - | 540,899.24 |
| (d) Book overdraft balance (Secured) | 1.32 | - | - | 1.32 |
| (e) Loans repayable on demand | | | | - |
| (i) from banks (Secured) | 49,100.49 | - | - | 49,100.49 |
| (ii) from banks (Unsecured) | - | - | - | - |
| **Total (A)** | **722,270.41** | **-** | **-** | **722,270.41** |
| Borrowings in India | 722,270.41 | - | - | 722,270.41 |
| Borrowings outside India | - | - | - | - |
| **Total (B)** | **722,270.41** | **-** | **-** | **722,270.41** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹in lakh

| Particulars | At Amortised Cost | At Fair Value Through Profit or Loss | Designated at fair value through profit or loss | Total |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4 = 1+2+3) |
| Secured Borrowings | 153,231.04 | - | - | 153,231.04 |
| Unsecured Borrowings | 569,039.37 | - | - | 569,039.37 |
| **Total (C)** | **722,270.41** | **-** | **-** | **722,270.41** |

**Note:**

The term loans from banks are secured by first and pari-passu and non-exclusive charge by way of hypothecation / mortgage of charged assets such as receivables arising out of loans and lease, book debts, current assets and investments (excluding strategic investments of the Company) and / or mortgage on the Company's immovable property of ₹18.07 lakh ranking pari-passu with charge created in favour of Security Trustee. The carrying amount of assets on which charge is created are as follows:-

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Loans | 2,814,570.32 | 2,815,088.82 | 2,443,153.90 |
| Investments (excluding strategic investments) | 45,704.85 | 45,687.25 | 101,806.66 |
| Cash and cash equivalents | 21,902.60 | 6,897.89 | 8,505.98 |
| Bank balance other than cash and cash equivalents | 142,283.87 | 88,457.68 | 97,230.75 |
| | **3,024,461.64** | **2,956,131.64** | **2,650,697.29** |

**Terms of repayment schedule of borrowings other than debt securities:-**

₹ in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value |
| **Term loan from banks** | | | | | | | | | | |
| Floating Interest Rate; Repayable in a Single Instalment | | | | | | | | | | |
| **Related parties:** | | | | | | | | | | |
| | Sep-17 | - | - | - | - | - | - | "FBIL MIBOR + upto 1.49%" | 6,000.00 | - |
| **Others:** | | | | | | | | | | |
| | Jun-18 | - | - | - | - | - | - | MCLR | 20,000.00 | - |
| | Aug-17 | - | - | - | - | - | - | Libor + 1.25% | 12,148.48 | - |
| Floating Interest Rate; Repayable at Maturity | | | | | | | | | | |
| | Apr-17 | - | - | - | - | - | - | MCLR | 25,000.00 | - |
| | | | **-** | **-** | | **-** | **-** | | **63,148.48** | **-** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value |
| **Term loan from other parties (financial institution)** | | | | | | | | | | |
| Fixed Interest Rate; Repayable in a Single Instalment | Mar-20 | 6.95% | 22,893.53 | - | 6.95% | 22,813.38 | - | - | - | - |
| | | | **22,893.53** | **-** | | **22,813.38** | **-** | | **-** | **-** |
| **Inter corporate deposits** | | | | | | | | | | |
| Fixed Interest Rate; Repayable at Maturity | | | | | | | | | | |
| | Feb-20 | 8.45 | 10,920.70 | - | - | - | - | - | - | - |
| | Oct-19 | 8.75 | 40,841.22 | - | - | - | - | - | - | - |
| | Aug-19 | 8.10 | 1,513.56 | - | - | - | - | - | - | - |
| | Jul-19 | 7.75 to 9.00 | 3,583.29 | - | - | - | - | - | - | - |
| | Apr-19 | 7.65 to 8.00 | 9,484.35 | - | - | - | - | - | - | - |
| | Mar-19 | - | - | - | 8.12 | 25,249.35 | - | - | - | - |
| | Jan-19 | - | - | - | 7.80 | 507.21 | - | - | - | - |
| | Dec-18 | - | - | - | 7.57 to 8.05 | 11,677.89 | - | - | - | - |
| | Sep-18 | - | - | - | 7.25 | 10,202.90 | - | - | - | - |
| | Apr-17 | - | - | - | - | - | - | 7.30 to 8.69 | 28,140.13 | - |
| | | | **66,343.12** | **-** | | **47,637.35** | **-** | | **28,140.13** | **-** |
| **Cash credit from banks** | | | | | | | | | | |
| Floating Interest Rate; Repayable in a Single Instalment | | | | | | | | | | |
| | Apr-19 | MCLR | 84,663.73 | - | - | - | - | - | - | - |
| | Apr-18 | - | - | - | MCLR | 94,472.31 | - | - | - | - |
| | Apr-17 | - | - | - | - | - | - | MCLR | 40,980.75 | - |
| | | | **84,663.73** | **-** | | **94,472.31** | **-** | | **40,980.75** | **-** |
| **Commercial paper** | | | | | | | | | | |
| Repayable at Maturity | | | | | | | | | | |
| | Mar-20 | 8.20 to 8.39 | 56,054.82 | - | - | - | - | - | - | - |
| | Feb-20 | 8.34 to 8.49 | 67,560.26 | - | - | - | - | - | - | - |
| | Jan-20 | 8.49 to 8.50 | 52,480.45 | - | - | - | - | - | - | - |
| | Dec-19 | 8.58 | 23,522.50 | - | - | - | - | - | - | - |
| | Nov-19 | 8.27 | 28,439.77 | - | - | - | - | - | - | - |
| | Sep-19 | 8.30 to 8.58 | 28,859.69 | - | - | - | - | - | - | - |
| | Aug-19 | 8.10 to 8.30 | 26,719.06 | - | - | - | - | - | - | - |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value |
| | Jul-19 | 8.10 to 8.40 | 9,756.50 | - | - | - | - | - | - | - |
| | Jun-19 | 7.62 to 8.45 | 59,415.78 | - | - | - | - | - | - | - |
| | May-19 | 7.60 | 9,898.27 | - | - | - | - | - | - | - |
| | Apr-19 | 8.25 | 2,496.20 | - | - | - | - | - | - | - |
| | Mar-19 | - | - | - | 7.8 to 8.10 | 65,095.93 | - | - | - | - |
| | Feb-19 | - | - | - | 8.05 | 2,523.03 | - | - | - | - |
| | Jan-19 | - | - | - | 7.75 to 7.95 | 30,793.86 | - | - | - | - |
| | Dec-18 | - | - | - | 7.43 to 7.95 | 6,779.17 | - | - | - | - |
| | Nov-18 | - | - | - | 7.17 to 8.05 | 48,305.16 | - | - | - | - |
| | Oct-18 | - | - | - | 7.10 | 9,650.22 | - | - | - | - |
| | Sep-18 | - | - | - | 7.10 to 8.05 | 65,128.26 | - | - | - | - |
| | Aug-18 | - | - | - | 6.86 | 19,985.70 | - | - | - | - |
| | Jul-18 | - | - | - | 6.90 | 39,215.67 | - | - | - | - |
| | Jun-18 | - | - | - | 7.25 | 4,939.36 | - | - | - | - |
| | May-18 | - | - | - | 6.86 to 7.3 | 59,408.96 | - | - | - | - |
| | Apr-18 | - | - | - | 6.85 to 7.25 | 102,165.16 | - | - | - | - |
| | Feb-18 | - | - | - | - | - | - | 7.20 to 7.35 | 19,188.71 | 20,400.00 |
| | Jan-18 | - | - | - | - | - | - | 7.40 to 7.5 | 33,045.88 | 35,000.00 |
| | Dec-17 | - | - | - | - | - | - | 7.15 to 7.6 | 54,561.06 | 57,500.00 |
| | Nov-17 | - | - | - | - | - | - | 7.35 to 7.65 | 46,277.12 | 48,500.00 |
| | Oct-17 | - | - | - | - | - | - | 7.40 to 7.55 | 24,559.48 | 25,505.00 |
| | Sep-17 | - | - | - | - | - | - | 7.00 to 7.65 | 65,788.29 | 68,000.00 |
| | Aug-17 | - | - | - | - | - | - | 7.35 to 7.95 | 31,592.74 | 32,500.00 |
| | Jul-17 | - | - | - | - | - | - | 7.35 to 8.10 | 54,213.23 | 55,400.00 |
| | Jun-17 | - | - | - | - | - | - | 6.69 to 8.55 | 91,052.32 | 92,500.00 |
| | May-17 | - | - | - | - | - | - | 7.30 to 8.55 | 56,837.71 | 57,500.00 |
| | Apr-17 | - | - | - | - | - | - | 7.30 to 7.50 | 63,782.70 | 64,000.00 |
| | | | **365,203.30** | **-** | | **453,990.48** | **-** | | **540,899.24** | **556,805.00** |
| **Loans repayable on demand from banks (WCDL)** | | | | | | | | | | |
| Fixed Interest Rate; Repayable in a Single Instalment | | | | | | | | | | |
| | Oct-19 | 8.55 | 47,500.00 | - | - | - | - | - | - | - |
| | Sep-19 | 8.50 to 8.55 | 50,000.00 | - | - | - | - | - | - | - |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value |
| | Aug-19 | 8.55 | 30,000.00 | - | - | - | - | - | - | - |
| | Jul-19 | 8.15 | 29,900.00 | - | - | - | - | - | - | - |
| | May-19 | 8.15 | 65,000.00 | - | - | - | - | - | - | - |
| | Apr-19 | 8.15 | 85,000.00 | - | - | - | - | - | - | - |
| | Jan-19 | - | - | - | 8.30 | 3,003.93 | - | - | - | - |
| | Jun-18 | - | - | - | 8.00 to 8.20 | 45,000.00 | - | - | - | - |
| | May-18 | - | - | - | 8.20 to 8.30 | 4,000.00 | - | - | - | - |
| | May-17 | - | - | - | - | - | - | 8.00 | 27,100.00 | - |
| Floating Interest Rate; Repayable in a Single Instalment | | | | | | | | | | |
| | Feb-20 | MCLR | 5,000.00 | - | | - | - | | | - |
| | Aug-19 | MCLR + spread 15 basis points | 30,000.00 | - | - | - | - | - | - | - |
| | Jan-19 | - | - | - | MCLR + spread upto 15 basis points | 17,500.00 | - | - | - | - |
| | Jun-18 | - | - | - | MCLR | 20,000.00 | - | - | - | - |
| | May-18 | - | - | - | MCLR | 12,500.00 | - | - | - | - |
| | Apr-18 | - | - | - | MCLR | 7,500.00 | - | - | - | - |
| | Dec-17 | - | - | - | - | - | - | MCLR | 2,000.49 | - |
| | Jul-17 | - | - | - | - | - | - | MCLR | 10,000.00 | - |
| | Apr-17 | - | - | - | - | - | - | 8.50 | 10,000.00 | - |
| | | | **342,400.00** | **-** | | **109,503.93** | **-** | | **49,100.49** | **-** |

## NOTE 17 DEPOSITS

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| At Amortised Cost | | | |
| (i) Lease deposit | 208.93 | 248.50 | 734.21 |
| **Total** | **208.93** | **248.50** | **734.21** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 18 SUBORDINATED LIABILITIES

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| **At Amortised Cost** | | | |
| Subordinated debt (Unsecured) | 50,658.06 | 59,183.46 | 55,995.71 |
| **Total (A)** | **50,658.06** | **59,183.46** | **55,995.71** |
| Subordinated liabilities in India | 50,658.06 | 59,183.46 | 55,995.71 |
| Subordinated liabilities outside India | - | - | - |
| **Total (B)** | **50,658.06** | **59,183.46** | **55,995.71** |

**Note:**

**Terms of repayment schedule of subordinated liabilities:-**

₹ in lakh

| Instrument with repayment terms | Maturity Date | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value | Interest Rate Range (%) | Carrying amount | Face Value |
| **Subordinated debt** | | | | | | | | | | |
| **Fixed Interest Rate; Repayable at Maturity** | | | | | | | | | | |
| **Related parties:** | | | | | | | | | | |
| | Dec-27 | 8.25 | 10,259.93 | 10,000.00 | 8.25 | 10,259.93 | 10,000.00 | - | - | - |
| | Jun-23 | 10.5 | 4,116.22 | 4,000.00 | 10.5 | 4,116.22 | 4,000.00 | 10.5 | 4,116.22 | 4,000.00 |
| | Sep-22 | 10.4 | 2,633.92 | 2,500.00 | 10.4 | 2,633.92 | 2,500.00 | 10.4 | 2,633.21 | 2,500.00 |
| | Sep-21 | 11 to 11.25 | 9,512.88 | 9,000.00 | 11 to 11.25 | 9,511.37 | 9,000.00 | 11 to 11.25 | 9,514.38 | 9,000.00 |
| | Apr-21 | 10.5 | 15,030.21 | 15,000.00 | 10.5 | 15,025.89 | 15,000.00 | 10.5 | 15,021.58 | 15,000.00 |
| | Aug-17 | - | - | - | - | - | - | 9.50 | 5,278.49 | 5,000.00 |
| **Others:** | | | | | | | | | | |
| | Jan-23 | 9.9 | 2,546.79 | 2,500.00 | 9.9 | 2,545.54 | 2,500.00 | 9.9 | 2,543.62 | 2,500.00 |
| | Jun-21 | 10.8 | 3,849.10 | 3,560.00 | 10.8 | 3,848.33 | 3,560.00 | 10.8 | 3,846.56 | 3,560.00 |
| | Nov-20 | 10.1 | 2,709.01 | 2,500.00 | 10.1 | 2,707.83 | 2,500.00 | 10.1 | 2,706.65 | 2,500.00 |
| | Dec-18 | - | - | - | 10.7 to 11 | 1,829.01 | 1,690.00 | 10.7 to 11 | 1,827.80 | 1,690.00 |
| | Nov-18 | - | - | - | 10.4 | 3,120.31 | 2,860.00 | 10.4 | 3,117.46 | 2,860.00 |
| | Aug-18 | - | - | - | 10 | 1,582.26 | 1,560.00 | 10 | 1,581.15 | 1,560.00 |
| | Apr-18 | - | - | - | 11.1 | 2,002.85 | 1,910.00 | 11.1 | 2,000.91 | 1,910.00 |
| | Dec-17 | - | - | - | - | - | - | 10.7 | 541.20 | 500.00 |
| | Aug-17 | - | - | - | - | - | - | 9.5 | 1,266.48 | 1,200.00 |
| | | | **50,658.06** | **49,060.00** | | **59,183.46** | **57,080.00** | | **55,995.71** | **53,780.00** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 19 OTHER FINANCIAL LIABILITIES

₹ in lakh

| Particulars | | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|---|
| (a) | Employee benefits payable | 368.37 | 412.36 | 353.35 |
| (b) | Unclaimed matured deposits and interest accrued thereon | 9.04 | 28.50 | - |
| (c) | Unclaimed matured debentures | 7.60 | 7.60 | 7.60 |
| (d) | Advances received against loan/lease agreements | 2,174.47 | 2,567.26 | 2,252.63 |
| **Total** | | **2,559.48** | **3,015.72** | **2,613.58** |

## NOTE 20 PROVISIONS

₹ in lakh

| Particulars | | | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|---|---|
| **(a)** | **Provision for employee benefits** | | | | |
| | (i) | Gratuity (refer note 41 (ii) A) | 81.63 | 221.45 | 1.70 |
| | (ii) | Compensated absences (refer note 41 I) | 376.11 | 336.56 | 365.37 |
| | (iii) | Stock appreciation rights (SARs) (refer note 42 (ii)) | 148.00 | 121.45 | 83.65 |
| | (iv) | Long Service Award (refer note 41 J) | 40.36 | 38.20 | 37.52 |
| **(b)** | **Others** | | | | |
| | (i) | Contingencies (refer note below) | 10.18 | 16.86 | 21.92 |
| **Total** | | | **656.28** | **734.52** | **510.16** |

**Note : Details of provisions for contingencies**

The Company has made provision for disputed liabilities relating to customer claims with respect to repossessed vehicles and other matters based on its assessment of the amount it estimates to incur to meet such obligations.

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Opening balance | 16.86 | 21.92 |
| Additional provision recognised during the year | - | 0.05 |
| Reversals during the year | (6.68) | (5.11) |
| **Closing balance** | **10.18** | **16.86** |

## NOTE 21 OTHER NON-FINANCIAL LIABILITIES

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Revenue received in advance | - | 84.12 | 30.44 |
| Statutory dues payable | 1,588.04 | 1,371.66 | 318.45 |
| Other liabilities | - | 281.00 | 715.12 |
| **Total** | **1,588.04** | **1,736.78** | **1,064.01** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 22 EQUITY SHARE CAPITAL

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| **Authorised:** | | | |
| 35,00,000 (March 31, 2018: 35,00,000, April 1, 2017 : 35,00,000) equity shares of ₹10 each with voting rights | 350.00 | 350.00 | 350.00 |
| 30,00,000 (March 31, 2018: 30,00,000, April 1, 2017 : 30,00,000) redeemable preference shares of ₹10 each | 300.00 | 300.00 | 300.00 |
| | **650.00** | **650.00** | **650.00** |
| **Issued, subscribed and fully paid up** | | | |
| 34,95,200 (March 31, 2018: 34,95,200, April 1, 2017 : 34,95,200) equity shares of ₹10 each fully paid up with voting rights | 349.52 | 349.52 | 349.52 |

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

₹ in lakh

| Particulars | No. of shares | Amount |
|---|---|---|
| **Equity shares of ₹ 10 each, fully paid-up** | | |
| As at April 1, 2017 | 3,495,200 | 349.52 |
| Add/(less) : Movement during the year | - | - |
| As at March 31, 2018 | 3,495,200 | 349.52 |
| Add/(less) : Movement during the year | - | - |
| **As at March 31, 2019** | **3,495,200** | **349.52** |

**b. Rights, preferences and restrictions attached to equity shares**

(i) The Equity shares of ₹10 each, fully paid up have equal voting rights.

(ii) Right to receive dividend as may be approved by the Board / Annual General Meeting.

(iii) The equity shares are not repayable except in the case of a buy back, reductionof capital or winding up in terms of the provisions of the Companies Act, 2013.

(iv) Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company.

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

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

₹ in lakh

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 1, 2017 | |
|---|---|---|---|---|---|---|
| | Number of shares | % Holding | Number of shares | % Holding | Number of shares | % Holding |
| **Equity shares with voting rights** | | | | | | |
| Kotak Mahindra Bank Limited, the holding company | 1,782,600 | 51.00% | 1,782,600 | 51.00% | 1,782,600 | 51.00% |
| Kotak Securities Limited, subsidiary of the holding company | 1,712,600 | 49.00% | 1,712,600 | 49.00% | 1,712,600 | 49.00% |
| | **3,495,200** | **100.00%** | **3,495,200** | **100.00%** | **3,495,200** | **100.00%** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

₹ in lakh

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 1, 2017 | |
|---|---|---|---|---|---|---|
| | Number of shares | % Holding | Number of shares | % Holding | Number of shares | % Holding |
| **Equity shares with voting rights** | | | | | | |
| Kotak Mahindra Bank Limited | 1,782,600 | 51.00% | 1,782,600 | 51.00% | 1,782,600 | 51.00% |
| Kotak Securities Limited | 1,712,600 | 49.00% | 1,712,600 | 49.00% | 1,712,600 | 49.00% |
| | **3,495,200** | **100.00%** | **3,495,200** | **100.00%** | **3,495,200** | **100.00%** |

e. Shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment, including the terms and amounts : NIL

f. Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash, Aggregate number and class of shares allotted as fully paid up by way of bonus shares, and aggregate number and class of shares bought back during the period of five years immediately preceding the date as at which the Balance Sheet is prepared: NIL

g. Company's objectives, policies and processes for managing capital - Refer Note 44.

h. Dividend on equity shares:

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Dividend paid for the year ended March 31, 2018 of ₹0.60 (March 31, 2017: ₹0.60) per share | 20.97 | 20.97 |
| Dividend distribution tax (DDT) | 4.31 | 4.27 |
| | **25.28** | **25.24** |

**Proposed dividend on equity shares**

The Board of Directors recommended a final dividend of ₹ 0.60 per equity share for the financial year ended March 31, 2019. The payment is subject to approval of the shareholders in the ensuing Annual general meeting of the company, to the held on June 25, 2019 and if approved would result in a cash outflow of approximately ₹ 25.28 lakhs, including dividend distribution tax. Final dividends on equity shares are recorded as a liability on the date of approval by the shareholders.

## NOTE 23 OTHER EQUITY

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Special Reserve u/s 45 IC of the RBI Act, 1934 | 97,862.94 | 85,862.94 | 74,069.94 |
| Securities premium | 53,075.16 | 53,075.16 | 53,075.16 |
| Capital redemption reserve | 100.00 | 100.00 | 100.00 |
| General reserve | 182.54 | 182.54 | 182.54 |
| Capital contribution from parent | 281.65 | 172.17 | 80.19 |
| Retained earnings | 389,106.37 | 342,083.85 | 293,336.78 |
| Debt instruments through OCI | 561.26 | 359.76 | 1,051.95 |
| Equity instruments through OCI | 113,249.05 | 91,452.55 | 40,233.09 |
| **Total** | **654,418.97** | **573,288.97** | **462,129.65** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 23.1 Nature and purpose of reserve**

**Special Reserve u/s 45 IC of the RBI Act, 1934**

This is a Statutory reserve created in accordance with section 45 IC(1) of the RBI Act, 1934 which requires the Company to transfer a specified sum (not less than 20% of its profit after tax) to Reserve Fund based on its net profit as per the profit and loss account. Transfer to Special reserve for the year ended March 31, 2018 and April 1, 2017 are based on previous GAAP reported numbers. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

**Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of Companies Act, 2013.

**Capital redemption reserve**

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve.

**General reserve**

The general reserve is used from time to time to transfer profits from Retained Earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

**Capital contribution from parent**

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

**Retained earnings**

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

**Debt instruments through OCI**

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The Company transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

**Equity instruments through OCI**

The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the Equity investments through OCI reserve.

**Note 23.2 Other equity movement**

₹ in lakh

| Particulars | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **(i)** | **Special reserve** | | |
| | Opening balance | 85,862.94 | 74,069.94 |
| | Transfer from retained earnings | 12,000.00 | 11,793.00 |
| **Closing balance** | | **97,862.94** | **85,862.94** |
| **(ii)** | **Securities premium** | | |
| | Opening balance | 53,075.16 | 53,075.16 |
| | Addition during the year | - | - |
| **Closing balance** | | **53,075.16** | **53,075.16** |
| **(iii)** | **Capital redemption reserve** | | |
| | Opening balance | 100.00 | 100.00 |
| | Addition during the year | - | - |
| **Closing balance** | | **100.00** | **100.00** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| Particulars | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **(iv)** | **General reserve** | | |
| | Opening balance | 182.54 | 182.54 |
| | Addition during the year | - | - |
| **Closing balance** | | **182.54** | **182.54** |
| **(v)** | **Capital contribution from parent** | | |
| | Opening balance | 172.17 | 80.19 |
| | Addition during the year | 109.48 | 91.98 |
| **Closing balance** | | **281.65** | **172.17** |
| **(vi)** | **Retained earnings** | | |
| | Opening balance | 342,083.85 | 293,336.78 |
| | Add: Net profit for the year | 59,044.53 | 60,591.08 |
| | Less: Remeasurment (gain)/loss on defined benefit plans | 3.27 | (25.76) |
| | Less: Transfer to special reserve | (12,000.00) | (11,793.00) |
| | Less: Proposed dividend (including tax) on equity shares | (25.29) | (25.25) |
| **Closing balance** | | **389,106.36** | **342,083.85** |
| **(vii)** | **Debt instruments through OCI** | | |
| | Opening balance | 359.76 | 1,051.95 |
| | Additions/(deletions) during the year | 201.50 | (692.19) |
| **Closing balance** | | **561.26** | **359.76** |
| **(viii)** | **Equity instruments through OCI** | | |
| | Opening balance | 91,452.55 | 40,233.09 |
| | Addition during the year | 21,796.50 | 51,219.46 |
| **Closing balance** | | **113,249.05** | **91,452.55** |

## NOTE 24 INTEREST INCOME

₹ in lakh

| Particulars | | For the year ended March 31, 2019 | | | | For the year ended March 31, 2018 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | On Financial Assets measured at Amortised Cost | On Financial Assets measured at fair value through OCI | On Financial Assets classified at fair value through profit or loss | Total Interest Income | On Financial Assets measured at Amortised Cost | On Financial Assets measured at fair value through OCI | On Financial Assets classified at fair value through profit or loss | Total Interest Income |
| (i) | Interest on loans | 292,495.70 | - | - | 292,495.70 | 275,124.51 | - | - | 275,124.51 |
| (ii) | Interest income from investments | - | 1,866.64 | - | 1,866.64 | - | 6,445.35 | - | 6,445.35 |
| (iii) | Interest on deposits with banks | 6,646.74 | - | - | 6,646.74 | 7,302.91 | - | - | 7,302.91 |
| (iv) | Other interest income | | | | | | | | |
| | - On Inter-corporate deposits | 725.36 | - | - | 725.36 | 839.06 | - | - | 839.06 |
| | - On Lending through Pass through Certificates (PTC) | 118.70 | - | - | 118.70 | 402.32 | - | - | 402.32 |
| | - On Staff loans | 5.19 | - | - | 5.19 | 6.49 | - | - | 6.49 |
| | - On CBLO deposits | 10.72 | - | - | 10.72 | 1.15 | - | - | 1.15 |
| | - On CBLO lending | 1,987.22 | - | - | 1,987.22 | 116.03 | - | - | 116.03 |
| | - On Certificate of deposits | 5.83 | - | - | 5.83 | - | - | - | - |
| **Total** | | **301,995.46** | **1,866.64** | **-** | **303,862.10** | **283,792.47** | **6,445.35** | **-** | **290,237.82** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 25 FEES AND COMMISSION INCOME

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Foreclosure charges | 2,835.14 | 2,520.75 |
| Dishonour fees | 4,697.60 | 4,322.22 |
| Stamping charges | 861.51 | 1,004.64 |
| Others | 2,595.08 | 2,580.54 |
| **Total** | **10,989.33** | **10,428.15** |

## NOTE 26 NET GAIN ON FAIR VALUE CHANGES

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **(A) Net gain on financial instruments at fair value through profit or loss** | | |
| On trading portfolio | | |
| - Investments | 3,245.00 | 3,404.85 |
| - Derivatives | - | 71.82 |
| **(B) Others** | | |
| Net gain on financial assets at FVOCI | - | 109.67 |
| **Total Net gain on fair value changes (C)** | **3,245.00** | **3,586.34** |
| Fair value changes: | | |
| - Realised | 1,524.91 | 2,969.87 |
| - Unrealised | 1,720.09 | 616.47 |
| **Total Net gain on fair value changes (D) to tally with (C)** | **3,245.00** | **3,586.34** |

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

## NOTE 27 OTHER INCOME

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Net gain on derecognition of property, plant and equipment | 9.25 | 10.23 |
| Provision for contingencies no longer required | 6.68 | 5.07 |
| Discount income on commercial paper | 8.66 | - |
| Unwinding of discount on security deposits | 7.70 | 9.31 |
| Miscellaneous income | 0.01 | - |
| **Total** | **32.30** | **24.61** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 28 FINANCE COSTS

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **On financial liabilities measured at amortised cost** | | |
| **Interest on borrowings (other than debt securities)** | | |
| - Term loans and working capital demand loans | 21,737.67 | 6,872.51 |
| - Inter corporate deposits | 7,098.52 | 1,649.03 |
| - Cash credit and overdraft | 1,465.96 | 1,005.93 |
| - Commercial papers | 26,019.38 | 45,554.65 |
| **Interest on debt securities** | | |
| - Non convertible Debentures | 96,223.36 | 102,953.42 |
| - Deep discount debentures | 28,503.20 | 18,692.78 |
| - Nifty linked debentures | 3,111.93 | - |
| Interest on subordinated liabilities | 5,360.95 | 5,541.57 |
| Other interest expense | 1.66 | 1.46 |
| Other borrowing costs | 80.55 | 82.28 |
| **Total** | **189,603.18** | **182,353.63** |

## NOTE 29 NET LOSS ON FAIR VALUE CHANGES

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **(A) Net loss on financial instruments at fair value through profit or loss** | | |
| On trading portfolio | | |
| - Investments | - | - |
| - Derivatives (Embedded Option On Nifty linked debenture) | 383.20 | - |
| - Others | - | - |
| **(B) Others** | | |
| Net loss on financial assets at FVOCI | 73.25 | - |
| **Total Net loss on fair value changes (C)** | **456.45** | **-** |
| Fair value changes: | | |
| - Realised | 73.25 | - |
| - Unrealised | 383.20 | - |
| **Total Net loss on fair value changes (D) to tally with (C)** | **456.45** | **-** |

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

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 30 IMPAIRMENT ON FINANCIAL INSTRUMENTS

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **On Financial instruments measured at fair value through OCI** | | |
| (i) Investments | (61.25) | (234.00) |
| **On Financial instruments measured at Amortised Cost** | | |
| (i) Loans | 11,295.59 | 6,304.76 |
| (ii) Investments | (0.49) | (1.96) |
| (iii) Other financial assets | 15.39 | (2.77) |
| **Total** | **11,249.24** | **6,066.03** |

## NOTE 31 EMPLOYEE BENEFITS EXPENSES

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Salaries and wages | 9,181.80 | 7,590.72 |
| Contribution to provident and other funds | 457.95 | 371.99 |
| Share based payment to employees (refer note 42 (ii)) | 266.11 | 201.11 |
| Staff welfare expenses | 380.08 | 290.87 |
| Gratuity (refer note 41 (ii) C) | 147.59 | 206.53 |
| **Total** | **10,433.53** | **8,661.22** |

## NOTE 32 DEPRECIATION AND AMORTISATION

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Depreciation of property, plant and equipment | 339.17 | 271.64 |
| Amortisation of intangible assets | 99.38 | 55.77 |
| **Total** | **438.55** | **327.41** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 33 OTHER EXPENSES

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Rent including lease rentals | 968.99 | 919.60 |
| Power and fuel | 305.00 | 286.12 |
| Rates and taxes | 3,231.78 | 2,860.78 |
| Repairs and maintenance | 761.77 | 631.62 |
| Insurance | 19.93 | 22.24 |
| Communication costs | 436.87 | 398.14 |
| Travelling and conveyance | 752.80 | 608.56 |
| Legal and Professional charges | 7,447.44 | 8,072.80 |
| Printing and stationery | 401.91 | 352.16 |
| Office expenses | 260.68 | 240.51 |
| Common establishment expenses - Reimbursements | 1,484.09 | 1,301.17 |
| Advertisement and publicity | 1.25 | 141.49 |
| Business promotion | 406.53 | 369.92 |
| Expenditure on corporate social responsibility (refer note 38) | 533.00 | 208.00 |
| Director's fees, allowances and expenses | 36.70 | 27.20 |
| Auditor's fees and expenses (refer note 37) | 148.49 | 116.81 |
| Data processing | 66.00 | 114.15 |
| Miscellaneous expenses | 899.44 | 872.02 |
| **Total** | **18,162.67** | **17,543.29** |

## NOTE 34 TAX EXPENSE

**(a) Amounts recognised in profit and loss**

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Current tax expense** | | |
| Current period | 32,097.00 | 32,973.00 |
| **Total current tax expense (A)** | **32,097.00** | **32,973.00** |
| **Deferred income tax liability / (asset) net** | | |
| Origination and reversal of temporary differences | (1,200.79) | (1,888.02) |
| **Deferred tax expense (B)** | **(1,200.79)** | **(1,888.02)** |
| **Total tax expense for the year (A)+(B)** | **30,896.21** | **31,084.98** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**(b) Amounts recognised in other comprehensive income**

₹ in lakh

| Particulars | For the year ended March 31, 2019 | | | For the year ended March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| (a) Remeasurements of defined benefit liability / (asset) | 5.03 | (1.76) | 3.27 | (39.60) | 13.84 | (25.76) |
| (b) Equity instruments through other comprehensive income | 28,252.26 | (6,455.77) | 21,796.49 | 66,611.37 | (15,391.91) | 51,219.46 |
| Items that will be reclassified to profit or loss | | | | | | |
| (a) Debt instruments through other comprehensive income | 309.74 | (108.23) | 201.51 | (1,055.68) | 363.49 | (692.19) |
| **Total** | **28,567.03** | **(6,565.76)** | **22,001.27** | **65,516.09** | **(15,014.58)** | **50,501.51** |

**(c) Reconciliation of effective tax rate**

₹ in lakh

| Particulars | For the year ended March 31, 2019 | | For the year ended March 31, 2018 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| **Profit before tax as per Statement of profit and loss** | 89,940.74 | | 91,676.06 | |
| Statutory tax rate | 34.94% | 34.94% | 34.61% | 34.61% |
| Tax using the Company's statutory tax rate (B) | 31,428.89 | | 31,727.25 | |
| **Tax effect of:** | | | | |
| Effect of incomes which are taxed at different rates | (267.61) | -0.30% | (124.29) | -0.14% |
| Effect of incomes which are exempt from tax | (547.89) | -0.61% | (627.17) | -0.68% |
| Tax effects of amounts which are not deductible for taxable income | 251.01 | 0.28% | 164.45 | 0.18% |
| Losses on account of fair valuation of investment for which no deferred tax is recognised | 467.03 | 0.52% | - | - |
| (Short) / Excess provision for tax | 30.62 | 0.03% | 27.61 | 0.03% |
| Effect on deferred tax balances due to the changes in income tax rate | 16.31 | 0.02% | (82.87) | -0.09% |
| Reversal of deferred tax liability on account of diminution in value of investment | (423.19) | -0.47% | - | - |
| Others | (58.96) | -0.07% | - | - |
| **Total tax expense** | **30,896.21** | **34.35%** | **31,084.98** | **33.91%** |
| **Current tax** | 32,097.00 | | 32,973.00 | |
| **Deferred tax** | (1,200.79) | | (1,888.02) | |
| **Total tax liability** | **30,896.21** | | **31,084.98** | |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## (d) Movement in deferred tax balances

₹ in lakh

| Particulars | As at March 31, 2019 | | | | As at March 31, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance as at April 1, 2018 | Recognised in profit or loss | Recognised in OCI | Balance as at March 31, 2019 | Balance as at April 1, 2017 | Recognised in profit or loss | Recognised in OCI | Balance as at March 31, 2018 |
| **Deferred tax assets (Net)** | | | | | | | | |
| On difference between book balance and tax balance of Property, plant and equipment | 4,577.99 | 252.97 | - | 4,830.96 | 4,192.01 | 385.98 | - | 4,577.99 |
| Fair valuation of investments | (139.96) | 4.48 | (129.64) | (265.12) | (418.42) | (4.61) | 283.07 | (139.96) |
| Impairment loss allowance | 6,804.08 | 2,107.84 | 21.40 | 8,933.32 | 6,025.15 | 698.51 | 80.42 | 6,804.08 |
| EIR impact on financial assets measured at amortised cost | (1,861.70) | (228.77) | - | (2,090.47) | (3,061.93) | 1,200.23 | - | (1,861.70) |
| EIR impact on financial liabilities measured at amortised cost | (609.42) | (583.88) | - | (1,193.30) | (412.36) | (197.06) | - | (609.42) |
| Provision for compensated absences, gratuity and other employee benefits | 244.86 | (14.39) | (1.76) | 228.71 | 155.99 | 75.03 | 13.84 | 244.86 |
| Fair valuation of derivative financial instrument | - | 133.90 | - | 133.90 | 7.81 | (7.81) | - | - |
| Other temporary differences | 101.28 | (91.86) | - | 9.42 | 257.82 | (156.54) | - | 101.28 |
| **Total** | **9,117.13** | **1,580.29** | **(110.00)** | **10,587.42** | **6,746.07** | **1,993.73** | **377.33** | **9,117.13** |

₹ in lakh

| Particulars | As at March 31, 2019 | | | | As at March 31, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance as at April 1, 2018 | Recognised in profit or loss | Recognised in OCI | Balance as at March 31, 2019 | Balance as at April 1, 2017 | Recognised in profit or loss | Recognised in OCI | Balance as at March 31, 2018 |
| **Deferred tax liabilities (Net)** | | | | | | | | |
| Fair valuation of investments | 25,024.17 | 379.49 | 6,455.77 | 31,859.43 | 9,526.55 | 105.71 | 15,391.91 | 25,024.17 |
| **Total** | **25,024.17** | **379.49** | **6,455.77** | **31,859.43** | **9,526.55** | **105.71** | **15,391.91** | **25,024.17** |

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

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

## (e) Tax Balances

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Current tax assets (Net) | 2,212.42 | 2,210.35 | 1,565.16 |
| (Net of provision of March 31, 2019: ₹62,209.11 lakhs, March 31, 2018: ₹62,209.11 lakhs and April 1, 2017: ₹60,256.11 lakhs) | | | |
| Current tax liabilities (Net) | 4,564.91 | 5,459.25 | 4,166.88 |
| (Net of advance tax of March 31, 2019: ₹164,528.58 lakhs, March 31, 2018: ₹131,537.24 lakhs and April 1, 2017: ₹100,192.61 lakhs) | | | |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 35 EARNINGS PER EQUITY SHARE

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

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

₹ in lakh

| Sr. No. | Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| A) | Net profit attributable to equity holders | 59,044.53 | 60,591.08 |
| B) | Weighted average number of ordinary shares | | |
| | Issued ordinary shares at the beginning of the year | 3,495,200 | 3,495,200 |
| | Effect of shares issued for cash | - | - |
| | **Weighted average number of shares at the end of the year for basic and diluted EPS** | **3,495,200** | **3,495,200** |
| C) | Face value per share (₹) | 10 | 10 |
| D) | Basic and Diluted earnings per share (₹) | 1,689.30 | 1,733.55 |

## NOTE 36 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in lakh

| Sr. No. | Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|---|
| | **Contingent liabilities:** | | | |
| a) | Claims against the Company not acknowledged as debt in case of suits filed by customer/s with respect to release of repossessed vehicles and related matters. The Company had preferred an appeal against the same with State / National Consumer Dispute Redressal Forum. | 535.29 | 446.11 | 328.69 |
| b) | The Company has received a demand (net of provision) on completion of income tax assessment. The said amount is disputed and the Company has preferred an appeal against the same | 298.44 | 894.21 | 836.34 |

| Assessment Year | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| 2012-13 | - | 592.13 |
| 2013-14 | 190.49 | 190.49 |
| 2014-15 | 53.72 | 53.72 |
| 2015-16 | 49.02 | 57.87 |
| 2016-17 | 5.21 | - |

| Sr. No. | Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|---|
| c) | The Company has received VAT assessment orders for financial years 2008-09 to 2016-17. The Company has preferred an appeal against the same. The Company is confident of successfully defending the demands and does not expect any outflow on these counts. | 485.95 | 357.86 | 405.61 |
| | **Total** | **1,319.68** | **1,698.18** | **1,570.64** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| Sr. No. | Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|---|
| | **Commitments:** | | | |
| a) | Estimated value of contracts in capital account remaining to be executed; | - | 196.09 | - |
| b) | Other commitments | | | |
| | Sanctioned amount pending request for disbursal | - | - | 9,375.00 |
| | **Total** | **-** | **196.09** | **9,375.00** |

**Provident Fund**

On February 28, 2019, the Honorable Supreme Court of India delivered a judgement in the case of ""Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal' in relation to non-exclusion of certain allowances from the definition of ""basic wages"" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Employees' Provident Fund Organisation also issued a circular (Circular No. C-I/1(33)2019/Vivekananda Vidyamandir/284) dated March 20, 2019 in relation to aforesaid matter. In Company's assessment, the above judgement is not likely to have a significant impact on the financial statements and therefore presently no provision has been made in the Financial Statements.

## NOTE 37 PAYMENT TO AUDITORS

₹ in lakh

| Sr. No. | Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| | **Payment to the auditor as:** | | |
| a) | Auditor | 85.00 | 64.00 |
| b) | For other services (Limited Reviews, Half yearly audit and Certification Work) | 60.00 | 52.00 |
| c) | For reimbursement of expenses | 3.49 | 0.81 |
| | **Total** | **148.49** | **116.81** |

## NOTE 38 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR program is associated with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding company. KMBL is building its CSR capabilities on a sustainable basis and the Company is committed to gradually increase its CSR spend in the coming years. As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹1,641.55 lakhs during the year on CSR activities.

**Details of CSR expenditure**

₹ in lakh

| Sr. No. | Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| a) | Amount required to be spent during the year | 1,641.55 | 1,556.25 |
| b) | Amount spent during the year | | |
| (i) | Construction/acquisition of any asset | - | - |
| (ii) | On purposes other than (i) above | 533.00 | 208.00 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 39 RELATED PARTY DISCLOSURE

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

**A. Names of Related Parties**

₹ in lakh

| Sr. No. | Particulars | Proportion of ownership interest |
|---|---|---|
| (a) | **Control exists:** | |
| | **Holding Company** | |
| | Kotak Mahindra Bank Limited | 51.00% |
| | Mr. Uday S. Kotak along with his relatives and enterprises in which he has beneficial interest holds 29.99% (Previous Year 30.04%) of the equity share capital and 19.68% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2019 | |
| (b) | **Fellow subsidiaries with whom transactions have taken place during the year:** | |
| | Kotak Securities Limited | |
| | Kotak Mahindra Asset Management Company Limited | |
| | Kotak Mahindra Investments Limited | |
| | Kotak Mahindra Life Insurance Company Limited (Previously Kotak Mahindra Old Mutual Life Insurance Limited) | |
| | Kotak Mahindra General Insurance Limited | |
| | Kotak Mahindra Capital Company Limited | |
| | Kotak Infrastructure Debt Fund Ltd | |
| | BSS Microfinance Limited | |
| (c) | **Joint control** | |
| | Alliance Infrastructure Projects Private Limited | |
| (d) | **Other related parties** | |
| | **Associates of a member of Kotak group** | |
| | Phoenix ARC Private Limited | |
| | Matrix Business Services India Private Limited | |
| | ACE Derivatives and Commodity Exchange Limited | |
| | Infina Finance Private Limited | |
| | | |
| | **Entity controlled or jointly controlled by relatives of individual having significant influence over the company** | |
| | Aero Agencies Limited | |
| | | |
| | **Employee Benefit Trusts** | |
| | Employees Gratuity fund | |
| (e) | **Key Management Personnel and Directors** | |
| | Mr. Vyomesh Kapasi - Managing director | |
| | Mr. Narayan S.A. - Director | |
| | Prof. Mahendra Dev - Independent director | |
| | Mr. Chandrashekhar Sathe - Independent director | |
| | Ms. Akila Urankar - Independent director (w.e.f April 1, 2018) | |
| (f) | **Relative of Key Management Personnel and Directors** | |
| | Mrs. Rekha Narayan (Spouse of Director) | |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**B. Transactions with related parties**
**Transactions with key management personnel**

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

**(a) Key management personnel compensation***

₹ in lakh

| Sr. No. | Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| i. | Short-term employee benefits | 197.49 | 175.63 |
| ii. | Other Contribution to funds | 6.72 | 5.81 |
| iii. | Shared-based payments | 49.51 | 48.33 |
| iv. | Sitting fees | 36.70 | 27.20 |

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

**(b) Transactions with related parties**

| Nature of Transaction | Year ended March 31 | Holding Company | Fellow Subsidiaries | Joint Control | Other related parties | Key Management Personnel / Relative | Total |
|---|---|---|---|---|---|---|---|
| Non Convertible Debentures Redeemed | 2019 | 10,000.00 | - | - | - | - | 10,000.00 |
| | 2018 | - | 5,000.00 | - | - | - | 5,000.00 |
| Non Convertible Debentures issued | 2019 | 72,343.50 | 9,893.77 | - | - | - | 82,237.27 |
| | 2018 | 30,066.65 | 10,000.00 | - | - | - | 40,066.65 |
| Nifty Linked Debentures issued | 2019 | - | - | - | - | 1,013.73 | 1,013.73 |
| | 2018 | - | - | - | - | - | - |
| Investment in Inter Corporate Deposit | 2019 | - | - | - | - | - | - |
| | 2018 | - | 18,200.00 | - | - | - | 18,200.00 |
| Redemption of Investment in Inter Corporate Deposit | 2019 | - | - | - | - | - | - |
| | 2018 | - | 18,200.00 | - | - | - | 18,200.00 |
| Borrowed by way of Inter Corporate Deposit | 2019 | - | 18,800.00 | - | - | - | 18,800.00 |
| | 2018 | - | 5,000.00 | - | - | - | 5,000.00 |
| Repayment by way of Inter Corporate Deposit | 2019 | - | 18,800.00 | - | - | - | 18,800.00 |
| | 2018 | - | 5,000.00 | - | - | - | 5,000.00 |
| Term loan repaid | 2019 | - | - | - | - | - | - |
| | 2018 | 12,000.00 | - | - | - | - | 12,000.00 |
| Term loan taken | 2019 | - | - | - | - | - | - |
| | 2018 | 6,000.00 | - | - | - | - | 6,000.00 |
| Commission received in advance | 2019 | - | - | - | - | - | - |
| | 2018 | - | 0.44 | - | - | - | 0.44 |
| Dividend on Equity Shares | 2019 | 10.70 | 10.28 | - | - | - | 20.98 |
| | 2018 | 10.69 | 10.28 | - | - | - | 20.97 |
| Interest received on Term Deposits | 2019 | 1,109.53 | - | - | - | - | 1,109.53 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

| Nature of Transaction | Year ended March 31 | Holding Company | Fellow Subsidiaries | Joint Control | Other related parties | Key Management Personnel / Relative | Total |
|---|---|---|---|---|---|---|---|
| | 2018 | 4,921.11 | - | - | - | - | 4,921.11 |
| Referral fees received | 2019 | 325.09 | - | - | - | - | 325.09 |
| | 2018 | 300.79 | - | - | - | - | 300.79 |
| Fee based income | 2019 | - | 111.85 | - | - | - | 111.85 |
| | 2018 | - | 109.08 | - | - | - | 109.08 |
| Rent received | 2019 | 581.57 | 7.76 | - | - | - | 589.33 |
| | 2018 | 553.96 | 6.78 | - | - | - | 560.74 |
| Servicer fees on Securitisation | 2019 | 11.14 | - | - | - | - | 11.14 |
| | 2018 | 28.90 | - | - | - | - | 28.90 |
| Interest on Cash Credit | 2019 | 129.22 | - | - | - | - | 129.22 |
| | 2018 | 64.68 | - | - | - | - | 64.68 |
| Interest Expense on Inter-Corporate Deposit | 2019 | - | 21.53 | - | - | - | 21.53 |
| | 2018 | - | 3.75 | - | - | - | 3.75 |
| Interest income on Inter-Corporate Deposit | 2019 | - | - | - | - | - | - |
| | 2018 | - | 3.89 | - | - | - | 3.89 |
| Brokerage paid | 2019 | - | 1.17 | - | - | - | 1.17 |
| | 2018 | - | 5.10 | - | - | - | 5.10 |
| Interest on debentures paid | 2019 | 2,002.83 | 4,849.52 | - | - | - | 6,852.35 |
| | 2018 | 3,317.90 | 4,643.72 | - | - | - | 7,961.62 |
| Data Processing Expenses | 2019 | 66.00 | - | - | - | - | 66.00 |
| | 2018 | 114.15 | - | - | - | - | 114.15 |
| Common Establishment Expenses - Reimbursed | 2019 | 1,414.63 | 128.40 | - | - | - | 1,543.03 |
| | 2018 | 1,217.07 | 128.40 | - | - | - | 1,345.47 |
| Arranger Fees paid | 2019 | 161.81 | - | - | - | - | 161.81 |
| | 2018 | 72.99 | - | - | - | - | 72.99 |
| IPA Fees paid | 2019 | 2.00 | - | - | - | - | 2.00 |
| | 2018 | 2.00 | - | - | - | - | 2.00 |
| Term loan interest | 2019 | - | - | - | - | - | - |
| | 2018 | 444.89 | - | - | - | - | 444.89 |
| Gym Charges paid | 2019 | 0.60 | - | - | - | - | 0.60 |
| | 2018 | 0.49 | - | - | - | - | 0.49 |
| Rent paid | 2019 | 534.40 | 0.34 | - | - | - | 534.74 |
| | 2018 | 556.24 | 1.06 | - | - | - | 557.30 |
| Referral fees paid | 2019 | 535.80 | - | - | - | - | 535.80 |
| | 2018 | 607.30 | 0.20 | - | - | - | 607.50 |
| Insurance Premium paid | 2019 | - | 25.52 | - | - | - | 25.52 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

| Nature of Transaction | Year ended March 31 | Holding Company | Fellow Subsidiaries | Joint Control | Other related parties | Key Management Personnel / Relative | Total |
|---|---|---|---|---|---|---|---|
| | 2018 | - | 25.72 | - | - | - | 25.72 |
| Demat Charges paid | 2019 | 0.88 | 0.01 | - | - | - | 0.89 |
| | 2018 | 0.52 | 0.01 | - | - | - | 0.53 |
| Cost of travel tickets purchased | 2019 | - | - | - | 9.14 | - | 9.14 |
| | 2018 | - | - | - | 10.16 | - | 10.16 |
| Expense reimbursements by other company | 2019 | 11.43 | 6.81 | - | - | - | 18.24 |
| | 2018 | 11.27 | 3.30 | - | - | - | 14.57 |
| Expense reimbursements to other company | 2019 | 685.84 | 0.48 | - | - | - | 686.32 |
| | 2018 | 817.94 | 1.32 | - | - | - | 819.26 |
| Reimbursement to Other Company - Employee transfer | 2019 | 33.87 | 11.62 | - | - | - | 45.49 |
| | 2018 | 13.77 | 6.95 | - | - | - | 20.72 |
| Reimbursement by Other Company - Employee transfer | 2019 | 3.22 | 2.90 | - | - | - | 6.12 |
| | 2018 | 33.65 | 1.37 | - | - | - | 35.02 |
| Reimbursement to Other Company - Purchase of Assets | 2019 | 13.73 | - | - | - | - | 13.73 |
| | 2018 | 8.92 | - | - | - | - | 8.92 |
| Reimbursement by Other Company - Sale of Assets | 2019 | - | - | - | 9.95 | - | 9.95 |
| | 2018 | 2.90 | - | - | - | - | 2.90 |
| Professional charges | 2019 | - | - | - | 32.16 | - | 32.16 |
| | 2018 | - | - | - | 33.92 | - | 33.92 |
| Recruitment expenses | 2019 | - | - | - | 0.49 | - | 0.49 |
| | 2018 | - | - | - | 0.47 | - | 0.47 |
| Document verification charges | 2019 | - | - | - | - | - | - |
| | 2018 | - | - | - | 0.04 | - | 0.04 |
| Gratuity paid (related to transfer of employee) | 2019 | - | 3.33 | - | - | - | 3.33 |
| | 2018 | - | - | - | - | - | - |
| Interest income on debentures | 2019 | - | - | 77.62 | - | - | 77.62 |
| | 2018 | - | - | 184.17 | - | - | 184.17 |
| Repayment of debentures | 2019 | - | - | 145.20 | - | - | 145.20 |
| | 2018 | - | - | 316.80 | - | - | 316.80 |
| Share based payment | 2019 | 266.11 | - | - | - | - | 266.11 |
| | 2018 | 201.11 | - | - | - | - | 201.11 |
| **Outstanding balances** | | | | | | | |
| Term loan from banks | 2019 | - | - | - | - | - | - |
| | 2018 | - | - | - | - | - | - |
| | 2017 | 6,000.00 | - | - | - | - | 6,000.00 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

| Nature of Transaction | Year ended March 31 | Holding Company | Fellow Subsidiaries | Joint Control | Other related parties | Key Management Personnel / Relative | Total |
|---|---|---|---|---|---|---|---|
| Non Convertible Debentures | 2019 | 14,742.59 | 10,648.35 | - | - | - | 25,390.94 |
| | 2018 | 37,301.50 | 1,038.02 | - | - | - | 38,339.52 |
| | 2017 | 42,483.04 | 16,665.16 | - | - | - | 59,148.20 |
| Subordinated debt | 2019 | - | 41,553.15 | - | - | - | 41,553.15 |
| | 2018 | - | 41,547.33 | - | - | - | 41,547.33 |
| | 2017 | - | 36,563.88 | - | - | - | 36,563.88 |
| Nifty Linked Debentures | 2019 | - | - | - | - | 898.98 | 898.98 |
| | 2018 | - | - | - | - | - | - |
| | 2017 | - | - | - | - | - | - |
| Derivative financial instruments | 2019 | - | - | - | - | 158.22 | 158.22 |
| | 2018 | - | - | - | - | - | - |
| | 2017 | - | - | - | - | - | - |
| Payable on account of Securitisation | 2019 | 604.53 | - | - | - | - | 604.53 |
| | 2018 | 702.51 | - | - | - | - | 702.51 |
| | 2017 | 1,177.49 | - | - | - | - | 1,177.49 |
| Trade payables | 2019 | 353.49 | 12.91 | - | 2.27 | - | 368.67 |
| | 2018 | 321.10 | 0.30 | - | 4.00 | - | 325.40 |
| | 2017 | 324.15 | 11.33 | - | 0.43 | - | 335.91 |
| Demat charges payable | 2019 | 0.37 | 0.01 | - | - | - | 0.38 |
| | 2018 | 0.12 | 0.02 | - | - | - | 0.14 |
| | 2017 | - | 0.01 | - | - | - | 0.01 |
| Term Deposits / Margin Deposits | 2019 | 15.58 | - | - | - | - | 15.58 |
| | 2018 | 48,366.39 | - | - | - | - | 48,366.39 |
| | 2017 | 56,335.79 | - | - | - | - | 56,335.79 |
| Deposits | 2019 | 0.10 | 22.26 | - | - | - | 22.36 |
| | 2018 | 0.10 | 28.07 | - | - | - | 28.17 |
| | 2017 | 0.10 | 25.81 | - | - | - | 25.91 |
| Bank Balance in Current/OD Account | 2019 | 19,711.10 | - | - | - | - | 19,711.10 |
| | 2018 | 4,404.64 | - | - | - | - | 4,404.64 |
| | 2017 | 6,164.72 | - | - | - | - | 6,164.72 |
| Prepaid expense / Advances | 2019 | - | 10.38 | - | - | - | 10.38 |
| | 2018 | - | 16.61 | - | - | - | 16.61 |
| | 2017 | - | 11.74 | - | - | - | 11.74 |
| Receivables | 2019 | 88.96 | 14.86 | - | - | - | 103.82 |
| | 2018 | 32.95 | 14.42 | - | - | - | 47.37 |
| | 2017 | 54.11 | 6.35 | - | - | - | 60.46 |
| Investment in equity instruments | 2019 | - | 146,502.00 | - | 7,859.86 | - | 154,361.86 |
| | 2018 | - | 118,022.40 | - | 8,087.20 | - | 126,109.60 |
| | 2017 | - | 52,574.46 | - | 6,914.95 | - | 59,489.41 |
| Investment in debentures | 2019 | - | - | - | - | - | - |

| Nature of Transaction | Year ended March 31 | Holding Company | Fellow Subsidiaries | Joint Control | Other related parties | Key Management Personnel / Relative | Total |
|---|---|---|---|---|---|---|---|
| | 2018 | - | - | 1,003.20 | - | - | 1,003.20 |
| | 2017 | - | - | 1,320.00 | - | - | 1,320.00 |
| Capital contribution from parent | 2019 | 281.65 | - | - | - | - | 281.65 |
| | 2018 | 172.17 | - | - | - | - | 172.17 |
| | 2017 | 80.19 | - | - | - | - | 80.19 |

(c) Employee gratuity fund - Refer note 40(ii)

**(d) Terms and conditions of transactions with related parties**

The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

(e) The impairment loss allowance provided on receivables from related parties is ₹ 0.44 lakhs (March 31, 2018: ₹ 0.17 lakhs, April 1, 2017: ₹ 0.22 lakhs)

## NOTE 40 LEASE DISCLOSURES

**Finance Lease as lessor:**

The Company is in the business of vehicle financing. The Company enters into finance lease agreements ranging between one to five years. The reconciliation between the total gross investment in the lease at the balance sheet date and the present value of minimum lease payments receivable at the balance sheet are as follows:

₹ in lakh

| Sr. No | Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|---|
| (A) | Minimum lease payment | 18,103.09 | 17,725.73 | 24,100.59 |
| (B) | Unearned finance income | 3,100.52 | 3,044.74 | 4,304.83 |
| (C) | Unearned maintenance and insurance income | - | - | - |
| | **Present value of minimum lease payments** | **15,002.57** | **14,680.99** | **19,795.76** |

Gross investment in lease and present value of minimum lease payments for each of the following periods are as follows:

₹ in lakh

| Sr. No. | Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 1, 2017 | |
|---|---|---|---|---|---|---|---|
| | | Gross investment in lease | Net present value of MLP | Gross investment in lease | Net present value of MLP | Gross investment in lease | Net present value of MLP |
| (A) | Less than one year | 7,082.26 | 5,531.03 | 6,685.46 | 5,141.03 | 8,601.26 | 6,500.03 |
| (B) | Between one and five years | 11,020.83 | 9,471.54 | 11,040.27 | 9,539.96 | 15,499.33 | 13,295.73 |
| (C) | More than five years | - | - | - | - | - | - |
| | **Total** | **18,103.09** | **15,002.57** | **17,725.73** | **14,680.99** | **24,100.59** | **19,795.76** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

The following table contains other relevant disclosures for finance leases as lessor:

₹ in lakh

| Sr. No. | Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|---|
| (A) | Accumulated allowance for uncollectible minimum lease payments receivable | 216.91 | 2,525.88 | 846.34 |
| (B) | Unguaranteed residual values accruing to the benefit of the lessor | - | - | - |
| (C) | Contingent Rent recognised as income during the period | - | - | - |

**Operating Lease as Lessee:**

The Company has taken various offices under cancellable operating lease or leave and license agreements. These are generally cancellable and range between 11 months and 9 years under leave and license agreement and are renewable by mutual consent on mutually agreeable terms.

**i. Amounts recognised in profit or loss**

₹ in lakh

| Sr. No. | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (A) | Lease expense | 968.99 | 919.60 |
| | **Total** | **968.99** | **919.60** |

## NOTE 41 EMPLOYEE BENEFITS

**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 recognised ₹457.95 lakh (March 31, 2018 : ₹ 371.99 lakh) for Provident Fund contributions in the Statement of Profit and Loss."

**(ii) Defined Benefit Plan:**
**Gratuity :-**

The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The Company contributes to a Gratuity Fund administered by trustees and managed by Kotak Mahindra Life Insurance Company Limited, fellow subsidiary. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at Balance Sheet date.

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

₹ in lakh

| | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Present value of funded defined benefit obligation (A) | 894.31 | 831.88 | 626.03 |
| Fair value of plan assets (B) | (812.68) | (610.43) | (624.33) |
| **Net (asset) / liability recognised in the Balance Sheet (A-B)** | **81.63** | **221.45** | **1.70** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**B. Movement in net defined benefit (asset) liability**

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

₹ in lakh

| | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit (asset)/liability | |
|---|---|---|---|---|---|---|
| | As at March 31,2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| **Opening balance** | **831.88** | **626.03** | **610.43** | **624.33** | **221.45** | **1.70** |
| Included in profit or loss | | | | | | |
| Current service cost | 118.07 | 99.74 | - | - | 118.07 | 99.74 |
| Past service cost | - | 117.07 | - | - | - | 117.07 |
| Interest cost (income) | 58.54 | 42.84 | 44.47 | 53.12 | 14.07 | (10.28) |
| | **1,008.49** | **885.68** | **654.90** | **677.45** | **353.59** | **208.23** |
| **Included in OCI** | | | | | | |
| Remeasurement loss / (gain): | | | | | | |
| Actuarial loss / (gain) arising from: | | | | | | |
| Demographic assumptions | (0.28) | 45.83 | - | - | (0.28) | 45.83 |
| Financial assumptions | 43.28 | (38.90) | - | - | 43.28 | (38.90) |
| Experience adjustment | (10.08) | 32.67 | - | - | (10.08) | 32.67 |
| Actual return on plan assets less interest on plan assets | - | - | 27.89 | - | (27.89) | - |
| | **32.92** | **39.60** | **27.89** | **-** | **5.03** | **39.60** |
| **Other** | | | | | | |
| Contributions paid by the employer | - | - | 265.61 | 27.81 | (265.61) | (27.81) |
| Benefits paid | (135.72) | (94.83) | (135.72) | (94.83) | - | - |
| Liabilities assumed / (settled)* | (11.38) | 1.43 | - | - | (11.38) | 1.43 |
| **Closing balance** | **894.31** | **831.88** | **812.68** | **610.43** | **81.63** | **221.45** |
| **Represented by** | | | | | | |
| Net defined benefit asset | | | | | - | - |
| Net defined benefit liability | | | | | 81.63 | 221.45 |
| | | | | | **81.63** | **221.45** |

* On account of inter group transfer

# Schedules forming part of Balance Sheet and Profit and Loss Account

**C. Expenses recognised in statement of profit and loss**

₹ in lakh

| | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Current service cost | 118.07 | 99.74 |
| Past service cost | - | 117.07 |
| Administration expenses | - | - |
| Interest on net defined benefit liability / (asset) | 29.52 | (10.28) |
| (Gains) / losses on settlement | - | - |
| | **147.59** | **206.53** |

**D. Remeasurements recognised in other comprehensive income**

₹ in lakh

| | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Actuarial loss / (gain) arising from:** | | |
| Financial assumptions | 43.28 | (38.90) |
| Demographic assumptions | (0.28) | 45.83 |
| Experience adjustments | (10.08) | 32.67 |
| Actual return on plan assets less interest on plan assets | (27.89) | - |
| Adjustment to recognise the effect of asset ceiling | - | - |
| | **5.03** | **39.60** |

**E. Disaggregation of Plan assets**

A split of plans asset between various asset classes as well as segregation between quoted and unquoted values is presented below:-

₹ in lakh

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Quoted value | Unquoted value | Quoted value | Unquoted value |
| Insurer managed funds | - | 812.68 | - | 610.43 |
| | **-** | **812.68** | **-** | **610.43** |

**F. Defined benefit obligations**

**i. Actuarial assumptions**

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

₹ in lakh

| | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Discount rate (p.a.) | 7.15% | 7.90% | 7.18% |
| Salary escalation rate (p.a.) | 7.00% | 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.

₹ in lakh

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (50 bps movement) | (29.29) | 31.17 | (23.26) | 26.64 |
| Salary escalation rate (50 bps movement) | 23.27 | (22.75) | 20.32 | (19.67) |

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.

**G. Risk Exposure**

The defined benefit plans expose the company to risk which are discussed below:

Asset Volatility - The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. Changes in bond yields - A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

**H. Funding arrangements and policy**

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

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

The expected contribution payable to the plan next year is INR 50 lakhs.

**Projected Plan cash flow:**

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

₹ in lakh

| Maturity profile | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Expected benefits for year 1 | 160.86 | 181.83 |
| Expected benefits for year 2 | 111.01 | 115.71 |
| Expected benefits for year 3 | 97.89 | 91.32 |
| Expected benefits for year 4 | 85.01 | 80.87 |
| Expected benefits for year 5 and above | 1,172.36 | 1,095.15 |

The weighted average duration to the payment of these cash flows is 6.90 years (March 31, 2018: 6.63 years).

# Schedules forming part of Balance Sheet and Profit and Loss Account

**I. 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 ₹ 85.00 lakhs (Previous year : ₹(3.89) lakhs) for Compensated Absences in the Statement of Profit and Loss.

**J. Long Service Award**

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

## NOTE 42 SHARE-BASED PAYMENT ARRANGEMENTS:

**A. Description of share-based payment arrangements**

**i. Share option plans (equity-settled)**

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

(a) Kotak Mahindra Equity Option Scheme 2007; and

(b) Kotak Mahindra Equity Option Scheme 2015"

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

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

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

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

The fair value of the option is determined using a Black-Scholes options pricing model. During the year, ₹ 109.48 lakhs (March 31, 2018: ₹ 91.99 lakhs) was charged to the Company's statement of profit or loss in respect of equity-settled share-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

As at March 31, 2019 and March 31, 2018 following schemes were in operation:

₹ in lakh

| Scheme reference | Mode of settlement accounting | Grant Date | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|---|---|---|---|---|
| ESOP 2007-44 | Equity settled | 9-May-14 | 30% - 1 yr service<br>30% - 2 yr service<br>20% - 3 yr service<br>20% - 4 yr service | 3.90 |
| ESOP 2007-47 | Equity settled | 9-May-15 | 30% - 1 yr service<br>30% - 2 yr service<br>20% - 3 yr service<br>20% - 4 yr service | 3.90 |
| ESOP 2015-02 | Equity settled | 19-May-16 | 30% - 1 yr service<br>30% - 2 yr service<br>20% - 3 yr service<br>20% - 4 yr service | 3.70 |
| ESOP 2015-03 | Equity settled | 19-May-16 | 100% - 4 yr service | 3.75 |
| ESOP 2015-05 | Equity settled | 10-Aug-16 | 50% - 3 yr service<br>50% - 4 yr service | 4.21 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| Scheme reference | Mode of settlement accounting | Grant Date | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|---|---|---|---|---|
| ESOP 2015-07 | Equity settled | 15-May-17 | 30% - 1 yr service<br>30% - 2 yr service<br>20% - 3 yr service<br>20% - 4 yr service | 3.88 |
| ESOP 2015-14 | Equity settled | 18-May-18 | 30% - 1 yr service<br>30% - 2 yr service<br>20% - 3 yr service<br>20% - 4 yr service | 3.87 |

**Activity in the options outstanding under the employee's stock option Scheme are as follows:**

₹ in lakh

| Scheme reference | Grant date | Balance as at April 01, 2018 | Granted during the year* | Exercised during the year | Lapsed/ cancelled during the year** | Balance as at March 31, 2019 | Exercise price |
|---|---|---|---|---|---|---|---|
| ESOP 2007-44 | 9-May-14 | 1,684 | - | (1,684) | - | - | 406.00 |
| ESOP 2007-47 | 9-May-15 | 11,048 | - | (8,068) | - | 2,980 | 665.00 |
| ESOP 2015-02 | 19-May-16 | 16,254 | - | (9,322) | - | 6,932 | 710.00 |
| ESOP 2015-03 | 19-May-16 | 20,000 | - | - | - | 20,000 | 710.00 |
| ESOP 2015-05 | 10-Aug-16 | 48,000 | - | - | - | 48,000 | 765.00 |
| ESOP 2015-07 | 15-May-17 | 24,890 | - | (10,521) | (2,560) | 11,809 | 955.00 |
| ESOP 2015-14 | 18-May-18 | - | 21,370 | - | (1,850) | 19,520 | 1,271.00 |
| | | **121,876** | **21,370** | **(29,595)** | **(4,410)** | **109,241** | |

₹ in lakh

| Scheme reference | Grant date | Balance as at April 01, 2017 | Granted during the year* | Exercised during the year | Lapsed/ cancelled during the year** | Balance as at March 31, 2018 | Exercise price |
|---|---|---|---|---|---|---|---|
| ESOP 2007-40 | 10-May-13 | 600 | - | (600) | - | - | 362.00 |
| ESOP 2007-44 | 9-May-14 | 7,224 | - | (5,540) | - | 1,684 | 406.00 |
| ESOP 2007-47 | 9-May-15 | 18,704 | 630 | (8,286) | - | 11,048 | 665.00 |
| ESOP 2015-02 | 19-May-16 | 21,400 | 2,760 | (7,248) | (658) | 16,254 | 710.00 |
| ESOP 2015-03 | 19-May-16 | 20,000 | - | - | - | 20,000 | 710.00 |
| ESOP 2015-05 | 10-Aug-16 | 44,000 | 8,000 | - | (4,000) | 48,000 | 765.00 |
| ESOP 2015-07 | 15-May-17 | - | 25,490 | - | (600) | 24,890 | 955.00 |
| | | **111,928** | **36,880** | **(21,674)** | **(5,258)** | **121,876** | |

**Includes transfer ins during the year*

***Includestransfer outs during the year*

# 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:**

₹ in lakh

| Scheme | Grant Date | Exercise Price (INR) | Expected life (Years) | Annual Dividend yield | Volatility | Risk free rate | Fair value per share options (INR) | Market price (INR) |
|---|---|---|---|---|---|---|---|---|
| ESOP 2007-44 | 9-May-14 | 406.00 | 1.65 | 0.10% | 28.53% | 8.73% | 85.82 | 406.00 |
| ESOP 2007-44 | 9-May-14 | 406.00 | 2.48 | 0.10% | 29.52% | 8.73% | 113.22 | 406.00 |
| ESOP 2007-44 | 9-May-14 | 406.00 | 3.40 | 0.10% | 30.17% | 8.81% | 139.43 | 406.00 |
| ESOP 2007-44 | 9-May-14 | 406.00 | 3.90 | 0.10% | 29.98% | 8.89% | 151.71 | 406.00 |
| ESOP 2007-47 | 9-May-15 | 665.00 | 1.65 | 0.07% | 27.61% | 7.91% | 133.51 | 664.75 |
| ESOP 2007-47 | 9-May-15 | 665.00 | 2.48 | 0.07% | 28.57% | 7.92% | 176.14 | 664.75 |
| ESOP 2007-47 | 9-May-15 | 665.00 | 3.40 | 0.07% | 28.83% | 8.07% | 216.45 | 664.75 |
| ESOP 2007-47 | 9-May-15 | 665.00 | 3.90 | 0.07% | 29.29% | 8.01% | 236.57 | 664.75 |
| ESOP 2015-02 | 19-May-16 | 710.00 | 1.62 | 0.07% | 26.85% | 7.25% | 134.08 | 708.90 |
| ESOP 2015-02 | 19-May-16 | 710.00 | 2.45 | 0.07% | 26.32% | 7.32% | 172.75 | 708.90 |
| ESOP 2015-02 | 19-May-16 | 710.00 | 3.37 | 0.07% | 27.96% | 7.43% | 218.71 | 708.90 |
| ESOP 2015-02 | 19-May-16 | 710.00 | 3.70 | 0.07% | 27.35% | 7.46% | 229.80 | 708.90 |
| ESOP 2015-03 | 19-May-16 | 710.00 | 3.75 | 0.07% | 27.28% | 7.46% | 231.24 | 708.90 |
| ESOP 2015-05 | 10-Aug-16 | 765.00 | 3.20 | 0.07% | 28.05% | 7.04% | 225.33 | 764.75 |
| ESOP 2015-05 | 10-Aug-16 | 765.00 | 4.21 | 0.07% | 26.75% | 7.13% | 261.42 | 764.75 |
| ESOP 2015-07 | 15-May-17 | 955.00 | 1.54 | 0.06% | 20.74% | 6.64% | 145.98 | 954.65 |
| ESOP 2015-07 | 15-May-17 | 955.00 | 2.71 | 0.06% | 35.44% | 6.77% | 289.06 | 954.65 |
| ESOP 2015-07 | 15-May-17 | 955.00 | 3.38 | 0.06% | 33.81% | 6.88% | 320.11 | 954.65 |
| ESOP 2015-07 | 15-May-17 | 955.00 | 3.88 | 0.06% | 34.20% | 6.95% | 349.84 | 954.65 |
| ESOP 2015-14 | 18-May-18 | 1,271.00 | 1.45 | 0.06% | 18.68% | 7.44% | 184.60 | 1,270.70 |
| ESOP 2015-14 | 18-May-18 | 1,271.00 | 2.71 | 0.06% | 32.95% | 7.83% | 383.29 | 1,270.70 |
| ESOP 2015-14 | 18-May-18 | 1,271.00 | 3.37 | 0.06% | 32.13% | 7.97% | 433.45 | 1,270.70 |
| ESOP 2015-14 | 18-May-18 | 1,271.00 | 3.87 | 0.06% | 31.43% | 7.99% | 465.70 | 1,270.70 |

**ii. Stock Appreciation Rights (cash-settled)**

At the General Meeting of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolution on 29th June, 2015 to grant stock appreciation rights (SARs) to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 has been formulated and adopted. Subsequently, the SARs have been granted under this scheme and the existing SARs will continue.

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 11,093 SARs during FY 2018-19.

# Schedules forming part of Balance Sheet and Profit and Loss Account

As at March 31, 2019 and March 31, 2018 following schemes were in operation:

₹ in lakh

| Scheme reference | Mode of settlement accounting | Grant Date | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|---|---|---|---|---|
| 2015-04 | Cash settled | 9-May-15 | \|30% - 30 Sep 16<br>30% - 31 Jul 17<br>20% - 30 Jun 18<br>20% - 31 Dec 18 | 3.65 |
| 2015-6 (Series 6) | Cash settled | 19-May-16 | 33% - 2017-18<br>33% - 2018-19<br>34% - 2019-20 | 3.15 |
| 2015-4 (Series 4) | Cash settled | 19-May-16 | 30% - 2017-18<br>30% - 2018-19<br>40% - 2019-20 | 3.57 |
| 2015-9 (Series 9) | Cash settled | 15-May-17 | 30% - 2018-19<br>30% - 2019-20<br>40% - 2020-21 | 3.67 |
| 2015-14 (Series 14) | Cash settled | 24-Oct-17 | 40% - 31 Oct 19<br>40% - 31 Oct 20<br>20% - 31 Oct 21 | 4.02 |
| 2015-17 (Series 17) | Cash settled | 18-May-18 | 30% - 2019-20<br>30% - 2020-21<br>40% - 2021-22 | 3.66 |
| 2015-19 (Series 19) | Cash settled | 7-Jul-18 | 50% - 2020-21<br>50% - 2021-22 | 3.11 |

**Detail of activity under SARs is summarised below:**

₹ in lakh

| Scheme reference | Grant date | Balance as at April 01, 2018 | Granted during the year* | Exercised during the year | Lapsed/ cancelled during the year** | Balance as at March 31, 2019 |
|---|---|---|---|---|---|---|
| 2015-04 | 9-May-15 | 2,792 | - | (2,792) | - | - |
| 2015-6 (Series 6) | 19-May-16 | 1,273 | - | (627) | (646) | - |
| 2015-4 (Series 4) | 19-May-16 | 6,314 | - | (3,278) | (140) | 2,896 |
| 2015-9 (Series 9) | 15-May-17 | 7,690 | - | (2,961) | (550) | 4,179 |
| 2015-14 (Series 14) | 24-Oct-17 | 4,710 | - | - | - | 4,710 |
| 2015-17 (Series 17) | 18-May-18 | - | 6,720 | - | (550) | 6,170 |
| 2015-19 (Series 19) | 7-Jul-18 | - | 4,373 | - | (1,822) | 2,551 |
| | | **22,779** | **11,093** | **(9,658)** | **(3,708)** | **20,506** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| Scheme reference | Grant date | Balance as at April 01, 2017 | Granted during the year* | Exercised during the year | Lapsed/ cancelled during the year** | Balance as at March 31, 2018 |
|---|---|---|---|---|---|---|
| 2015-04 | 9-May-15 | 4,704 | 104 | (2,016) | - | 2,792 |
| 2015-6 (Series 6) | 19-May-16 | - | 1,273 | - | - | 1,273 |
| 2015-4 (Series 4) | 19-May-16 | 8,380 | 940 | (2,781) | (225) | 6,314 |
| 2015-9 (Series 9) | 15-May-17 | - | 7,930 | - | (240) | 7,690 |
| 2015-14 (Series 14) | 24-Oct-17 | - | 4,710 | - | - | 4,710 |
| 2014-02 | 9-May-14 | 3,752 | - | (3,752) | - | - |
| | | **16,836** | **14,957** | **(8,549)** | **(465)** | **22,779** |

*Includes transfer ins during the year

**Includes transfer outs during the year

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

**March 31, 2019**

₹ in lakh

| Scheme | Grant Date | Vesting period | Expected life (Years) | Exercise Price (INR) | Market price (INR) | Risk free rate | Dividend yield | Volatility | Fair value per option |
|---|---|---|---|---|---|---|---|---|---|
| **Series 2015-4 (Series 4)** | | | | | | | | | |
| Tranche VII | 19-May-16 | 0.25 | 0.25 | - | 1,334.50 | 6.25% | 0.05% | 20.12% | 1,334.32 |
| Tranche VIII | 19-May-16 | 0.27 | 0.27 | - | 1,334.50 | 6.26% | 0.05% | 19.74% | 1,334.31 |
| Tranche IX | 19-May-16 | 0.29 | 0.29 | - | 1,334.50 | 6.27% | 0.05% | 20.04% | 1,334.30 |
| Tranche X | 19-May-16 | 0.67 | 0.67 | - | 1,334.50 | 6.42% | 0.05% | 27.53% | 1,334.03 |
| Tranche XI | 19-May-16 | 0.69 | 0.69 | - | 1,334.50 | 6.43% | 0.05% | 27.22% | 1,334.02 |
| Tranche XII | 19-May-16 | 0.71 | 0.71 | - | 1,334.50 | 6.44% | 0.05% | 27.23% | 1,334.00 |
| **Series 2015-9 (Series 9)** | | | | | | | | | |
| Tranche IV | 15-May-17 | 0.59 | 0.59 | - | 1,334.50 | 6.39% | 0.05% | 28.06% | 1,334.09 |
| Tranche V | 15-May-17 | 0.61 | 0.61 | - | 1,334.50 | 6.40% | 0.05% | 27.79% | 1,334.08 |
| Tranche VI | 15-May-17 | 0.62 | 0.62 | - | 1,334.50 | 6.41% | 0.05% | 27.91% | 1,334.06 |
| Tranche VII | 15-May-17 | 1.25 | 1.25 | - | 1,334.50 | 6.58% | 0.05% | 24.16% | 1,333.62 |
| Tranche VIII | 15-May-17 | 1.27 | 1.27 | - | 1,334.50 | 6.59% | 0.05% | 24.03% | 1,333.61 |
| Tranche IX | 15-May-17 | 1.29 | 1.29 | - | 1,334.50 | 6.59% | 0.05% | 23.89% | 1,333.60 |
| Tranche X | 15-May-17 | 1.76 | 1.76 | - | 1,334.50 | 6.64% | 0.05% | 22.45% | 1,333.27 |
| Tranche XI | 15-May-17 | 1.78 | 1.78 | - | 1,334.50 | 6.65% | 0.05% | 22.36% | 1,333.26 |
| Tranche XII | 15-May-17 | 1.79 | 1.79 | - | 1,334.50 | 6.65% | 0.05% | 22.31% | 1,333.24 |
| **Series 2015-14 (Series 14)** | | | | | | | | | |
| Tranche I | 24-Oct-17 | 0.59 | 0.59 | - | 1,334.50 | 6.39% | 0.05% | 28.06% | 1,334.09 |
| Tranche II | 24-Oct-17 | 1.59 | 1.59 | - | 1,334.50 | 6.63% | 0.05% | 23.04% | 1,333.39 |
| Tranche III | 24-Oct-17 | 2.59 | 2.59 | - | 1,334.50 | 6.72% | 0.05% | 21.29% | 1,332.69 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**March 31, 2019**

₹ in lakh

| Scheme | Grant Date | Vesting period | Expected life (Years) | Exercise Price (INR) | Market price (INR) | Risk free rate | Dividend yield | Volatility | Fair value per option |
|---|---|---|---|---|---|---|---|---|---|
| **Series 2015-17 (Series 17)** | | | | | | | | | |
| Tranche I | 18-May-18 | 0.33 | 0.33 | - | 1,334.50 | 6.29% | 0.05% | 27.91% | 1,334.27 |
| Tranche II | 18-May-18 | 0.35 | 0.35 | - | 1,334.50 | 6.30% | 0.05% | 27.33% | 1,334.25 |
| Tranche III | 18-May-18 | 0.37 | 0.37 | - | 1,334.50 | 6.31% | 0.05% | 27.53% | 1,334.24 |
| Tranche IV | 18-May-18 | 1.59 | 1.59 | - | 1,334.50 | 6.63% | 0.05% | 23.04% | 1,333.39 |
| Tranche V | 18-May-18 | 1.61 | 1.61 | - | 1,334.50 | 6.63% | 0.05% | 22.98% | 1,333.37 |
| Tranche VI | 18-May-18 | 1.63 | 1.63 | - | 1,334.50 | 6.63% | 0.05% | 22.94% | 1,333.36 |
| Tranche VII | 18-May-18 | 2.25 | 2.25 | - | 1,334.50 | 6.68% | 0.05% | 21.63% | 1,332.92 |
| Tranche VIII | 18-May-18 | 2.27 | 2.27 | - | 1,334.50 | 6.69% | 0.05% | 21.55% | 1,332.91 |
| Tranche IX | 18-May-18 | 2.29 | 2.29 | - | 1,334.50 | 6.69% | 0.05% | 21.47% | 1,332.90 |
| Tranche X | 18-May-18 | 2.75 | 2.75 | - | 1,334.50 | 6.74% | 0.05% | 21.08% | 1,332.57 |
| Tranche XI | 18-May-18 | 2.78 | 2.78 | - | 1,334.50 | 6.74% | 0.05% | 21.06% | 1,332.56 |
| Tranche XII | 18-May-18 | 2.79 | 2.79 | - | 1,334.50 | 6.74% | 0.05% | 21.03% | 1,332.54 |
| **Series 2015-19 (Series 19)** | | | | | | | | | |
| Tranche I | 7-Jul-18 | 1.34 | 1.34 | - | 1,334.50 | 6.60% | 0.05% | 23.62% | 1,333.56 |
| Tranche II | 7-Jul-18 | 1.36 | 1.36 | - | 1,334.50 | 6.60% | 0.05% | 23.52% | 1,333.55 |
| Tranche III | 7-Jul-18 | 1.38 | 1.38 | - | 1,334.50 | 6.60% | 0.05% | 23.37% | 1,333.54 |
| Tranche IV | 7-Jul-18 | 2.34 | 2.34 | - | 1,334.50 | 6.69% | 0.05% | 21.50% | 1,332.86 |
| Tranche V | 7-Jul-18 | 2.36 | 2.36 | - | 1,334.50 | 6.70% | 0.05% | 21.59% | 1,332.85 |
| Tranche VI | 7-Jul-18 | 2.38 | 2.38 | - | 1,334.50 | 6.70% | 0.05% | 21.69% | 1,332.84 |

**March 31, 2018**

₹ in lakh

| Scheme | Grant Date | Vesting period | Expected life (Years) | Exercise Price (INR) | Market price (INR) | Risk free rate | Dividend yield | Volatility | Fair value per option |
|---|---|---|---|---|---|---|---|---|---|
| **2015-04** | | | | | | | | | |
| Tranche III | 9-May-15 | 0.25 | 0.25 | 5.00 | 1,069.21 | 6.14% | 0.06% | 19.23% | 1,064.14 |
| Tranche IV | 9-May-15 | 0.75 | 0.75 | 5.00 | 1,069.21 | 6.50% | 0.06% | 18.10% | 1,064.00 |
| **Series 2015-6 (Series 6)** | | | | | | | | | |
| Tranche IV | 19-May-16 | 0.25 | 0.25 | - | 1,047.80 | 6.14% | 0.06% | 19.23% | 1,047.65 |
| Tranche V | 19-May-16 | 0.27 | 0.27 | - | 1,047.80 | 6.15% | 0.06% | 18.76% | 1,047.64 |
| Tranche VI | 19-May-16 | 0.29 | 0.29 | - | 1,047.80 | 6.17% | 0.06% | 18.43% | 1,047.63 |
| Tranche VII | 19-May-16 | 1.25 | 1.25 | - | 1,047.80 | 6.74% | 0.06% | 18.25% | 1,047.05 |
| Tranche VIII | 19-May-16 | 1.27 | 1.27 | - | 1,047.80 | 6.75% | 0.06% | 18.14% | 1,047.04 |
| Tranche IX | 19-May-16 | 1.29 | 1.29 | - | 1,047.80 | 6.75% | 0.06% | 18.03% | 1,047.03 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**March 31, 2018**

₹ in lakh

| Scheme | Grant Date | Vesting period | Expected life (Years) | Exercise Price (INR) | Market price (INR) | Risk free rate | Dividend yield | Volatility | Fair value per option |
|---|---|---|---|---|---|---|---|---|---|
| **Series 2015-4 (Series 4)** | | | | | | | | | |
| Tranche IV | 19-May-16 | 0.33 | 0.33 | - | 1,047.80 | 6.21% | 0.06% | 17.88% | 1,047.60 |
| Tranche V | 19-May-16 | 0.35 | 0.35 | - | 1,047.80 | 6.22% | 0.06% | 17.76% | 1,047.59 |
| Tranche VI | 19-May-16 | 0.37 | 0.37 | - | 1,047.80 | 6.24% | 0.06% | 17.44% | 1,047.58 |
| Tranche VII | 19-May-16 | 1.25 | 1.25 | - | 1,047.80 | 6.74% | 0.06% | 18.25% | 1,047.05 |
| Tranche VIII | 19-May-16 | 1.27 | 1.27 | - | 1,047.80 | 6.75% | 0.06% | 18.14% | 1,047.04 |
| Tranche IX | 19-May-16 | 1.29 | 1.29 | - | 1,047.80 | 6.75% | 0.06% | 18.03% | 1,047.03 |
| Tranche X | 19-May-16 | 1.67 | 1.67 | - | 1,047.80 | 6.86% | 0.06% | 18.27% | 1,046.80 |
| Tranche XI | 19-May-16 | 1.69 | 1.69 | - | 1,047.80 | 6.87% | 0.06% | 18.35% | 1,046.79 |
| Tranche XII | 19-May-16 | 1.71 | 1.71 | - | 1,047.80 | 6.87% | 0.06% | 18.31% | 1,046.78 |
| **Series 2015-9 (Series 9)** | | | | | | | | | |
| Tranche I | 15-May-17 | 0.42 | 0.42 | - | 1,047.80 | 6.27% | 0.06% | 16.74% | 1,047.55 |
| Tranche II | 15-May-17 | 0.44 | 0.44 | - | 1,047.80 | 6.29% | 0.06% | 18.62% | 1,047.54 |
| Tranche III | 15-May-17 | 0.46 | 0.46 | - | 1,047.80 | 6.30% | 0.06% | 18.79% | 1,047.52 |
| Tranche IV | 15-May-17 | 1.59 | 1.59 | - | 1,047.80 | 6.84% | 0.06% | 18.36% | 1,046.85 |
| Tranche V | 15-May-17 | 1.61 | 1.61 | - | 1,047.80 | 6.85% | 0.06% | 18.28% | 1,046.84 |
| Tranche VI | 15-May-17 | 1.62 | 1.62 | - | 1,047.80 | 6.85% | 0.06% | 18.32% | 1,046.82 |
| Tranche VII | 15-May-17 | 2.25 | 2.25 | - | 1,047.80 | 7.01% | 0.06% | 19.52% | 1,046.45 |
| Tranche VIII | 15-May-17 | 2.27 | 2.27 | - | 1,047.80 | 7.01% | 0.06% | 19.48% | 1,046.44 |
| Tranche IX | 15-May-17 | 2.29 | 2.29 | - | 1,047.80 | 7.02% | 0.06% | 19.46% | 1,046.43 |
| Tranche X | 15-May-17 | 2.76 | 2.76 | - | 1,047.80 | 7.15% | 0.06% | 21.00% | 1,046.15 |
| Tranche XI | 15-May-17 | 2.78 | 2.78 | - | 1,047.80 | 7.15% | 0.06% | 21.03% | 1,046.14 |
| Tranche XII | 15-May-17 | 2.79 | 2.79 | - | 1,047.80 | 7.16% | 0.06% | 21.03% | 1,046.12 |
| **Series 2015-14 (Series 14)** | | | | | | | | | |
| Tranche I | 24-Oct-17 | 1.59 | 1.59 | - | 1,047.80 | 6.84% | 0.06% | 18.36% | 1,046.85 |
| Tranche II | 24-Oct-17 | 2.59 | 2.59 | - | 1,047.80 | 7.10% | 0.06% | 20.42% | 1,046.25 |
| Tranche III | 24-Oct-17 | 3.59 | 3.59 | - | 1,047.80 | 7.33% | 0.06% | 22.56% | 1,045.65 |

**iii. Expense arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense are as follows:

₹ in lakh

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Employee option plan (equity-settled) | 109.48 | 91.98 |
| Stock appreciation rights (cash-settled) | 156.63 | 109.12 |
| | **266.11** | **201.10** |

## NOTE 43 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 Fair value through Profit and Loss (FVTPL), Fair value through other comprehensive income (FVTOCI) and Amortised Cost.

₹ in lakh

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | - | - | 21,898.46 | - | - | 6,896.68 | - | - | 8,504.41 |
| Bank Balance other than cash and cash equivalent | - | - | 142,293.45 | - | - | 88,465.97 | - | - | 97,228.09 |
| Receivables: | | | | | | | | | |
| Trade receivables | - | - | 15.68 | - | - | 6.35 | - | - | 6.08 |
| Loans | - | - | 2,817,526.33 | - | - | 2,824,787.17 | - | - | 2,449,958.09 |
| Investments | 15,543.99 | 187,525.19 | 9,854.09 | 11,323.90 | 160,595.31 | 19,530.60 | 10,078.97 | 155,299.73 | 18,122.71 |
| Other financial assets | - | - | 1,122.15 | - | - | 802.51 | - | - | 728.30 |
| **Total financial assets** | **15,543.99** | **187,525.19** | **2,992,710.16** | **11,323.90** | **160,595.31** | **2,940,489.28** | **10,078.97** | **155,299.73** | **2,574,547.68** |
| | | | | | | | | | |
| **Financial liabilities** | | | | | | | | | |
| Derivative financial instruments | 9,224.91 | - | - | - | - | - | 448.96 | - | - |
| Payables | | | | | | | | | |
| 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 | - | - | 30,084.54 | - | - | 31,389.85 | - | - | 38,203.53 |
| Debt securities | - | - | 1,547,961.85 | - | - | 1,701,424.68 | - | - | 1,454,078.66 |
| Borrowings (Other than Debt Securities) | - | - | 881,503.68 | - | - | 728,417.62 | - | - | 722,270.41 |
| Deposits | - | - | 208.93 | - | - | 248.50 | - | - | 734.21 |
| Subordinated Liabilities | - | - | 50,658.06 | - | - | 59,183.46 | - | - | 55,995.71 |
| Other Financial liabilities | - | - | 2,559.48 | - | - | 3,015.72 | - | - | 2,613.58 |
| **Total financial liabilities** | **9,224.91** | **-** | **2,512,976.54** | **-** | **-** | **2,523,679.83** | **448.96** | **-** | **2,273,896.10** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**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.

₹ in lakh

| Particulars | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 1, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | | | | |
| Investments at FVTPL | | | | | | | | | | | | |
| - Mutual funds | 2,501.64 | - | - | 2,501.64 | 10,014.46 | - | - | 10,014.46 | 4,501.28 | - | - | 4,501.28 |
| - Preference shares | - | - | 11,488.23 | 11,488.23 | - | - | - | - | - | - | - | - |
| - Equity instruments | - | 1,370.24 | 183.88 | 1,554.12 | - | 1,125.56 | 183.88 | 1,309.44 | - | 5,402.63 | 175.06 | 5,577.69 |
| Investments at FVOCI | | | | | | | | | | | | |
| - Debentures | - | 33,347.20 | - | 33,347.20 | - | 34,669.59 | - | 34,669.59 | - | 95,985.38 | - | 95,985.38 |
| - Equity instruments | - | 146,502.00 | 7,675.99 | 154,177.99 | - | - | 125,925.72 | 125,925.72 | - | - | 59,314.35 | 59,314.35 |
| **Total financial assets** | **2,501.64** | **181,219.44** | **19,348.10** | **203,069.18** | **10,014.46** | **35,795.15** | **126,109.60** | **171,919.21** | **4,501.28** | **101,388.01** | **59,489.41** | **165,378.70** |
| | | | | | | | | | | | | |
| **Financial liabilities** | | | | | | | | | | | | |
| Derivative financial instruments | - | 9,224.91 | - | 9,224.91 | - | - | - | - | - | 448.96 | - | 448.96 |
| **Total financial liabilities** | **-** | **9,224.91** | **-** | **9,224.91** | **-** | **-** | **-** | **-** | **-** | **448.96** | **-** | **448.96** |

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

₹ in lakh

| Particulars | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 1, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | | | | |
| Loans | - | - | 2,747,209.16 | 2,747,209.16 | - | 2,445.59 | 2,854,054.71 | 2,856,500.30 | - | 6,392.93 | 2,502,718.88 | 2,509,111.81 |
| Investments | - | - | - | - | - | 22,501.28 | - | 22,501.28 | - | 20,199.44 | - | 20,199.44 |
| Other financial assets | - | - | 132.43 | 132.43 | - | - | 122.56 | 122.56 | - | | 97.74 | 97.74 |
| **Total financial assets** | **-** | **-** | **2,747,341.59** | **2,747,341.59** | **-** | **24,946.87** | **2,854,177.27** | **2,879,124.14** | **-** | **26,592.37** | **2,502,816.62** | **2,529,408.99** |
| **Financial liabilities** | | | | | | | | | | | | |
| Debt securities | - | 1,549,289.57 | - | 1,549,289.57 | - | 1,699,686.05 | - | 1,699,686.05 | - | 1,463,931.06 | - | 1,463,931.06 |
| Borrowings (Other than Debt Securities) | - | 878,840.07 | - | 878,840.07 | - | 728,506.04 | - | 728,506.04 | - | 722,488.16 | - | 722,488.16 |
| Subordinated Liabilities | - | 52,424.44 | - | 52,424.44 | - | 62,314.47 | - | 62,314.47 | - | 60,412.60 | - | 60,412.60 |
| **Total financial liabilities** | **-** | **2,480,554.08** | **-** | **2,480,554.08** | **-** | **2,490,506.56** | **-** | **2,490,506.56** | **-** | **2,246,831.82** | **-** | **2,246,831.82** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

Fair value of financial assets and liabilities measured at amortised cost

₹ in lakh

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 1, 2017 | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | | | |
| Loans | | | | | | |
| Vehicle finance loan | 1,908,145.62 | 1,857,432.75 | 1,917,112.29 | 1,890,698.50 | 1,743,476.23 | 1,734,636.68 |
| Structured loan | 778,909.45 | 764,715.68 | 747,692.99 | 859,234.08 | 602,441.69 | 680,706.58 |
| Personal loan | 126,201.03 | 125,060.73 | 104,541.85 | 104,122.13 | 87,178.33 | 87,375.62 |
| Lending through Pass Through Certificates (PTC) | - | - | 2,423.19 | 2,445.59 | 6,297.83 | 6,392.93 |
| Investments | | | | | | |
| - Preference shares | - | - | 18,527.39 | 21,410.13 | 16,802.71 | 18,749.24 |
| - Debentures | - | - | 1,003.20 | 1,091.15 | 1,320.00 | 1,450.20 |
| Other financial assets | | | | | | |
| - Lease deposits | 156.21 | 132.43 | 143.61 | 122.56 | 124.77 | 97.74 |
| | **2,813,412.31** | **2,747,341.59** | **2,791,444.52** | **2,879,124.14** | **2,457,641.56** | **2,529,408.99** |
| | | | | | | |
| **Financial liabilities** | | | | | | |
| Debt securities | 1,547,961.85 | 1,549,289.57 | 1,701,424.68 | 1,699,686.05 | 1,454,078.66 | 1,463,931.06 |
| Borrowings (Other than Debt Securities) | 881,503.68 | 878,840.07 | 728,417.62 | 728,506.04 | 722,270.41 | 722,488.16 |
| Subordinated Liabilities | 50,658.06 | 52,424.44 | 59,183.46 | 62,314.47 | 55,995.71 | 60,412.60 |
| **Total financial liabilities** | **2,480,123.59** | **2,480,554.08** | **2,489,025.76** | **2,490,506.56** | **2,232,344.78** | **2,246,831.82** |

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

**C. Measurement of fair values**

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

The categories used are as follows:

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

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

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

# Schedules forming part of Balance Sheet and Profit and Loss Account

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 measured at fair value**

| Instrument type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| **Investment in equity instruments (Classified as level 3)** | **Comparable Companies Multiple Method:** Under this method the value of shares/business of a company is determined based on market multiples of publicly traded comparable companies.<br><br>**Comparable Transaction multiple method:** Under this method the value of shares/business of a company is determined based on market multiples of publicly disclosed transactions in the similar segment as that of the company being valued<br><br>**Discounted Cash Flow (DCF) :** Under a DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.<br><br>**Cost Approach :** Break Up Value method has been adopted for valuation of equity shares.<br><br>**Stable growth approach:** Under this approach value of the firm is derived by capitalising the cash flows for the next year with the weighted average cost of capital minus growth rate of the firm. The value of equity is thereafter arrived at after reduction of value of debt from the value of the firm.<br><br>**Liquidation cost approach:** Under this approach value is arrived at the amount that will be realised on sale of an asset when termination of the business is contemplated.<br><br>One or combination of the above has been used for valuation of equity instruments. | Interest rates to discount future cash flow, financial projections | Significant increase/ decrease in the discount factor and financial projections would entail corresponding change in the valuation of equity shares. |
| **Investment in equity instruments (Classified as level 2)** | **Comparable Companies Multiple Method:** Under this method the value of shares/business of a company is determined based on market multiples of publicly traded comparable companies.<br><br>**Comparable Transaction multiple method:** Under this method the value of shares/business of a company is determined based on market multiples of publicly disclosed transactions in the similar segment as that of the company being valued.<br><br>**Cost Approach :** Break Up Value method has been adopted for valuation of equity shares.<br><br>One or combination of the above has been used for valuation of equity instruments. | Not applicable | Not applicable |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Financial instruments not measured at fair value**

| Instrument type | Valuation technique |
|---|---|
| **Loans** | The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models using actual or estimated yields and consequently for the purposes of level disclosures categorized under Level 3. Fair value of Level 3 loans would decrease/(increase) in value depending on increase/(decrease) in discount rate. For impaired loan, the amortised cost is taken as fair value. |
| **Lending through Pass Through Certificates (PTC)** | The fair values have been calculated using the discounted cash flow approach discounted at a rate that reflects the credit risk of various counter parties. |
| **Debt securities, Borrowings other than debt securities and Subordinated liabilities** | The fair values of the Company's Debt securities, Borrowings other than debt securities and Subordinated liabilities are calculated based on a discounted cash flow model. The discount rates are based on risk-free rate plus yield curves appropriate for the remaining maturities of the instruments as published by Financial Benchmarks India Private Limited (FIBIL) |
| **Security Deposits** | The fair values have been calculated using the discounted cash flow approach discounted at a rate from observable inputs i.e. Kotak Mahindra Bank Limited MCLR. |

**Transfers between Level 1 and Level 2**

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during FY 2018-19.

**D. Level 3 fair values measurement**

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

| Particulars | As at April 1,2018 | Purchases | Sales/ Settlements | Gains recognised in profit or loss | Gains recognised in OCI | Transfers in/(out) | As at March 31, 2019 |
|---|---|---|---|---|---|---|---|
| Investments in Equity Instruments | 126,109.60 | - | - | - | (227.33) | (118,022.40) | 7,859.87 |
| Investments in Preference shares | - | 10,000.00 | - | 1,488.23 | - | - | 11,488.23 |
| | **126,109.60** | **10,000.00** | **-** | **1,488.23** | **(227.33)** | **(118,022.40)** | **19,348.10** |

| Particulars | As at April 1, 2017 | Purchases | Sales/ Settlements | Gains recognised in profit or loss | Gains recognised in OCI | Transfers in/(out) | As at March 31,2018 |
|---|---|---|---|---|---|---|---|
| Investments in Equity Instruments | 59,489.41 | - | - | 8.82 | 66,611.37 | - | 126,109.60 |
| | **59,489.41** | **-** | **-** | **8.82** | **66,611.37** | **-** | **126,109.60** |

**Transfer out of Level 3**

The Company holds an investment in equity shares of Kotak Mahindra Life Insurance Limited with a fair value of INR 146,502 lakhs at March 31, 2019 (March 31, 2018: INR 118,022 lakhs). The fair value of this investment was categorised as Level 3 at March 31, 2018 as the fair value of shares has been computed using projected cash flow. During the year 2018-19, the Company has valued the investment in equity shares of Kotak Mahindra Life Insurance Limited considering the market multiple method using market available information of comparable companies and comparable transactions. Accordingly, the fair value measurement was transferred from Level 3 to Level 2 of the fair value hierarchy at March 31, 2019.

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Sensitivity analysis of Level 3 financial instruments measured at fair value**

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

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|
| | Profit or loss/OCI | | Profit or loss/OCI | |
| | Increase | Decrease | Increase | Decrease |
| **Investment in equity instruments - FVOCI** | | | | |
| If expected cash flows were higher / (lower) by 500 bps and the discount rate lower / (higher) by 100 bps, the fair value would increase / (decrease) | 621.68 | (544.02) | 4,969.69 | (4,154.11) |
| **Investment in preference shares - FVTPL** | | | | |
| If the discount rate lower / (higher) by 100 bps, the fair value would increase / (decrease) | 311.23 | (299.75) | NA | NA |

**E. Financial risk management**

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

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

**i. Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee. The Risk Management committee of Board exercises supervisory power in connection with the risk management of the company, developing and monitoring risk management policies, monitoring of the exposures, reviewing adequacy of risk management process, ensuring compliance with the statutory/regulatory framework of the risk management process."

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

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

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Loans, Investments, Trade receivables, Bank balances and other financial assets | Aging analysis, Credit Rating | The company has setup policies for credit risk management and mitigation.<br><br>The company has laid out process for credit evaluation for all its customers. For retail business, customer profiles are reviewed/assessed based on financial strength, leverage etc. For other than retail business, the lending proposals are subjected to thorough assessment of promoters, group financial strength and leverage, operational and financial performance track record, cash flows, valuation of collateral.<br><br>The exposures are subjected to regular monitoring through various parameters i.e. days past due, cash flows, inventory audit, collateral cover, value of underlying capital market securities.<br><br>The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual customers and customer group and by monitoring exposures in relation to such limits. |
| Liquidity Risk | Debt securities, Borrowings other than debt securities, Subordinated liabilities, Trade payables and other financial liabilities | Cash flow forecasts | Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances.<br><br>In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its various time buckets, which is approved by the ALCO.<br><br>Treasury team is responsible for managing liquidity under the prescribed liquidity risk management framework and the same is monitored by ALCO.<br><br>The Company ensures that there is sufficient liquidity headroom available, including liquid assets, at all times to manage any contingency. |
| **Market risk** | | | |
| a. Foreign currency risk | Financial liabilities not denominated in INR | Cash flow forecasts, Sensitivity Analysis | Forward foreign exchange contracts |
| b. Interest rate risk | Financial assets and liabilities at variable rates | Sensitivity Analysis, Interest rate movements | Board of Directors (the Board) of the Company is the guiding body for management of its interest rate risk and sets the overall policy and risk limits.<br><br>In order to manage/mitigate interest rate risk, the Company has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board. Treasury is entrusted with the responsibility of managing interest rate risk within the prescribed overall risk limits and the same is monitored by ALCO.<br><br>Further, the Company undertakes NII analysis to assess the impact of changes in interest rate on the earnings of the Company. |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**ii. Credit risk**

Credit risk is the risk of actual or probable 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 now or in future. The sanction and renewal of any credit facility to a particular borrower requires appropriate credit approval by concerned authority. The appropriate authority has been entrusted with the task of verifying the credentials of the customer as per set processes and guidelines. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties and by monitoring exposures in relation to such limits. Credit worthiness of borrowers is regularly reviewed and monitored by line credit risk managers, who are responsible for maintaining the portfolio quality as per given risk – return targets. Further the company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process aims to allow the company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

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

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Cash and cash equivalents | 21,902.60 | 6,897.89 | 8,505.98 |
| Bank balance other than cash and cash equivalents | 142,321.20 | 88,483.22 | 97,247.05 |
| Trade receivables | 15.75 | 6.37 | 6.10 |
| Loans | | | |
| - Loans* | 2,845,353.38 | 2,794,568.45 | 2,455,510.29 |
| - CBLO lending | 4,199.26 | 37,487.69 | - |
| - Inter corporate deposits | - | 15,528.98 | 10,521.67 |
| - Loan to employees | 72.10 | 65.26 | 81.34 |
| - Lending through Pass Through Certificates (PTC) | - | 2,423.80 | 6,299.06 |
| Investments | 43,203.21 | 53,199.40 | 112,792.46 |
| Other financial assets | 1,126.90 | 805.34 | 731.83 |
| | **3,058,194.40** | **2,999,466.40** | **2,691,695.78** |

*Loans do not include undrawn loan commitments (Credit conversion factor) on which impairment loss allowance has been provided for. For details refer Note 43 E(ii)(a)(iii).

**a. Credit quality analysis**

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

₹ in lakh

| | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 1, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| **Loans** | | | | | | | | | | | | |
| **Vehicle finance** | | | | | | | | | | | | |
| Current | 1,824,057.75 | 6,131.46 | 1,378.87 | 1,831,568.08 | 1,847,020.40 | 921.06 | 414.16 | 1,848,355.62 | 1,661,392.52 | 10,011.92 | 368.98 | 1,671,773.42 |
| Past due 1–30 days | 26,923.63 | 8,856.13 | 238.91 | 36,018.67 | 18,444.98 | 568.35 | 146.89 | 19,160.22 | 12,394.81 | 5,571.82 | 149.94 | 18,116.57 |
| Past due 31–60 days | - | 28,364.21 | 1,051.91 | 29,416.12 | - | 29,625.06 | 1,288.85 | 30,913.91 | - | 40,831.97 | 1,220.83 | 42,052.80 |
| Past due 61–90 days | - | 6,522.44 | 1,108.73 | 7,631.17 | - | 9,634.98 | 1,761.80 | 11,396.78 | - | 5,749.59 | 1,371.81 | 7,121.40 |
| Past due 90 days | - | - | 26,305.12 | 26,305.12 | - | - | 27,055.74 | 27,055.74 | - | - | 22,413.41 | 22,413.41 |
| | 1,850,981.38 | 49,874.24 | 30,083.54 | 1,930,939.16 | 1,865,465.38 | 40,749.45 | 30,667.44 | 1,936,882.27 | 1,673,787.33 | 62,165.30 | 25,524.97 | 1,761,477.60 |
| Impairment loss allowance | (4,241.29) | (2,686.13) | (15,866.12) | (22,793.54) | (4,349.87) | (3,498.19) | (11,921.92) | (19,769.98) | (3,639.75) | (3,774.10) | (10,587.52) | (18,001.37) |
| **Carrying amount** | **1,846,740.09** | **47,188.11** | **14,217.42** | **1,908,145.62** | **1,861,115.51** | **37,251.26** | **18,745.52** | **1,917,112.29** | **1,670,147.58** | **58,391.20** | **14,937.45** | **1,743,476.23** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 1, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| **Loan against securities/ collaterals** | | | | | | | | | | | | |
| Current | | | - | | | | | | | | | |
| Past due 1–30 days | | | - | | | | | | | | | |
| Past due 31–60 days | | | | - | | | | | | | | |
| Past due 61–90 days | | | | - | | | | | | | | |
| Past due 90 days | | | | - | | | | | | | | |
| | - | - | - | - | | | | | | | | |
| Impairment loss allowance | | | | | | | | | | | | |
| **Carrying amount** | **-** | **-** | **-** | **-** | | | | | | | | |
| **Structured loans *** | | | | | | | | | | | | |
| Current | 751,720.25 | 19,363.77 | - | 771,084.02 | 740,834.55 | 7,955.58 | - | 748,790.13 | 553,535.88 | 45,155.71 | - | 598,691.59 |
| Past due 1–30 days | 10.33 | - | - | 10.33 | 12.23 | - | - | 12.23 | 0.43 | - | - | 0.43 |
| Past due 31–60 days | - | 12,023.17 | - | 12,023.17 | - | - | - | - | - | 4,336.39 | - | 4,336.39 |
| Past due 61–90 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 90 days | - | - | 1,514.75 | 1,514.75 | - | - | 1,470.06 | 1,470.06 | - | - | 1,470.20 | 1,470.20 |
| | 751,730.58 | 31,386.94 | 1,514.75 | 784,632.27 | 740,846.78 | 7,955.58 | 1,470.06 | 750,272.42 | 553,536.31 | 49,492.10 | 1,470.20 | 604,498.61 |
| Impairment loss allowance | (3,089.81) | (1,140.61) | (1,492.40) | (5,722.82) | (2,138.12) | (102.22) | (339.09) | (2,579.43) | (1,640.94) | (97.57) | (318.41) | (2,056.92) |
| **Carrying amount** | **748,640.77** | **30,246.33** | **22.35** | **778,909.45** | **738,708.66** | **7,853.36** | **1,130.97** | **747,692.99** | **551,895.37** | **49,394.53** | **1,151.79** | **602,441.69** |
| **Personal loans** | | | | | | | | | | | | |
| Current | 120,764.62 | 212.03 | 191.26 | 121,167.91 | 100,071.11 | 67.14 | 23.31 | 100,161.56 | 82,499.49 | 466.43 | 15.67 | 82,981.59 |
| Past due 1–30 days | 2,198.83 | 480.96 | 6.84 | 2,686.63 | 1,704.94 | 41.17 | 6.17 | 1,752.28 | 1,208.80 | 333.07 | 8.90 | 1,550.77 |
| Past due 31–60 days | - | 1,736.63 | 78.00 | 1,814.63 | - | 1,820.30 | 69.95 | 1,890.25 | - | 2,061.65 | 46.18 | 2,107.83 |
| Past due 61–90 days | - | 1,004.85 | 134.36 | 1,139.21 | - | 926.51 | 182.59 | 1,109.10 | - | 782.71 | 108.45 | 891.16 |
| Past due 90 days | - | - | 2,973.57 | 2,973.57 | - | - | 2,500.58 | 2,500.58 | - | - | 2,002.74 | 2,002.74 |
| | 122,963.45 | 3,434.47 | 3,384.03 | 129,781.95 | 101,776.05 | 2,855.12 | 2,782.60 | 107,413.77 | 83,708.29 | 3,643.86 | 2,181.94 | 89,534.09 |
| Impairment loss allowance | (645.54) | (395.60) | (2,539.78) | (3,580.92) | (482.33) | (339.92) | (2,049.67) | (2,871.92) | (331.71) | (362.02) | (1,662.03) | (2,355.76) |
| **Carrying amount** | **122,317.91** | **3,038.87** | **844.25** | **126,201.03** | **101,293.72** | **2,515.20** | **732.93** | **104,541.85** | **83,376.58** | **3,281.84** | **519.91** | **87,178.33** |
| **Investments** | | | | | | | | | | | | |
| Current | 9,856.01 | - | - | 9,856.01 | 18,529.81 | - | - | 18,529.81 | 16,807.08 | - | - | 16,807.08 |
| Past due 1–30 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 31–60 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 61–90 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 90 days | - | - | - | - | - | - | - | - | - | - | - | - |
| | 9,856.01 | - | - | 9,856.01 | 18,529.81 | - | - | 18,529.81 | 16,807.08 | - | - | 16,807.08 |
| Impairment loss allowance | (1.92) | - | - | (1.92) | (2.41) | - | - | (2.41) | (4.37) | - | - | (4.37) |
| **Carrying amount** | **9,854.09** | **-** | **-** | **9,854.09** | **18,527.40** | **-** | **-** | **18,527.40** | **16,802.71** | **-** | **-** | **16,802.71** |
| **Others**** | | | | | | | | | | | | |
| Current | 169,637.80 | - | - | 169,637.80 | 151,698.55 | - | - | 151,698.55 | 123,393.03 | - | - | 123,393.03 |
| Past due 1–30 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 31–60 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 61–90 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 90 days | - | - | - | - | - | - | - | - | - | - | - | - |
| | 169,637.80 | - | - | 169,637.80 | 151,698.55 | - | - | 151,698.55 | 123,393.03 | - | - | 123,393.03 |
| Impairment loss allowance | (5.94) | - | - | (5.94) | (68.54) | - | - | (68.54) | (43.78) | - | - | (43.78) |
| **Carrying amount** | **169,631.86** | **-** | **-** | **169,631.86** | **151,630.01** | **-** | **-** | **151,630.01** | **123,349.25** | **-** | **-** | **123,349.25** |

*Structured loan includes loan against securities, commercial real estate loans and other structured loans.

**Others includes cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, CBLO lending, Inter corporate deposit, Loan to employees, Loan given to trust and Other financial assets.

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

| | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 1, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| **Investment in debentures** | | | | | | | | | | | | |
| Current | 32,590.13 | - | - | 32,590.13 | 34,312.13 | - | - | 34,312.13 | 94,953.39 | - | - | 94,953.39 |
| Past due 1–30 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 31–60 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 61–90 days | - | - | - | - | - | - | - | - | - | - | - | - |
| Past due 90 days | - | - | - | - | - | - | - | - | - | - | - | - |
| | **32,590.13** | **-** | **-** | **32,590.13** | **34,312.13** | **-** | **-** | **34,312.13** | **94,953.39** | **-** | **-** | **94,953.39** |
| Impairment loss allowance | (105.66) | - | - | (105.66) | (166.92) | - | - | (166.92) | (400.92) | - | - | (400.92) |
| **Carrying amount** | **32,484.47** | **-** | **-** | **32,484.47** | **34,145.21** | **-** | **-** | **34,145.21** | **94,552.47** | **-** | **-** | **94,552.47** |
| **Fair Value** | **33,347.20** | **-** | **-** | **33,347.20** | **34,669.59** | **-** | **-** | **34,669.59** | **95,985.38** | **-** | **-** | **95,985.38** |

**(iii) The table below shows the credit quality and the exposure to credit risk for loan commitments (Credit conversion factor) :**

| | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 1, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| **Loans** | | | | | | | | | | | | |
| Vehicle finance | 18,424.92 | 780.95 | - | 19,205.87 | 26,714.70 | 228.14 | - | 26,942.84 | 20,749.34 | 1,093.62 | - | 21,842.96 |
| Structured loans | 14,395.69 | 1,869.17 | - | 16,264.86 | 39,929.49 | - | - | 39,929.49 | 16,195.41 | 1,643.00 | - | 17,838.41 |
| | **32,820.61** | **2,650.12** | **-** | **35,470.73** | **66,644.19** | **228.14** | **-** | **66,872.33** | **36,944.75** | **2,736.62** | **-** | **39,681.37** |

**b. Collaterals held and concentrations of credit risk**
**Collaterals held**

The amount and type of collateral required depends on an assessment of the credit risk of the customer. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

a. For retail lending, hypothecation over vehicles

b. For automobile dealership lending, charge over real estate properties, inventory and trade receivables

c. For structured lending, charge over real estate properties, pledge of securities.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In its normal course of business, the Company follows generally acceptable processes (in accordance with law) to get possession of the collateral through the agent appointed. The assets so repossessed are sold on behalf of the customers so as to settle the receivables. Any surplus funds are returned to the customers/obligors. As a result of this practice, the collaterals are not recorded on the balance sheet and not treated as non–current assets held for sale.

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Quantitative information of Collateral - Credit impaired assets**

₹ in lakh

| Collateral coverage | Gross value of loans in stage 3 | | |
|---|---|---|---|
| | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
| Less than 50% coverage | 7,744.81 | 6,250.71 | 4,520.55 |
| 51 to 70% coverage | 4,286.11 | 4,715.61 | 5,224.53 |
| 71 to 90% coverage | 8,135.44 | 10,344.32 | 7,283.44 |
| 91 to 100% coverage | 3,533.63 | 3,834.59 | 2,751.00 |
| More than 100% coverage | 11,282.33 | 9,774.87 | 9,397.60 |

**Financial assets received as collateral**

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

At March 31st, 2019, the fair value of financial assets accepted as collateral against Loan that the Company is permitted to sell or repledge in the absence of default was ₹ 476,409.93 lakhs (March 31st, 2018: ₹ 594,383.22 lakhs). During the year ended on March 31st, 2019, the fair value of financial assets accepted as collateral that had been sold was Nil (Year ended on March 31st, 2018: Nil). The Company adjusts the sales Proceed from carrying amount of loan and is not obliged to return equivalent securities."

**Concentration of credit risk**

The company monitors concentration of credit risk by line of business in India. The following table shows the concentrations of loans as at year end:-

₹ in lakh

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| Gross carrying amount | 2,845,353.38 | 2,794,568.45 | 2,455,510.29 |
| Concentration by sector | | | |
| Corporate | 784,632.27 | 750,272.41 | 604,498.60 |
| Dealer finance | 336,125.93 | 296,023.64 | 287,925.97 |
| Retail | | | |
| - Vehicle finance | 1,594,813.23 | 1,640,858.63 | 1,473,551.63 |
| - Unsecured lending | 129,781.95 | 107,413.77 | 89,534.09 |
| | **2,845,353.38** | **2,794,568.45** | **2,455,510.29** |

**c. Amounts arising from ECL**

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

**Inputs considered in the ECL model:**

The objective of the impairment requirements is to recognize lifetime expected credit losses for all assets for which there have been significant increase in credit risk since initial recognition - whether assessed on an individual or collective basis - considering all reasonable and supportable information, including that which is forward-looking. At each reporting date, it will be assessed whether there has been a significant increase in credit risk (SICR) for assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Assessment of significant increase in credit risk (SICR):**

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 past due for more than 30 days.

In determining whether credit risk has increased significantly since initial recognition, Company uses days past due information, Early Warning Signals (EWS) in terms of unusual events including incidents and frauds, repossession of an asset, etc. and forecast information to assess deterioration in credit quality of a financial asset.

**Assumption considered in the ECL model.**

- Probability of default" " (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. 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.
- Loss given default" " (LGD) is an estimate of loss from a transaction, given that a default occurs.
- 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 real GDP, Real/Nominal Wages, Domestic Credit, real personal disposable income, etc. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. "

**Definition of default**

The company combines the exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans. The company categorises loan assets into stages based on the days past due status.

- Stage 1: 0-30 days past due
- Stage 2: 31- 89 days past due & EWS accounts
- Stage 3: 90 days & above past due

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

Further, company considers following factors to determine staging for corporate loans For downgrade from Stage 1 to Stage 2:

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

Policy for write-off of Financial assets

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

# Schedules forming part of Balance Sheet and Profit and Loss Account

**ii. An analysis of changes in gross carrying amount as follows:**

₹ in lakh

| Particulars | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
|---|---|---|---|---|
| **Loans** | | | | |
| **Balance as at April 1, 2017** | **2,311,032.07** | **115,301.10** | **29,177.12** | **2,455,510.29** |
| Transfer to/from 12 month ECL | (52,541.17) | 36,720.28 | 15,820.89 | - |
| Transfer to/from Lifetime ECL not credit impaired | 45,241.14 | (54,790.46) | 9,549.32 | - |
| Transfer to/from Lifetime ECL credit impaired | 1,799.13 | 858.88 | (2,658.01) | - |
| Net remeasurement of loss allowance | (545,471.99) | (13,011.71) | (8,354.34) | (566,838.04) |
| New financial assets originated during the year | 1,292,630.42 | 7,210.21 | 3,481.25 | 1,303,321.88 |
| Matured or repaid | (340,650.88) | (36,831.10) | (2,574.25) | (380,056.23) |
| Write-offs | (3,938.85) | (3,898.02) | (9,532.58) | (17,369.45) |
| **Balance as at March 31, 2018** | **2,708,099.87** | **51,559.18** | **34,909.40** | **2,794,568.45** |
| Transfer to/from 12 month ECL | (86,403.38) | 72,316.68 | 14,086.70 | - |
| Transfer to/from Lifetime ECL not credit impaired | 8,031.68 | (18,768.73) | 10,737.05 | - |
| Transfer to/from Lifetime ECL credit impaired | 2,019.01 | 5,391.46 | (7,410.47) | - |
| Net remeasurement of loss allowance | (471,792.48) | (33,477.39) | (7,798.04) | (513,067.91) |
| New financial assets originated during the year | 1,042,641.99 | 17,164.82 | 2,383.17 | 1,062,189.98 |
| Matured or repaid | (472,566.72) | (6,179.85) | (1,274.56) | (480,021.13) |
| Write-offs | (4,353.92) | (3,311.09) | (10,651.00) | (18,316.01) |
| **Balance as at March 31, 2019** | **2,725,676.05** | **84,695.08** | **34,982.25** | **2,845,353.38** |

**iii. Impairment loss allowance**

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

₹ in lakh

| Particulars | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
|---|---|---|---|---|
| **Loans** | | | | |
| **Balance as at April 1, 2017** | **5,576.42** | **4,232.77** | **12,604.86** | **22,414.05** |
| Transfer to/from 12 month ECL | (274.69) | 176.95 | 97.74 | - |
| Transfer to/from Lifetime ECL not credit impaired | 1,181.85 | (2,141.45) | 959.60 | - |
| Transfer to/from Lifetime ECL credit impaired | 620.21 | 291.37 | (911.58) | - |
| Net remeasurement of loss allowance | (2,402.88) | 1,350.23 | 4,480.76 | 3,428.11 |
| New financial assets originated during the year | 3,270.80 | 796.01 | 1,169.99 | 5,236.80 |
| Matured or repaid | (878.08) | (444.14) | (835.59) | (2,157.81) |
| Write-offs | (35.25) | (409.47) | (3,255.10) | (3,699.82) |
| **Balance as at March 31, 2018** | **7,058.38** | **3,852.27** | **14,310.68** | **25,221.33** |
| Transfer to/from 12 month ECL | (482.49) | 329.40 | 153.09 | - |
| Transfer to/from Lifetime ECL not credit impaired | 641.19 | (1,625.64) | 984.45 | - |
| Transfer to/from Lifetime ECL credit impaired | 661.26 | 1,690.97 | (2,352.23) | - |
| Net remeasurement of loss allowance | (2,159.84) | 248.30 | 9,612.34 | 7,700.80 |
| New financial assets originated during the year | 3,331.98 | 510.91 | 1,435.95 | 5,278.84 |
| Matured or repaid | (1,022.57) | (374.96) | (422.97) | (1,820.50) |
| Write-offs | (51.27) | (408.91) | (3,823.01) | (4,283.19) |
| **Balance as at March 31, 2019** | **7,976.64** | **4,222.34** | **19,898.30** | **32,097.28** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

₹ in lakh

| Particulars | Trade receivables | CBLO lending | Inter corporate deposit | Loan to employees | Loan to trust | Investments | Other financial assets | Cash & Cash Equivalents | Bank Balances other than Cash & Cash Equivalents |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at April 1, 2017** | **0.02** | **-** | **37.63** | **1.36** | **1.23** | **4.37** | **3.53** | **1.57** | **18.96** |
| Addition during the year | - | 7.31 | 19.60 | - | - | - | - | - | - |
| Impairment loss reversed/ written back | - | - | - | (0.84) | (0.61) | (1.96) | (0.70) | (0.36) | (1.71) |
| **Balance as at March 31, 2018** | **0.02** | **7.31** | **57.23** | **0.52** | **0.62** | **2.41** | **2.83** | **1.21** | **17.25** |
| Addition during the year | 0.05 | - | - | - | - | 1.92 | 1.92 | 2.93 | 10.50 |
| Impairment loss reversed/ written back | - | (6.50) | (57.23) | (0.22) | (0.62) | (2.41) | - | - | - |
| **Balance as at March 31, 2019** | **0.07** | **0.81** | **-** | **0.30** | **-** | **1.92** | **4.75** | **4.14** | **27.75** |

**(d.)** The following table presents the financial assets which has financial assets as collaterals on which the Company has a right to sell/offset in absence of default. However the financial assets have not been offsetted with the amount of respective collaterals in the Balance Sheet and captured in the below table for the purpose of disclosure.

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

| Particulars | Effect of offsetting on the balance sheet | | | | |
|---|---|---|---|---|---|
| | Gross amounts | Gross amounts set off in the balance sheet | Net amounts presented in the balance sheet | Netting potential not recognised on the balance sheet - Financial collaterals obtained1 | Maximum exposure |
| **March 31, 2019** | | | | | |
| **Loans** | | | | | |
| Structured loans* | 318,926.09 | - | 318,926.09 | (318,926.09) | - |
| **March 31, 2018** | | | | | |
| **Loans** | | | | | |
| Structured loans* | 320,512.58 | - | 320,512.58 | (312,660.24) | 7,852.34 |
| **April 1, 2017** | | | | | |
| **Loans** | | | | | |
| Structured loans* | 283,995.69 | - | 283,995.69 | (283,501.04) | 494.65 |

*Structured loan does not include commercial real estate loans and other structured loans.

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

**iii. Liquidity Risk**

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

Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances. In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its various time buckets, which is approved by the ALCO. Treasury is responsible for managing liquidity under the prescribed liquidity risk management framework and the same is monitored by ALCO.

Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits.

# Schedules forming part of Balance Sheet and Profit and Loss Account

### Maturity Profile of Financial Liabilities

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

₹ in lakh

| Particulars | Carrying amount | Total contractual cash flows | 1 Day to 30/31 Days (One Month) | Over one Month to 2 Months | Over 2 Months upto 3 Months | Over 3 Months upto 6 Months | Over 6 Months upto 1 Year | Over 1 Year upto 3 Years | Over 3 Years upto 5 Years | Over 5 Years |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at March 31, 2019** | | | | | | | | | | |
| **Non-derivative financial liabilities** | | | | | | | | | | |
| Trade and other Payables | 30,084.54 | 30,084.54 | 30,084.54 | - | - | - | - | - | - | - |
| Debt securities | 1,547,961.85 | 1,715,175.22 | 39,062.11 | 102,821.79 | 103,654.72 | 194,550.20 | 254,204.22 | 1,020,192.18 | 690.00 | - |
| Borrowings (Other than Debt Securities) | 881,503.68 | 914,503.19 | 184,193.97 | 76,780.49 | 61,976.62 | 216,901.59 | 374,650.52 | - | - | - |
| Deposits | 208.93 | 208.94 | 3.26 | 1.58 | 1.63 | 28.42 | 29.09 | 82.86 | 62.10 | - |
| Subordinated Liabilities | 50,658.06 | 68,460.47 | - | 252.50 | 385.08 | 1,260.96 | 3,069.80 | 38,409.62 | 11,782.51 | 13,300.00 |
| Other Financial Liabilities | 2,559.48 | 2,593.25 | 2,212.22 | 300.00 | - | - | 34.73 | 46.30 | - | - |
| **Derivative financial liabilities** | | | | | | | | | | |
| Nifty linked derivative | 9,224.91 | 9,224.91 | - | - | - | 1,715.77 | 1,830.60 | 5,678.54 | - | - |

₹ in lakh

| Particulars | Carrying amount | Total contractual cash flows | 1 Day to 30/31 Days (One Month) | Over one Month to 2 Months | Over 2 Months upto 3 Months | Over 3 Months upto 6 Months | Over 6 Months upto 1 Year | Over 1 Year upto 3 Years | Over 3 Years upto 5 Years | Over 5 Years |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at March 31, 2018** | | | | | | | | | | |
| **Non-derivative financial liabilities** | | | | | | | | | | |
| Trade and other Payables | 31,389.85 | 31,389.85 | 31,389.85 | - | - | - | - | - | - | - |
| Debt securities | 1,701,424.68 | 1,860,860.37 | 31,638.73 | 85,818.34 | 116,906.46 | 225,627.10 | 475,135.82 | 797,863.92 | 127,870.00 | - |
| Borrowings (Other than Debt Securities) | 728,417.62 | 751,874.90 | 205,238.42 | 77,289.18 | 70,672.80 | 139,376.06 | 234,835.70 | 24,462.74 | - | - |
| Deposits | 248.50 | 248.50 | 6.39 | 15.45 | 1.09 | 17.18 | 47.60 | 107.61 | 53.18 | - |
| Subordinated Liabilities | 59,183.46 | 82,346.82 | 2,015.71 | 549.94 | 570.14 | 2,895.85 | 7,854.70 | 12,553.06 | 37,571.84 | 18,335.58 |
| Other Financial Liabilities | 3,015.72 | 3,124.33 | 2,608.57 | 400.00 | - | - | 34.73 | 81.03 | - | - |

₹ in lakh

| Particulars | Carrying amount | Total contractual cash flows | 1 Day to 30/31 Days (One Month) | Over one Month to 2 Months | Over 2 Months upto 3 Months | Over 3 Months upto 6 Months | Over 6 Months upto 1 Year | Over 1 Year upto 3 Years | Over 3 Years upto 5 Years | Over 5 Years |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at April 1, 2017** | | | | | | | | | | |
| **Non-derivative financial liabilities** | | | | | | | | | | |
| Trade and other Payables | 38,203.53 | 38,203.53 | 38,203.53 | - | - | - | - | - | - | - |
| Debt securities | 1,454,078.66 | 1,573,452.25 | 98,046.68 | 88,270.56 | 77,917.94 | 196,686.38 | 334,715.57 | 758,672.70 | 19,142.42 | - |
| Borrowings (Other than Debt Securities) | 722,270.41 | 729,792.31 | 153,437.48 | 85,247.01 | 92,857.40 | 187,920.30 | 189,876.59 | 20,453.53 | - | - |
| Deposits | 734.21 | 734.21 | 19.04 | 13.02 | 5.00 | 56.89 | 90.23 | 369.10 | 180.93 | - |
| Subordinated Liabilities | 55,995.71 | 76,450.64 | - | 549.13 | 621.63 | 8,051.30 | 3,131.76 | 17,204.69 | 36,759.62 | 10,132.51 |
| Other Financial Liabilities | 2,613.58 | 2,613.58 | 2,267.58 | 346.00 | - | - | - | - | - | - |
| **Derivative financial liabilities** | | | | | | | | | | |
| Spots and forwards | 448.96 | 448.96 | 0.93 | 0.96 | 0.99 | 446.08 | - | - | - | - |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**iv. Market Risk**

Market risk is the risk that earnings or the value of its holding of financial instruments will be adversely affected by changes in market variable such as interest rate, credit spreads, equity prices etc.

The Company is primarily exposed to market risk related to interest rate risk and changes in market variables affecting the market value of its investments in financial instruments. In order to manage/mitigate market risk in its investment portfolio, the Company has defined comprehensive limit-framework including value limit, category limit, holding period limit for its investments, which is approved by the Board.

Treasury is entrusted with the responsibility of managing market risk within the prescribed policy and the same is monitored by ALCO.

**a. Foreign Currency risk**

The Company is exposed to currency risk on account of its derivative financial instrument in foreign currency. The functional currency of the Company is Indian Rupee i.e. INR.

**Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)**

The currency profile of financial assets and financial liabilities as at 31 March 2019, 31 March 2018 and 1 April 2017 are as below:

₹ in lakh

| Particulars | March 31, 2019 | March 31, 2018 | April 1, 2017 |
|---|---|---|---|
| | USD | USD | USD |
| **Financial assets** | | | |
| Cash and cash equivalents | - | - | - |
| Trade and other receivables | - | - | - |
| | **-** | **-** | **-** |
| **Financial liabilities** | | | |
| Derivatives financial instruments | - | - | 448.96 |
| | **-** | **-** | **448.96** |

₹ in lakh

| Particulars | Year-end spot rate | | |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | April 1, 2017 |
| USD | - | - | 64.85 |

**Sensitivity analysis**

The foreign currency exposure as on March 31, 2019 and March 31, 2018 is Nil and therefore, sensitivity analysis is not applicable.

**b. Interest Rate Risk**

Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income (NII). Interest rate risk arises from mismatches in re-pricing of interest rate sensitive assets (RSA) and rate sensitive liabilities (RSL).

Board of Directors (the Board) of the Company is the guiding body for management of its interest rate risk and sets the overall policy and risk limits. In order to manage/mitigate interest rate risk, the Company has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board. Treasury is entrusted with the responsibility of managing interest rate risk within the prescribed overall risk limits and the same is monitored by ALCO. Further, the Company undertakes NII analysis to assess the impact of changes in interest rate on the earnings of the Company. "

**Exposure to interest rate risk**

The interest rate profile of the Company's interest bearing financial instruments is as follows.

₹ in lakh

| | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---|---|---|
| **Fixed-rate instruments** | | | |
| Financial assets | 2,796,567.50 | 2,697,255.88 | 2,401,547.45 |
| Financial liabilities | (2,392,121.38) | (2,371,703.59) | (2,149,774.48) |
| **Variable-rate instruments** | | | |
| Financial assets | 431,348.87 | 440,463.34 | 360,861.65 |
| Financial liabilities | (130,080.07) | (151,976.24) | (124,570.59) |
| **Total Net** | **705,714.92** | **614,039.39** | **488,064.04** |

**Cash flow sensitivity analysis for variable-rate instruments**

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

₹ in lakh

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| Variable rate instruments | 3,012.69 | (3,012.69) | 2,884.87 | (2,884.87) |
| **Cash Flow Sensitivity** | **3,012.69** | **(3,012.69)** | **2,884.87** | **(2,884.87)** |

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

## NOTE 44 CAPITAL MANAGEMENT

As per RBI, NBFCs are required to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of its aggregate risk weighted assets. Further, the total of Tier II capital cannot exceed 100% of Tier I capital at any point of time. The capital management process of the Company ensures to maintain the minimum CRAR at all the times.

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

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities.

₹ in lakh

| Sr. No. | Particulars | As at March 31, 2019 | As at March 31, 2018* | As at April 1, 2017* |
|---|---|---|---|---|
| (A) | Tier 1 capital | 528,315.22 | 454,391.51 | 403,907.96 |
| | Tier 2 capital | 39,927.43 | 46,690.70 | 42,844.13 |
| | **Total Capital funds** | **568,242.65** | **501,082.21** | **446,752.09** |
| | Risk weighted assets | 2,889,805.91 | 2,877,076.64 | 2,597,547.62 |
| | Tier 1 Capital ratio | 18.28% | 15.79% | 15.55% |
| | **Total Capital ratio** | **19.66%** | **17.42%** | **17.20%** |

*These numbers are as per previous GAAP as reported to the RBI.

**The unrealised gains on Investments fair valued through Profit or Loss (FVTPL) and fair valued through Other Comprehensive Income (OCI) has not been considered as part of the regulatory capital. Similarly, carrying value of such investments (net of fair value gains) has been considered to compute net owned funds & risk weighted assets.

For dividend on Equity shares - Refer note 22(h)

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 45 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

₹ in lakh

| Particulars | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **ASSETS** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 21,898.46 | - | 21,898.46 | 6,896.68 | - | 6,896.68 | 8,504.41 | - | 8,504.41 |
| Bank Balance other than cash and cash equivalents | 142,263.72 | 29.73 | 142,293.45 | 88,448.03 | 17.94 | 88,465.97 | 97,219.39 | 8.70 | 97,228.09 |
| Receivables | | | - | | | - | | | - |
| (I) Trade receivables | 15.68 | - | 15.68 | 6.35 | - | 6.35 | 6.08 | - | 6.08 |
| Loans | 1,417,388.79 | 1,400,137.54 | 2,817,526.33 | 1,330,872.66 | 1,493,914.51 | 2,824,787.17 | 1,160,213.97 | 1,289,744.12 | 2,449,958.09 |
| Investments | 12,355.73 | 200,567.54 | 212,923.27 | 44,889.75 | 146,560.06 | 191,449.81 | 68,730.56 | 114,770.85 | 183,501.41 |
| Other Financial assets | 966.60 | 155.55 | 1,122.15 | 659.39 | 143.12 | 802.51 | 603.98 | 124.32 | 728.30 |
| **Sub total** | **1,594,888.98** | **1,600,890.36** | **3,195,779.34** | **1,471,772.86** | **1,640,635.63** | **3,112,408.49** | **1,335,278.39** | **1,404,647.99** | **2,739,926.38** |
| **Non-financial assets** | | | | | | | | | |
| Current Tax assets (Net) | - | 2,212.42 | 2,212.42 | - | 2,210.35 | 2,210.35 | - | 1,565.16 | 1,565.16 |
| Deferred Tax assets (Net) | - | 10,587.42 | 10,587.42 | - | 9,117.13 | 9,117.13 | - | 6,746.07 | 6,746.07 |
| Property, Plant and Equipment | - | 2,902.48 | 2,902.48 | - | 2,792.55 | 2,792.55 | - | 2,798.56 | 2,798.56 |
| Other intangible assets | - | 171.23 | 171.23 | - | 214.84 | 214.84 | - | 78.84 | 78.84 |
| Other Non-financial assets | 3,985.71 | - | 3,985.71 | 3,470.33 | 59.35 | 3,529.68 | 976.82 | - | 976.82 |
| **Sub total** | **3,985.71** | **15,873.55** | **19,859.26** | **3,470.33** | **14,394.22** | **17,864.55** | **976.82** | **11,188.63** | **12,165.45** |
| **Total Assets** | **1,598,874.69** | **1,616,763.91** | **3,215,638.60** | **1,475,243.19** | **1,655,029.85** | **3,130,273.04** | **1,336,255.21** | **1,415,836.62** | **2,752,091.83** |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| **LIABILITIES** | | | | | | | | | |
| **Financial liabilities** | | | | | | | | | |
| Derivatives financial instruments | 3,546.37 | 5,678.54 | 9,224.91 | - | - | - | 448.96 | - | 448.96 |
| Payables | | | | | | | | | |
| (I) Trade payables | | | | | | | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 30,084.54 | - | 30,084.54 | 31,389.85 | - | 31,389.85 | 38,203.53 | - | 38,203.53 |
| Debt securities | 645,604.87 | 902,356.98 | 1,547,961.85 | 861,766.09 | 839,658.59 | 1,701,424.68 | 726,916.81 | 727,161.85 | 1,454,078.66 |
| Borrowings (Other than Debt Securities) | 881,503.68 | - | 881,503.68 | 705,604.07 | 22,813.55 | 728,417.62 | 702,269.09 | 20,001.32 | 722,270.41 |
| Deposits | 63.89 | 145.04 | 208.93 | 87.64 | 160.86 | 248.50 | 184.10 | 550.11 | 734.21 |
| Subordinated Liabilities | - | 50,658.06 | 50,658.06 | 8,534.43 | 50,649.03 | 59,183.46 | 7,086.17 | 48,909.54 | 55,995.71 |
| Other Financial liabilities | 2,559.48 | - | 2,559.48 | 3,015.72 | - | 3,015.72 | 2,613.58 | - | 2,613.58 |
| **Sub total** | **1,563,362.83** | **958,838.62** | **2,522,201.45** | **1,610,397.80** | **913,282.03** | **2,523,679.83** | **1,477,722.24** | **796,622.82** | **2,274,345.06** |
| **Non-Financial liabilities** | | | | | | | | | |
| Current tax liabilities (Net) | 4,564.91 | - | 4,564.91 | 5,459.25 | - | 5,459.25 | 4,166.88 | - | 4,166.88 |
| Provisions | 228.49 | 427.79 | 656.28 | 198.96 | 535.56 | 734.52 | 112.66 | 397.50 | 510.16 |
| Deferred tax liabilities (Net) | - | 31,859.43 | 31,859.43 | - | 25,024.17 | 25,024.17 | - | 9,526.55 | 9,526.55 |
| Other non-financial liabilities | 1,588.04 | - | 1,588.04 | 1,628.07 | 108.71 | 1,736.78 | 735.44 | 328.57 | 1,064.01 |
| **Sub total** | **6,381.44** | **32,287.22** | **38,668.66** | **7,286.28** | **25,668.44** | **32,954.72** | **5,014.98** | **10,252.62** | **15,267.60** |
| **Total Liabilities** | **1,569,744.27** | **991,125.84** | **2,560,870.11** | **1,617,684.08** | **938,950.47** | **2,556,634.55** | **1,482,737.22** | **806,875.44** | **2,289,612.66** |

## NOTE 46 SEGMENT REPORTING

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

All operating segments' results are regularly reviewed by the Chief Executive Officer (CEO), which have been identified as the Chief Operating Decision Maker ('CODM') of the Company. The Chief Executive Officer, which have been identified as the CODM, regularly review the performance reports and make decisions about allocation of resources.

The Company has three reportable segments, as described below, which are the Company's strategic business units. For each business units the Chief Executive Officer regularly reviews the performance reports."

**Reportable segments**

a. Vehicle Financing - Retail Vehicle finance, Wholesale dealer finance and consumer durable finance

b. Other Lending activities - financing against securities, securitisation, debenture investment / lending in commercial real estate and other loans / fee based services

c. Treasury and Investment activities - proprietary trading in shares and strategic investments

**A. Information about reportable segments**

**For the year ended March 31, 2019**

₹ in lakh

| Particulars | Reportable segments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Vehicle financing | Other lending activities | Treasury and investment activities | Total Segments | Unallocated | Eliminations | Total |
| **Segment revenue** | | | | | | | |
| Revenue | 228,930.56 | 90,127.79 | 7,166.04 | 326,224.39 | - | - | 326,224.39 |
| Inter-segment revenue | - | - | - | - | - | (5,938.42) | (5,938.42) |
| **Total segment revenue** | **228,930.56** | **90,127.79** | **7,166.04** | **326,224.39** | **-** | **(5,938.42)** | **320,285.97** |
| **Segment results** | **50,173.95** | **32,935.37** | **6,831.42** | **89,940.74** | **-** | **-** | **89,940.74** |
| Unallocable expenses (net) | | | | | | | - |
| Profit before tax | | | | | | | 89,940.74 |
| Tax expense | | | | | | | 30,896.21 |
| **Segment profit** | | | | | | | 59,044.53 |
| **Segment assets** | 2,133,531.28 | 900,150.69 | 165,587.33 | 3,199,269.30 | 16,369.30 | - | 3,215,638.60 |
| **Segment liabilities** | 1,829,470.06 | 683,537.63 | 9,850.04 | 2,522,857.73 | 38,012.38 | - | 2,560,870.11 |
| **Other disclosures** | | | | | | | |
| Capital expenditure | 530.11 | - | - | 530.11 | - | - | 530.11 |
| Depreciation and amortisation | 438.49 | 0.06 | - | 438.55 | - | - | 438.55 |
| Other non-cash items (Impairment loss allowance, employee benefits, MTM on derivative etc.) | 3,592.37 | 3,012.18 | 1.48 | 6,606.03 | - | - | 6,606.03 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**For the year ended March 31, 2018**

₹ in lakh

| Particulars | Reportable segments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Vehicle financing | Other lending activities | Treasury and investment activities | Total Segments | Unallocated | Eliminations | Total |
| **Segment revenue** | | | | | | | |
| Revenue | 217,864.98 | 86,335.29 | 8,743.62 | 312,943.89 | - | - | 312,943.89 |
| Inter-segment revenue | - | - | - | - | - | (6,310.73) | (6,310.73) |
| **Total segment revenue** | **217,864.98** | **86,335.29** | **8,743.62** | **312,943.89** | **-** | **(6,310.73)** | **306,633.16** |
| **Segment results** | 52,758.16 | 30,936.55 | 7,981.35 | 91,676.06 | - | - | 91,676.06 |
| Unallocable expenses (net) | | | | | | | - |
| Profit before tax | | | | | | | 91,676.06 |
| Tax expense | | | | | | | 31,084.98 |
| **Segment profit** | | | | | | | 60,591.08 |
| **Segment assets** | 2,150,531.18 | 833,379.58 | 131,905.01 | 3,115,815.77 | 14,457.27 | - | 3,130,273.04 |
| **Segment liabilities** | 1,832,063.75 | 691,517.52 | 1,198.20 | 2,524,779.47 | 31,855.08 | - | 2,556,634.55 |
| **Other disclosures** | | | | | | | |
| Capital expenditure | 479.35 | - | - | 479.35 | - | - | 479.35 |
| Depreciation and amortisation | 327.04 | 0.37 | - | 327.41 | - | - | 327.41 |
| Other non-cash items (Impairment loss allowance, employee benefits, MTM on derivative etc.) | 2,943.79 | (36.80) | (0.37) | 2,906.62 | - | - | 2,906.62 |

**April 1, 2017**

₹ in lakh

| Particulars | Reportable segments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Vehicle financing | Other lending activities | Treasury and investment activities | Total Segments | Unallocated | Eliminations | Total |
| Segment assets | 1,871,481.82 | 805,412.96 | 66,885.83 | 2,743,780.60 | 8,311.23 | - | 2,752,091.83 |
| Segment liabilities | 1,597,339.87 | 671,322.26 | 6,938.66 | 2,275,600.79 | 14,011.87 | - | 2,289,612.66 |

**B. Information about major customers**

No revenues from transactions with single external customer amounted to 10% or more of company's total revenue in the year ended March 31, 2019 and March 31, 2018.

## NOTE 47 TRANSITION TO IND AS:

For the purposes of reporting as set out in Note 1, the Company has transitioned its basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet at April 1, 2017 (the "transition date").

# Schedules forming part of Balance Sheet and Profit and Loss Account

In preparing the opening Ind AS balance sheet, the Company has adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, the Company did not revise estimates previously made under IGAAP except where required by Ind AS.

**In preparing the first Ind AS financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.**

**A. Optional exemptions :**

**1. Property, plant and equipment and Intangible assets**

The Company has elected to continue the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost at the date of transition.

**2. Share-based payments**

The Company has elected not to apply Ind AS 102 Share-based payment to equity instruments that vested before the date of transition to Ind AS. Accordingly, the Company has measured only the unvested stock options on the date of transition as per Ind AS 102.

**3. Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investment in equity instruments (other than investment in subsidiaries, associates and joint arrangements) at fair value through other comprehensive income (FVOCI) on the basis of the facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL). The Company has opted to avail this exemption to designate equity investments at FVOCI on the date of transition.

**B. Mandatory Exceptions**

**1. Estimates**

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and/or FVOCI
- Impairment of financial assets based on the expected credit loss model.

**2. Derecognition of financial assets and liabilities**

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the derecognition principles of Ind AS 109 prospectively from the date of transition to Ind AS.

**3. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

# Schedules forming part of Balance Sheet and Profit and Loss Account

**The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:-**

**(i) Reconciliation of equity**

₹ in lakh

| Particulars | Footnote ref. | As on March 31, 2018 | As on April 01, 2017 |
|---|---|---|---|
| **Equity under previous GAAP** | | **481,643.04** | **422,706.22** |
| **Summary of Ind AS adjustments** | | | |
| Provision for expected credit loss | 1 | 776.00 | (88.80) |
| Fair value measurement of investments classified as FVTPL | 2 | 578.93 | 28.50 |
| Fair value measurement of investments classified as FVOCI | 3 | 116,894.40 | 51,104.71 |
| Security deposits initially recognised at amortised cost | 4 | (7.83) | (7.31) |
| Reversal of straight lining of lease rentals | 5 | 101.03 | 73.16 |
| Stock appreciation rights recognised at fair value | 7 | 0.06 | 0.03 |
| Effective interest rate impact on Borrowings | 8 | 1,743.99 | 1,191.50 |
| Effective interest rate impact on Financial assets | 9 | (4,110.36) | (3,390.41) |
| Others | | 14.09 | (16.80) |
| Deferred tax (liabilities) on above adjustments (net) | 11 | (23,994.86) | (9,121.63) |
| **Total Ind AS adjustments** | | **91,995.45** | **39,772.95** |
| **Equity under Ind AS** | | **573,638.49** | **462,479.17** |

**(ii) Reconciliation of total comprehensive income**

₹ in lakh

| Particulars | Footnote ref. | For the year ended March 31, 2018 |
|---|---|---|
| **Net profit after tax for the year as per Previous GAAP** | | **58,962.06** |
| Provision for expected credit loss | 1 | 1,098.80 |
| Fair value measurement of investments classified as FVTPL | 2 | 550.42 |
| Security deposits initially recognised at amortised cost | 4 | (0.52) |
| Reversal of straight lining of lease rentals | 5 | 27.88 |
| ESOPs recognised at grant date fair value | 6 | (91.98) |
| Stock appreciation rights recognised at fair value | 7 | 0.03 |
| Effective interest rate impact on Borrowings | 8 | 552.48 |
| Effective interest rate impact on Financial assets | 9 | (719.95) |
| Remeasurements on defined benefit liability | 10 | 39.60 |
| Others | | 30.89 |
| Deferred tax asset on above adjustments (net) | 11 | 141.37 |
| **Total Adjustments** | | **1,629.02** |
| **Profit of the year** | | **60,591.08** |
| Other Comprehensive Income (Net of Tax) | 3, 10, 12 | 50,501.51 |
| **Total Comprehensive income for the year as per Ind AS** | | **111,092.59** |

**(iii) Impact of Ind AS adoption on Statement of cash flows for the year ended March 31, 2018**

₹ in lakh

| Particulars | Footnote ref. | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| Net cash flow from operating activities | 13 | (270,031.71) | 4,655.85 | (265,375.86) |
| Net cash flow from investing activities | 13 | 6,063.11 | (4,277.57) | 1,785.54 |
| Net cash flow from financing activities | 13 | 262,360.51 | (378.30) | 261,982.21 |
| Net increase/(decrease) in cash and cash equivalents | | (1,608.09) | (0.02) | (1,608.11) |
| Cash & cash equivalents as on April 1, 2017 | 13 | 8,505.98 | (1.57) | 8,504.41 |
| Cash & cash equivalents as on March 31, 2018 | | 6,897.89 | (1.59) | 6,896.30 |

**Notes to the reconciliation:**

**1. Provision for expected credit loss :**

Under Previous GAAP, provision for impairment of loans is accounted for standard, sub-standard, doubtful and loss assets in accordance guidelines specified by RBI. Under Ind AS, the Company has recognised impairment loss on financial assets based on the expected credit loss model as required by Ind AS 109.

**2. Fair value measurement of investments classified as FVTPL**

Under Previous GAAP, the Company accounted for long term investments at cost less provision for diminution, other than temporary, in the value of investments and current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets are classified as FVTPL and the changes in fair value are recognised in statement of profit and loss.

**3. Fair value measurement of investments classified as FVOCI**

Under Previous GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for diminution, other than temporary, in the value of investments. Under Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries have to be fair valued. At the date of transition to Ind AS, difference between the instruments fair value and Previous GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes.

**4. Security deposits initially recognised at amortised cost:**

As per Ind AS 109, all financial assets and liabilities are required to be measured at their respective fair value. The interest free refundable security deposits are financial assets and are thus required to be measured at present value using an appropriate discount rate. The difference between the fair value and the transaction price has been recognised as prepaid rent and is amortised over the period of the lease on straight-line basis. Subsequently, these security deposits have been measured at amortised cost and the resultant interest is accounted as finance income.

**5. Reversal of straight lining of lease rentals**

Under Previous GAAP, the operating lease rentals are recognized as an expense on a straight line basis over the lease period. Under Ind AS, where the escalation rate is in line with the general inflation rate, straight lining of lease rentals is not required.

**6. ESOPs recognised at grant date fair value:**

The parent company has granted equity settled options to the employees of the subsidiary. Under previous GAAP, the Company has accounted for these share based payment arrangement with reference to their intrinsic values. Under Ind AS, Company has opted to account for the unvested options as on the date of transition. Accordingly, the Grant date fair value of equity-settled options have been recognised as an expense over the vesting period in the statement of profit or loss with a corresponding increase being made to the equity by way of capital contribution to the Company by the Parent.

**7. SARs recognised at fair value:**

Under Previous GAAP, the intrinsic value of SAR is amortised on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the settlement date with changes in intrinsic value recognised in the statement of profit and loss. Ind AS requires the fair value of share appreciation rights to be determined using an appropriate pricing model recognised over the vesting period. Accordingly under Ind AS, the company has remeasured the share appreciation rights outstanding at the end of the year at the fair value.

# Schedules forming part of Balance Sheet and Profit and Loss Account

**8. EIR impact on Borrowings:**

Under Previous GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront. Under Ind AS, such costs are included in the initial recognition amount of financial liabilities and recognised as interest expense using the effective interest method.

**9. EIR impact on financial assets:**

a Under Previous GAAP, transaction fees/costs were recognised/charged to the statement of profit or loss upfront. Under Ind AS, such transaction fees/costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method.

b. Unamortised expense on loans was recorded as an asset in the balance sheet under Previous GAAP. The same is reversed under Ind AS.

**10. Remeasurements on defined benefit liability:**

Both under Previous GAAP and Ind AS the Company recognised costs related to post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, actuarial gains and losses are recognised in the statement of profit or loss, however under Ind AS all actuarial gains and losses are recognised in other comprehensive income.

**11. Deferred tax assets / (liabilities) :**

Under Previous GAAP deferred tax accounting is done using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transitional differences adjustments which were not required under Previous GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

**12. Other Comprehensive income :**

Under Previous GAAP, the Company has not presented other comprehensive income (OCI) separately. The Company has reconciled Previous GAAP profit or loss to Total Comprehensive Income as per Ind AS. Further, Previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

**13.** The difference between cash flow reported under Previous GAAP and under Ind AS, includes reclassification of Lending through Pass Through Certificates (PTC) and impairment loss allowance on cash and cash equivalents.

## NOTE 48 DISCLOSURES UNDER NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016

**Note 48.1 Note to the Balance Sheet of a non-banking financial company as required in terms of Para 16 (5) of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

**(a) Capital to Risk assets Ratio (CRAR)**

₹ in lakh

| | Items | As at March 31, 2019 | As at March 31, 2018 # |
|---|---|---|---|
| (i) | CRAR (%) | 19.66 | 17.42 |
| (ii) | CRAR – Tier I Capital (%) | 18.28 | 15.80 |
| (iii) | CRAR – Tier II Capital (%) | 1.38 | 1.62 |

# These numbers are as per previous GAAP as reported to the RBI.

## The unrealised gains on Investments fair valued through Profit or Loss (FVTPL) and fair valued through Other Comprehensive Income (OCI) has not been considered as part of the regulatory capital. Similarly, carrying value of such investments (net of fair value gains) has been considered to compute net owned funds & risk weighted assets.

# Schedules forming part of Balance Sheet and Profit and Loss Account

**(b) Exposure to Real Estate Sector**

| | Category | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (a) | Direct Exposure | | |
| (i) | Residential Mortgages - | - | - |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented | | |
| (ii) | Commercial Real Estate - | | |
| | Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based limits. | 35,719,765,965 (*) | 34,874,758,927 (*) |
| (iii) | Investments in Mortgage Backed Securities (MBS) and other securitized exposures - | - | - |
| | a. Residential | | |
| | b. Commercial Real Estate | | |
| (b) | Indirect Exposure | | |
| | Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | - | - |

* Includes the Company's exposure to Real Estate sector of ₹ Nil (previous year ₹ 2,105,410,312) which is unsecured.

**(c) Asset Liability**

**Management**

**Maturity Pattern of Certain items of Assets and Liabilities**

₹ in crore

| Particulars | 1 Day to 30/31 Days (One Month) | Over one Month to 2 Months | Over 2 Months upto 3 Months | Over 3 Months upto 6 Months | Over 6 Months upto 1 Year | Over 1 Year upto 3 Years | Over 3 Years upto 5 Years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | |
| Borrowings from banks | 1,697.00 | 650.00 | - | 1,399.00 | 525.00 | - | - | - | 4,271.00 |
| Market Borrowings | 549.68 | 1,043.01 | 1,551.68 | 2,372.42 | 5,217.97 | 9,025.19 | 95.36 | 100.00 | 19,955.31 |
| **Assets** | | | | | | | | | |
| Advances | 2,551.77 | 2,032.27 | 1,471.07 | 4,119.56 | 4,760.31 | 10,439.50 | 2,484.89 | 83.07 | 27,942.44 |
| Investments | 25.00 | - | 98.56 | - | - | 425.00 | - | 103.31 | 651.87 |

Note: The above table has been prepared in accordance with statement of structural liquidity (contractual cash flows) as suggested in the Master Directions issued by the RBI. In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission which have been relied upon by the Auditors.

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 48.2 Note to the Balance Sheet of a non-banking financial company as required in terms of paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

(₹ in lakh)

| | Particulars | | Amount Outstanding | Amount Overdue |
|---|---|---|---|---|
| | **Liabilities side** | | | |
| (1) | Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: | | | |
| | (a) | Debentures : Secured | 1,547,961.85 | NIL |
| | | : Unsecured (TierII: Sub-ordinated debts) | 50,658.06 | NIL |
| | | (Other than falling within the meaning of | | |
| | | Public deposits *) | | |
| | (b | Deferred Credits | NIL | NA |
| | (c) | Term Loans | 22,893.53 | NIL |
| | (d) | Inter-corporate loans and borrowing | 66,343.12 | NIL |
| | (e) | Commercial Paper | 365,203.30 | NIL |
| | (f) | Public Deposits* | NIL | NA |
| | (g) | Other Loans | | |
| | | - Cash credit | 84,663.73 | NIL |
| | | - Loans repayable on demand from banks | 342,400.00 | NIL |
| | * Please see Note 2 | | | |
| (2) | Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) | | | |
| | (a) | In the form of Unsecured Debentures | NA | NA |
| | (b) | In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | NA | NA |
| | (c) | Other public deposits | NA | NA |

| | Assets side | | | Amount Outstanding |
|---|---|---|---|---|
| (3) | Break-up of Loans and Advances including bills receivables [other than those included in (4) below]: | | | |
| | (a) | Secured | | 2,502,570.64 |
| | (b) | Unsecured | | 347,054.10 |
| (4) | Break up of Leased Assets and stock on hire and other assets counting towards AFC activities# | | | |
| | (i) | Lease assets including lease rentals under sundry debtors | | |
| | | (a) | Financial lease | NIL |
| | | (b) | Operating lease | NIL |
| | (ii) | Stock on hire including hire charges under sundry debtors: | | |
| | | (a) | Assets on hire | NIL |
| | | (b) | Repossessed Assets | NIL |
| | (iii) | Other loans counting towards AFC activities | | |
| | | (a) | Loans where assets have been repossessed | NIL |
| | | (b) | Loans other than (a) above | NIL |

#The Company has not disclosed amount outstanding under assets financing activities under note 4 and included entire loan amount outstanding under note 3 as RBI has merged Asset Financing Companies, Loan Companies and Investment companies in to a new category NBFC - Investment and Credit Company" vide its circular no. DN BR (PD) CC. No. 097/03.10.001/2018-19 dated February 28, 2019.

# Schedules forming part of Balance Sheet and Profit and Loss Account

(₹ in lakh)

| (5) | Break-up of Investments : $ | |
|---|---|---|
| | Current Investments : | |
| | 1. Quoted : | |
| | (i) Shares :(a) Equity | NIL |
| | (b) Preference | NIL |
| | (ii) Debentures and Bonds | NIL |
| | (iii) Units of mutual funds | NIL |
| | (iv) Government Securities | NIL |
| | (v) Others | NIL |
| | 2. Unquoted : | |
| | (i) Shares :(a) Equity | NIL |
| | (b) Preference | NIL |
| | (ii) Debentures and Bonds | NIL |
| | (iii) Units of mutual funds | 2,501.64 |
| | (iv) Government Securities | NIL |
| | (v) Others – Certificate of deposits | 9,856.01 |
| | Long Term investments : | |
| | 1. Quoted : | |
| | (i) Shares : (a) Equity | NIL |
| | (b) Preference | NIL |
| | (ii) Debentures and Bonds | NIL |
| | (iii) Units of mutual funds | NIL |
| | (iv) Government Securities | NIL |
| | (v) Others | NIL |
| | 2. Unquoted : | |
| | (i) Shares : (a) Equity | 155,732.11 |
| | (b) Preference | 11,488.23 |
| | (ii) Debentures and Bonds | 33,347.20 |
| | (iii) Units of mutual funds | NIL |
| | (iv) Government Securities | NIL |
| | (v) Others – Certificate of deposits | NIL |

(6) Borrower group-wise classification of assets financed as in (3) and (4) above Please see Note 2

| Category | Amount net of provisions | | |
|---|---|---|---|
| | Secured | Unsecured | Total |
| 1. Related Parties ** | | | |
| (a) Subsidiaries | NIL | NIL | NIL |
| (b) Companies in the same group | NIL | NIL | NIL |
| (c) Other related parties | NIL | NIL | NIL |
| 2. Other than related parties | 2,476,794.63 | 340,731.70 | 2,817,526.33 |
| **Total** | **2,476,794.63** | **340,731.70** | **2,817,526.33** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Please see note 3 below (₹ in lakh)

| Category | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
|---|---|---|
| 1. Related Parties ** | | |
| (a) Subsidiaries | NIL | NIL |
| (b Companies in the same Group | 146,502.00 | 146,502.00 |
| (c) Other related parties | 7,859.86 | 7,859.86 |
| 2. Other than related parties | 58,563.33 | 58,561.41 |
| **Total** | **212,925.19** | **212,923.27** |

** As per Indian Accounting Standard issued by MCA (Please see Note 3)

(8) Other information

(₹ in lakh)

| | Particulars | Amount |
|---|---|---|
| (i) | Gross Non-Performing Assets* | |
| | (a) Related parties | NIL |
| | (b) Other than related parties | 34,982.30 |
| (ii) | Net Non-Performing Assets* | |
| | (a) Related parties | NIL |
| | (b) Other than related parties | 15,084.00 |
| (iii) | Assets acquired in satisfaction of debt | NIL |

* NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS. 90 Days Past Due and other qualitative factors has been considered as default for classifying a financial instrument as credit impaired.

**Notes:**

1 As defined in point xix of paragraph 3 of Chapter -2 of these Directions.

2 Provisioning norms shall be applicable as prescribed in Indian Accounting Standards by MCA.

3 All Indian Accounting Standards issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

**Note 48.3 Note to the Balance Sheet of a non-banking financial company as required in terms of Para 24 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

(₹ in lakh)

| Particulars | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Disclosure of Restructured Assets | | | | | | | | | | | | |
| Sr. No. | Type of Restructuring | | Other than CDR and SME Debt Restructuring | | | | | Total | | | | |
| | Assets Classification | | Standard | Sub-Standard | Doubtful | Loss* | Total | Standard | Sub-Standard | Doubtful | Loss | Total |
| | Details | | | | | | | | | | | |
| 1 | Restructured accounts as on April 1 of FY (opening figures) (*) | No of borrowers | - | - | - | 5 | 5 | - | - | - | 5 | 5 |
| | | Amount Outstanding | - | - | - | 239.16 | 239.16 | - | - | - | 239.16 | 239.16 |
| | | Provision there on | - | - | - | 163.28 | 163.28 | - | - | - | 163.28 | 163.28 |
| 2 | Fresh Restructuring during the year | No of borrowers | - | - | - | - | - | - | - | - | - | - |
| | | Amount Outstanding | - | - | - | - | - | - | - | - | - | - |
| | | Provision there on | - | - | - | - | - | - | - | - | - | - |
| 3 | Upgradations to restructured standard category during the FY | No of borrowers | - | - | - | - | - | - | - | - | - | - |
| | | Amount Outstanding | - | - | - | - | - | - | - | - | - | - |
| | | Provision there on | - | - | - | - | - | - | - | - | - | - |
| 4 | Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No of borrowers | - | - | - | - | - | - | - | - | - | - |
| | | Amount Outstanding | - | - | - | - | - | - | - | - | - | - |
| | | Provision there on | - | - | - | - | - | - | - | - | - | - |
| 5 | Downgradation of restructured accounts during the FY | No of borrowers | - | - | - | - | - | - | - | - | - | - |
| | | Amount Outstanding | - | - | - | - | - | - | - | - | - | - |
| | | Provision there on | - | - | - | - | - | - | - | - | - | - |
| 6 | Write offs of restructured accounts during the FY | No of borrowers | - | - | - | 1 | 1 | - | - | - | 1 | 1 |
| | | Amount Outstanding | - | - | - | - | - | - | - | - | - | - |
| 7 | Restructured Accounts as on March 31 of the FY (closing figures) (*) | No of borrowers | - | - | - | 4 | 4 | - | - | - | 4 | 4 |
| | | Amount Outstanding | - | - | - | 240.98 | 240.98 | - | - | - | 240.98 | 240.98 |
| | | Provision there on# | - | - | - | 216.72 | 216.72 | - | - | - | 216.72 | 216.72 |

(*) Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

(#) Provision is based on expected Credit Loss as IND-AS reporting requirements

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 48.4 Note to the Balance Sheet of a non-banking financial company as required in terms of paragraph 102 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**

| | | | | As at March 31, 2019 No./Amount (₹ in crores) |
|---|---|---|---|---|
| 1 | No of SPVs sponsored by the NBFC for securitization transactions | | | - |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored by the NBFC | | | - |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | | |
| | a) | Off-balance sheet exposures | | |
| | | First loss | | - |
| | | Others | | - |
| | b) | On-balance sheet exposures | | |
| | | First loss | | - |
| | | Others | | - |
| 4 | Amount of exposures to securitization transactions other than MRR | | | |
| | a) | Off-balance sheet exposures | | |
| | | i) | Exposure to own securitisations | |
| | | | First loss | - |
| | | | Others | - |
| | | ii) | Exposure to third party securitisations | |
| | | | First loss | - |
| | | | Others | - |
| | b) | On-balance sheet exposures | | |
| | | i) | Exposure to own securitisations | |
| | | | First loss | - |
| | | | Others | - |
| | | ii) | Exposure to third party securitisations | |
| | | | First loss | - |
| | | | Others | - |

**Note 48.5 Note to the Balance Sheet of a non-banking financial company as required in terms of Chapter II paragraph 5 of Monitoring of frauds in NBFCs (Reserve Bank) Directions, 2016 -** the frauds detected and reported for the year amounted to ₹ 214.80 lakhs (March 31, 2018: ₹ 304.26 lakhs)

# Schedules forming part of Balance Sheet and Profit and Loss Account

**NOTE 49 Note to the balance sheet of a non-banking financial company as required in terms of para 70 (2) of non-banking financial company -systemically important non-deposit taking company and deposit taking company (reserve bank) directions, 2016**

**Note 49.1**

| | **Capital** | | **₹ in crore** |
|---|---|---|---|
| | **Particulars** | **As at March 31, 2019 ##** | **As at March 31, 2018 #** |
| i) | CRAR (%) | 19.66 | 17.42 |
| ii) | CRAR – Tier I Capital (%) | 18.28 | 15.80 |
| iii) | CRAR – Tier II Capital (%) | 1.38 | 1.62 |
| iv) | Amount of subordinated debt raised as Tier-II capital | 506.58 | 570.80 |
| v) | Amount raised by issue of Perpetual Debt instruments | - | - |

# These numbers are as per previous GAAP as reported to the RBI.

## The unrealised gains on Investments fair valued through Profit or Loss (FVTPL) and fair valued through Other Comprehensive Income (OCI) has not been considered as part of the regulatory capital. Similarly, carrying value of such investments (net of fair value gains) has been considered to compute net owned funds & risk weighted assets.

**Note 49.2**

| | **Investments** | | **₹ in crore** |
|---|---|---|---|
| | **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
| (1) | Value of Investments | | |
| (i) | Gross Value of Investments | | |
| | (a) In India | 212,925.19 | 191,452.22 |
| | (b) Outside India, | - | - |
| (ii) | Provisions for Depreciation | | |
| | (a) In India | 1.92 | 2.41 |
| | (b) Outside India, | - | - |
| (iii) | Net Value of Investments | | |
| | (a) In India | 212,923.27 | 191,449.81 |
| | (b) Outside India. | - | - |
| (2) | Movement of provisions held towards depreciation on investments | | |
| (i) | Opening balance | 2.41 | 4.37 |
| (ii) | Add : Provisions made during the year | - | - |
| (iii) | Less : Write-off / write-back of excess provisions during the year | 0.49 | 1.96 |
| (iv) | Closing balance | 1.92 | 2.41 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 49.3 Derivatives:**

**Forward Rate Agreement / Interest Rate Swap** ₹ in crore

| | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (i) | The notional principal of Forward exchange contract / swap agreements | - | - |
| (ii) | Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements | - | - |
| (iii) | Collateral required by the applicable NBFC upon entering into swaps | - | - |
| (iv) | Concentration of credit risk arising from the swaps | - | - |
| (v) | The fair value of the swap book | - | - |

**Exchange Traded Interest Rate (IR) Derivatives** ₹ in crore

| | Particulars | |
|---|---|---|
| (i) | Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise) | - |
| (ii) | Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2019 (instrument-wise) | - |
| (iii) | Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise) | - |
| (iv) | Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise) | - |

**Disclosures on Risk Exposure in Derivatives**

**Qualitative Disclosure**

(i) The Company has Board approved risk management policy in dealing with foreign currency derivative transactions including Full Currency Swap (FCS), Coupon Only Swap (COS), Principal Only Swap (POS), Options and Forwards. The policy provides for use of derivative instruments in managing risks. The Company undertakes such derivative transactions for hedging the underlying liability. In case of revaluation of derivative transactions, the same is recognised in the books of accounts as per the accounting policies of the Company. Policy provides for monitoring of derivative transactions and reporting to Board on quarterly basis.

**Quantitative Disclosures** **₹ in crore**

| | Particulars | Currency Derivatives | Interest Rate Derivatives |
|---|---|---|---|
| (i) | Derivatives (Notional Principal Amount) | - | - |
| | For hedging | | |
| (ii) | Marked to Market Positions [1] | | |
| | a) Asset (+) | - | - |
| | b) Liability (-) | - | - |
| (iii) | Credit Exposure [2] | - | - |
| (iv) | Unhedged Exposures | - | - |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 49.4 Securitisation**

| Sr. No. | Particulars | No. / Amount in ₹ crore |
|---|---|---|
| 1 | No of SPVs sponsored by the applicable NBFC for securitization transactions | - |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored | - |
| 3 | Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of balance sheet | |
| | a) Off-balance sheet exposures | |
| | First loss | - |
| | Others | - |
| | b) On-balance sheet exposures | |
| | First loss | - |
| | Others | - |
| 4 | Amount of exposures to securitization transactions other than MRR | |
| | a) Off-balance sheet exposures | |
| | i) Exposure to own securitisations | |
| | First loss | - |
| | Others | - |
| | ii) Exposure to third party securitisations | |
| | First loss | - |
| | Others | - |
| | b) On-balance sheet exposures | |
| | i) Exposure to own securitisations | |
| | First loss | - |
| | Others | - |
| | ii) Exposure to third party securitisations | |
| | First loss | - |
| | Others | - |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 49.5 Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

**₹ in crore**

| Particulars | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (i) | No. of accounts | - | - |
| (ii) | Aggregate value (net of provisions) of accounts sold to SC / RC | - | - |
| (iii) | Aggregate consideration | - | - |
| (iv) | Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| (v) | Aggregate gain / loss over net book value | - | - |

**Note 49.6 Assignment transactions**

**₹ in crore**

| Particulars | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (i) | No. of accounts | - | - |
| (ii) | Aggregate value (net of provisions) of accounts sold | - | - |
| (iii) | Aggregate consideration | - | - |
| (iv) | Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| (v) | Aggregate gain / loss over net book value | - | - |

**Note 49.7 Non-Performing Financial Assets Purchased**

**₹ in crore**

| Particulars | | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| 1 | (a) | No. of accounts purchased during the year | - | - |
| | (b) | Aggregate outstanding | - | - |
| 2 | (a) | Of these, number of accounts restructured during the year | - | - |
| | (b) | Aggregate outstanding | - | - |

**Non-Performing Financial Assets Sold**

₹ in crore

| Particulars | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| 1 | No. of accounts sold | - | - |
| | Aggregate outstanding | - | - |
| | Aggregate consideration received | - | - |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 49.8 Exposure to Real Estate Sector**

₹ in crore

| | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| | Direct Exposure | - | - |
| (i) | Residential Mortgages - | - | - |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented | | |
| (ii) | Commercial Real Estate - | | |
| | Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based limits. | 3,571.98 (*) | 3,487.48 (*) |
| (iii) | Investments in Mortgage Backed Securities (MBS) and other securitized exposures - | - | - |
| | a. Residential | | |
| | b. Commercial Real Estate | | |
| **Total Exposure to Real Estate Sector** | | | |

* Includes the Company's exposure to Real Estate sector of ₹ Nil (previous year ₹ 210.54 crores) which is unsecured.

**Note 49.9 Exposure to Capital Market**

₹ in crore

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (i) | direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; | 1,541.78 | 1,259.26 |
| (ii) | advances against shares / bonds / debentures or other securities or on clean basis to individuals## for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | 2,057.85 | 815.10 |
| (iii) | advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | 1,620.68 | 2,496.32 |
| (iv) | advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | - | - |
| (v) | secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | - | - |
| (vi) | loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | - | 55.50 |
| (vii) | bridge loans to companies against expected equity flows / issues; | - | - |
| (viii) | all exposures to Venture Capital Funds (both registered and unregistered) | - | - |
| **Total Exposure to Capital Market** | | **5,220.31** | **4,626.18** |

## Includes loan to corporates

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 49.10 Details of financing of parent company products: Nil**

**Note 49.11 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC : Nil**

**Note 49.12 Unsecured Advances**

a. Refer Note no. 7(B)(ii) to the financial statements

b. The Company has not granted any advances against intangible securities (March 31, 2018: Nil).

**Note 49.13 Registration obtained from other financial sector regulators**

**IRDA registration: License No:** CA 0271 (Licence with Kotak Mahindra General Insurance Limited)

**License No:** CA 0271 (Licence with Kotak Mahindra Life Insurance Company Limited)

**Note 49.14 Penalties imposed by RBI and other regulators: Nil**

**Note 49.15 Ratings assigned by credit rating agencies and migration of ratings during the year**

**Instrument Rating:**

**CRISIL:**

Long term debt instruments and Long term bank facilities: Continues to be CRISIL AAA/Stable

Sub-ordinated debt: Continues to be CRISIL AAA/Stable

Nifty linked debentures: Continues to be CRISIL PP-MLD AAAr/Stable

Short term debt instruments and Short term bank facilities: Continues to be CRISIL A1+

**ICRA:**

Long term debt instruments and Long term bank facilities: Continues to be [ICRA]AAA(Stable)

Sub-ordinated debt: Continues to be [ICRA]AAA(Stable)

Nifty linked debentures: Continues to be PP-MLD[ICRA]AAA(Stable)

Short term debt instruments: Continues to be [ICRA]A1+

**Issuer Rating:**

**Standard & Poor's:**

During the year, the Company requested for withdrawal of the Issuer Credit Rating assigned by Standard & Poor's Global Rating. The request for the Rating withdrawal was confirmed w.e.f.24th July, 2018. At the time of the withdrawal request, the Issuer rating of the Company was as follows:

Long term issuer credit rating: Continues to be BBB-(Stable)

Short term issuer credit rating: Continues to be A-3

**Note 49.16 Remuneration of Directors and Transactions with non executive directors:**

Refer Note no. 38 to the financial statements

**Note 49.17 Impact of prior period items on current year's profit and loss: Nil**

**Note 49.18 Circumstances in which Revenue Recognition has been postponed: Nil**

**Note 49.19 Ind AS 110 - Consolidated Financial Statements (CFS) - Not Applicable**

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 49.20 Provisions and Contingencies**

**₹ in crore**

| Break up of 'Provisions and Contingencies' shown under the head expenses in Statement of Profit and Loss | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| Provisions for depreciation on Investment | - | - |
| Provision towards NPA # | 49.23 | 18.36 |
| Provision made towards Income tax | 308.96 | 310.85 |
| Provision for Standard Assets ## | - | - |
| Other Provision and Contingencies | | |
| Provision towards impairment of financial instruments other than provision for stage 3 assets | 11.77 | 8.51 |
| Provision for Contingencies | 0.07 | 0.05 |

*# Provision for Stage 3 assets*

*## Provision for standard assets is included in provision towards impairment of financial instruments other than provision for stage 3 assets.*

**Note 49.21 Draw Down from Reserves: Nil**

**Note 49.22 Concentration of Advances**

**₹ in crore**

| Particulars | |
|---|---|
| Total Advances to twenty largest borrowers | 5,845.89 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC | 20.51% |

**Note 49.23 Concentration of Exposures**

**₹ in crore**

| Particulars | |
|---|---|
| Total Exposure to twenty largest borrowers / customers | 7,271.65 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposures of the applicable NBFC on borrowers / customers | 25.52% |

**Note 49.24 Concentration of NPAs**

**₹ in crore**

| Particulars | |
|---|---|
| Total Exposure to top four NPA accounts ** | 27.61 |

*** NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS. 90 Days Past Due and other qualitative factors has been considered as default for classifying a financial instrument as credit impaired.*

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 49.25 Sector-wise NPAs**

| Sr. No. | Sector | Percentage of NPAs to Total Advances in that Sector |
|---|---|---|
| 1 | Agriculture & allied activities | - |
| 2 | MSME | - |
| 3 | Corporate borrowers | 0.19% |
| 4 | Services | - |
| 5 | Unsecured personal loans | 2.61% |
| 6 | Auto loans | 1.56% |
| 7 | Other personal loans | - |

**Note 49.26 Movement of NPAs $**

**₹ in crore**

| | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (i) | Net NPAs to Net Advances (%) | 0.54% | 0.73% |
| (ii) | Movement of NPAs (Gross) | | |
| | (a) Opening balance | 349.20 | 291.77 |
| | (b) Additions during the year | 216.00 | 225.77 |
| | (c) Reductions during the year | -215.38 | -168.34 |
| | (d) Closing balance | 349.82 | 349.20 |
| (iii) | Movement of Net NPAs | | |
| | (a) Opening balance | 206.09 | 165.72 |
| | (b) Additions during the year | 117.66 | 167.80 |
| | (c) Reductions during the year | -172.92 | -127.43 |
| | (d) Closing balance | 150.83 | 206.09 |
| (iv) | Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| | (a) Opening balance | 143.11 | 126.05 |
| | (b) Provisions made during the year | 98.34 | 57.97 |
| | (c) Write-off / write-back of excess provisions | -42.46 | -40.91 |
| | (d) Closing balance | 198.99 | 143.11 |

*$ NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS. 90 Days Past Due and other qualitative factors has been considered as default for classifying a financial instrument as credit impaired.*

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Note 49.27 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)**

| Name of the Joint Venture/ Subsidiary | Other Partner in the JV |
|---|---|
| NA | |

**Note 49.28 Off-balance Sheet SPVs sponsored**

| Name of the SPV sponsored | Domestic | Overseas |
|---|---|---|
| **NA** | | |

| **Note 49.29 Customer Complaints** | | No of cases |
|---|---|---|
| (a) | No. of complaints pending at the beginning of the year | 51 |
| (b) | No. of complaints received during the year | 3,511 |
| (c) | No. of complaints redressed during the year | 3,519 |
| (d) | No. of complaints pending at the end of the year | 43 |

**Note 49.30 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities**

₹ in crore

| Particulars | Up to 30/31 Days | Over 1 Month upto 2 Months | Over 2 Months upto 3 Months | Over 3 Months & upto 6 Months | Over 6 Months & upto 1 Year | Over 1 Year & upto 3 Years | Over 3 Years & upto 5 Years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | | | | | | | | | |
| Advances | 2,551.77 | 2,032.27 | 1,471.07 | 4,119.56 | 4,760.31 | 10,439.50 | 2,484.89 | 83.07 | 27,942.44 |
| Investments | 25.00 | - | 98.56 | - | - | 425.00 | - | 103.31 | 651.87 |
| Borrowings | 2,246.68 | 1,693.01 | 1,551.68 | 3,771.42 | 5,742.97 | 9,025.19 | 95.36 | 100.00 | 24,226.31 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 50 DISCLOSURES UNDER LISTING AGREEMENT FOR DEBT SECURITIES

| Note | Particulars |
|---|---|
| a | Disclosure under Regulation 53(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Debenture Trustees: |
| | IDBI Trusteeship Services Ltd.<br>Asian Building, Ground Floor,<br>17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001<br>Tel. : 022-40807000<br>Fax : 022-66311776<br>Email : itsl@idbitrustee.com |
| b | Disclosure under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| | Related Party transactions |

| | 31-03-2019<br>(₹ in lakh) | 31-03-2018<br>(₹ in lakh) |
|---|---|---|
| Loans and advances in the nature of loans to subsidiaries | - | - |
| Loans and advances in the nature of loans to associates | - | - |
| Loans and advances in the nature of loans to firms/companies in which directors are interested | - | - |
| Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan | - | - |

c **Disclosure under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Asset cover**

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's immovable property of ₹ 18.07 lakhs and further secured by way of hypothecation/mortgage of charged assets such as receivables arising out of loan, lease and hire purchase, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares) with an asset cover ratio of minimum 1.00 time value of the debentures during the tenure of the debentures.

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

**Sharad Vasant**
Partner
Membership No: 101119

**For and on behalf of the Board of Directors**

**Vyomesh Kapasi**
Managing Director
DIN: 07665329

**Narayan S A**
Director
DIN: 00007404

**Bharat Thakkar**
Chief Financial Officer

**Kiran Tangudu**
Company Secretary

Date and Place: May 30, 2019, Mumbai

Kotak Mahindra Bank Limited, 27BKC,
C 27, G Block, Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051
Website: www.kotak.com

BSE: 500247 | NSE: KOTAKBANK | Bloomberg: KMB:IN

CIN: L65110MH1985PLC038137

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