Annual Report 2021-22

CHANGE

Kotak Mahindra Investments Limited

Contents

Directors' Report

To
The Members of

KOTAK MAHINDRA INVESTMENTS LIMITED

The Directors present their Thirty Fourth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2022.

FINANCIAL HIGHLIGHTS

	Year ended 31st March, 2022 ₹ in Lakhs	Year ended 31st March, 2021 ₹ in Lakhs
Gross income	89,431.17	76,128.70
Profit before tax	53,212.33	33,610.92
Provision for tax	13,597.28	8,592.24
Profit after tax	39,615.05	25,018.68
Total Comprehensive Income	39,397.43	25,016.86
Balance of Profit from previous years	1,35,885.08	1,16,022.92
Amount available for appropriation	1,75,472.91	1,41,040.18
Appropriations :		
Special Reserve u/s 45IC of the RBI Act, 1934	7,923.01	5,155.10
Net Profit after tax carried to Balance Sheet	1,67,549.90	1,35,885.08

DIVIDEND

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

DEBENTURES

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

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17 R. Kamani Marg, Ballard Estate, Mumbai - 400 001
Contact No.: 022 – 40807050; 022 - 40807021
Email: itsl@idbitrustee.com
Website: www.idbitrustee.com

CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of the Company as on 31st March, 2022 was at 34.17% (Tier I – 32.72%). No change in the capital structure of the Company.

CREDIT RATING

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

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

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

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

FINANCE

During the year, the Company witnessed a growth in the customer assets of 5%. The growth was moderated due to an 85% reduction in book of the Loan against Shares (LAS) business (this business is being run down pursuant to the instructions received in Jun 2019 from the Reserve Bank of India). Customer assets growth (excl. the LAS book) was 24% supported by growth in both the Corporate Loan and Real Estate business. Given the buoyant capital market, the Company made capital gains from the proprietary investments made in various IPOs. The funding requirement was met through various instruments such as Non-Convertible Debentures (NCDs), Commercial papers (CPs), Inter-corporate deposits (ICDs), etc. The Company has been continuously diversifying its funding sources and has a pool of lenders comprising of Mutual Funds, Insurance Companies, Banks and Corporates. As on 31st March, 2022, the Company has adequate capital, healthy debt to equity ratio and positive liquidity gap in short term. The Company, with its strong treasury philosophies, practices and diversified borrowing profile, comfortably managed its liquidity requirements through the year and is geared to meet any challenges in future.

MANAGEMENT DISCUSSION AND ANALYSIS

Company Business

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

Real Estate & Structured Finance team offers one of the most trusted and dedicated platform in the country with expertise across all key asset classes. From structuring complex transactions to broadening the access to capital, our comprehensive financing and expertise in execution have made us a leading choice for Corporates, Real Estate Developers, Sponsors and PE & RE Funds for over a decade. The Company is well positioned to harness opportunities that may become available in the current economic environment. The Company endeavors to adopt best practices and ensures highest standards of Corporate Governance through ethical and transparent governance practices.

During the financial year, customer financial assets grew by about 5% to INR 7,240 crore as of March 2022 vis-à-vis INR 6,900 crore as of March 2021. Profit after tax for the year is INR 396.15 crore vis-a-vis INR 250.19 crore for previous year and Total Comprehensive Income for the year is INR 393.97 crore vis-à-vis INR 250.17 crore for previous year. Gross Stage 3 and Stage 2 ratio to overall customer financial assets were at 1.24% (1.12% in FY21) and 5.11% (11.53% in FY21) respectively as of March 2021.

Industry Developments & Outlook

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

Real Estate:

The real estate industry remains largely a regional play with only a handful of players having meaningful presence in more than a couple of cities. While the sector has seen some consolidation, strong growth in sales has ensured the continued presence of many regional / local players who had earned customer trust over the years and had the liquidity to grow their business post the lockdown in Q1-FY20. The residential segment has continued to show resilience in FY22, continuing the trend that started in mid-Q2 FY20. This growth was supported by a mix of government concessions, low home loan rates and lack of any material price rise (at least in the apartment segment) which translated into a positive movement in the affordability index. We saw significant improvement in collections from the projects financed by us. Our increased focus on this segment has ensured that share of residential assets in the RE book has increased from 60% as at 31-Mar-21 to c. 75% as at 31-Mar-22.

The impact of COVID19 on commercial real estate segment has not been as severe as was estimated earlier. While, various organization have adopted different approach to "Work from Home", leasing trends have improved and large developers have re-worked their expansion plans in this segment. We are looking to change our approach in this segment from cautious to selectively working with the leading players in this segment.

KMIL continues to be judicious about the real estate developers that it works with and remains confident of the quality of the lending book. Our asset quality has continued to improve through FY22 with Non-Performing Assets (Stage III assets) remains flat 1.12% of customer assets as at Mar21 to 1.23% as at Mar22. We continue to monitor any impact of future COVID19 waves on the industry.

Capital Markets / Structured Debt:

While the retail dominant NBFCs have largely recovered post the NBFC crisis of Feb / Mar 20, the wholesale NBFCs (barring a few) have not been aggressive in the market. Your company remains well placed to take advantage of the market opportunities going forward. We used the opportunity presented by the market to increase our Corporate Loan book from INR 1,735 crore as at Mar21 to INR 3,048 crore as at Mar22.

Given the RBI letter (in FY20) to the holding company directing the group to stop providing services such as loan against shares and IPO financing, through its NBFC subsidiaries, the LAS business continues to decline and we expect complete closure of this business segment in FY23. KMIL is focusing on increasing the non-LAS part of its Corporate Lending book. With capital markets looking relatively weak (vis-à-vis FY22), M&A, PE exits / acquisitions and promoters needing liquidity to expand, offer us opportunities to grow this part of the book.

Opportunities & Threats

While competition has increased, the Company continues to have opportunities to grow both in market share as well as book size in the lending business. With increasing interest rates, margins may come under some pressure and the Company is trying to do its best to ensure that the impact is minimized. Higher inflation worldwide and related central bank actions means that there is an increased risk of a global recession. Capital market volatility may also impact the IPO investment segment. Given the same, we continue to explore new avenues to achieve our growth targets, while treading carefully at the same time.

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

Internal Controls

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

Human Resources

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

Information Technology

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

Cautionary Note

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

The Board comprises of Mr. Uday Kotak (Chairman), Ms. Padmini Khare Kaicker (Independent Director), Mr. Chandershekhar Sathe (Independent Director), Mr. K.V.S. Manian, Mr. Paritosh Kashyap, Mr. Rajiv Gurnani as directors of the Company.

Mr. Arvind Kathpalia has resigned from the Directorship w.e.f. the business closing hours of 31st March 2022. Mr. Rajiv Gurnani has been appointed as Additional Director w.e.f. 04th April 2022.

Mr. Rajiv Gurnani has done PGDM (Marketing & Finance) from Indian Institute of Management, Bangalore and he is having an experience of over 30 years in credit risk area.

Director retiring by rotation

Mr. Paritosh Kashyap (DIN: 07656300), retires by rotation at the Thirty-Fourth Annual General Meeting and being eligible, has offered himself for re-appointment.

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 with the assistance of KPMG has formulated the criteria for performance evaluation of the Directors and the Board as a whole. The criteria formulated broadly covers the Board role, Board/Committee membership, practice & procedure and collaborative approach.

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

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

Change in Key Managerial Personnel (KMPs)

As on 31st March, 2022, in terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Amit Bagri, Chief Executive Officer, Mr. Jay Joshi, Chief Financial Officer (appointed w.e.f. 22nd May, 2021) and Mr. Jignesh Dave, Company Secretary, were the Key Managerial Personnel of the Company.

Mr. Deepak Goel due to internal restructuring within the Kotak Group, resigned from the position of Chief Financial Officer w.e.f. 22nd May, 2021.

In terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Amit Bagri, Chief Executive Officer, Mr. Jay Joshi, Chief Financial Officer and Mr. Jignesh Dave, Company Secretary, are the Key Managerial Personnel of the Company.

Appointment & Remuneration of Directors and KMPs

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

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

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

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

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

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

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

Number of Board Meetings

During the year, thirteen (13) meetings of the Board of Directors were held.

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

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

Name	Title	Ratio	Ratio excluding SARs
-	-	-	-

#Not applicable since there are no Executive Directors in the Company.

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

Name	Title	% increase in remuneration	% increase in remuneration excluding SARs
Mr. Amit Bagri	Chief Executive Officer	**10.3%**	**13.2%**
Mr. Jignesh Dave	CS & EVP - Legal	**-4.3%**	**4.1%**
Mr. Jay Joshi*	Chief Financial Officer	-	-

* Was not part of full FY21/FY22

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

   13.8% increase in median remuneration for employees who were employed for complete FY21 and FY22

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

   118 by 31-March-22

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**:

   Average remuneration increase for other than managerial employees for employees who were employed for complete FY21 and FY22 is 17.9% including SARS and 17.6% excluding SARS

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

   The Company is in compliance with its Remuneration Policy.

Notes:

1. *The Independent Directors of the Company receive remuneration in the form of sitting fees for attending the Board/Committee meetings and in the form of an 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

Audit Committee

The Audit Committee was reconstituted w.e.f. 13th April 2022 and consists of Three members, Ms. Padmini Khare Kaicker (Chairperson), Mr. Chandrashekhar Sathe and Mr. Rajiv Gurnani with three forming the quorum.

Mr. Arvind Kathpalia has resigned from the Directorship w.e.f. the business closing hours of 31st March 2022. Mr. Rajiv Gurnani has been appointed as Committee Member w.e.f. 13th April 2022.

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

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was re-constituted with effect from 13th April 2022and consists of four members, Mr. Chandrashekhar Sathe (Chairman), Mr. Rajiv Gurnani, Mr. K.V.S. Manian and Mr. Paritosh Kashyap with any two forming the quorum.

Mr. Arvind Kathpalia has resigned from the Directorship w.e.f. the business closing hours of 31st March 2022. Mr. Rajiv Gurnani has been appointed as Committee Member w.e.f. 13th April 2022.

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

Nomination & Remuneration Committee

The Nomination & Remuneration Committee was re-constituted with effect from 13th April 2022and consists of four members. Mr. Rajiv Gurnani (Chairman), Ms. Padmini Khare Kaicker, Mr. Chandrashekhar Sathe and Mr. K.V.S. Manian with any three forming the quorum.

During the Financial Year 2021-2022, four meetings of the Committee were held.

Credit Committee of the Board

The Credit Committee of the Board was re-constituted with effect from 13th April 2022. It comprises of Mr. Rajiv Gurnani, Mr. K.V.S. Manian and Mr. Paritosh Kashyap with any three forming the quorum. The Committee considers the credit proposals upto a limit specified by the Board.

Mr. Arvind Kathpalia has resigned from the Directorship w.e.f. the business closing hours of 31st March 2022. Mr. Rajiv Gurnani has been appointed as Committee Member w.e.f. 13th April 2022.

During the year, 31 meetings of the Committee were held.

Risk Management Committee (RMC)

RMC Board - Tier II, a supervisory Committee reviews the adequacy of the risk management process and up-gradation thereof. RMC Board Tier-II was re-constituted on 13th April 2022and presently consists of Mr. Rajiv Gurnani, Mr. K.V.S. Manian and Mr. Paritosh Kashyap. The quorum comprises of any two members.

Mr. Arvind Kathpalia has resigned from the Directorship w.e.f. the business closing hours of 31st March 2022. Mr. Rajiv Gurnani has been appointed as Committee Member w.e.f. 13th April 2022.

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

IT Strategy Committee

The IT Strategy Committee of the Board was re-constituted with effect from 13th April 2022. It comprises of Mr. Rajiv Gurnani, Ms. Padmini Khare Kaicker, Mr. K.V.S. Manian and Mr. Paritosh Kashyap with any three forming the quorum. The Committee reviews the IT strategy of the Company and other matters related to IT governance.

Mr. Arvind Kathpalia has resigned from the Directorship w.e.f. the business closing hours of 31st March 2022. Mr. Rajiv Gurnani has been appointed as Committee Member w.e.f. 13th April 2022.

During the year, one meeting of the Committee was held.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013, your Company has appointed Parikh & Associates Company Secretaries, as its Secretarial Auditor. The Secretarial Audit Report for the financial year ended 31st March, 2022 is annexed to this Report. Your Company is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for FY 2021-2022.

ANNUAL RETURN

Pursuant to section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) rules, 2014, the annual return of the company as on 31st March, 2022 once prepared shall be disclosed on the Company's website viz. Url: http://www.kmil.co.in/.

AUDITORS

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

INTERNAL FINANCIAL CONTROLS

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

CONSOLIDATED FINANCIAL STATEMENTS

The audited Consolidated Financial Statements of the Company for FY 2021-2022 forms a part of this Annual Report.

RELATED PARTY TRANSACTIONS

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

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

All Related Party Transactions are placed before the Audit Committee for its review and approval on a quarterly basis. An omnibus approval of the Audit Committee is obtained for the Related Party Transactions which are repetitive in nature.

All Related Party Transactions as required under Ind AS24 are reported in Note 34 of Notes to Accounts of the consolidated financial statements and Note 34 of Notes to Accounts of the Standalone financial statements of your Company.

The Company's Policy on dealing with Related Party Transactions is available on the Company's website viz. URL: http://www.kmil.co.in/policies.html

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

WHISTLE BLOWER POLICY & VIGIL MECHANISM

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

The same is also put up on the Company's website viz. URL: http://www.kmil.co.in/policies.html

CORPORATE SOCIAL RESPONSIBILITY

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

1. Mr. Chandrashekhar Sathe (Chairman of the CSR Committee)
2. Mr. K.V.S. Manian.
3. Mr. Rajiv Gurnani
4. Mr. Paritosh Kashyap

Mr. Arvind Kathpalia has resigned from the Directorship w.e.f. the business closing hours of 31st March 2022. Mr. Rajiv Gurnani has been appointed as Committee Member w.e.f. 13th April 2022.

Your Company's CSR Committee is responsible to identify, execute and monitor CSR projects, to assist the Board in fulfilling its CSR objectives, to ensure compliance of CSR regulations and to oversee reporting and disclosure of CSR activity. Further, your Company's CSR Committee makes recommendations to the Board to review and approve the CSR Policy, Annual Action Plan, CSR Projects including its budget, design, scope, expenditure payments and related matters.

Your Company's CSR policy sets out your Company's vision, mission, governance and CSR focus areas to fulfill its inclusive agenda across many geographies of India. The CSR Policy also highlights your Company's intent to contribute towards the economic, environmental and social growth of the nation and also reflects the organisation's commitment to contribute towards United Nation's ("UN") Sustainable Development Goals ("SDGs"). Your Company has enhanced its CSR footprint in FY2021-22, in accordance with the guidelines led out in the CSR Policy, by focusing on sustainable, scalable and perceptible CSR Projects, spreading in focused geographies and aligning to SDGs and the national narrative.

The Company's CSR policy is available on the Company's website viz. URL: https://kmil.co.in/pdf/CSR_Policy.pdf

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

The average net profit under Section 198 of the Act for the last three financial years preceding March 31, 2022 is ₹ 3,56,10,42,015/- Crore. The 2% of Average net profits of the Company under section 135, of the Act for FY 2021-22 is ₹ 7,12,20,840/- however, approval is taken to spend ₹ 7,13,00,000/-

The actual CSR Expenditure for the period April 1, 2021 to March 31, 2022 as required under Section 135 of the Act, and the Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time is ₹ 7,13,00,000/-. Of this amount, the Company's spend on CSR Project Expenditure is ₹ 3,19,47,576/- for FY 2021-22, and the balance ₹ 3,93,52,424/- is on account of the unutilised CSR Project Expenditure of Ongoing CSR Projects of FY 2021-22, and ₹ 3,93,52,424/- has been transferred to the Kotak Mahindra Investment Limited Unspent CSR Account FY 2021-22 in April 2022. Your Company is committed to utilise the unutilised CSR Project Expenditure of Ongoing CSR Projects Expenditure FY 2021-22 of ₹ 3,93,52,424/- within the stipulated three years i.e. from April 1, 2022 to March 31, 2025, which is towards completion of the Board approved Ongoing CSR Projects which have been initiated in FY 2021-22 and continue to be under implementation as on March 31, 2022.

The excess CSR spend of ₹ 79,160/- for FY 2021-22 is being carried forward to succeeding financial year(s) and would be available for set-off in those financial year(s). The details are more particularly described in section on Annual Report on CSR activities for FY 2021-22.

Some of the CSR projects that your Company has undertaken, in FY 2021-22, through its implementing partner organisations include interventions in 'Healthcare' by providing rehabilitation support to the children with developmental delays; 'Livelihood Enhancement' for disadvantaged communities; 'Education' by providing financial assistance to students who have lost a parent/ parents and/or a primary earning family member to COVID-19, for the purposes of completing their education and providing comprehensive support (Health, Education & Nutrition) to children of migrant workers at construction sites.

The details of CSR Projects and Expenditure under Section 135 of the Act, for FY 2021-22, are annexed to this Report.

RISK MANAGEMENT POLICY

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

In accordance with the requirements of various circulars issued by the Reserve Bank of India (RBI), Mr. Deven Shah was appointed as Chief Risk Officer (CRO) of the Company with effect 20th July 2019. With a view to pursue his career outside the Company, he resigned from the Company. Mr. Piyush Thakkar has been appointed as new Chief Risk Officer (CRO) of the Company with effect 1st April 2022. He is responsible for overseeing the risk function and reporting key risk events and direction to the Risk Management Committee and the Board. The CRO is also a member of the Credit Committee and the ALCO of the Company. All the key policy and process notes of the Company are signed off by the risk team to verify key aspects of risk.

Credit Risk

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

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

Interest rate risk

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

Liquidity Risk

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

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

Operational Risks

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

Technology Risks

The Company has increasing been committing higher resources to manage technology risk. The focus is towards higher automation and system based output with no or minimal manual intervention. Disaster recovery and Business Continuity Plans (BCP) have been established and various functional and technology initiatives have been taken to enhance system resiliency. Technology and Operational controls are implemented to manage privileged access to systems. Ongoing audits/tests are conducted to assess the robustness of its technology controls and minimise the impact of any incidents.

Reputation Risk

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

Compliance Risk

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

EMPLOYEES

The employee strength of your Company was one-hundred eighteen (118) as of 31st March, 2022.

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

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

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

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

No such instances were reported during the year.

DEPOSITS

The Company did not accept any deposits from the public during the year. Also, there are no deposits due and outstanding as on 31st March, 2022.

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2022 and of the profit of the Company for the financial year ended 31st March, 2022;

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

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

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

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

ANNEXURES

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

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

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

ACKNOWLEDGEMENTS

The Board takes this opportunity to place on record, its gratitude for the valuable guidance and support received from the statutory and the regulatory authorities, its appreciation of the dedication and contribution of your Company's employees at all levels. The Board also acknowledges the faith reposed in the Company by the Company's lending institutions.

For and on behalf of the Board of Directors

Uday Kotak
Chairman

Place : Mumbai
Date : 29th June, 2022

Corporate Social Responsibility Report

THE BOARD REPORT FOR FINANCIAL YEAR 2021-22

1. Brief outline on CSR Policy of the Company.

Kotak Mahindra Investment Limited (" Company")) recognises its responsibility to bring about a positive change in the lives of the communities through its business operations and Corporate Social Responsibility ("CSR") initiatives.

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

While ensuring that its CSR Policy, projects and programmes are compliant with the CSR mandate as specified under section 134, section 135 read with schedule VII of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time, KMIL also endeavours to align its CSR projects and programmes with government initiated social development programmes and interventions and last but not the least, United Nation's Sustainable Development Goals (SDGs).

2 Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr.Chandrashekhar Sathe	Chairman, Independent Director	2	2
2.	Mr. K.V.S. Manian	Member, Non-Executive Director	2	Nil
3.	Mr. Arvind Kathpalia#	Member, Non – Executive Director	2	2
4.	Mr. Paritosh Kashyap	Member, Non-Executive Director	2	2

#Mr. Arvind Kathpalia has resigned from the Directorship w.e.f. the business closing hours of 31st March 2022. Mr. Rajiv Gurnani has been appointed as Committee Member w.e.f. 13th April 2022.

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

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) : The impact assessment is not mandatory for the Company as its CSR obligation is less than ₹ 10 crore (limit for mandatory Impact assessment prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time)

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

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

5. Average net profit of the company as per section 135(5). - ₹ 3,561,042,015/-

   (a) Two percent of average net profit of the company as per section 135(5) – ₹ 7,12,20,840/-**;** however approval is taken to spend is ₹ 71,300,000/-

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

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

   (d) Total CSR obligation for the financial year (7a+7b-7c). - ₹ 7,12,20,840/-**;** however approval is taken to spend is ₹ 71,300,000/-

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
3,19,47,576	3,93,52,424	27th April,2022	N.A	N.A	N.A

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No).	Location of the project		Project duration (in months)	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implem-entation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Kotak Shiksha Nidhi	Education and Livelihood	Yes	Pan India	Pan India	48	3,06,00,000	70,22,947	2,35,77,053	No	Kotak Education Foundation	CSR00001785
2.	KMIL_MMC Education & Livelihood Project	Education and Livelihood	Yes	Maharashtra	Mumbai Metropolitan Region	13	1,22,00,000	2,90,100	1,19,09,900	No	Mumbai Mobile Crèches	CSR00001732
3.	KMIL-Pratham Vocational Training Project	Education and Livelihood	Yes	Maharashtra, Delhi NCR	Latur, Ahmednagar, New Delhi	18	2,03,00,000	1,87,95,000	15,05,000	No	Pratham Education Foundation	CSR00000258
4.	KMIL-APD Early Intervention Project	Healthcare	Yes	Karnataka	Bengaluru, Vijayapura	20	32,00,000	8,39,529	23,60,471	No	The Association of People with Disability	CSR00001544
	TOTAL						**6,63,00,000**	**2,69,47,576**	**3,93,52,424**			

The CSR Project is implemented on PAN India basis and its operation is not restricted to particular states and districts.

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Amount spent for the project (in ₹)**	**Mode of implementation on - Direct (Yes/No)**	**Mode of implementation - Through implementing agency**	
				State	**District**			**Name**	**CSR registration number**
1.	KMIL CSR Project on Relief & Rehabilitation for "COVID-19"	Relief & Rehabilitation for "COVID-19"	Yes	Maharashtra	Baner, Pune	50,00,000	No	Panchshil Foundation	CSR00005960
	TOTAL					**50,00,000**			

(d) Amount spent in Administrative Overheads - NIL

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹ 3,19,47,576/-

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	7,12,20,840
(ii)	Total amount spent for the Financial Year	7,13,00,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	79,160
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	79,160

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2020-21	3,40,80,000	50,54,377	Nil	Nil	Nil	2,90,25,623
	TOTAL	**3,40,80,000**	**50,54,377**	**Nil**	**Nil**	**Nil**	**2,90,25,623**

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duratio. (in months)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
1.	05	Project Excel	2020-21	48	2,81,80,000*	22,54,377	80,54,377	Ongoing
2.	06	CSR Project on Education and Livelihood - Mobile Creches for Working Mothers Children,	2020-21	24	1,22,00,000	8,00,000	33,00,000	Ongoing
3.	08	CSR Project on Education and Livelihood Indian Music Experience Trust	2020-21	13	25,00,000	20,00,000	25,00,000	Completed
	TOTAL				**4,28,80,000**	**50,54,377**	**1,38,54,377**	

* **Note:** In FY2020-21, the Company undertook two separate CSR Projects with implementing partner Kotak Education Foundation. The CSR Project with Project ID '01' with a CSR Project Budget of ₹ 12,00,000/- was "Other than Ongoing CSR Project" and was completed in FY 2020-21. In addition the Company also undertook another CSR Project with implementing partner Kotak Education Foundation with CSR Project ID '05' as an "Ongoing CSR Project" on a CSR Project Budget of ₹ 2,81,80,000/-.

However, in the Company's Annual report for CSR activities for FY 2020-21, under Point no 8(b) "Details of CSR amount spent against ongoing projects for the financial year", the Company inadvertently reported the CSR Project budget amount allocated as ₹ 2,93,80,000/- for CSR Project ID "05", which (incorrectly) included the CSR Project budget amount allocation of ₹ 12,00,000/-.

Further the amount of ₹ 12,00,000, for CSR Project ID "01" should have been reported separately under Point no 8(c) "Details of CSR amount spent against other than ongoing projects for the financial year" as given under. While the overall CSR Project amount spent and transferred to Unspent Account remains unchanged, the amount reported and erroneously classified under Ongoing CSR Project and Other than Ongoing CSR Project for FY 2020-21 is hereby being rectified in the Company's Annual report on CSR activities for FY 2021-22 and appropriate disclosure is being made to the effect.

Details of CSR amount spent against other than ongoing projects for the financial year (FY 2020-21) :

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹) lakh	Mode of implementation on - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	KMIL – KEF "Education & Livelihood"	Promoting Education	Yes	Maharashtra	Mumbai	12,00,000	No	Kotak Education Foundation	CSR00001785
	Total					**12,00,000**			

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

S. No	CSR Focus Area	Partner NGO/Direct Implementation	Amount of CSR spent for creation or acquisition of asset (in ₹)	Date of creation of assets	Details of assets	Project Location and complete address	Address of Implementing Agency / Asset Owner	Ownership of Asset
1	Relief & Rehabilitation for "COVID-19"	Panchshil Foundation	50,00,000	FY 2021-22	Oxygen Generation Plant	Baner, Pune	A-701,Koldongari Society, Parsiwada, Sahar Road, Andheri East, Mumbai, Maharashtra 400099	Panchshil Foundation
2	Employment enhancing vocational skills	Pratham Education Foundation	4,01,034	FY 2021-22	Computers , Furniture and office equipments.	Latur, Ahmednagar, New Delhi.	Y B Chavan Centre, 4th Floor, Gen.J. Bhosale Marg, Nariman Point, Mumbai – 400021	Pratham Education Foundation
		Total	**54,01,034**					

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

Mr. Paritosh Kashyap
Director – Member of the CSR Committee

Mr. Chandrashekhar Sathe
Chairman – CSR Committee

FORM No. MR-3

Secretarial Audit Report FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,

KOTAK MAHINDRA INVESTMENTS LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

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

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

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

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

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

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

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

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

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and

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

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

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

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

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

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

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

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above. In the case of Corporate Social Responsibility ("CSR"), the Company has spent an amount of ₹ 318.69 lakhs towards CSR out of the amount of ₹ 712.21 lakhs required to be spent during the year. The unspent amount of CSR Expenditure of ₹ 393.52 lakhs during the year has been transferred to the unspent CSR account of the Company in accordance with the provisions of the Act.

We further report that:

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

We report that as regards the compliance of Regulations 16 to 27 of SEBI LODR, 2015 made applicable to the Company effective September 7, 2021 on a comply or explain basis until March 31, 2023, the Company has been providing the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchange under Regulation 27(2)(a) of SEBI LODR, 2015.

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

Decisions at the Board Meetings were taken unanimously.

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

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

a) Issuance of secured, redeemable, non-convertible debentures for an aggregate amount of ₹ 2,599 crore, on a private placement basis during financial year 2021-2022.

b) Redemption of secured, redeemable, non-convertible debentures for an aggregate amount of ₹ 1,121.9 crore during financial year 2021-2022.

c) Issuance of Commercial Papers aggregating to ₹ 22,815 crore (face value) during financial year 2021-2022.

d) Redemption of Commercial Papers aggregating to ₹ 22,570 crore (face value) during financial year 2021-2022.

For **Parikh & Associates**
Company Secretaries
Signature
Jeenal Jain
Partner
ACS No: 43855 CP No: 21246
UDIN: A043855D000364087
PR No.: 1129/2021

Place : Mumbai
Date : 23.05.2022

This Report is to be read with our letter of even date which is annexed as Annexure I and Forms an integral part of this report.

ANNEXURE 'I'

To,
The Members
KOTAK MAHINDRA INVESTMENTS LIMITED

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

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

For **Parikh & Associates**
Company Secretaries
Signature
Jeenal Jain
Partner
ACS No: 43855 CP No: 21246
UDIN: A043855D000364087
PR No.: 1129/2021

Place : Mumbai
Date : 23.05.2022

Independent Auditor's Report

TO THE MEMBERS OF KOTAK MAHINDRA INVESTMENTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kotak Mahindra Investments Limited (hereinafter referred to as the "the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind-AS) and with other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Expected Credit Loss (ECL) provision in respect of Loan	**How our audit addressed the key audit matter**
(refer Note 1.4 C for accounting policy and Note 5 and 6 for ECL provision) As detailed in Note 5 and 6, the Company has loans and investments carried at amortized cost amounting to ₹ 6,77,335.44 lakh (gross) and ₹ 39,074.08 lakh respectively as at March 31, 2022. The Company holds ECL provision of ₹ 10488.78 lakh and ₹ 156.55 lakh against such loans and investments respectively. As discussed in note 1.4 C, ECL provision has been determined in accordance with Ind AS 109 – Financial Instruments and is significant to the standalone financial statements. We focused on this area as determining ECL provision requires significant judgements by the management. Key areas of judgement included: ➢ Staging of loans i.e. classification in 'significant increase in credit risk' and 'default' categories'. ➢ Determining macro-economic factors impacting credit quality of receivables ➢ Assumptions used in the expected credit loss provision such as the financial condition of the counterparty, probability of default, expected future cash flows, expected loss in case of default.	We carried out following procedures in respect to ECL provision: – We have examined the policy approved by the Board of Directors of the Company that articulates the objectives of managing each portfolio and their business model. We have assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109. – Held discussion with management and obtain understanding of significant assumptions like probability of default, loss given default and exposure at default used for making assessment of ECL provision. – Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. – We tested the input data such as ratings and period of default, and other related information used in estimating the PD on a sample basis to assess their accuracy and completeness. – Ensured mathematical accuracy of the ECL provision by performing recalculations on sample basis. – Assessed the adequacy of the disclosures in the standalone financial statements. – Based on above audit procedures performed, we did not note any significant exceptions to Expected Credit Loss (ECL) provision in respect of financial assets. – We carried out following procedures in respect income recognition as per EIR approach

II. Appropriateness of the recognition of interest income following Effective Interest Rate Approach (refer Note 5 and 21 of the standalone Financial statements) The company has the interest income based on effective rate (EIR) approach. The total interest income recognized as loans in current year under EIR accounting is ₹ 70,338.93 lakhs. The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given (timing of disbursement) and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, changes to benchmark rate and other fee income that are integral parts of the instrument. Key inputs used in the computation of EIR, in case of fixed period loans, are impacted by the management's assumptions in respect of timing of future cash outflow (i.e disbursement of loans). Given the inherent subjectivity in the assumptions and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	– Reasonableness of key assumptions / inputs used have been assessed for selected samples and tested the controls around data extraction and validation. – Tested the arithmetical accuracy of the calculation of EIR and amortization of interest income, over the period of the loan on test check basis. – Assessed the adequacy of the disclosures in the standalone financial statements Based on available evidence and above procedures performed, we did not find any material exceptions to the recognition of interest income following EIR approach.

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

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

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

In connection with our audit of the 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.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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 for the year ended March 31, 2022 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

The annual financial statements of the Company for the year ended March 31, 2021, were audited by erstwhile auditor whose audit report dated May 18, 2021, expressed an unmodified opinion on those annual financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind-AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the Directors of the Company as on March 31, 2022, taken on record by the Board of Directors, none of the Directors of the Company are disqualified as on March 31, 2022, 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 B".

g) 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 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 41 to the financial statements;

ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts requiring provision under the applicable law or accounting standards.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Management has represented that:

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

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

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

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

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

Roshni R. Marfatia
Partner
M. No.: 106548
UDIN: 22106548AJLVNW4990

Mumbai. May 23, 2022.

Annexure A to the Independent Auditors' Report

The Annexure referred to in paragraph 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2022:

i) Property, Plant and Equipment

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

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

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

c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all other immovable properties including Investment Property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee),

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

e) According to the information and explanations given to us, and based on the audit procedures performed by us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii) Inventory

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

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

iii) Loans

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

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

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

d) The amounts overdue for more than ninety days in respect of the loans is ₹ 6,880.05 lakhs. According to the information and explanations given to us, and based on the audit procedures performed by us, reasonable steps have been taken by the Company for recovery of principal and interest.

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

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

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

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

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

vii) Statutory Dues

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

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

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

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

ix) Borrowings

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

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

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

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

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

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

x) Allotment of Shares

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

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

xi) Frauds

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

b) We have not come across any instance of material fraud on the Company by its officers or employees during the course of audit of the financial statement for the year ended March 31, 2022, accordingly the provisions stated in paragraph 3(xi)(b) of the Order is not applicable to the Company.

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

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

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

xiv) Internal Audit System

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

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

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

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

a) In our opinion, and according to the information and explanations given to us, the Company has obtained Certificate of Registration from Reserve Bank of India for conducting activities relating to Non-Banking Financial activities.

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

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

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

xviii) There has been resignation of the statutory auditor during the year, pursuant to the Reserve Bank of India (RBI) circular no. RBI/2021-22/25 Ref. No.DoS.CO.ARG/SEC.01/08.91.001/ 2021-22 dated April 27, 2021, with respect to appointment of statutory auditors. There have been no issues, objections or concerns raised by the outgoing auditor.

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

xx) The unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects, requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act is ₹ 393.52 as disclosed in the note 34 of the financial statements.

The unspent amount on ongoing projects has been transfer to special account within the stipulated time.

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

Roshni R. Marfatia
Partner
M. No.: 106548
UDIN: 22106548AJLVNW4990

Mumbai. May 23, 2022.

Annexure B to the Independent Auditor's Report

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

We have audited the internal financial controls with reference to the financial statements of **Kotak Mahindra Investments Limited** (hereinafter referred to as the 'the Company'), as of March 31, 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that:

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

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 authorizations of management and directors of the Company; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference financial statements

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

In our opinion, to the best of our information and according to the explanations given to us, the Company has in all material respects, an adequate internal financial controls with reference to the financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal controls with reference financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Roshni R. Marfatia
Partner
M. No.: 106548
UDIN: 22106548AJLVNW4990

Mumbai. May 23, 2022.

Standalone Balance Sheet

as at 31st March, 2022

(Amount in lakhs)

Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	2	36,964.89	14,691.83
Bank Balance other than cash and cash equivalents	3	45.03	42.90
Receivables			
(I) Trade receivables	4(A)	72.87	122.85
(II) Other receivables	4(B)	214.67	594.51
Loans	5	6,66,846.66	6,20,983.57
Investments	6	2,59,615.00	1,44,622.18
Other Financial assets	7	224.19	221.99
Total financial assets		**9,63,983.31**	**7,81,279.83**
Non-financial assets			
Current Tax assets (Net)	30(e)	1,702.42	1,517.82
Deferred Tax assets (Net)	30(d)	2,149.62	3,200.07
Property, Plant and Equipment	8	87.40	127.26
Intangible assets under development	9	3.25	3.30
Other intangible assets	10	192.67	320.89
Other Non-financial assets	11	245.12	270.46
Total Non-financial assets		**4,380.48**	**5,439.80**
Total Assets		**9,68,363.79**	**7,86,719.63**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	-	1,524.25
Payables	13		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		311.07	326.44
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,198.27	592.05
Debt securities	14	3,93,287.04	2,55,442.86
Borrowings (Other than Debt Securities)	15	3,03,082.87	2,96,822.12
Subordinated Liabilities	16	20,234.24	20,239.62
Total financial liabilities		**7,18,113.49**	**5,74,947.34**
Non-Financial liabilities			
Current tax liabilities (Net)	30(e)	2,427.98	3,159.26
Provisions	17	1,053.29	1,302.83
Other non-financial liabilities	18	531.06	506.18
Total Non-financial liabilities		**4,012.33**	**4,968.27**
EQUITY			
Equity Share Capital	19	562.26	562.26
Other equity	20	2,45,675.71	2,06,241.76
Sub total		**2,46,237.97**	**2,06,804.02**
Total Liabilities and equity		**9,68,363.79**	**7,86,719.63**
Significant Accounting Policies and Notes on Accounts	1		

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

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

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Roshni R. Marfatia
Partner
Membership No.: 106548

Amit Bagri
Chief Executive Officer

Jay Joshi
Chief Financial Officer

Jignesh Dave
Company Secretary
Date and Place: May 23, 2022, Mumbai

Date and Place: May 23, 2022, Mumbai

Standalone Statement of Profit and Loss

for the year ended 31st March, 2022

(Amount in lakhs)

	Particulars	Note no.	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	REVENUE FROM OPERATIONS			
(i)	Interest income	21	79,595.35	70,874.46
(ii)	Dividend income	22	204.12	-
(iii)	Fees and commission income	23	-	799.77
(iv)	Net gain/(loss) on financial instruments measured on fair value	24	8,605.06	4,213.66
(v)	Net gain on derecognition of financial instruments under amortised cost category		110.11	-
(vi)	Others		630.70	26.18
(I)	**Total revenue from operations**		**89,145.34**	**75,914.07**
(II)	Other income	25	285.83	214.63
(III)	**Total income (I + II)**		**89,431.17**	**76,128.70**
	EXPENSES			
(i)	Finance costs	26	34,682.98	32,547.43
(ii)	Impairment on financial instruments	27	(5,276.10)	3,347.58
(iii)	Employee Benefits expenses	28	3,472.40	3,063.03
(iv)	Depreciation, amortization and impairment	8 & 10	221.76	208.28
(v)	Other expenses	29	3,117.80	3,351.46
(IV)	**Total expenses**		**36,218.84**	**42,517.78**
(V)	**Profit/(loss) before tax**		**53,212.33**	**33,610.92**
(VI)	**Tax expense**	30		
	(1) Current tax		(12,471.53)	(8,879.85)
	(2) Deferred tax		(1,125.75)	287.61
	Total tax expense (1+2)		**(13,597.28)**	**(8,592.24)**
(VII)	**Profit/(loss) for the year (V+VI)**		**39,615.05**	**25,018.68**
(VIII)	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss			
	(i) Re-measurements of the defined benefit plans		(36.37)	(1.90)
	(ii) Income tax relating to above items		9.15	0.48
	Total (A)		**(27.22)**	**(1.42)**
	(B) Items that will be reclassified to profit or loss			
	(i) Financial Instruments measured at FVOCI		(256.55)	(0.53)
	Sub total		**(256.55)**	**(0.53)**
	(ii) Income tax relating to items that will be reclassified to profit or loss		66.15	0.13
	Total (B)		**(190.40)**	**(0.40)**
	Other comprehensive income (A + B)		**(217.62)**	**(1.82)**
(IX)	**Total Comprehensive Income for the year (VII+VIII)**		**39,397.43**	**25,016.86**
(X)	**Earnings per equity share - Basic and Diluted (₹)**	**31**	**704.57**	**444.97**
	Significant Accounting Policies and Notes on Accounts	**1**		

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

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

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Roshni R. Marfatia
Partner
Membership No.: 106548

Amit Bagri
Chief Executive Officer

Jay Joshi
Chief Financial Officer

Jignesh Dave
Company Secretary

Date and Place: May 23, 2022, Mumbai

Date and Place: May 23, 2022, Mumbai

Statement of Cash Flow

for the year ended 31st March, 2022

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Cash flow from operating activities		
Profit before tax	**53,212.33**	**33,610.92**
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortization expense	221.76	208.28
Dividend Received	(204.12)	-
Profit on Sale of Property, Plant and Equipment	(7.98)	(7.61)
Impairment on financial instruments	(5,276.10)	3,347.58
Net gain/ (loss) on financial instruments at fair value through profit or loss	(8,605.06)	(4,176.60)
Interest on Borrowing	34,682.98	32,547.43
Interest on Borrowing paid	(35,413.30)	(37,182.90)
ESOP Expense	36.52	99.13
Remeasurements of the defined benefit plans	(36.37)	(1.90)
Debt Instruments through Other Comprehensive Income	(256.55)	(0.53)
Operating profit before working capital changes	**38,354.11**	**28,443.80**
Working capital adjustments		
(Increase) / Decrease in Bank Balance other than cash and cash equivalent	(2.13)	1,454.46
(Increase) / Decrease in Loans	(40,782.17)	(87,773.37)
(Increase) / Decrease in Receivables	441.16	(282.70)
(Increase) / Decrease in Other Financial Assets	(0.06)	(25.00)
(Increase) / Decrease in Other Non Financial Assets	25.34	(28.78)
Increase / (Decrease) in Trade payables	(15.37)	(2,167.63)
Increase / (Decrease) in other payables	606.21	(1,189.42)
Increase / (Decrease) in other non-financial liabilities	24.88	(248.84)
Increase / (Decrease) provisions	(249.54)	626.65
(Increase) / Decrease in unamortized discount	23,226.57	14,800.86
	(16,725.11)	**(74,833.77)**
Net Cash (used in) / generated from operations	21,629.00	(46,389.97)
Income tax paid (net)	(13,387.41)	(7,096.09)
Net cash (used in) / generated from operating activities	**8,241.59**	**(53,486.06)**
Cash flow from investing activities		
Purchase of investments	(45,33,177.89)	(26,48,612.42)
Sale of investments	44,19,219.09	25,83,776.72
Interest on Investments	7,528.03	6,069.75
Purchase of Property, Plant and Equipment	(85.58)	(151.63)
Sale of Property, Plant and Equipment	39.91	70.50
Dividend on investments	204.13	-
Net cash (used in) / generated from investing activities	**(1,06,272.31)**	**(58,847.08)**

Statement of Cash Flow

for the year ended 31st March, 2022

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Cash flow from financing activities		
Proceeds from Debt Securities	2,43,049.36	1,20,482.42
Repayment of Debt Securities	(1,15,669.29)	(1,78,230.94)
Intercorporate Deposit issued	29,003.36	92,000.00
Intercorporate Deposit Redeemed	(27,003.36)	(1,09,400.00)
Commercial Paper issued	22,68,427.96	8,73,262.34
Commercial Paper Redeemed	(22,57,000.00)	(8,63,764.49)
Term Loans drawn	20,000.10	30,000.00
Term Loans Paid	(30,000.00)	-
Increase/(Decrease) in Bank overdraft(Net)	(10,500.01)	3,656.99
Net cash (used in) / generated from Financing Activites	**1,20,308.12**	**(31,993.68)**
Net (decrease) / increase in cash and cash equivalents	**22,277.40**	**(1,44,326.82)**
Cash and cash equivalents at the beginning of the year	14,694.70	1,59,021.52
Cash and cash equivalents at the end of the year	**36,972.10**	**14,694.70**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 2)		
Balances with banks in current account	36,972.10	14,694.70
Cash and cash equivalents as restated as at the year end *	**36,972.10**	**14,694.70**

* Cash and cash equivalents shown in Balance Sheet is net of ECL provision of ₹ 7.21 lakhs as at March 31st, 2022 (Previous year: ₹ 2.87 lakhs)

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

II) Non-cash financing activity : ESOP from parent of ₹ 36.52 lakh for year ended March 31st, 2022 (March 31st, 2021 - ₹ 99.13 lakh)

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

This is the Standalone Statement of cash flow referred to in our report of even date
For **KALYANIWALLA & MISTRY LLP**
Firm Registration Number: 104607W/W100166

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 23, 2022, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Jay Joshi
Chief Financial Officer

Jignesh Dave
Company Secretary
Date and Place: May 23, 2022, Mumbai

Standalone Statement of Changes in Equity

for the year ended 31st March, 2022

A. EQUITY SHARE CAPITAL

(Amount in Lakhs)

Particulars	Balance at the beginning of the year	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance at the end of the year
Equity shares of ₹ 10 each fully paid up					
As on 31st March, 2021	**562.26**	**-**	**-**	**-**	**562.26**
As on 31st March, 2022	**562.26**	**-**	**-**	-	**562.26**

B. OTHER EQUITY

(Amount in Lakhs)

Particulars	Reserves and Surplus						Financial instruments through OCI	Total
	Securities premium	Capital redemption reserve	General Reserve	Special Reserve	Capital Contribution from Parent	Retained earnings		
Opening balance as on 31st March, 2020	**33,545.76**	**1,003.85**	**431.10**	**29,692.66**	**429.48**	**1,16,022.92**	**-**	**1,81,125.77**
Profit for the year	-	-	-	-	-	25,018.68		**25,018.68**
Other Comprehensive Income for the year	-	-	-	-	-	(1.42)	(0.40)	**(1.82)**
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	5,155.10	-	(5,155.10)		**-**
Fair value of ESOP	-	-	-	-	99.13	-		**99.13**
Changes during the period	**-**	**-**	**-**	**5,155.10**	**99.13**	**19,862.16**	**(0.40)**	**25,115.99**
Closing balance as on 31st March, 2021	**33,545.76**	**1,003.85**	**431.10**	**34,847.76**	**528.61**	**1,35,885.08**	**(0.40)**	**2,06,241.76**
Opening balance as on 31st March, 2021	**33,545.76**	**1,003.85**	**431.10**	**34,847.76**	**528.61**	**1,35,885.08**	**(0.40)**	**2,06,241.76**
Profit for the year	-	-	-	-	-	39,615.05	**-**	**39,615.05**
Other Comprehensive Income for the year	-	-	-	-	-	(27.22)	**(190.40)**	**(217.62)**
Transfer from Statement of Profit and Loss to Special Reserve	-	-	-	7,923.01	-	(7,923.01)	**-**	**-**
Fair value of ESOP	-	-	-	-	36.52	-	**-**	**36.52**
Changes during the period	**-**	**-**	**-**	**7,923.01**	**36.52**	**31,664.82**	**(190.40)**	**39,433.95**
Closing balance as on 31st March, 2022	**33,545.76**	**1,003.85**	**431.10**	**42,770.77**	**565.13**	**1,67,549.90**	**(190.80)**	**2,45,675.71**

Nature and purpose of reserve - Refer Note 20.1

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

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

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 23, 2022, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Jay Joshi
Chief Financial Officer

Jignesh Dave
Company Secretary
Date and Place: May 23, 2022, Mumbai

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

1.1 CORPORATE INFORMATION

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

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

1.2 Basis of preparation

A. Statement of compliance

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

The standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the standalone financial statements.

These standalone financial statements were authorized for issue by the Company's Board of Directors on 23rd May, 2022.

B. Basis of measurement

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

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments);
- Share-based payments – measured at fair value (refer accounting policy regarding share based payments).

C. Functional and presentation currency

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

D. Use of estimates and judgements

The preparation of standalone financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have effect on their recognition and measurement in Balances Sheet and Statement of Profit and Loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgement, estimates and assumptions are required in particular for:

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

Useful lives of property, plant and equipment are based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

II. Determination of lease term:

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

III. Recognition and Measurement of defined benefit obligations

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

IV. Recognition of deferred tax assets

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

V. Recognition and measurement of provisions and contingencies

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

VI. Discounting of long-term financial assets/liabilities

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets/liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

VII. Fair value of share-based payments

Share-based compensation benefits are provided to employees via the (a) Kotak Mahindra Equity Option Scheme 2007; and (b) Kotak Mahindra Equity Option Scheme 2015 (the 'Option Plan') managed by Kotak Mahindra Bank Limited (the Holding Company), an employee share scheme and share-appreciation rights.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Company initially measures the cost of cash-settled transactions with employees using a Black-Scholes model. Key assumptions have been made with respect to expected volatility including share price, expected dividends and discount rate, under this option pricing model. For cash-settled share-based payment transactions, the liability needs to be re-measured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in the Statement of Profit and Loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

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

VIII. Fair value of financial instruments

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

IX. Business model assessment

Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

X. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given (timing of disbursement)/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

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

XI. Impairment of financial assets

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

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

XII. Impairment of non-financial assets

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

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

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

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

i. Impairment on Financial Assets

In assessing the recoverability of loans, investment in debt instruments and trade receivables, the Company has considered internal and external information, credit reports and economic forecasts. Basis the above information, the Company has assessed the staging criteria, external rating from credit rating agencies, macro-economic factors and loss given default. Accordingly, the impairment on the financial assets has been computed.

ii. Fair value of financial instruments

Fair value hierarchy of financial assets which are carried at fair value are classified as Level 1, Level 2 and Level 3 as at reporting date.

Financial assets which are classified as Level 1 is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in Government Securities, Treasury Bills and liquid debt mutual funds and accordingly, any material volatility is not expected. For fair values of financial assets and financial liabilities measured at amortized cost which are classified as Level 2, uncertainties arising out of COVID-19 is incorporated in discounts rates, credit spread and expected cash flows.

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

iii. Leases

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

1.3 AMENDMENTS TO EXISTING IND AS:

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

Ind AS 103 – Business Combination

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

Ind AS 16 – Property, Plant and Equipment

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

Ind AS 37 – Provisions, Contingent Liabilities & Contingent Assets

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

Ind AS 109 – Financial Instruments

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

1.4 SIGNIFICANT ACCOUNTING POLICIES

A. REVENUE RECOGNITION

I. Interest income on financial assets is recognized on an accrual basis using effective interest (EIR) method other than the financial assets classified as measured at FVTPL. The EIR is determined considering all contractual terms, fees received, transaction costs incurred and all other premiums or discounts. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under stages 1 and 2 as against on amortised cost net of impairment allowance for the assets falling under impairment stage 3. Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

II. Dividend income is accounted on an accrual basis when the Company's right to receive the dividend is established.

III. Fees income is recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out in Ind AS 115.

IV. Revenue from services is recognized net of taxes as and when the service is performed as per the relevant agreements.

V. Other revenue income is recognised when it is probable that consideration would be collected while considering the customer's ability and intention to pay when it is due.

B. Financial Instruments

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

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

Financial assets

Classification

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

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

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

Initial recognition and measurement

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

Business model assessment

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

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.
- The Company monitors financial assets measured at Amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Based on the Company policy, it can sell financial assets out of Amortized cost business model under following scenarios:
    - If such financial assets no longer meets the credit criteria in Company's Investment policy;
    - Credit Risk on a financial assets has increased significantly;
    - To meet liquidity needs in 'stress case scenarios' and does not anticipate selling these assets except in scenarios such as to fund unexpected outflow;
    - Sales are infrequent or insignificant in value both individually or in aggregate
    - if sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of assessing contractual cash flows, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

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

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

(i) Financial assets at amortised cost

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the Statement of Profit and Loss. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. The losses if any, arising from impairment are recognised in the Statement of Profit and Loss.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

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

Financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI. The impairment losses, if any, on such instrument is recognized through Statement of Profit and Loss.

After initial measurement, such financial assets are subsequently measured at fair value. Subsequent changes in the carrying amount of these financial assets as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in Statement of Profit and Loss. The amounts that are recognised in Statement of Profit and Loss are the same as the amounts that would have been recognised in Statement of Profit and Loss if these financial assets had been

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

measured at amortised cost. All other changes in the carrying amount of these financial assets are recognised in other comprehensive income The loss allowance is recognized in 'Other Comprehensive Income' (OCI) and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit and Loss.

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

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

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Financial liabilities and equity instruments:

Classification as debt or equity -

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

Equity instruments -

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

Financial Liabilities:

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

C. Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)

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

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

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

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

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

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

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

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

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

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

  ECL has been estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and loss given default ('LGD'). PD has been computed using observed history of default converted into forward looking PD's using suitable macro-economic variable data and other observable inputs.

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

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

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

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

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

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

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

Stage 1: 12 month ECL

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

Stage 2: Lifetime ECL (not credit impaired):

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

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

Stage 3: Lifetime ECL (credit impaired):

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

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then after cooling off period (Refer Note 36.5.2.4.1) Expected Credit Loss reverts from lifetime ECL to 12-months ECL.

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

Method used to compute lifetime ECL:

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

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

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

D. Write-offs

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

E. Derecognition of financial assets and financial liabilities

Financial assets

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

– The rights to receive cash flows from the asset have expired, or

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

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

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

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

Financial Liabilities:

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

F. Modifications of financial assets and financial liabilities

Financial assets

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

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

Financial liabilities

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

G. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the lowest level inputs that are significant to the measurements, used in the valuation techniques as follows.

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

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

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

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

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

H. Offsetting of financial instruments

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

I. Derivative financial instruments

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

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

J. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. Gain or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and recognized as income or expense in the Statement of Profit and Loss.

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

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end. Estimated useful lives over which assets are depreciated are as follows:

Asset Type	Useful life in years
Premises	58
Leasehold Improvements	Over the period of lease subject to a maximum of 6 years
Office Equipment	5
Computers	3
Furniture and Fixtures	6
Vehicles	4

Used property, plant and equipment purchased are depreciated over the residual useful life from the date of original purchase. For property, plant and equipment purchased and sold during the year, depreciation is provided on pro rata basis by the Company.

Property, plant and equipment costing less than ₹ 5,000 are fully depreciated in the year of purchase.

K. INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Intangible assets are amortized over their estimated useful lives on a straight line basis, from the date they are available for use. Estimated useful life over which intangible assets are amortised are as follows:

Asset Type	Useful life in years
Software and System Development	3

L. BORROWING COST

Borrowing costs other than those directly attributable to qualifying Property, Plant and Equipment are recognised as an expense in the period in which they are incurred.

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

M. Income Tax

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

Current tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

N. EMPLOYEE BENEFITS

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

II. The Company contributes up to 10% of eligible employees salary per annum, to the National Pension Scheme (NPS) administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Company recognizes such contributions as an expense in the year when an employee renders the related service.

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

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

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

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

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

O. EMPLOYEE SHARE BASED PAYMENTS

Equity-settled scheme:

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

Cash-settled scheme:

The cost of cash-settled scheme (stock appreciation rights) is measured initially using fair value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This fair value is amortised on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in the Statement of Profit and Loss in 'Provision for Stock Appreciation Rights' under the head Employee Benefit Expense.

P. SEGMENTAL REPORTING

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

Company has four principal operating and reporting segments viz

- Commercial Real Estate
- Lending against securities and Corporate Loan structured products
- Margin funding
- Treasury and investments

Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to the Company as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Q. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

R. PROVISIONS AND CONTINGENT LIABILITIES

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

S. Leases

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

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

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

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

Note 1:

Notes forming part of Standalone Financial Statements for the year ended 31st March, 2022

As a lessee

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

T. IMPAIRMENT OF NON FINANCIAL ASSETS

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

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

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

U. Investments in subsidiaries, associates and joint venture

The investments in subsidiaries, associates and joint ventures are carried in these financial statements at historical 'cost'.

V. Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits with banks. It also comprises of short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

W. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 2 CASH AND CASH EQUIVALENTS*

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balances with banks:		
- In Current Account	36,972.10	14,694.70
- In Fixed Deposits with Bank having original maturity less than 3 months	-	-
	36,972.10	**14,694.70**
Less: Impairment loss allowance	(7.21)	(2.87)
Total	**36,964.89**	**14,691.83**

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

NOTE 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Fixed deposit with banks	45.04	42.91
	45.04	**42.91**
Less: Impairment loss allowance	(0.01)	(0.01)
Total	**45.03**	**42.90**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 4 RECEIVABLES

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
A. Trade receivables		
Unsecured, considered good	73.35	124.86
Less: Impairment loss allowance	(0.48)	(2.01)
Total (A)	**72.87**	**122.85**
B. Other receivables		
Unsecured, considered good	216.09	604.22
Less: Impairment loss allowance	(1.42)	(9.71)
Total (B)	**214.67**	**594.51**

NOTE 4A:TRADE RECEIVABLE AGEING SCHEDULE:

As on 31 March 2022:

(Amount in lakhs)

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

As on 31 March 2021:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	-	124.62	0.03	-	0.21	-	124.86
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
Total	**-**	**-**	**124.62**	**0.03**	**-**	**0.21**	**-**	**124.86**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 5 LOANS

(Amount in lakhs)

	Particulars	Amortised Cost	At Fair Value			Sub total	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
		(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
	As at March 31st, 2022						
(A)	(i) Revolving Loan	23,320.17	-	-	-	-	23,320.17
	(ii) Term Loans	6,15,251.71	-	-	-	-	6,15,251.71
	(iii) Pass Through Certificates	38,763.56	-	-	-	-	38,763.56
	Total Gross (A)	**6,77,335.44**	**-**	**-**	**-**	**-**	**6,77,335.44**
	Less: Impairment loss allowance	(10,488.78)				-	(10,488.78)
	Total Net (A)	**6,66,846.66**	**-**	**-**	**-**	**-**	**6,66,846.66**
(B)	(i) Secured by tangible assets	5,17,640.02				-	5,17,640.02
	(ii) Covered by Bank/Government Guarantees	41,648.93				-	41,648.93
	(iii) Unsecured	1,18,046.49				-	1,18,046.49
	Total Gross (B)	**6,77,335.44**	**-**	**-**	**-**	**-**	**6,77,335.44**
	Less: Impairment loss allowance	(10,488.78)	-	-	-	-	(10,488.78)
	Total Net (B)	**6,66,846.66**	**-**	**-**	**-**	**-**	**6,66,846.66**
(C)	**Loans in India**						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	6,77,335.44	-	-	-	-	6,77,335.44
	Total Gross (C)	**6,77,335.44**	**-**	**-**	**-**	**-**	**6,77,335.44**
	Less: Impairment loss allowance	(10,488.78)	-	-	-	-	(10,488.78)
	Total Net (C)	**6,66,846.66**	**-**	**-**	**-**	**-**	**6,66,846.66**

(Amount in lakhs)

	Particulars	Amortised Cost	At Fair Value			Sub total	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
		(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
	As at March 31st, 2021						
(A)	(i) Revolving Loan	1,36,815.63	-	-	-	-	1,36,815.63
	(ii) Term Loans	4,88,778.70	-	-	-	-	4,88,778.70
	(iii) Pass Through Certificates	10,397.24	-	-	-	-	10,397.24
	Total Gross (A)	**6,35,991.57**	**-**	**-**	**-**	**-**	**6,35,991.57**
(B)	(i) Secured by tangible assets	5,38,634.24				-	5,38,634.24
	(ii) Covered by Bank/Government Guarantees	36,853.50				-	36,853.50
	(iii) Unsecured	60,503.83				-	60,503.83
	Total Gross (B)	**6,35,991.57**	**-**	**-**	**-**	**-**	**6,35,991.57**
(C)	**Loans in India**						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	6,35,991.57	-	-	-	-	6,35,991.57
	Total Gross (C)	**6,35,991.57**	**-**	**-**	**-**	**-**	**6,35,991.57**
	Less: Impairment loss allowance	(15,008.00)	-	-	-	-	(15,008.00)
	Total Net (C)	**6,20,983.57**	**-**	**-**	**-**	**-**	**6,20,983.57**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 6 INVESTMENTS

(Amount in lakhs)

	Particulars	Amortised Cost	At Fair Value			Sub total	Others*	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
		(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
	As at 31st March, 2022							
(A)	Mutual funds	-	-	46,402.49	-	46,402.49	-	**46,402.49**
	Government securities	-	1,51,119.57	-	-	1,51,119.57		**1,51,119.57**
	Treasury bills	-	-	-	-	-		-
	Debt securities	39,074.08	-	7,550.10	-	7,550.10	-	**46,624.18**
	Equity instruments	-	-	8,522.25	-	8,522.25	-	**8,522.25**
	Associates	-	-	-	-	-	6,100.50	**6,100.50**
	Venture Fund	-	-	1,002.56	-	1,002.56	-	**1,002.56**
	Total Gross (A)	**39,074.08**	**1,51,119.57**	**63,477.40**	**-**	**2,14,596.97**	**6,100.50**	**2,59,771.55**
(B)	(i) Investments outside India	-	-	-	-	-	-	-
	(ii) Investments in India	39,074.08	1,51,119.57	63,477.40	-	2,14,596.97	6,100.50	2,59,771.55
	Total (B)	**39,074.08**	**1,51,119.57**	**63,477.40**	**-**	**2,14,596.97**	**6,100.50**	**2,59,771.55**
	Less: Impairment allowance	(156.55)	-	-	-	-	-	(156.55)
	Total Net	**38,917.53**	**1,51,119.57**	**63,477.40**	**-**	**2,14,596.97**	**6,100.50**	**2,59,615.00**

(Amount in lakhs)

	Particulars	Amortised Cost	At Fair Value			Sub total	Others*	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
		(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
	As at 31st March, 2021							
(A)	Mutual funds	-	-	18,052.36	-	18,052.36	-	18,052.36
	Government securities	-	30,348.99	-	-	30,348.99		30,348.99
	Treasury bills	-	34,878.63	-	-	34,878.63		34,878.63
	Debt securities	39,781.78	-	14,223.54	-	14,223.54	-	54,005.32
	Equity instruments	-	-	54.93	-	54.93	-	54.93
	Associates	-	-	-	-	-	6,100.50	6,100.50
	Venture Fund	-	-	1,524.05	-	1,524.05	-	1,524.05
	Total Gross (A)	**39,781.78**	**65,227.62**	**33,854.88**	**-**	**99,082.50**	**6,100.50**	**1,44,964.78**
(B)	(i) Investments outside India	-	-	-	-	-	-	-
	(ii) Investments in India	39,781.78	65,227.62	33,854.88	-	99,082.48	6,100.50	1,44,964.76
	Total (B)	**39,781.78**	**65,227.62**	**33,854.88**	**-**	**99,082.48**	**6,100.50**	**1,44,964.76**
	Less: Impairment allowance	(342.58)	-	-	-	-	-	(342.58)
	Total Net	**39,439.20**	**65,227.62**	**33,854.88**	**-**	**99,082.48**	**6,100.50**	**1,44,622.18**

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 7 OTHER FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Deposits with Clearing Corporation of India(CCIL)	200.00	200.00
Other deposits	25.68	25.62
Less: Impairment loss allowance	(1.49)	(3.63)
Total	**224.19**	**221.99**

Note 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in Lakhs)

Particulars	Buildings*	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
At cost as on 31st March, 2020	**7.61**	**-**	**241.38**	**5.92**	**36.69**	**291.60**
Additions during the year			34.93		7.54	42.47
Disposals during the year			(127.39)		(8.11)	(135.50)
At cost as on 31st March, 2021	**7.61**	**-**	**148.92**	**5.92**	**36.12**	**198.57**
Accumulated depreciation and impairment as on 31st March, 2020	**0.54**	**-**	**50.44**	**4.44**	**17.43**	**72.85**
Depreciation for the year	0.17		58.12	1.33	11.46	71.08
Disposals during the year			(66.50)		(6.12)	(72.62)
Accumulated depreciation and impairment as on 31st March, 2021	**0.71**	**-**	**42.06**	**5.77**	**22.77**	**71.31**
Net carrying amount as on 31st March, 2021	**6.90**	**-**	**106.86**	**0.15**	**13.35**	**127.26**
At cost as on 31st March, 2021	**7.61**	**-**	**148.92**	**5.92**	**36.12**	**198.57**
Additions during the year			5.89		41.31	47.20
Disposals during the year			(64.66)	(2.40)	(8.81)	(75.87)
At cost as on 31st March, 2022	**7.61**	**-**	**90.15**	**3.52**	**68.62**	**169.90**
Accumulated depreciation and impairment as on 31st March, 2021	**0.71**	**-**	**42.06**	**5.77**	**22.77**	**71.31**
Depreciation for the year	0.17		45.41	0.15	12.68	58.41
Disposals during the year			(38.65)	(2.40)	(6.17)	(47.22)
Accumulated depreciation and impairment as on 31st March, 2022	**0.88**	**-**	**48.82**	**3.52**	**29.28**	**82.50**
Net carrying amount as on 31st March, 2022	**6.73**	**-**	**41.33**	**-**	**39.34**	**87.40**

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

Impairment loss and reversal of impairment loss

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 9 INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Intangible assets under development (CIP software)	3.25	3.30
Total	**3.25**	**3.30**

NOTE 9A: AGEING SCHEDULE

As on 31 March 2022:

(Amount in Lakhs)

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

As on 31 March 2021:

(Amount in Lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	3.30	-	-	-	3.30
Projects temporarily suspended	-	-	-	-	-
Total	**3.30**	**-**	**-**	**-**	**3.30**

Completion Schedule whose completion is overdue or has exceeded its cost compared to its original plan:

(Amount in Lakhs)

Intangible assets under development	To be completed in			
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years
Projects in Progress				
Completion is overdue:				
Project 1	-	-	-	-
Project 2	-	-	-	-
Total	**-**	**-**	**-**	**-**
Exceeded its costs to its original plan:				
Project 1	-	-	-	-
Project 2	-	-	-	-
Total	**-**	**-**	**-**	**-**
Projects temporarily suspended				
Completion is overdue:				
Project 1	-	-	-	-
Project 2	-	-	-	-
Total	**-**	**-**	**-**	**-**
Exceeded its costs to its original plan:				
Project 1	-	-	-	-
Project 2	-	-	-	-
Total	**-**	**-**	**-**	**-**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 10 OTHER INTANGIBLE ASSETS

(Amount in lakhs)

Particulars	Software and System Development	Total
Balance as at April 1, 2020	**47.40**	**47.40**
Additions during the year	439.27	439.27
Disposals during the year	-	-
Balance as at March 31st, 2021	**486.67**	**486.67**
Accumulated Amortization and impairment as at April 1, 2020	**28.58**	**28.58**
Amortization for the year	137.20	137.20
Disposals during the year	-	-
Accumulated Amortization and impairment as March 31st, 2021	**165.78**	**165.78**
Net carrying amount as at March 31st, 2021	**320.89**	**320.89**
Balance as at April 1, 2021	**486.67**	**486.67**
Additions during the year	35.13	35.13
Disposals during the year	-	-
Balance as at March 31st, 2022	**521.80**	**521.80**
Accumulated Amortization and impairment as at April 1, 2021	**165.78**	**165.78**
Amortization for the year	163.35	163.35
Disposals during the year	-	-
Accumulated Amortization and impairment as March 31st, 2022	**329.13**	**329.13**
Net carrying amount as at March 31st, 2022	**192.67**	**192.67**

Impairment loss and reversal of impairment loss

There is no impairment loss for intangible assets.

NOTE 11 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Prepaid expenses	1.23	3.15
Prepayment to Suppliers	58.14	24.36
GST/Service Tax input	183.92	242.95
Advanced Salary Paid	1.83	-
Total	**245.12**	**270.46**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

(Amount in lakhs)

Particulars	Notional Amounts	Fair Value-Liabilities
As at March 31, 2022		
Part I		
Embedded Derivative on Nifty linked debentures	-	-
Total Derivative financial instruments	**-**	**-**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	-
Total derivative financial instruments	**-**	**-**
As at March 31, 2021		
Part I		
Embedded Derivative on Nifty linked debentures	-	1,524.25
Total Derivative financial instruments	**-**	**1,524.25**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	-	1,524.25
Total derivative financial instruments	**-**	**1,524.25**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 13 PAYABLES*

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(A) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	311.07	326.44
Total (A)	**311.07**	**326.44**
(B) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,198.27	592.05
Total (B)	**1,198.27**	**592.05**
Total	**1,509.34**	**918.49**

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
(vii) Further interest remaining due and payable for earlier years	-	-

Trade Payable ageing schedule:

As on 31 March 2022:

(Amount in lakhs)

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

As on 31 March 2021:

(Amount in lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	197.76	-	113.92	-	-	14.76	326.44
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**197.77**	**-**	**113.92**	**-**	**-**	**14.76**	**326.44**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 14 DEBT SECURITIES

(Amount in lakhs)

Particulars	At Amortised Cost (1)	At Fair Value Through Profit or Loss (2)	Designated at fair value through profit or loss (3)	Total (4 = 1+2+3)
As at March 31st, 2022				
Liability component of compound financial instruments	-	-	-	-
Bonds	-	-	-	-
Debentures				-
-Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	1,63,755.77	-	-	1,63,755.77
-Deep Discount, Non-Convertible Debentures, privately placed, Secured	2,29,531.27	-	-	2,29,531.27
-Nifty Linked Debentures, Secured	-			-
Total (A)	**3,93,287.04**	**-**	**-**	**3,93,287.04**
Debt securities in India	3,93,287.04	-	-	3,93,287.04
Debt securities outside India	-	-	-	-
Total (B)	**3,93,287.04**	**-**	**-**	**3,93,287.04**
As at March 31st, 2021				
Debentures				-
-Redeemable Non-Convertible Debentures, fully paid, privately placed, Secured	1,24,796.02	-	-	1,24,796.02
-Deep Discount, Non-Convertible Debentures, privately placed, Secured	1,21,525.48	-	-	1,21,525.48
-Nifty Linked Debentures, Secured	9,121.36			9,121.36
Total (A)	**2,55,442.86**	**-**	**-**	**2,55,442.86**
Debt securities in India	2,55,442.86	-	-	2,55,442.86
Debt securities outside India	-	-	-	-
Total (B)	**2,55,442.86**	**-**	**-**	**2,55,442.86**

Debentures are redeemable at par / premium. The Non-Convertible Debentures and Deep Discount Debentures are secured by way of a first and pari passu mortgage in favour of the Debenture Trustee on the Company's immovable property of ₹ 10.26 lakhs (gross value) and further secured by way of hypothecation / mortgage of charged assets such as receivables arising out of loan, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares)

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Interest and Repayment terms of Debt Securities-

(Amount in lakhs)

Residual Maturity		As at 31st March, 2022			As at 31st March, 2021		
		Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value	Interest Rate Range (%)	Balance Outstanding	Face value/ Redemption value
A)	**Debentures**						
	Dec-24	5.90%	10,194.46	10,000.00	-	-	-
	Nov-24	5.85%	20,426.94	20,000.00	-	-	-
	Sep-24	5.50%	30,823.29	30,000.00	-	-	-
	Feb-24	5.50%	40,523.51	40,000.00	-	-	-
	Jun-23	5.00%	5,062.48	5,000.00	5.00%	5,061.79	5,000.00
	Oct-22	5.30%	40,977.92	40,000.00	5.30%	40,974.95	40,000.00
	Sep-22	5.18%	7,715.81	7,500.00	5.18%	7,715.55	7,500.00
	May-22	8.51%	8,031.36	7,500.00	8.51%	8,030.89	7,500.00
	Jan-22	-	-	-	7.59%	2,579.34	2,500.00
	Dec-21	-	-	-	7.71%	7,653.28	7,500.00
	Nov-21	-	-	-	7.31%	5,134.22	5,000.00
	Jul-21	-	-	-	8.63%	36,865.13	34,800.00
	Apr-21	-	-	-	8.51%	10,780.87	10,000.00
	Total (A)		**1,63,755.77**	**1,60,000.00**		**1,24,796.02**	**1,19,800.00**
B)	**Deep Discount Debentures**						
	Jan-25	6.00%	6,363.56	7,500.00	-	-	-
	Mar-24	5.65%	5,071.82	5,657.96	-	-	-
	Jan-24	5.30%	31,837.77	35,000.00	-	-	-
	Dec-23	5.45%	36,496.31	39,900.00	-	-	-
	Nov-23	5.35%	18,372.87	20,000.00	-	-	-
	Oct-23	5.25%	25,401.43	27,500.00	-	-	-
	Apr-23	5.38%	23,634.58	25,000.00	-	-	-
	Feb-23	5.55%	26,555.36	27,897.40	5.55%	25,158.41	27,897.40
	Dec-22	4.85%	26,526.79	27,455.28	4.85%	25,299.12	27,455.28
	Aug-22	5.40%	19,583.37	20,000.00	5.40%	18,579.37	20,000.00
	Jun-22	8.35%	1,666.95	1,700.00	8.35%	1,536.61	1,700.00
	Apr-22	8.70% to 9.50%	8,020.46	8,030.00	8.70% to 9.50%	7,353.83	8,030.00
	Feb-22	-	-	-	7.45%	3,826.58	4,084.12
	Oct-21	-	-	-	7.35% to 7.70%	14,816.77	15,500.00
	Sep-21	-	-	-	9.50%	6,149.29	6,410.00
	Aug-21	-	-	-	7.50% to 8.30%	8,496.77	8,767.03
	Jun-21	-	-	-	8.60%	896.32	910.00
	May-21	-	-	-	8.55%	9,412.41	9,500.00
	Total (B)		**2,29,531.27**	**2,45,640.64**		**1,21,525.48**	**1,30,253.83**
C)	**Secured - Index Linked Debentures**						
	Apr-21	-	-	-	8.33%	9,121.36	9,170.00
	Total (C)		**-**	**-**		**9,121.36**	**9,170.00**
	Total (A+B+C)		**3,93,287.04**	**4,05,640.64**		**2,55,442.86**	**2,59,223.83**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 15 BORROWINGS OTHER THAN DEBT SECURITIES*

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Overdraft facility from banks	42,052.79	52,492.40
Commercial paper	2,20,303.34	1,95,577.49
Inter corporate deposits	20,748.71	18,599.83
Term loans from banks	19,978.03	30,152.40
Total (A)	**3,03,082.87**	**2,96,822.12**
Borrowings in India	3,03,082.87	2,96,822.12
Borrowings outside India	-	-
Total (B)	**3,03,082.87**	**2,96,822.12**
Secured Borrowings	62,030.82	82,644.80
Unsecured Borrowings	2,41,052.05	2,14,177.32
Total (C)	**3,03,082.87**	**2,96,822.12**

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

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

Overdraft facilities and Term Loan are secured by way of First, pari pasu, non exclusive charge on receivables, book debts, current assets and investments of company in favour of the Trustees. Commercial Paper and Inter Corporate Deposits are unsecured.

Interest and Repayment terms of borrowings -

(Amount in lakhs)

Residual Maturity	As at 31st March, 2022			As at 31st March, 2021		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
A. Cash credit and Working Capital Demand Loan						
0-1 year	7.15% to 7.20%	42,052.79	42,000.00	6.95% to 7.15%	52,492.40	52,500.00
Total (A)		**42,052.79**	**42,000.00**		**52,492.40**	**52,500.00**
B. Commercial Paper						
Mar-23	5.2% to 5.25%	30,944.21	32,500.00	-	-	-
Feb-23	5.10%	7,172.78	7,500.00	-	-	-
Jan-23	5.07%	7,208.70	7,500.00	-	-	-
Dec-22	5.02%	9,669.83	10,000.00	-	-	-
Nov-22	4.91%	9,685.25	10,000.00	-	-	-
Oct-22	4.85%	2,437.29	2,500.00	-	-	-
Jul-22	4.65%	2,467.20	2,500.00	-	-	-
Jun-22	4.50% to 4.70%	49,585.23	50,000.00	-	-	-
May-22	4.20% to 4.65%	53,703.31	54,000.00	-	-	-
Apr-22	4.20% to 4.50%	47,429.54	47,500.00	-	-	-
Feb-22	-	-	-	4.95%	23,982.87	25,000.00
Jan-22	-	-	-	4.58% to 4.95%	10,581.24	11,000.00
Nov-21	-	-	-	4.25% to 4.65%	29,185.58	30,000.00
Oct-21	-	-	-	4.11% to 4.65%	32,711.83	33,500.00
Sep-21	-	-	-	3.95%	12,260.57	12,500.00
Aug-21	-	-	-	4.00%	14,784.86	15,000.00
Jun-21	-	-	-	3.75% to 3.85%	32,243.50	32,500.00
May-21	-	-	-	3.57%	24,857.29	25,000.00
Apr-21	-	-	-	3.70%	14,969.75	15,000.00
Total (B)		**2,20,303.34**	**2,24,000.00**		**1,95,577.49**	**1,99,500.00**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(Amount in lakhs)

Residual Maturity	As at 31st March, 2022			As at 31st March, 2021		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
C. Intercorporate Deposits						
Mar-25	6.41%	2,506.39	2,500.00	-	-	-
Dec-23	5.65%	1,624.80	1,600.00	-	-	-
Apr-23	5.15%	402.50	400.00	-	-	-
Feb-23	5.10%	1,017.80	1,000.00	-	-	-
Jan-23	5.10%	5,094.47	5,000.00	-	-	-
Nov-22	5.10% to 5.25%	5,048.65	5,000.00	-	-	-
Oct-22	5.10%	5,054.10	5,000.00	-	-	-
Apr-22	-	-	-	4.35%	7,500.83	7,500.83
Jul-21	-	-	-	7.40%	5,098.43	5,000.00
May-21	-	-	-	3.65%	6,000.57	6,000.00
Total (C)		**20,748.71**	**20,500.00**		**18,599.83**	**18,500.83**
D. Term loans from banks						
May-25	5.37%	19,978.03	20,000.00	-	-	-
Jun-22	-	-	-	6.18%	30,152.40	30,000.00
		19,978.03	**20,000.00**		**30,152.40**	**30,000.00**
Total (A+B+C+D)		**3,03,082.87**	**3,06,500.00**		**2,96,822.12**	**3,00,500.83**

NOTE 16 SUBORDINATED LIABILITIES*

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Redeemable Non-Convertible Subordinated Debt Bonds in form of Debentures, fully paid, privately placed, Unsecured	20,234.24	20,239.62
Total (A)	**20,234.24**	**20,239.62**
Subordinated liabilities in India	20,234.24	20,239.62
Subordinated liabilities outside India	-	-
Total (B)	**20,234.24**	**20,239.62**

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

Interest and Repayment terms of Subordinate Liabilities -

(Amount in lakhs)

Residual Maturity	As at 31st March, 2022			As at 31st March, 2021		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Mar-27	8.55%	10,017.90	10,000.00	8.55%	10,018.74	10,000.00
Dec-26	8.35%	5,107.52	5,000.00	8.35%	5,108.69	5,000.00
Dec-25	9.00%	5,108.82	5,000.00	9.00%	5,112.19	5,000.00
Total		**20,234.24**	**20,000.00**		**20,239.62**	**20,000.00**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 17 PROVISIONS

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for employee benefits		
(i) Gratuity (Refer Note 37)	309.29	253.93
(ii) Compensated absences	100.07	90.95
(iii) Stock appreciation rights (SARs)(Refer Note 38)	163.41	177.34
(iv) Long Service Award	5.52	5.61
(v) Provision for annual incentives	475.00	225.00
(vi) Payable to Customers(Refer Note 50)	-	550.00
Total	**1,053.29**	**1,302.83**

NOTE 18 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Revenue received in advance	201.89	238.52
Statutory dues payable	329.17	267.66
Total	**531.06**	**506.18**

NOTE 19 EQUITY SHARE CAPITAL

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Authorised		
5,80,00,000 (March 31st, 2021: 5,80,00,000) equity shares of ₹ 10 each with voting rights	5,800.00	5,800.00
1,200 (March 31st, 2021: 1,200) Non Cumulative redeemable preference shares of ₹ 1,00,000 each	1,200.00	1,200.00
Issued, subscribed and paid up		
56,22,578 (March 31st, 2021: 56,22,578) equity shares of ₹ 10 each fully paid up with voting rights	562.26	562.26

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

(Amount in lakhs)

Particulars	No. of shares	Amount
As at March 31st, 2020	**56,22,578**	**562.26**
Add/(less) : Movement during the year	-	-
As at March 31st, 2021	**56,22,578**	**562.26**
Add/(less) : Movement during the year	**-**	**-**
As at March 31st, 2022	**56,22,578**	**562.26**

b. Rights, preferences and restrictions attached to equity shares

(i) The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

(ii) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited, the holding company and its nominees*	56,22,578	100.00%	56,22,578	100.00%
	56,22,578	**100.00%**	**56,22,578**	**100.00%**

*Promoters as per Companies act , 2013

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares with voting rights				
Kotak Mahindra Bank Limited and its nominees	56,22,578	100%	56,22,578	100.00%
	56,22,578	**100.00%**	**56,22,578**	**100.00%**

NOTE 20 OTHER EQUITY

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Impairment Reserve	-	-
Capital Redemption Reserve	1,003.85	1,003.85
Securities Premium	33,545.76	33,545.76
General Reserve	431.10	431.10
Special Reserve	42,770.77	34,847.76
Retained Earnings	1,67,549.90	1,35,885.08
Capital Contribution from Parent	565.13	528.61
Financial instruments through OCI	(190.80)	(0.40)
Total	**2,45,675.71**	**2,06,241.76**

NOTE 20.1 NATURE AND PURPOSE OF RESERVE

Impairment Reserve

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

Capital Redemption Reserve

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

Securities premium

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

General Reserve

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

Special Reserve

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

Retained Earnings

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

Capital Contribution from Parent

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

Financial instruments through OCI

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 20.2 Other equity movement

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) Capital Redemption Reserve		
Opening balance	**1,003.85**	**1,003.85**
Addition/Deletion during the year	-	-
Closing balance	**1,003.85**	**1,003.85**
(ii) Securities premium		
Opening balance	**33,545.76**	**33,545.76**
Addition during the year	-	-
Closing balance	**33,545.76**	**33,545.76**
(iii) General reserve		
Opening balance	**431.10**	**431.10**
Addition/Deletion during the year	-	-
Closing balance	**431.10**	**431.10**
(iv) Special reserve		
Opening balance	**34,847.76**	**29,692.66**
Transfer from Retained earning	7,923.01	5,155.10
Closing balance	**42,770.77**	**34,847.76**
(vi) Retained earnings		
Opening balance	**1,35,885.08**	**1,16,022.92**
Net profit for the year	39,615.05	25,018.68
Less : Other Comprehensive Income for the year	(27.22)	(1.42)
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	(7,923.01)	(5,155.10)
Closing balance	**1,67,549.90**	***1,35,885.08***
(v) Capital contribution from parent		
Opening balance	**528.61**	**429.48**
Addition/Deletion during the year	36.52	99.13
Closing balance	**565.13**	**528.61**
(vi) Financial instruments through OCI		
Opening balance	**(0.40)**	**-**
Addition/Deletion during the year	(190.40)	(0.40)
Closing balance	**(190.80)**	**(0.40)**

NOTE 21 INTEREST INCOME

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2022				For the year ended 31st March, 2021			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total Interest Income	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total Interest Income
Interest on loans	-	70,338.93	-	70,338.93	-	63,840.66	-	63,840.66
Interest income from investments	4,934.51	2,643.14	947.68	8,525.33	741.75	5,104.05	129.66	5,975.46
Interest on deposits with banks	-	730.78	-	730.78	-	1,057.99	-	1,057.99
Other interest income	-	0.31	-	0.31	-	0.35	-	0.35
Total	**4,934.51**	**73,713.16**	**947.68**	**79,595.35**	**741.75**	**70,003.05**	**129.66**	**70,874.46**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 22 DIVIDEND INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Dividend income on investments	204.12	-
Total	**204.12**	**-**

NOTE 23 FEES AND COMMISSION INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Advisory Fees	-	799.77
Total	**-**	**799.77**

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

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(A) Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
-Mutual funds	823.02	635.95
-Equity shares	7,406.54	3,368.79
Others		
-Derivatives	-	-
-Equity Shares	(0.88)	(10.94)
-Preference Shares	-	163.18
-Venture fund	262.55	(1.92)
-Debt securities	(115.06)	95.71
- Commercial Paper	(0.10)	-
(B) Others		
- Derivative	229.06	(37.06)
- Net gain on financial assets at FVOCI	(0.07)	(0.05)
Total Net gain/(loss) on fair value changes	**8,605.06**	**4,213.66**
Fair value changes:		
-Realised	8,347.74	4,511.35
-Unrealised /Movement from Unrealised to Realised	257.32	(297.69)
Total Net gain/(loss) on fair value changes	**8,605.06**	**4,213.66**

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

NOTE 25 OTHER INCOME

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Net gain/(loss) on derecognition of property, plant and equipment	7.98	7.61
Others	277.85	207.02
Total	**285.83**	**214.63**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 26 FINANCE COSTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
On financial liabilities measured at amortised cost		
Interest on borrowings (Other than Debt Securities)		
- On Overdraft facility and Term loans from Bank	1,803.16	2,044.49
- Discount on Commercial Papers	13,297.90	7,577.73
- On Inter Corporate Deposits	439.81	1,429.55
Interest on debt securities		
- on Redeemable Non-Convertible Debentures and Deep Discount Debentures	16,963.51	16,499.60
- on Nifty Linked Debentures	281.60	3,148.49
Interest on subordinated liabilities	1,717.11	1,720.20
Other Borrowing Costs	179.89	127.37
Total	**34,682.98**	**32,547.43**

NOTE 27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
On Financial instruments measured at fair value through OCI		
- Investments	-	-
On Financial instruments measured at Amortised Cost		
- Loans and other financial assets	(5,090.07)	3,323.36
- Investments	(186.03)	24.22
Total	**(5,276.10)**	**3,347.58**

NOTE 28 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Salaries and wages	3,105.15	2,644.76
Contribution to provident and other funds	133.83	120.54
Stock Appreciation Rights(Refer Note 38)	131.27	186.55
ESOP Expenses(Refer Note 38)	62.64	99.13
Staff welfare expenses	39.51	12.05
Total	**3,472.40**	**3,063.03**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 29 OTHER EXPENSES

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Rent and Electricity Expenses	516.41	562.49
Repairs and maintenance	197.81	71.11
Communication Costs	13.98	13.70
Printing and stationery	11.71	8.69
Royalty Expenses	189.79	260.09
Director's fees, allowances and expenses (Refer Note 35.02)	38.00	29.20
Auditors' Remuneration (Refer Note 33)	37.15	48.49
Legal and Professional charges	399.10	200.67
Insurance	5.23	7.23
Rates, Taxes and Fees	228.92	285.33
Travelling and Conveyance	62.56	48.49
Common Establishment Expenses	565.51	1,105.65
Contribution to Corporate Social Responsibility Activities (Refer Note 34)	713.00	676.97
Miscellaneous Expenses	138.63	33.35
Total	**3,117.80**	**3,351.46**

NOTE 30 TAX EXPENSE AND RELATED BALANCES

(a) Amounts recognised in statement of profit and loss

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Current tax expense		
Current period	12,501.67	8,905.46
Changes in estimated related to prior years	(30.14)	(25.61)
Total current tax expense (A)	**12,471.53**	**8,879.85**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	1,125.75	(287.61)
Deferred tax expense (B)	**1,125.75**	**(287.61)**
Total tax expense for the year (A) + (B)	**13,597.28**	**8,592.24**

(b) Amounts recognised in other comprehensive income

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022			For the year ended 31st March, 2021		
	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)	(36.37)	9.15	(27.22)	(1.90)	0.48	(1.42)
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	(256.55)	66.15	(190.40)	(0.53)	0.13	(0.40)
Total	**(292.92)**	**75.30**	**(217.62)**	**(2.43)**	**0.61**	**(1.82)**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(c) Reconciliation of effective tax rate

(Amount in lakhs)

Particulars	For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	Amount	%age	Amount	%age
Profit before tax as per Statement of profit and loss	**53,212.33**		**33,610.92**	
Tax using the Company's domestic tax rate	13,392.48	25.17	8,459.20	25.17
Tax effect of:				
Tax exempt income	-	-	-	-
Non-deductible expenses	203.15	0.38	133.17	0.40
Difference in tax rate on account of capital gains	1.66	0.00	(0.13)	(0.00)
Difference in tax rate due to election of option permitted under Section 115BAA of the Income Tax Act, 1961*	-	-	-	-
Changes in estimates related to prior years	(30.14)	(0.06)	(25.60)	(0.08)
Others	30.14	0.06	25.60	0.08
Total tax expense	**13,597.29**	**25.55**	**8,592.24**	**25.57**

(d) Movement in deferred tax balances

(Amount in lakhs)

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

(Amount in lakhs)

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

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

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(e) Tax Balances

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current Tax Assets (Net)	1,702.42	1,517.82
Net of Provision for tax ₹ 21,753.42 lakhs (Previous year: ₹ 9,286.40 lakhs)		
Current Tax Liabilities (Net)	2,427.98	3,159.26
Net of Advance/Self Assessment Tax of ₹ 56,500.34 lakhs (Previous year: ₹ 55,628.10 lakhs)		

NOTE 31 EARNINGS PER EQUITY SHARE('EPS')

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

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

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Net Profit attributable to equity holders of the Company (₹ Lakhs)	39,615.05	25,018.68
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year (nos)	56,22,578	56,22,578
Weighted average number of shares at the end of the year for basic and diluted EPS	**56,22,578**	**56,22,578**
Face value per share (₹)	10	10
Basic and Diluted earnings per share (₹)	704.57	444.97

NOTE 32 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakhs)

Sr No	Particulars	As at 31st March, 2022	As at 31st March, 2021
a)	**Contingent liabilities:**		
	Claims not acknowledged as debts	84.86	84.86
b)	**Capital Commitments**	-	-

NOTE 33 AUDITORS' REMUNERATION(EXCLUSIVE OF TAXES)

(Amount in lakhs)

Sr No	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	Payment to the auditor's for :		
a)	Statutory Audit and related services	30.00	45.00
b)	For other services	7.00	3.00
c)	For reimbursement of expenses	0.15	0.49
	Total	**37.15**	**48.49**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 34 CORPORATE SOCIAL RESPONSIBILITY

Company aims to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility ('CSR') agenda. CSR programmes undertaken are in the area of education, healthcare, livelihood, vocational skill development, sports and other areas such as relief and rehabilitation and environmental sustainability etc. The Company's CSR footprint has been consistently increasing over the years. As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹ 712.21 lakhs during the year on CSR activities.

(Amount in lakhs)

Sr No	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(a)	Contribution to Pratham Education foundation	187.95	176.25
(b)	Contribution to Kotak Education Foundation	70.23	70.00
(c)	Contribution to Mobile Creches	-	30.00
(d)	Contribution to Dr Rakesh Education Trust	-	25.00
(e)	Contribution to Mumbai Mobile Creches	2.90	5.00
(f)	Contribution to Indian Music Experience Trust	-	5.00
(g)	Contribution to feed Poors during Covid lockdown	-	25.00
(h)	Contribution to Panchshil foundation	50.00	-
(i)	Contribution to The Association Of People with Disability	8.40	-
(j)	Accural towards unspent obligations in relation to:		
(i)	Ongoing project	393.52	340.72
(ii)	Other than ongoing project		-
	Total	**713.00**	**676.97**
(k)	Amount required to be spent as per Section 135 of the Act	712.21	676.97
(l)	Amount approved by the Board to be spent during the year	713.00	677.05
(m)	Amount spent during the year on		
(i)	Construction / acquisition of any asset	-	-
(ii)	On purposes other than (i) above	319.48	336.25

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

(Amount in lakhs)

Sr No	Particulars	With the Company	In Separate CSR Unspent account
(i)	Opening Balances	-	340.80*
(ii)	Amount required to be spent during the year	713.00	-
(iii)	Amount spent during the year	319.48	50.54
(iv)	Closing Balances	393.52#	290.26

\# To be transferred in Separate CSR Account within 30 days from end of Financial Year

* Transferred in Separate CSR Account on 23rd and 29th April, 2021

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

(Amount in lakhs)

Sr No	Particulars	For the year ended 31st March, 2022
a)	Balance unspent as at 1st April 2021	-
b)	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	-
c)	Amount required to be spent during the year	-
d)	Amount spent during the year	-
e)	Balance unspent as at 31st March 2022	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

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

(Amount in lakhs)

Sr No	Particulars	For the year ended 31st March, 2022
a)	Balance excess spent as at 1st April 2021	-
b)	Amount required to be spent during the year	713.00
c)	Amount spent during the year	319.48
d)	Balance excess spent as at 31st March 2022	0.79

(Amount in lakhs)

	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a)	Corporate Social Responsibility expenses for the period	713.00	676.97
b)	Various Head of expenses included in above:		
	Note 29: Other Expenses: Contribution on Corporate Social Responsibility activities	713.00	676.97
c)	Gross amount required to be spent by the company during the year.	713.00	677.05
d)	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	319.48	336.25
e)	Details of related party transactions	-	-
f)	**Provision for CSR Expenses**		
	Opening Balance	340.72	-
	Add: Provision created during the period	713.00	676.97
	Less: Provision utilised during the period	370.02	336.25
	Closing Balance	683.70	340.72
g)	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-	-
h)	The total of previous years' shortfall amounts	-	-
i)	The reason for above shortfalls by way of a note	-	-
j)	The nature of CSR activities undertaken by the Company	The CSR activities are undertaken in various focus areas viz. Healthcare, Education, Livelihood enhancement and Relief & Rehabilitation (COVID-19) in terms of Company's CSR policy	The CSR activities are undertaken in various focus areas viz. Relief & Rehabilitation (COVID-19) , Education and Livelihood enhancement In terms of Company's CSR policy

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 35 RELATED PARTY DISCLOSURE

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

35.01. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
(a)	**Holding company:**		
	Kotak Mahindra Bank Limited	India	100.00%
(b)	**Fellow subsidiary:**		
	Kotak Securities Limited	India	
	Kotak Mahindra Capital Company Limited	India	
	Kotak Investment Advisory Limited.	India	
	Kotak General Insurance Company Limited	India	
	Kotak Mahindra Life Insurance Company Limited	India	
	Kotak Mahindra Prime Limited	India	
	Kotak Infrastructure Debt fund Limited (KIDFL)	India	
	Kotak Mahindra Asset Management Company Limited	India	
	Kotak Mahindra Trusteeship Services Limited	India	
	Kotak Mahindra (UK) Limited	UK	
	Kotak Mahindra (International) Limited	Mauritius	
	Kotak Mahindra Asset Management (Singapore) Pte. Ltd.	Singapore	
	Kotak Mahindra Inc	USA	
	Kotak Mahindra Financial Services Limited	U.A.E.	
	Kotak Mahindra Trustee Company Ltd	India	
	Kotak Mahindra Pension Fund Limited	India	
	BSS Microfinance Limited	India	
	IVY Product Intermediaries Limited	India	
(c)	**Associate Company/Others:**		
	Phoenix ARC Private Limited (Associate)	India	
	Infina Finance Private Limited (Others)	India	
	ECA Trading Services Limited (Others)	India	
(d)	**Entities over which relative of director has significant influence**		
	Aero Agencies Limited	India	
	Kotak Commodity Services Private Limited	India	
	Business Standard Private Limited	India	
(e)	**Key Management Personnel**		
	Mr. Amit Bagri		
	Mr. Uday Kotak		
	Mr. KVS Manian		
	Ms. Padmini Khare Kaicker *		
	Mr. Chandrashekhar Sathe *		
	Mr. Arvind Kathpalia		

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

35.02. Transactions with related parties

Transactions with key management personnel

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

(a) Key management personnel compensation*

(Amount in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
i.	Short-term employee benefits	186.89	155.81
ii.	Other Contribution to funds	8.16	6.65
iii.	Shared-based payments (ESOPs/SAR)**	128.47	87.65
iv.	Sitting fees and commission	38.00	29.20

* The above figures do not include provisions for encashable leave and gratuity, as separate actuarial valuation are not available.
** SARs considered based on actual payout during the year.

35.02 Transactions with related parties

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

Related Party Disclosures

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

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2022	31st March, 2021
I	**Holding Company**		
	-Kotak Mahindra Bank Limited		
a)	**Transactions during the year :**		
	FINANCE		
	ESOP Expenses (Refer note 38)	62.64	99.13
	Fixed Deposits Placed	8,81,750.00	6,67,636.43
	Fixed Deposits Repaid	8,81,750.00	7,01,633.77
	Interest Received on Fixed Deposits	475.96	454.44
	Borrowings availed	54,930.60	80,000.00
	Borrowings repaid	60,000.00	50,000.00
	Interest accrued on borrowing	1,460.74	490.56
	Payment of Interest accrued on borrowing	764.16	338.16
	OTHER RECEIPTS AND PAYMENTS		
	Demat Charges	0.57	0.82
	Service Charges Received	50.40	50.40
	Expense reimbursements received.	-	0.41
	Expense reimbursements paid	215.34	197.29
	Share Service Cost	473.21	1,003.73
	Bank charges paid	0.23	0.09
	Royalty paid	189.79	260.09
	Interest on borrowings paid	1,028.07	1,530.13
	Licence Fees paid	503.28	550.98
	Referral fees paid	10.50	-
	IPA Fees paid	2.00	2.00
	Employee Liability transfer out	45.54	34.66
	Employee Liability transfer in	28.16	4.21
	Asset transferred in	6.21	4.44
	Asset transferred out	14.39	8.22

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2022	31st March, 2021
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Balance in current account	36,683.79	14,576.37
	Capital contribution from Parent	565.13	528.61
	Term Deposits Placed	44.94	42.53
	Interest accrued on Term Deposits placed	0.11	0.38
	Borrowings	25,513.45	30,152.40
	OTHER RECEIPTS and PAYMENTS		
	Service charges payable	114.71	77.59
	Service charges receivable	13.49	5.95
	Demat Charges Payable	0.67	0.09

* During the year, ₹ 36.52 lakhs (March 31, 2021: 99.13 lakhs) was charged to the Company's statement of profit or loss in respect of equity-settled share-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2022	31st March, 2021
II	**Fellow Subsidiaries**		
a)	**Transactions during the year :**		
	FINANCE		
	Interest on Non Convertible Debentures/Inter Corporate Deposits		
	-Kotak Securities Limited	1,555.51	1,554.08
	-Kotak Mahindra Capital Company Ltd.	119.43	365.46
	-Kotak Mahindra Prime Limited	5.17	25.72
	Investment in Inter Corporate Deposits		
	-Kotak Mahindra Prime Limited	49,000.00	52,000.00
	Investment in Inter Corporate Deposits repaid		
	-Kotak Mahindra Prime Limited	49,000.00	52,000.00
	Interest received on Inter Corporate Deposits		
	- Kotak Mahindra Prime Limited	15.54	34.25
	OTHER SECURITIES		
	Service Charges Received		
	-Kotak Mahindra Prime Limited	128.40	128.40
	-Kotak Infrastructure debt fund	16.50	16.50
	Sharing of Fee Income		
	- Kotak Mahindra Capital Company Limited	-	799.77
	Brokerage paid		
	-Kotak Securities Limited	-	11.81
	Demat Charges paid		
	- Kotak Securities Limited	0.62	0.74
	License Fees Paid		
	- Kotak Securities Limited	7.86	7.08
	Insurance premium paid		
	- Kotak Mahindra General Insurance Company Limited	2.07	2.73
	- Kotak Mahindra Life Insurance Company Ltd.	4.77	2.97

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2022	31st March, 2021
	Expense reimbursement to other company		
	- Kotak Securities Limited	0.22	0.02
	Employee Liability transfer out		
	- Kotak Mahindra Prime Limited	9.88	3.82
	- Kotak Mahindra Asset Management Company Limited	0.36	-
	- Kotak Mahindra Capital Company Limited	-	39.01
	- Kotak Investment Advisory Limited	1.00	0.67
	Sale of Securities		
	- Kotak Securities Limited	11,661.17	20,077.24
	Payment of Interest accrued on NCDs Issued		
	- Kotak Securities Limited	1,555.50	2,445.69
	- Kotak Mahindra Capital Company Limited	414.28	704.84
	Payment of Interest accrued on ICD's Issued		
	- Kotak Mahindra Prime Limited	0.37	23.10
	Interest Accrued on NCDs Issued		
	- Kotak Securities Limited	1,555.51	2,444.27
	- Kotak Mahindra Capital Company Limited	135.39	808.13
	Interest Accrued on ICDs Issued		
	- Kotak Mahindra Prime Limited	-	22.57
	Issue of ICDs		
	- Kotak Mahindra Prime Limited	5,000.00	39,000.00
	Repayment of NCDs		
	- Kotak Mahindra Capital Company Limited	4,800.00	-
	Repayment of ICDs		
	- Kotak Mahindra Prime Limited	9,000.00	35,000.00
	Asset Transfer-out		
	- Kotak Mahindra Capital Company Limited	-	15.22
	- Kotak Investment Advisory Limited	-	0.00
	Asset Transfer-In		
	- Kotak Mahindra Prime Limited	-	17.68

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2022	31st March, 2021
b)	**Balances outstanding as at the year end :**		
	FINANCE		
	Non Convertible Debentures issued		
	- Kotak Securities Limited	18,194.67	18,200.93
	- Kotak Mahindra Capital Company Limited	-	5,091.98
	ICD's issued		
	- Kotak Mahindra Prime Limited	-	4,000.37
	OTHER SECURITIES		
	Outstanding Receivable		
	- Kotak Securities Limited	175.24	557.28

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(Amount in lakhs)

Sr. No.	Particulars	31st March, 2022	31st March, 2021
	OTHER RECEIPTS and PAYMENTS		
	Demat charges payable		
	- Kotak Securities Limited	0.26	0.21
	Service charges Receivable		
	- Kotak Mahindra Prime Limited	19.51	11.82
	- Kotak Mahindra Capital Company Limited	-	27.33
	- Kotak Infrastructure Debt Fund Limited	1.49	1.52
	Service charges Payable		
	- Kotak Securities Limited	1.44	0.70
	- Kotak Investment Advisory Limited	-	0.67
	- Kotak Mahindra Capital Company Limited	-	20.79
	Payable – Others		
	-Kotak Mahindra Prime Limited	-	3.82
	Insurance premium paid in advance		
	- Kotak Mahindra General Insurance Company Limited	0.64	0.12
	- Kotak Mahindra Life Insurance Company Ltd	10.55	-
	Insurance premium capitalised		
	- Kotak Mahindra General Insurance Company Limited	-	0.68
III	**Associate Company/Joint Ventures**		
a)	**Transactions during the year :**		
	OTHER RECEIPTS and PAYMENTS		
	Asset Transfer-out		
	- Infina Finance private Limited	-	15.98
	Employee Liability transfer out		
	- Infina Finance private Limited	-	0.27
b)	**Balances outstanding as at the year end :**		
	INVESTMENTS		
	Investments -Phoenix ARC Pvt Limited	6,100.50	6,100.50
IV	**Entities over which relative of director has significant influence**		
a)	**Balances outstanding as at the year end :**		
	INVESTMENTS		
	Investments -Business Standard Private Limited	0.20	0.20
	COMMODITY DERIVATIVES		
	Outstanding receivable -Kotak Commodity Services Private Limited	-	0.31
	OTHER RECEIPTS and PAYMENTS		
	Fees on travel tickets purchased - Aero Agencies Limited	-	0.97

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 36 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

36.1. Accounting classification

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

(Amount in lakhs)

Particulars	As at 31st March, 2022				As at 31st March, 2021			
	Amortised Cost	FVOCI	FVTPL	Others	Amortised Cost	FVOCI	FVTPL	Others
Financial assets								
Cash and cash equivalents	36,964.89	-	-	-	14,691.83	-	-	-
Bank Balance other than cash and cash equivalent	45.03	-	-	-	42.90	-	-	-
Receivables:								
Trade receivables	72.87	-	-	-	122.85	-	-	-
Other receivables	214.67	-	-	-	594.51	-	-	-
Loans	6,66,846.66	-	-	-	6,20,983.57	-	-	-
Investments	38,917.53	1,51,119.57	63,477.40	6,100.50	39,439.18	65,227.62	33,854.88	6,100.50
Other financial assets	224.19	-	-	-	221.99	-	-	-
Total	**7,43,285.84**	**1,51,119.57**	**63,477.40**	**6,100.50**	**6,76,096.83**	**65,227.62**	**33,854.88**	**6,100.50**
Financial liabilities								
Derivative financial instruments	-	-	-	-	-	-	1,524.25	-
Payables	-	-	-	-	-	-	-	-
Trade Payables	311.07	-	-	-	326.44	-	-	-
Other Payables	1,198.27	-	-	-	592.05	-	-	-
Debt securities	3,93,287.04	-	-	-	2,55,442.86	-	-	-
Borrowings (Other than Debt Securities)	3,03,082.87	-	-	-	2,96,822.12	-	-	-
Subordinated Liabilities	20,234.24	-	-	-	20,239.62		-	-
Total	**7,18,113.49**	**-**	**-**	**-**	**5,73,423.09**	**-**	**1,524.25**	**-**

36.2. Fair Value

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

(Amount in lakhs)

Particulars	Fair value							
	As at 31st March, 2022				As at 31st March, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Mutual Funds	46,402.49	-	-	46,402.49	18,052.36	-	-	18,052.36
Investments in Venture Capital Funds	-	-	1,002.56	1,002.56	-	-	1,524.05	1,524.05
Investments in Equity Instruments	8,468.20	-	54.06	8,522.26	-	-	54.93	54.93
Investments in Debt Securities	-	7,550.10	-	7,550.10	-	14,223.54	-	14,223.54
Investments in Government securities	1,51,119.57	-	-	1,51,119.57	30,348.99	-	-	30,348.99
Investments in Treasury bills	-	-	-	-	-	34,878.63	-	34,878.63
Total	**2,05,990.26**	**7,550.10**	**1,056.62**	**2,14,596.98**	**48,401.35**	**49,102.17**	**1,578.98**	**99,082.50**
Financial liabilities								
Derivative financial instruments	-	-	-	-	-	1,524.25		1,524.25
Total	**-**	**-**	**-**	**-**	**-**	**1,524.25**	**-**	**1,524.25**

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(Amount in lakhs)

Particulars	Fair value							
	As at 31st March, 2022				As at 31st March, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans	-	-	6,72,796.28	6,72,796.28	-	-	6,24,957.78	6,24,957.78
Investments	-	45,929.45	-	45,929.45	-	41,762.40	-	41,762.40
Total	**-**	**45,929.45**	**6,72,796.28**	**7,18,725.73**	**-**	**41,762.40**	**6,24,957.78**	**6,66,720.18**
Financial liabilities								
Debt securities	-	3,93,295.91	-	3,93,295.91	-	2,57,329.47	-	2,57,329.47
Borrowings (Other than Debt Securities)	-	3,25,161.51	-	3,25,161.51	-	3,17,468.40	-	3,17,468.40
Total	**-**	**7,18,457.42**	**-**	**7,18,457.42**	**-**	**5,74,797.87**	**-**	**5,74,797.87**

Fair value of Statement of Financial Position is presented below:

(Amount in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	36,964.89	36,964.89	14,691.83	14,691.83
Bank Balance other than cash and cash equivalent	45.03	45.03	42.90	42.90
Receivables:				
Trade receivables	72.87	72.87	122.85	122.85
Other receivables	214.67	214.67	594.51	594.51
Loans	6,66,846.66	6,72,796.28	6,20,983.57	6,24,957.78
Investments*	2,59,615.00	2,65,762.66	1,44,622.18	1,46,602.79
Other financial assets	224.19	224.19	221.99	221.99
Total	**9,63,983.30**	**9,76,080.60**	**7,81,279.83**	**7,87,234.65**
Financial liabilities				
Derivative financial instruments	-	-	1,524.25	1,524.25
Payables				
Trade Payables	311.07	311.07	326.44	326.44
Other Payables	1,198.27	1,198.27	592.05	592.05
Debt securities	3,93,287.04	3,93,295.91	2,55,442.86	2,57,329.47
Borrowings (Other than Debt Securities)	3,03,082.87	3,03,179.12	2,96,822.12	2,95,181.25
Subordinated Liabilities	20,234.24	21,982.40	20,239.62	22,287.16
Total	**7,18,113.48**	**7,19,966.76**	**5,74,947.34**	**5,77,240.62**

*Fair valuation of the investments include investments in associate and Joint Ventures which has been carried at cost.

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

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

36.3. Measurement of fair values

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

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

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

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

36.3.1 Financial instruments valued at carrying value

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

36.3.2 Valuation techniques used to determine fair value:

36.3.2.1 Investments in Mutual Funds

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

36.3.2.2 Investments in Preference Shares

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

36.3.2.3 Investment in Venture Capital Funds

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

36.3.2.4 Investment in Equity instruments

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

36.3.2.5 Investment in Central Government Securities

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

36.3.2.6 Investment in Treasury Bills

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

36.3.2.7 Investment in Debt Securities

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

36.3.3 Fair value of financial instruments carried at amortised cost

36.3.3.1 Loans

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

36.3.3.2 Borrowings

The fair values of the Company's borrowings and other debt securities are calculated based on a discounted cash flow model. The discount rates were based on yield curves appropriate for the remaining maturities of the instruments as published by Financial Benchmarks India Private Limited (FBIL).

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

36.4.Fair values measurement on level 3 Investments

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

(Amount in lakhs)

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

(Amount in lakhs)

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

36.4.2. Unobservable inputs used in measuring fair value

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

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

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

(Amount in lakhs)

Particulars	As at 31st March, 2022				As at 31st March, 2021			
	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow	100 bp increase in discount factor	100 bp decrease in discount factor	500 bp increase in net cash flow	500 bp decrease in net cash flow
Investments in Equity Instruments	-	-	2.70	(2.70)	-	-	2.75	(2.75)

36.5. Financial risk management

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

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

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

36.5.1. Risk management framework

Risk Management policy outlines the approach and mechanisms of risk management in the company, including identification, reporting and measurement of risk in various activities undertaken by the company. The general objective of risk management is to support business units by ensuring risks are timely identified and adequately considered in decision-making, and are viewed in conjunction with the earnings.

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

The audit committee oversees how the management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Risk Management committee of Board exercises supervisory power in connection with the risk management of the company, monitoring of the exposures, reviewing adequacy of risk management process, reviewing internal control systems, ensuring compliance with the statutory/regulatory framework of the risk management process.

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

Risk	Exposure arising from	Management
Credit Risk	Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.	The company adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to assessment of promoters; group financial strength and leverage; operational and financial performance track record; client cash flows; valuation of collateral (real estate - considering status of project approvals, market benchmarking and current going rates; corporates – considering capital market trend / cash flows / peer comparison as applicable). The exposures are subjected to regular monitoring of (real estate - project performance, cash flows, security cover; corporates – exposures backed by listed securities, security cover is regularly monitored). The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties and by monitoring exposures in relation to such limits.
Liquidity Risk	Liquidity risk is the risk that the Company is unable to meet its financial obligations when they fall due without adversely affecting its financial condition. Liquidity risk arises because of mismatches in the timing of the cash flows.	Board of Directors (the Board) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances. In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the Board. Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the Board . ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board. Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits. The Company has formulated a policy on Liquidity Risk Management Framework which covers liquidity risk management, maintaining LCR, stress testing, contingency funding plan, maturity profiling and liquidity risk measurement – stock approach, interest Rate Risk and liquidity risk monitoring tools. (Refer Note 48.02.08)
Interest rate risk	Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income. Interest rate risk arises from mismatches in re-pricing of interest rate sensitive assets (RSA) and rate sensitive liabilities (RSL).	Board of Directors (the Board) of the Company is the guiding body for management of its interest rate risk and sets the overall policy and risk limits. In order to manage/mitigate interest rate risk, the Company has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board. Treasury is entrusted with the responsibility of managing interest rate risk within the overall risk limits as approved by the Board. ALCO is responsible for ensuring adherence to the risk tolerance/limits set by the Board.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

36.5.2. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

The company adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to assessment of promoters; group financial strength and leverage; operational and financial performance track record; client cash flows; valuation of collateral (real estate sector- considering status of project approvals, market benchmarking and current going rates; corporate sector – considering capital market trend / cash flows / peer comparison as applicable).

The exposures are subjected to regular monitoring of (real estate - project performance, cash flows, security cover; corporates – exposures backed by listed securities, security cover is regularly monitored). The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties and by monitoring exposures in relation to such limits.

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

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Loans at amortised cost		
- Commercial Real Estate	3,78,833.10	3,62,944.88
- Loan against Securities and Structured Products	2,90,114.82	2,27,473.78
- Margin Funding	8,387.52	45,572.90
Investments	39,074.08	39,781.78
Other financial assets	37,532.27	15,692.30
Total	**7,53,941.79**	**6,91,465.64**

36.5.2.1. Narrative disclosures of credit risk

The amount of collateral obtained, if deemed necessary by the company while granting credit facility, is based on management's credit evaluation of the counterparty. Collateral primarily include mortgage of property and/ or pledge of securities and/or hypothecation of receivables and/ or undertaking to create a security.

36.5.2.2. Quantitative Information of Collateral - Credit Impaired assets

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

(Amount in lakhs)

Sr No	Loan To Value (LTV) range	Gross value of loan in stage 3	
		As at 31st March, 2022	As at 31st March, 2021
1	Upto 50% Coverage *	3,077.72	2,533.33
2	51% - 70% Coverage		-
3	71% - 100% Coverage		-
4	Above 100% coverage	5,793.33	5,221.79
		8,871.05	**7,755.12**

* Provision Created for Impairment allowance agains these Loans - ₹ 3077.72 Lakhs (Previous Year ₹ 2533.33 Lakhs)

36.5.2.3. Financial assets received as collateral

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

At March 31st, 2022, 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 ₹ 98,157.51 lakhs (March 31st, 2021: ₹ 4,39,903.97 lakhs).

During the year ended on March 31st, 2022, the fair value of financial assets accepted as collateral that had been sold was ₹ 103.51 lakhs (Year ended on March 31st, 2021: ₹ 4,525.81 lakhs). The Company adjusts the sales Proceed from carrying amount of loan and is not obliged to return equivalent securities.

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

36.5.2.4. Amounts arising from ECL

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

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

Inputs considered in the ECL model:

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk since initial recognition on an ongoing basis at each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, credit assessment and including forward looking information.

loans are categorized into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

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

- Current	- Stage 1
- 0-30 days past due	- Stage 1
- 31- 60 days past due	- Stage 2
- 61- 89 days past due	- Stage 2
- 90 days and above past due	- Stage 3

The three stages reflect the general pattern of credit deterioration of a financial instrument.

Further, company considers following additional factors to determine significant increase in credit risk since initial recognition:

- 2 notch downgrade in Internal rating (wherever available) since initial recognition of loan
- 2 notch downgrade in external rating (wherever available) since initial recognition of loan
- management judgement of of significant increase in credit risk based on the internal assessment.

Company does not move Loan from higher stage to lower stage immediately after payment of overdue amount and applies following cooling off period for upgradation:

From Stage 2 to Stage 1

- Instrument should continue in lower than 30 dpd for at least six months

From Stage 3 to Stage 2

- Instrument should continue in lower than 90 dpd for at least six months or
- Moves to Zero dpd

Assumption considered in the ECL model:

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.

- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

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

The Company provides for Expected Credit Losses based on the following:

Category - Description	Basis for recognition of ECL
1. Stage 1 - Standard (Performing) Asset -	12 month PD
2. Stage 2 - Significant Credit Deteriorated Asset -	Life time PD
3. Stage 3- Default (Credit Impaired) Asset -	100% PD

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Forward looking information:

The Company incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as real GDP, lending rate, private consumption, domestic demand, real estate price movement, real estate unsold inventory and money supply. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

Assessment of significant increase in credit risk:

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

Credit Impaired:

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days from the day it is due. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

Policy for write-off of Financial assets

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

36.5.2.4.2. Gross Carrying value

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

Loans

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at March 31st, 2020	**4,73,818.12**	**65,025.27**	**7,520.59**	**5,46,363.98**
Transition From 12 month ECL	(46,177.52)	46,177.52	-	-
Transition From Lifetime ECL not credit impaired	12,557.65	(16,368.97)	3,811.32	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement	(52,835.81)	1,510.97	(3,575.04)	(54,899.88)
New financial assets originated during the year	2,46,998.48	-	-	2,46,998.48
Financial assets that have been derecognised during the period	(85,690.65)	(16,778.61)	(1.76)	(1,02,471.02)
Write-offs	-	-	-	-
Balance as at March 31st, 2021	**5,48,670.27**	**79,566.18**	**7,755.11**	**6,35,991.56**
Transition From 12 month ECL	(18,628.27)	18,628.27	-	-
Transition From Lifetime ECL not credit impaired	13,164.11	(16,314.72)	3,150.61	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement	(1,05,971.31)	(18,312.06)	406.71	(1,23,876.66)
New financial assets originated during the year	4,25,254.84	-	-	4,25,254.84
Financial assets that have been derecognised during the period	(2,30,601.01)	(26,991.91)	(2,441.38)	(2,60,034.30)
Write-offs	-	-	-	-
Balance as at March 31st, 2022	**6,31,888.63**	**36,575.76**	**8,871.05**	**6,77,335.44**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Investments

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at March 31st, 2020	**50,039.54**	**-**	**-**	**-**	**50,039.54**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	-	-	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	(593.68)	-	-	-	(593.68)
New financial assets originated during the year	20,375.46	-	-	-	20,375.46
Financial assets that have been derecognised during the period	(30,039.54)	-	-	-	(30,039.54)
Write-offs	-	-	-	-	-
Balance as at March 31st, 2021	**39,781.78**	**-**	**-**	**-**	**39,781.78**
Transition From 12 month ECL	-	-	-	-	-
Transition From Lifetime ECL not credit impaired	-	-	-	-	-
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement	-	-	-	-	-
New financial assets originated during the year	39,074.08	-	-	-	39,074.08
Financial assets that have been derecognised during the period	(39,781.78)	-	-	-	(39,781.78)
Write-offs	-	-	-	-	-
Balance as at March 31st, 2022	**39,074.08**	**-**	**-**	**-**	**39,074.08**

Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31st, 2020	**1,60,967.01**
Addition/Deletion during the year	(1,45,274.71)
Balance as at March 31st, 2021	**15,692.30**
Addition/Deletion during the year	21,839.97
Balance as at March 31st, 2022	**37,532.27**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

36.5.2.4.3. Impairment loss allowance

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

Loans

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at March 31st, 2020	**3,722.52**	**4,504.10**	**3,100.81**	**11,327.43**
Transition From 12 month ECL	(514.16)	514.16	-	-
Transition From Lifetime ECL not credit impaired	562.39	(1,106.42)	544.03	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(1,163.21)	4,242.36	1,027.92	4,107.07
New financial assets originated during the year	1,554.79	-	-	1,554.79
Financial assets that have been derecognised during the period	(430.10)	(1,263.75)	(287.44)	(1,981.29)
Write-offs	-	-	-	-
Balance as at March 31st, 2021	**3,732.23**	**6,890.45**	**4,385.32**	**15,008.00**
Transition From 12 month ECL	(1,516.72)	1,516.72	-	-
Transition From Lifetime ECL not credit impaired	858.09	(1,252.20)	394.12	-
Transition From Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(2,650.61)	(950.32)	863.60	(2,737.33)
New financial assets originated during the year	2,902.56	-	-	2,902.56
Financial assets that have been derecognised during the period	(1,186.46)	(2,878.92)	(619.07)	(4,684.45)
Write-offs	-	-	-	-
Balance as at March 31st, 2022	**2,139.09**	**3,325.72**	**5,023.97**	**10,488.78**

Investments

(Amount in lakhs)

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total (FVOCI)	Amortised Cost
Balance as at March 31st, 2020	**318.36**	**-**	**-**	**-**	**318.36**
Transition From 12 month ECL	-	-	-	-	**-**
Transition From Lifetime ECL not credit impaired	-	-	-	-	**-**
Transition From Lifetime ECL credit impaired	-	-	-	-	-
Net remeasurement of loss allowance	(3.05)	-	-	-	(3.05)
New financial assets originated during the year	242.69	-	-	-	242.69
Financial assets that have been derecognised during the period	(215.42)	-	-	-	(215.42)
Write-offs	-	-	-	-	**-**
Balance as at March 31st, 2021	**342.58**	**-**	**-**	**-**	**342.58**
Transition From 12 month ECL	-	-	-	-	**-**
Transition From Lifetime ECL not credit impaired	-	-	-	-	**-**
Transition From Lifetime ECL credit impaired	-	-	-	-	**-**
Net remeasurement of loss allowance	-	-	-	-	**-**
New financial assets originated during the year	156.55	-	-	-	**156.55**
Financial assets that have been derecognised during the period	(342.58)	-	-	-	**(342.58)**
Write-offs	**-**	**-**	**-**	**-**	**-**
Balance as at March 31st, 2022	**156.55**	**-**	**-**	**-**	**156.55**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Trade Receivables And Other financial assets

(Amount in lakhs)

Particulars	Trade Receivables And Other financial assets
Balance as at March 31st, 2020	**40.70**
Addition/Deletion during the year(Net)	(22.47)
Balance as at March 31st, 2021	**18.23**
Addition/Deletion during the year(Net)	(7.61)
Balance as at March 31st, 2022	**10.62**

36.5.2.5. Credit quality analysis

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

(Amount in lakhs)

	As at 31st March, 2022				As at 31st March, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Commercial Real Estate								
Current Bucket	3,40,483.27	19,699.55	-	3,60,182.82	2,84,585.02	56,768.92	-	3,41,353.94
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	12,856.95	-	12,856.95	-	4,622.75	-	4,622.75
Past due 61–90 days	-	-	-	-	-	11,746.40	-	11,746.40
Past due 90 days	-	-	5,793.33	5,793.33	-	-	5,221.79	5,221.79
Gross carrying amount	**3,40,483.27**	**32,556.50**	**5,793.33**	**3,78,833.10**	**2,84,585.02**	**73,138.07**	**5,221.79**	**3,62,944.88**
Impairment loss allowance	(1,419.44)	(3,325.57)	(1,946.25)	(6,691.26)	(3,165.76)	(6,840.95)	(1,851.99)	(11,858.70)
Net carrying amount	**3,39,063.83**	**29,230.93**	**3,847.08**	**3,72,141.84**	**2,81,419.26**	**66,297.12**	**3,369.80**	**3,51,086.18**
Loan against Securities and Structured Products								
Current Bucket	2,79,417.18	4,019.26	-	2,83,436.44	2,24,674.89	821.34	-	2,25,496.23
Past due 1–30 days	5,025.34	-	-	5,025.34	412.68	-	-	412.68
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	257.20	-	257.20
Past due 90 days	-	-	1,653.04	1,653.04	-	-	1,307.67	1,307.67
Gross carrying amount	**2,84,442.52**	**4,019.26**	**1,653.04**	**2,90,114.82**	**2,25,087.57**	**1,078.54**	**1,307.67**	**2,27,473.78**
Impairment loss allowance	(718.16)	(0.14)	(1,653.04)	(2,371.33)	(443.07)	(3.57)	(1,307.67)	(1,754.31)
Net carrying amount	**2,83,724.36**	**4,019.12**	**-**	**2,87,743.49**	**2,24,644.50**	**1,074.97**	**-**	**2,25,719.47**
Margin Funding								
Current Bucket	6,962.84	-	-	6,962.84	36,262.49	1,514.98	-	37,777.47
Past due 1–30 days	-	-	-	-	2,735.19	3,073.06	-	5,808.25
Past due 31–60 days	-	-	-	-	-	761.52	-	761.52
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	1,424.68	1,424.68	-	-	1,225.66	1,225.66
Gross carrying amount	**6,962.84**	**-**	**1,424.68**	**8,387.52**	**38,997.68**	**5,349.56**	**1,225.66**	**45,572.90**
Impairment loss allowance	(1.50)	-	(1,424.68)	(1,426.18)	(123.40)	(45.93)	(1,225.66)	(1,394.99)
Net carrying amount	**6,961.34**	**-**	**-**	**6,961.34**	**38,874.28**	**5,303.63**	**-**	**44,177.91**
Debenture								
Current Bucket	39,074.08	-	-	39,074.08	39,781.78	-	-	39,781.78
Gross carrying amount	**39,074.08**	**-**	**-**	**39,074.08**	**39,781.78**	**-**	**-**	**39,781.78**
Impairment loss allowance	(156.55)	-	-	(156.55)	(342.58)	-	-	(342.58)
Net carrying amount	**38,917.53**	**-**	**-**	**38,917.53**	**39,439.20**	**-**	**-**	**39,439.20**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

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

(Amount in lakhs)

	As at 31st March, 2022				As at 31st March, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Investments								
Current Bucket	1,51,119.57	-	-	1,51,119.57	65,227.62		-	65,227.62
Gross carrying amount	**1,51,119.57**	**-**	**-**	**1,51,119.57**	**65,227.62**	**-**	**-**	**65,227.62**
Impairment loss allowance	-			-	-		-	-
Net carrying amount	**1,51,119.57**	**-**	**-**	**1,51,119.57**	**65,227.62**	**-**	**-**	**65,227.62**
Fair Value		**-**	**-**	**-**			**-**	**-**

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

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
	12-month ECL	12-month ECL
Current	37,532.27	15,692.30
Impairment loss allowance	(10.62)	(18.23)
Carrying amount	**37,521.65**	**15,674.07**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

36.5.3. Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations when they fall due without adversely affecting its financial condition. Liquidity risk arises because of mismatches in the timing of the cash flows.

Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances. For further details on the Company's strategy to mitigate liquidity risk Refer Note 36.5.1.

Maturity Profile of Financial Liabilities

For financial liabilities the amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements. For financial assets, only carrying values (excluding any provision for impairment loss) as on the reporting date are considered.

(Amount in lakhs)

Particulars	1 to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at March 31st, 2022										
Financial assets										
Cash and cash equivalents	36,972.10	-	-	-	-	-	-	-	-	36,972.10
Bank Balance other than cash and cash equivalents	-	-	-	-	-	-	45.04	-	-	45.04
Receivables										-
(I) Trade receivables	68.96	4.39	-	-	-	-	-	-	-	73.35
(II) Other receivables	-	-	-	209.72	-	-	-	-	6.37	216.09
Loans	4,585.70	3,554.68	10,252.29	25,291.66	46,117.80	1,88,095.11	3,14,852.83	60,731.52	23,853.85	6,77,335.44
Investments	1,97,522.06	7,667.67	6,152.04	198.38	2,252.90	5,783.98	20,358.68	12,766.67	7,069.17	2,59,771.55
Other Financial assets	0.06	-	-	-	-	-	-	-	225.62	225.68
	2,39,148.89	**11,226.74**	**16,404.33**	**25,699.76**	**48,370.70**	**1,93,879.09**	**3,35,256.55**	**73,498.20**	**31,155.02**	**9,74,639.25**
Financial liabilities										
Payables										
(I) Trade payables	194.92	-	-	116.15	-	-	-	-	-	311.07
(II) Other payables	458.06	683.71	-	-	5.00	-	51.49	-	-	1,198.27
Debt securities	8,030.00	-	8,138.16	1,700.00	29,544.89	1,01,345.14	2,75,023.79	-	-	4,23,781.98
Borrowings (Other than Debt Securities)	79,552.79	10,088.30	54,091.25	50,088.30	2,770.80	91,548.71	21,876.38	-	-	3,10,016.53
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.04	22,992.67	-	28,160.21
	88,235.77	**10,772.02**	**62,229.41**	**51,904.45**	**32,320.69**	**1,94,616.35**	**3,00,396.70**	**22,992.67**	**-**	**7,63,468.04**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(Amount in lakhs)

Particulars	1 to 14 days	Over 14 days to 1 month	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
As at March 31st, 2021										
Financial assets										
Cash and cash equivalents	14,694.70	-	-	-	-	-	-	-	-	14,694.70
Bank Balance other than cash and cash equivalents	-	-	42.91	-	-	-	-	-	-	42.91
Receivables										
(I) Trade receivables	122.58	2.28	-	-	-	-	-	-	-	124.86
(II) Other receivables	-	-	-	604.22	-	-	-	-	-	604.22
Loans	9,399.07	3,797.76	29,838.75	20,806.06	80,709.33	1,62,170.19	2,47,660.58	59,816.56	21,793.27	6,35,991.57
Investments	18,125.20	65,044.25	14,336.94	600.00	6.32	1,000.00	38,172.57	-	7,679.50	1,44,964.78
Other Financial assets	-	-	-	-	-	-	-	-	225.62	225.62
	42,341.55	**68,844.29**	**44,218.60**	**22,010.28**	**80,715.65**	**1,63,170.19**	**2,85,833.15**	**59,816.56**	**29,698.39**	**7,96,648.66**
Financial liabilities										
Derivative financial instruments	-	1,524.25	-	-	-	-	-	-	-	1,524.25
Payables										
(I) Trade payables	564.27	-	-	102.90	-	-	-	-	-	667.17
(II) Other payables	234.08	-	-	0.67	4.97	-	11.60	-	-	251.32
Debt securities	-	21,544.09	10,138.16	910.00	53,369.05	38,140.21	1,48,608.32	-	-	2,72,709.83
Borrowings (Other than Debt Securities)	-	15,000.00	31,026.00	50,500.00	67,199.70	99,500.00	37,829.83	-	-	3,01,055.53
Subordinated Liabilities	-	-	-	-	-	1,722.50	3,445.00	8,445.00	16,270.21	29,882.71
	798.35	**38,068.34**	**41,164.16**	**51,513.57**	**1,20,573.72**	**1,39,362.71**	**1,89,894.75**	**8,445.00**	**16,270.21**	**6,06,090.81**

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

36.5.4. Interest Rate Risk

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

Exposure to interest rate risk

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

(Amount in lakhs)

	31st March, 2022	31st March, 2021
Fixed-rate instruments		
Financial assets	7,25,736.01	5,87,767.28
Financial liabilities	(6,05,879.59)	(4,84,547.94)
Variable-rate instruments		
Financial assets	1,96,005.77	1,85,761.03
Financial liabilities	(1,10,724.55)	(87,956.66)
Rate Insensitive	40,732.18	5,308.78
Total Net	**2,45,869.82**	**2,06,332.49**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Amount in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments (net)	852.81	(852.81)	978.04	(978.04)
Cash Flow Sensitivity	**852.81**	**(852.81)**	**978.04**	**(978.04)**

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

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

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

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

(Amount in lakhs)

Particulars	Effect of offsetting on the balance sheet				
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Netting potential not recognised on the balance sheet - Financial collaterals obtained[1]	Maximum exposure
March 31, 2022					
Loans and advances					
Loans against securities and structured products	37,669.12	-	37,669.12	(37,669.12)	-
Margin funding	8,387.52	-	8,387.52	(6,958.99)	1,428.53
	46,056.64	**-**	**46,056.64**	**(44,628.11)**	**1,428.53**
March 31, 2021					
Loans and advances					
Loans against securities and structured products	95,485.30	-	95,485.30	(94,568.08)	917.22
Margin funding	45,572.90	-	45,572.90	(44,342.70)	1,230.20
	1,41,058.20	**-**	**1,41,058.20**	**(1,38,910.78)**	**2,147.42**

[1]Company obtains financial collateral from its borrowers towards, loans advanced as Loans against securities(LAS) and Margin funding portfoio. Fair value of the financial collateral obtained is more than the underlying loans exposure. Accordingly, amounts have been capped to the extent it does not exceed the net amount of financial assets presented on the balance sheet.

36.5.6. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk which primarily includes risk of change in market value of investments. Thus, exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities . Objective of Market risk management is to minimize impact of change in Market value of lending/investments.

36.5.7. Currency risk

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 37 EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans:

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognised provident fund and administered by a Board of Trustees. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The Company recognized ₹ 128.45 lakhs (Previous year. ₹ 109.41 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

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

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of ₹ 20 lakhs. (Previous Year ₹ 20 lakhs).

The gratuity benefit is provided through unfunded plan and annual contributions are charged to the statement of profit and loss. Under the scheme, the settlement obligation remains with the Company. Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

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

(Amount in lakhs)

	Note	As at 31st March, 2022	As at 31st March, 2021
Net defined benefit liability	17 (i)	309.29	253.93
Total employee benefit liabilities		**309.29**	**253.93**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

B. Movement in net defined benefit (asset) liability

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

(Amount in lakhs)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
Opening balance	253.93	261.30	-	-	253.93	261.30
Included in profit or loss			-	-		
Current service cost	33.53	36.29	-	-	33.53	36.29
Past service cost	-	-	-	-	-	-
Interest cost (income)	14.35	15.17	-	-	14.35	15.17
	301.81	**312.76**	**-**	**-**	**301.81**	**312.76**
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	(0.32)	3.26	-	-	(0.32)	3.26
Experience adjustment	36.69	(1.36)	-	-	36.69	(1.36)
Return on plan assets excluding interest income	-	-	-	-	-	-
	36.37	**1.90**	**-**	**-**	**36.37**	**1.90**
Other						
Benefits paid	(36.97)	(34.55)	-	-	(36.97)	(34.55)
Employers contribution	-	-	-	-	-	-
Liabilities assumed / (settled)	8.08	(26.18)			8.08	(26.18)
Closing balance	**309.29**	**253.93**	**-**	**-**	**309.29**	**253.93**
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					309.29	253.93
					309.29	**253.93**

C. Expenses recognised in Statement of profit and loss

(Amount in lakhs)

	As at 31st March, 2022	As at 31st March, 2021
Current service cost	33.53	36.29
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	14.35	15.17
(Gains) / losses on settlement	-	-
Total	**47.88**	**51.46**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

D. Remeasurements recognised in other comprehensive income

(Amount in lakhs)

	As at 31st March, 2022	As at 31st March, 2021
Actuarial loss (gain) arising from:		
Demographic assumptions	-	-
Financial assumptions	(0.32)	3.26
Experience adjustment	36.69	(1.36)
	36.37	**1.90**
Return on plan assets excluding interest income	-	-
	36.37	**1.90**

E. Defined benefit obligations

i. Actuarial assumptions

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

	As at 31st March, 2022	As at 31st March, 2021
Discount rate	6.70%	6.20%
Salary escalation rate	12.00% until year 1 inclusive, then 7.00%	7.00%
Mortality rate Age (Years)	**Rates (p.a.)**	**Rates (p.a.)**
18	0.09%	0.09%
23	0.09%	0.09%
28	0.09%	0.09%
33	0.11%	0.11%
38	0.15%	0.15%
43	0.21%	0.21%
48	0.35%	0.35%
53	0.62%	0.62%
58	0.97%	0.97%

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

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Amount in lakhs)

	As at 31st March, 2022		As at 31st March, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	300.13	319.01	245.93	262.42
Future salary growth (0.5% movement)	314.94	303.50	259.33	248.64

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

F. Experience Adjustments

(Amount in lakhs)

Particulars	Gratuity				
	Year ended 31st March				
	2022	2021	2020	2019	2018
Defined benefit obligation	309.29	253.93	261.30	204.75	178.42
Plan assets	-	-	-	-	-
Surplus / (deficit)	309.29	253.93	261.30	204.75	178.42
Experience adjustments on plan liabilities	36.69	(1.36)	18.88	9.18	18.41
Experience adjustments on plan assets	-	-		-	-

G. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized ₹ 5.46 lakhs (Previous year. ₹ 1.02 lakhs) for Compensated Absences in the Statement of Profit and Loss.

H. Long Service Award

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

NOTE 38 SHARE-BASED PAYMENT ARRANGEMENTS:

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

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

(a) Kotak Mahindra Equity Option Scheme 2007; and

(b) Kotak Mahindra Equity Option Scheme 2015

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

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

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

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

The fair value of the option is determined using a Black-Scholes options pricing model. During the year, ₹ 36.52 lakhs (March 31, 2021: 99.13 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.

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

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2022			31st March, 2021		
			No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-02								
D	19-May-16	Equity settled	-	-	-	664	30-Nov-19	3.87
2015-05								
B	10-Aug-16	Equity settled	-	-	-	9,000	15-Aug-20	4.39

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Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2022			31st March, 2021		
			No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-07								
B	15-May-17	Equity settled	-	-	-	6,819	31-Oct-19	2.96
C	15-May-17	Equity settled	-	-	-	5,988	30-Jun-20	3.63
D	15-May-17	Equity settled	4,938	31-Dec-20	-	5,988	31-Dec-20	4.13
2015-14								
A	18-May-18	Equity settled	-	-	-	-	31-Jul-19	1.71
B	18-May-18	Equity settled	6,034	31-Oct-20	-	9,909	31-Oct-20	2.95
C	18-May-18	Equity settled	4,372	30-Jun-21	3.62	6,606	30-Jun-21	3.62
D	18-May-18	Equity settled	4,372	31-Dec-21	4.12	6,606	31-Dec-21	4.12
2015-16								
A	18-May-18	Equity settled	-	-	-	5,000	31-Jul-20	2.71
B	18-May-18	Equity settled	5,000	31-Jul-21	3.71	5,000	31-Jul-21	3.71
2015-19								
A	20-May-19	Equity settled	-	-	-	11,970	31-Jul-20	1.70
B	20-May-19	Equity settled	8,739	31-Oct-21	2.95	11,970	31-Oct-21	2.95
C	20-May-19	Equity settled	5,826	30-Jun-22	3.62	7,980	30-Jun-22	3.62
D	20-May-19	Equity settled	5,826	31-Dec-22	4.12	7,980	31-Dec-22	4.12
2015-25								
A	07-Aug-20	Equity settled	5,589	31-Aug-21	1.07	5,949	31-Aug-21	1.07
B	07-Aug-20	Equity settled	5,589	30-Nov-22	2.32	5,949	30-Nov-22	2.32
C	07-Aug-20	Equity settled	3,726	30-Jun-23	2.90	3,966	30-Jun-23	2.90
D	07-Aug-20	Equity settled	3,726	31-Dec-23	3.40	3,966	31-Dec-23	3.40
2015-30								
A	20-May-21	Equity settled	4,569	30-Jun-22	1.11	-	-	-
B	20-May-21	Equity settled	4,569	30-Jun-23	2.11	-	-	-
C	20-May-21	Equity settled	4,569	30-Jun-24	3.12	-	-	-
D	20-May-21	Equity settled	4,583	30-Jun-25	4.12	-	-	-

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

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

As at 31st March, 2022

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955	954.65	6.64% - 6.95%	0.06%	20.74% - 35.44%	145.98 - 349.84
2015-14	18-May-18	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1271	1,270.70	7.44% - 7.99%	0.06%	18.68% - 32.95%	184.60 - 465.70
2015-16	18-May-18	2.21 - 3.21	0.50 - 0.50	2.46 - 3.46	1271	1,270.70	7.75% - 7.98%	0.06%	19.74% - 31.94%	277.78 - 438.73
2015-19	20-May-19	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1460	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28
2015-25	07-Aug-20	1.07 - 3.40	0.50 - 0.50	1.13 - 3.65	1341	1,340.10	3.61% - 5.06%	0.06%	39.75% - 29.29%	267.12 - 395.03
2015-30	30-May-21	1.08 - 4.09	0.50 - 0.50	1.34 - 4.34	1801	1,800.75	4.05% - 5.53%	0.05%	29.80% - 42.76%	390.94 - 609.04

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

As at 31st March, 2021

Scheme	Grant Date	Vesting period	Exercise period	Expected life (Years)	Exercise Price (₹)	Market price (₹)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (₹)
2015-02	19-May-16	1.37 - 3.53	0.33 - 1.00	1.62 - 3.70	710.00	708.90	7.25% - 7.46%	0.07%	26.85% - 27.96%	134.08 - 229.80
2015-05	10-Aug-16	3.01 - 4.02	0.38 - 0.38	3.20 - 4.21	765.00	764.75	7.04% - 7.13%	0.07%	26.75% - 28.05%	225.33 - 261.42
2015-07	15-May-17	1.30 - 3.63	0.50 - 1.00	1.54 - 3.88	955.00	954.65	6.64% - 6.95%	0.06%	20.74% - 35.44%	145.98 - 349.84
2015-14	18-May-18	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,271.00	1,270.70	7.44% - 7.99%	0.06%	18.68% - 32.95%	184.60 - 465.70
2015-16	18-May-18	2.21 - 3.21	0.50 - 0.50	2.46 - 3.46	1,271.00	1,270.70	7.75% - 7.98%	0.06%	19.74% - 31.94%	277.78 - 438.73
2015-19	20-May-19	1.20 - 3.62	0.50 - 0.50	1.45 - 3.87	1,460.00	1,460.00	6.63% - 7.03%	0.05%	21.16% - 31.00%	230.35 - 508.28
2015-25	07-Aug-20	1.07 - 3.40	0.50 - 0.50	1.13 - 3.65	1,341.00	1,340.10	3.61% - 5.06%	0.06%	39.75% - 29.29%	267.12 - 395.03

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2022.

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

C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme as at 31st March, 2022

Scheme	Grant Date	31st March, 2022							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2015-07	15-May-17	4,938	-	(4,664)	(274)	-	-	-	-
2015-14	18-May-18	14,778	-	(10,406)	(246)	-	(740)	3,386	3,386
2015-16	18-May-18	5,000	-	(5,000)	-	-	-	-	-
2015-19	20-May-19	19,796	-	(1,272)	(1,449)	-	(1,400)	15,675	6,591
2015-25	07-Aug-20	18,630	-	(5,229)	(1,620)	-	(2,240)	9,541	-
2015-30	30-May-21	-	17,560	-	730	-	(3,330)	14,960	-
		63,142	**17,560**	**(26,571)**	**(2,859)**	**-**	**(7,710)**	**43,562**	**9,977**

Scheme	Grant Date	31st March, 2021							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
2007-47	09-May-15	-	-	-	-	-	-	-	-
2015-02	19-May-16	664	-	(664)	-		-	-	-
2015-07	15-May-17	18,795	-	(11,166)	(2,691)	-	-	4,938	4,938
2015-05	10-Aug-16	9,000	-	(9,000)	-	-	-	-	-
2015-03	19-May-16	-	-	-	-	-	-	-	-
2015-14	18-May-18	23,121	-	(617)	(7,602)	(124)	-	14,778	8,146
2015-19	20-May-19	39,160	-	(8,643)	(10,350)	(371)	-	19,796	-
2015-16	18-May-18	10,000	-	(5,000)	-	-	-	5,000	-
2015-25	07-Aug-20	-	19,510	-	(880)	-	-	18,630	
		1,00,740	**19,510**	**(35,090)**	**(21,523)**	**(495)**	**-**	**63,142**	**13,084**

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

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,810.56 (Previous year: ₹ 1,691.09).

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

ESOP Scheme	Range of exercise prices (₹)	31st March, 2022			31st March, 2021		
		Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
2015-07	901-1000	-	-	-	4,938	0.25	955.00
2015-14	1201-1300	3,386	0.25	1,271.00	14,778	0.68	1,271.00
2015-16	1201-1300	-	-	-	5,000	0.68	1,271.00
2015-25	1300-1400	9,541	0.65	1,341.00	18,630	2.13	1,341.00
2015-19	1401-1500	15,675	0.25	1,460.00	19,796	1.61	1,460.00
2015-30	1801-1900	14,960	2.25	1,801.00	-	-	-

ii. Stock Appreciation Rights (cash-settled)

During the year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Company under its various plans / series has granted 5,420 SARs during FY 2021- 22. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.09 years to 4.13 years

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2022			31st March, 2021		
			No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
Scheme 2015 Series 9								
Tranche V-3A	15-May-17	Cash settled	-	-	-	495	30-Jun-20	3.13
Tranche V-3B	15-May-17	Cash settled	-	-	-	495	07-Jul-20	3.15
Tranche V-3C	15-May-17	Cash settled	-	-	-	504	14-Jul-20	3.17
Tranche V-4A	15-May-17	Cash settled	-	-	-	495	31-Dec-20	3.63
Tranche V-4B	15-May-17	Cash settled				495	07-Jan-21	3.65
Tranche V-4C	15-May-17	Cash settled				504	14-Jan-21	3.67
Scheme 2015 Series 17								
Tranche V-2A	18-May-18	Cash settled	-	-	-	818	31-Oct-20	2.46
Tranche V-2B	18-May-18	Cash settled	-	-	-	818	07-Nov-20	2.48
Tranche V-2C	18-May-18	Cash settled	-	-	-	818	14-Nov-20	2.50
Tranche V-3A	18-May-18	Cash settled	379	30-Jun-21	3.12	546	30-Jun-21	3.12
Tranche V-3B	18-May-18	Cash settled	379	07-Jul-21	3.14	546	07-Jul-21	3.14
Tranche V-3C	18-May-18	Cash settled	378	14-Jul-21	3.16	544	14-Jul-21	3.16
Tranche V-4A	18-May-18	Cash settled	379	31-Dec-21	3.62	546	31-Dec-21	3.62
Tranche V-4B	18-May-18	Cash settled	379	07-Jan-22	3.64	546	07-Jan-22	3.64
Tranche V-4C	18-May-18	Cash settled	378	14-Jan-22	3.66	544	14-Jan-22	3.66
Scheme 2015 Series 19								
Tranche V-1A	07-Jul-18	Cash settled	-	-	-	426	31-Jul-20	2.07
Tranche V-1B	07-Jul-18	Cash settled	-	-	-	425	07-Aug-20	2.09
Tranche V-1C	07-Jul-18	Cash settled	-	-	-	425	14-Aug-20	2.11
Tranche V-2A	07-Jul-18	Cash settled	425	31-Jul-21	3.07	425	31-Jul-21	3.07
Tranche V-2B	07-Jul-18	Cash settled	425	07-Aug-21	3.09	425	07-Aug-21	3.09
Tranche V-2C	07-Jul-18	Cash settled	425	14-Aug-21	3.11	425	14-Aug-21	3.11

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Scheme Reference	Grant Date	Method of Settlement Accounting	31st March, 2022			31st March, 2021		
			No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
Scheme 2015 Series 22								
Tranche V-1A	20-May-19	Cash settled	827	31-Oct-21	2.45	1051	31-Jul-20	1.20
Tranche V-1B	20-May-19	Cash settled	827	07-Nov-21	2.47	1051	07-Aug-20	1.22
Tranche V-1C	20-May-19	Cash settled	827	14-Nov-21	2.49	1051	14-Aug-20	1.24
Tranche V-2A	20-May-19	Cash settled	564	30-Jun-22	3.12	1066	31-Oct-21	2.45
Tranche V-2B	20-May-19	Cash settled	562	07-Jul-22	3.13	1066	07-Nov-21	2.47
Tranche V-2C	20-May-19	Cash settled	562	14-Jul-22	3.15	1066	14-Nov-21	2.49
Tranche V-3A	20-May-19	Cash settled	564	31-Dec-22	3.62	712	30-Jun-22	3.12
Tranche V-3B	20-May-19	Cash settled	562	07-Jan-23	3.64	710	07-Jul-22	3.14
Tranche V-3C	20-May-19	Cash settled	562	14-Jan-23	3.66	710	14-Jul-22	3.16
Tranche V-4A	20-May-19	Cash settled	-	-	-	712	31-Dec-22	3.62
Tranche V-4B	20-May-19	Cash settled	-	-	-	710	07-Jan-23	3.64
Tranche V-4C	20-May-19	Cash settled	-	-	-	710	14-Jan-23	3.66
Scheme 2015 Series 28								
Tranche I	07-Aug-20	Cash settled	576	31-Aug-21	1.07	607	31-Aug-21	1.07
Tranche II	07-Aug-20	Cash settled	576	07-Sep-21	1.08	607	07-Sep-21	1.08
Tranche III	07-Aug-20	Cash settled	576	14-Sep-21	1.10	607	14-Sep-21	1.10
Tranche IV	07-Aug-20	Cash settled	576	30-Nov-22	2.32	607	30-Nov-22	2.32
Tranche V	07-Aug-20	Cash settled	576	07-Dec-22	2.33	607	07-Dec-22	2.33
Tranche VI	07-Aug-20	Cash settled	576	14-Dec-22	2.35	607	14-Dec-22	2.35
Tranche VII	07-Aug-20	Cash settled	380	30-Jun-23	2.90	400	30-Jun-23	2.90
Tranche VIII	07-Aug-20	Cash settled	386	07-Jul-23	2.92	407	07-Jul-23	2.92
Tranche IX	07-Aug-20	Cash settled	386	14-Jul-23	2.93	407	14-Jul-23	2.93
Tranche X	07-Aug-20	Cash settled	380	31-Dec-23	3.40	400	31-Dec-23	3.40
Tranche XI	07-Aug-20	Cash settled	386	07-Jan-24	3.42	407	07-Jan-24	3.42
Tranche XII	07-Aug-20	Cash settled	386	14-Jan-24	3.44	407	14-Jan-24	3.44
Scheme 2015 Series 31								
Tranche I	07-Aug-20	Cash settled	1268	31-Aug-23	3.07	1268	31-Aug-23	3.07
Tranche II	07-Aug-20	Cash settled	1268	07-Sep-23	3.08	1268	07-Sep-23	3.08
Tranche III	07-Aug-20	Cash settled	1268	14-Sep-23	3.10	1268	14-Sep-23	3.10
Tranche IV	07-Aug-20	Cash settled	843	31-Aug-24	4.07	843	31-Aug-24	4.07
Tranche V	07-Aug-20	Cash settled	843	07-Sep-24	4.09	843	07-Sep-24	4.09
Tranche VI	07-Aug-20	Cash settled	850	14-Sep-24	4.11	850	14-Sep-24	4.11
Scheme 2015 Series 32								
Tranche I	30-May-21	Cash settled	491	30-Jun-22	1.08	-	-	-
Tranche II	30-May-21	Cash settled	491	07-Jul-22	1.10	-	-	-
Tranche III	30-May-21	Cash settled	504	14-Jul-22	1.12	-	-	-
Tranche IV	30-May-21	Cash settled	491	30-Jun-23	2.08	-	-	-
Tranche V	30-May-21	Cash settled	491	07-Jul-23	2.10	-	-	-
Tranche VI	30-May-21	Cash settled	504	14-Jul-23	2.12	-	-	-
Tranche VII	30-May-21	Cash settled	491	30-Jun-24	3.09	-	-	-
Tranche VIII	30-May-21	Cash settled	491	07-Jul-24	3.11	-	-	-
Tranche IX	30-May-21	Cash settled	504	14-Jul-24	3.13	-	-	-
Tranche X	30-May-21	Cash settled	492	30-Jun-25	4.09	-	-	-
Tranche XI	30-May-21	Cash settled	492	07-Jul-25	4.11	-	-	-
Tranche XII	30-May-21	Cash settled	508	14-Jul-25	4.13	-	-	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

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

As at 31st March, 2022

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (₹)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (₹)
Scheme 2015 Series 22	20-May-19	0.25 - 0.79	0.25 - 0.79	-	1,763.10	3.97% - 4.42%	0.05%	27.51% - 31.46%	1762.39 - 1762.87
Scheme 2015 Series 28	07-Aug-20	0.67 - 1.79	0.67 - 1.79	-	1,763.10	4.33% - 5.04%	0.05%	27.55% - 29.58%	1761.49 - 1762.50
Scheme 2015 Series 31	07-Aug-20	1.42 - 2.46	1.42 - 2.46	-	1,763.10	4.82% - 5.42%	0.05%	27.76% - 35.94%	1760.89 - 1761.82
Scheme 2015 Series 32	30-May-21	0.25 - 3.29	0.25 - 3.29	-	1,763.10	3.97% - 5.85%	0.05%	27.55% - 37.02%	1760.14 - 1762.87

As at 31st March, 2021

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (₹)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (₹)
Scheme 2015 Series 17	18-May-18	0.25 - 0.79	0.25 - 0.79	-	1,781.25	3.45% - 3.77%	0.04%	30.03% - 32.27%	1780.62 - 1781.05
Scheme 2015 Series 19	07-Jul-18	0.33 - 0.37	0.33 - 0.37	-	1,781.25	3.50% - 3.53%	0.04%	28.6% - 28.66%	1780.95 - 1780.98
Scheme 2015 Series 22	20-May-19	0.59 - 1.79	0.59 - 1.79	-	1,781.25	3.66% - 4.16%	0.04%	32.26% - 38.57%	1779.82 - 1780.78
Scheme 2015 Series 28	07-Aug-20	0.42 - 2.79	0.42 - 2.79	-	1,781.25	3.56% - 5.02%	0.04%	29.09% - 34.24%	1779.02 - 1780.91
Scheme 2015 Series 31	07-Aug-20	2.42 - 3.46	2.42 - 3.46	-	1,781.25	4.59% - 5.51%	0.04%	31.93% - 35.38%	1778.48 - 1779.31

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2022.

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

Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme	Grant Date	As at 31st March, 2022						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2015 Series 17	18-May-18	2,272	-	(1,942)	(164)	-	(166)	-
Scheme 2015 Series 19	07-Jul-18	1,275	-	(1,275)	-	-	-	-
Scheme 2015 Series 22	20-May-19	5,789	-	(2,373)	(280)	-	(288)	2,848
Scheme 2015 Series 28	07-Aug-20	5,760	-	(1,635)	(422)	-	(588)	3,115
Scheme 2015 Series 31	07-Aug-20	6,340	-	-	-	-	-	6,340
Scheme 2015 Series 32	30-May-21	-	5,420	-	200	-	(900)	4,720
		21,436	**5,420**	**(7,225)**	**(666)**	**-**	**(1,942)**	**17,023**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Scheme	Grant Date	As at 31st March, 2021						
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
Scheme 2015 Series 9	15-May-17	2,988	-	(2,540)	(448)	-	-	-
Scheme 2015 Series 17	18-May-18	5,726	-	(2,196)	(1,230)	-	(28)	2,272
Scheme 2015 Series 19	07-Jul-18	2,551	-	(1,276)	-	-	-	1,275
Scheme 2015 Series 22	20-May-19	10,510	-	(2,880)	(1,764)	-	(77)	5,789
Scheme 2015 Series 28	07-Aug-20	-	5,990	-	(230)	-	-	5,760
Scheme 2015 Series 31	07-Aug-20	-	6,340	-	-	-	-	6,340
		21,775	**12,330**	**(8,892)**	**(3,672)**	**-**	**(105)**	**21,436**

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

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

(Amount in lakhs)

Particulars	31st March, 2022	31st March, 2021
Total Employee compensation cost pertaining to share-based payment plans	193.92	285.68
Compensation cost pertaining to equity-settled employee share-based payment plan included above	62.64	99.13
Closing balance of liability for cash-settled options	163.41	177.34
Total intrinsic value of liabilities for vested benefits	-	-

NOTE 39 CAPITAL DISCLOSURE

The primary objectives of the capital management policy is to ensure that the Company continuously complies with capital requirements required by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to fund growth or comply with regulatory capital requirement, Company depends on internal accrual or may raise additional capital. Company may adjust the amount of dividend payment to shareholders, return capital to shareholders.

No changes have been made to the objectives, policies and processes from the previous years, however the same is constantly reviewed by the Board.

For Capital-to-Risk Weighted Assets (CRAR) as required by Regulator- Refer Note 48.01

NOTE 40 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	36,964.89	-	36,964.89	14,691.83	-	14,691.83
Bank Balance other than cash and cash equivalents	45.03	-	45.03	42.90	-	42.90
Receivables						
(I) Trade receivables	72.87	-	72.87	122.85	-	122.85
(II) Other receivables	214.67	-	214.67	594.51	-	594.51
Loans	2,04,565.48	4,62,281.18	6,66,846.66	3,04,877.89	3,16,105.68	6,20,983.57
Investments	2,19,558.97	40,056.03	2,59,615.00	99,101.57	45,520.61	1,44,622.18
Other Financial assets	-	224.19	224.19	-	221.99	221.99
Sub total	**4,61,421.91**	**5,02,561.41**	**9,63,983.31**	**4,19,431.55**	**3,61,848.28**	**7,81,279.83**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current Tax assets (Net)	-	1,702.42	1,702.42	-	1,517.82	1,517.82
Deferred Tax assets (Net)	-	2,149.62	2,149.62	-	3,200.07	3,200.07
Property, Plant and Equipment	-	87.40	87.40	-	127.26	127.26
Intangible assets under development	-	3.25	3.25	-	3.30	3.30
Other intangible assets	-	192.67	192.67	-	320.89	320.89
Other Non-financial assets	245.12	-	245.12	270.46	-	270.46
Sub total	**245.12**	**4,135.36**	**4,380.48**	**270.46**	**5,169.34**	**5,439.80**
Total Assets	**4,61,667.03**	**5,06,696.76**	**9,68,363.79**	**4,19,702.01**	**3,67,017.62**	**7,86,719.63**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	-	-	-	1,524.25	-	1,524.25
Payables						
(I) Trade payables	311.07	-	311.07	326.44	-	326.44
(II) Other payables	1,198.27	-	1,198.27	592.05	-	592.05
Debt securities	1,41,299.23	2,51,987.81	3,93,287.04	1,15,732.35	1,39,710.51	2,55,442.86
Borrowings (Other than Debt Securities)	2,82,597.84	20,485.03	3,03,082.87	2,59,168.92	37,653.20	2,96,822.12
Subordinated Liabilities	247.60	19,986.64	20,234.24	-	20,239.62	20,239.62
Sub total	**4,25,654.01**	**2,92,459.48**	**7,18,113.49**	**3,77,344.01**	**1,97,603.33**	**5,74,947.34**
Non-Financial liabilities						
Current tax liabilities (Net)	2,427.98	-	2,427.98	3,159.26	-	3,159.26
Provisions	652.15	401.14	1,053.29	403.24	899.59	1,302.83
Other non-financial liabilities	531.06	-	531.06	506.18	-	506.18
Sub total	**3,611.19**	**401.14**	**4,012.33**	**4,068.68**	**899.59**	**4,968.27**
Total Liabilities	**4,29,265.21**	**2,92,860.62**	**7,22,125.83**	**3,81,412.69**	**1,98,502.92**	**5,79,915.61**

Note 41 Litigation

The Company does not have any material litigations pending aginst it as at March 31st, 2022 and March 31st, 2021 which would impact its financial position.

NOTE 42 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

All operating segments' results are regularly reviewed by the Board of Directors, which have been identified as the Chief Operating Decision Maker ('CODM') of the Group inter-Company revenues and expenses, for which discrete financial information is available. The Board of Directors, which have been identified as the CODM, regularly review the performance reports and make decisions about allocation of resources.

The Company has identified following reportable segments, performance reports of which is regularly reviewed by the Board of Directors.

- Loan against Securities and Structured Products
- Commercial Real Estate
- Margin Funding
- Treasury and Other Investments

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

A. Information about reportable segments

(Amount in lakhs)

For the year ended 31st March, 2022	Reportable segments							
Particulars	**Loan against Securities and Structured Products**	**Commercial Real Estate**	**Margin Funding**	**Treasury and Other Investments**	**Total Segments**	**Unallocated**	**Adjustments and Eliminations**	**Total**
Revenue								
External revenue	33,051.66	46,418.84	3,043.87	42,252.73	**1,24,767.10**	-	-	1,24,767.10
Inter-segment revenue	-	-	-	-	-	-	(35,335.93)	(35,335.93)
Total Revenue	**33,051.66**	**46,418.84**	**3,043.87**	**42,252.73**	**1,24,767.10**	**-**	**(35,335.93)**	**89,431.17**
Segment results / Profit before Tax	16,261.71	31,267.00	1,434.69	7,382.67	**56,346.07**	(3,133.74)	-	53,212.33
Segment assets	3,20,439.07	3,94,305.14	7,035.07	2,42,464.24	**9,64,243.52**	4,120.27	-	**9,68,363.79**
Segment liabilities	(44.64)	312.06	210.02	7,16,800.96	**7,17,278.40**	4,847.42	-	**7,22,125.82**
Other disclosures								
Depreciation and amortization	96.01	117.51	2.42	0.36	**216.30**	5.46	-	221.76
Capital expenditure	40.12	41.73	0.41	-	**82.26**	16.52	-	98.78

(Amount in lakhs)

For the year ended 31st March, 2021	Reportable segments							
Particulars	**Loan against Securities and Structured Products**	**Commercial Real Estate**	**Margin Funding**	**Treasury and Other Investments**	**Total Segments**	**Unallocated**	**Adjustments and Eliminations**	**Total**
Revenue								
External revenue	21,575.52	47,858.69	4,390.00	40,315.35	**1,14,139.56**	-	-	1,14,139.56
Inter-segment revenue						-	(38,010.86)	(38,010.86)
Total Revenue	**21,575.52**	**47,858.69**	**4,390.00**	**40,315.35**	**1,14,139.56**	**-**	**(38,010.86)**	**76,128.70**
Segment results / Profit before Tax	9,215.24	12,538.66	2,107.00	8,343.23	**32,204.13**	1,406.79		33,610.92
Segment assets	**2,59,392.29**	**3,71,453.02**	**44,233.70**	**1,06,440.44**	**7,81,519.45**	**5,200.18**	-	**7,86,719.63**
Segment liabilities	**(10.66)**	**727.80**	**116.42**	**5,74,064.96**	**5,74,898.52**	**5,017.09**	-	**5,79,915.61**
Other disclosures								
Depreciation and amortization	79.27	121.65	2.85	0.54	**204.31**	3.97		208.28
Capital expenditure	75.99	70.85	1.06	-	**147.90**	3.73		151.63

NOTE 43 INTEREST IN ASSOCIATE AND JOINT VENTURE

Below is Associate and joint venture of the Group

Name of entity	Relationship (Associate/ Joint Venture)	Principal place of business	Accounting Method	Ownership interest	
				As at 31st March, 2022	As at 31st March, 2021
Phoenix ARC Private Limited	Associate	Mumbai	At Cost	30.00%	30.00%

NOTE 44 DISAGGREGATION OF REVENUE

The management determines that the segment information reported under Note 42 Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no seperate disclosures of disaggregated revenues are reported.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 45 LEASE DISCLOSURES

Operating Lease as Lessee:

When applying Ind AS 116 for the first time, the Company has used the following practical expedients for leases previously classified as operating leases:

- exemption related to short-term leases and

- exemption related to leases of low value assets

Accordingly, rent payment to holding/fellow Subsidiary Company for sharing of Premises are recognized in Statement of profit and Loss under the head "Rent and Electricity Expenses" amounting to ₹ 511.14 lakhs (Previous year. ₹ 558.05 lakhs).

NOTE 46 LONG TERM CONTRACTS

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses, if any on such long term contracts has been made in the books of accounts.

Note 46 b. The Company has not guaranteed any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties, either severally or jointly with any other person, that are repayable on demand; or without specifying any terms or period of repayment.

Note 46 c. The Company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

Note 46 d. The title deeds of immovable properties included in property, plant and equipment and intangible assets are held in the name of the Company. The Company has not revalued any of its property, plant and equipment and intangible assets.

Note 46 e. The Company has obtained various borrowings from banks/ FI on basis of security of current assets wherein the quarterly returns/ statements of current assets as filed with banks/ FI are in agreement with the books. The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. The company is not declared as willful defaulter by any bank or financial Institution or other lender as at 31 March 2022.

Note 46 f.

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

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

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

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

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

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

Note 46 g. No transactions have taken place with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the year 31 March 2022.

Note 46 h. There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

Note 46 i. The company has complied with the number of layers prescribed u/s (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. There are no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 as at 31 March 2022.

Note 46 j. There are no transactions that are not recorded in the books of accounts which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

Note 46 k. No crypto/ virtual currency was traded/ invested during the year. No deposits/advances were received from any person for the purpose of trading / investing in crypto currency during the year.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 47 SEBI DISCLOSURE

Note 47.01 Initial Disclosure in terms of Para 4.1 of circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26 2018

Sr. No.	Particulars	Details
1	Name of the company	Kotak Mahindra Investments Limited
2	CIN	U65900MH1988PLC047986
3	Outstanding borrowing of company as on March 31st, 2022	₹ 7,26,130 lakhs*
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	NCD: CRISIL AAA/Stable NCD Tier II: CRISIL AAA/Stable and ICRA AAA CP: CRISIL A1+, ICRA A1+ and IND A+ MLD: CRISIL PP-MLD AAAr/Stable.
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	Bombay Stock Exchange

The Company confirms that it is a Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

Date – 25th April 2022

* Face Value of Debenture and CPs and Principal Outstanding in case of Loans/ICDs

- In terms para of 3.2(ii) of the circular, beginning F.Y 2022, in the event of shortfall in the mandatory borrowing through debt securities, a fine of 0.2% of the shortfall shall be levied by Stock Exchanges at the end of the two-year block period. Therefore, an entity identified as LC shall provide, in its initial disclosure for a financial year, the name of Stock Exchange to which it would pay the fine in case of shortfall in the mandatory borrowing through debt markets.

Note 47.02 Annual Disclosure to be made by an entity identified as Large Entities under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018(Annexure B1)

Sr. No.	Particulars	Details
1	Name of the company	Kotak Mahindra Investments Limited
2	CIN	U65900MH1988PLC047986
3	Incremental borrowing done in FY(Long term)	₹ 2,65,400 Lakhs
4	Mandatory borrowing to be done through issuance of debt securities	₹ 66,350 Lakhs
5	Actual borrowings done through debt securities in FY	₹ 2,34,900 Lakhs
6	Shortfall in the mandatory borrowing through debt securities, if any	NIL
7	Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

Signatories name

Jignesh Dave
Company Secretary
Date – 25th April 2022

Jay Joshi
Chief Financial officer

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 47.03 Annual Disclosure to be made by an entity identified as Large Entities under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018(Annexure B3)

Sr. No.	Particulars	Details
1	Name of the company	Kotak Mahindra Investments Limited
2	CIN	U65900MH1988PLC047986
3	2-year block period (Specify financial years)	FY -2021-2022, FY-2022-2023
4	Incremental borrowing done in FY (T) (a)	₹ 2,65,400 Lakhs
5	Mandatory borrowing to be done through debt securities in FY (T) (b) = (25% of a)	₹ 66,350 Lakhs
6	Actual borrowing done through debt securities in FY (T) (c)	₹ 2,34,900 Lakhs
7	Shortfall in the borrowing through debt securities, if any, for FY (T-1) carried forward to FY (T). (d)	NIL
8	Quantum of (d), which has been met from (c) (e)	NIL
9	shortfall, if any, in the mandatory borrowing through debt securities for FY (T) {after adjusting for any shortfall in borrowing for FY (T-1)	NIL
10	Details of penalty to be paid, if any, in respect to previous block (all figures in ₹crore):	
(i)	2-year Block period (Specify financial years)	FY – 2020-2021 ,FY – 2021-2022
(ii)	Amount of fine to be paid for the block, if applicable Fine = 0.2% of {(d)-(e)}#	NIL

Signatories name

Jignesh Dave
Company Secretary

Jay Joshi
Chief Financial officer

Date – 25th April 2022

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 47.04 Disclosures under Listing Agreement for Debt Securities

Disclosure under Regulation 53(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Debenture Trustees:
IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001
Tel. : 022-40807050
Fax : 022-40807021
Email: jimit@idbitrustee.com
Website: www.idbitrustee.com

Disclosure under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Related Party transactions (Refer Note 35)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/companies in which directors are Interested	-	-
Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-

Disclosure under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Asset cover

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's immovable property of ₹ 10.26 lakhs (gross value) and further secured by way of hypothecation/mortgage of charged assets such as receivables arising out of loan, lease and hire purchase, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares) with an asset cover ratio of minimum 1.00 time value of the debentures during the tenure of the debentures.The assets of the Company provide coverage of 1.87 times of the interest and principal amount, which is in accordance with the terms of issue/ debenture trust deed.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 47.05 Disclosures under Listing Agreement for Debt Securities

Disclosure in compliance with Regulation 52(4) of Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015

Sr No.	Particulars	Ratio
a)	Omitted	-
b)	Omitted	-
c)	Debt Equity Ratio*	2.91:1
d)	Omitted	-
e)	Omitted	-
f)	Debt Service Coverage Ratio	Not applicable
g)	Interest Service Coverage Ratio	Not applicable
h)	Outstanding Reedemable Preference Shares(Quantity and value)	Not applicable
i)	Debenture redemption reserve	Debenture redemption reserve is not required in respect of privately placed debentures in terms of rule 18(7)(b)(ii) of Companies(Share capital and debentures) Rules ,2014
j)	Net Worth	₹ 246,237.97 Lakhs
k)	Net Profit after Tax	₹ 39,615.05 Lakhs
l)	Earning per share	Basic & Diluted - ₹ 704.57
m)	Current Ratio	1.08:1
n)	Long term debt to working capital ratio	9.03:1
o)	Bad Debt to account receivable ratio	0%
p)	Current Liability Ratio	59.44%
q)	Total Debt to Total assets*	74.00%
r)	Debtors Turnover	Not Applicable
s)	Inventory Turnover	Not Applicable
t)	Operating Margin(%)*	53.60%
u)	Net profit Margin(%)*	44.30%
v)	Sector Specific equivalent ratios such as	
	(i) Stage III ratio*	1.24%
	(ii) Provision coverage Ratio*	56.63%
	(iii) LCR Ratio	84.58%

*Formula for Computation of Ratios are as follows :-

(i)	Debt Equity Ratio	(Debt Securites+Borrowing other than Debt Securities+Subordinate Liabilities)/(Equity Share Capital+Reserve and Surplus)
(ii)	Total Debt to Total assets	(Debt Securites+Borrowing other than Debt Securities+Subordinate Liabilities)/Total assets
(iii)	Operating Margin	(Profit before tax+Impairment on financial instruments)/Total Income
(iv)	Net profit Margin	Profit after tax/Total Income
(v)	Stage III ratio	Gross Stage III assets/Total Gross advances and credit Substitutes
(vi)	Provision coverage Ratio	Impairment loss allowance for Stage III/Gross Stage III assets

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 48 DISCLOSURES AS REQUIRED BY THE NBFC MASTER DIRECTIONS ISSUED BY RBI

Note 48.01 Capital to Risk Weighted Assets Ratio (CRAR) *

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
1.0	CRAR (%)	34.17%	32.72%
2.0	CRAR - Tier I Capital (%)	31.87%	29.34%
3.0	CRAR - Tier II Capital (%)	2.30%	3.38%
4.0	Amount of subordinated debt raised as Tier-II capital	15,165.63	19,217.18
5.0	Amount raised by issue of Perpetual Debt Instruments	-	-

*For the purpose of calculating Capital Risk Adequacy Ratio (CRAR), Reserve Bank of India (RBI) vide their letter dated Januray 7, 2021 directed Company to include balance in current account with Kotak Mahindra Bank Limited (Kotak Bank) in 'Receivable from Group Companies' instead of 'Bank Balances'. Company has represented to RBI to reconsider this direction as current account is maintained for carrying out normal banking operation in ordinary course of business. Pending decision on its representation, company has included balance in current account with Kotak Bank in 'Bank Balances'.

Note 48.02 Investments

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
1.0	**Value of Investments**		
1.1	**Gross Value of Investments:**	**2,59,771.55**	**1,44,964.76**
i	In India	2,59,771.55	1,44,964.76
ii	Outside India,		-
1.2	**Provisions for Depreciation:**	**156.55**	**342.58**
i	In India	156.55	342.58
ii	Outside India,	-	-
1.3	**Net Value of Investments**	**2,59,614.99**	**1,44,622.16**
i	In India	2,59,614.99	1,44,622.16
ii	Outside India,	-	-
2.0	**Movement of provisions held towards depreciation on investments**		
2.1	**Opening balance**	**342.58**	**318.36**
2.2	Add : Provisions made during the year	156.55	242.69
2.3	Less : Write-off / write-back of excess provisions during the year	(342.58)	(218.47)
2.4	**Closing balance**	**156.55**	**342.58**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 48.03 Derivatives

48.03.1. Forward Rate Agreement / Interest Rate Swap

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
1	The notional principal of swap agreements	-	-
2	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
3	Collateral required by the NBFC upon entering into swaps	-	-
4	Concentration of credit risk arising from the swaps	-	-
5	The fair value of the swap book	-	-

48.03.2. Exchange Traded Interest Rate (IR) Derivatives

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
1	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
2	Notional principal amount of exchange traded IR derivatives outstanding	-	-
3	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
4	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

48.03.3. Disclosures on Risk Exposure in Derivatives

The Company did not have any open interest in derivative contracts during the current year.

48.03.4. Quantitative Disclosures

(Amount in lakhs)

S. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
1.0	Derivatives (Notional Principal Amount)		
	For hedging	-	-
2.0	Marked to Market Positions		
i	Assets(+)	-	-
ii	Liability(-)	-	-
3.0	Credit Exposure	-	-
4.0	Unhedged Exposures	-	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 48.04 Disclosures relating to Securitisation

48.04.1. Outstanding amount of securitized assets as per books of SPVs sponsored by NBFC and amount of exposures retained by the NBFC as on the date of balance sheet to comply with the Minimum Retention Requirements (MRR).

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2022
1.0	No of SPVs sponsored by the NBFC for securitization transactions*	-
2.0	Total amount of securitized assets as per books of the SPVs sponsored	-
3.0	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	
3.1	Off-balance sheet exposures	
	First loss	-
	Others	-
3.2	On-balance sheet exposures	
	First loss	-
	Others	-
4.0	Amount of exposures to securitization transactions other than MRR	
4.1	Off-balance sheet exposures	
i	Exposure to own securitizations	
	First loss	-
	Others	-
ii	Exposure to third party securitizations	
	First loss	-
	Others	-
4.2	On-balance sheet exposures	
i	Exposure to own securitizations	
	First loss	-
	Others	-
ii	Exposure to third party securitizations	
	First loss	-
	Others	-

* Only the SPVs relating to outstanding securitization transactions may be reported here

48.04.2. Details of Assignment transactions undertaken by applicable NBFCs

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
1.0	No. of accounts	-	-
2.0	Aggregate value (net of provisions) of accounts sold	-	-
3.0	Aggregate consideration	-	-
4.0	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5.0	Aggregate gain / loss over net book value	-	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

48.04.3. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction.

(Amount in lakhs)

Sr No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
1.0	No. of accounts	-	-
2.0	Aggregate value (net of provisions) of accounts sold to RC/SC	-	-
3.0	Aggregate consideration	-	-
4.0	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5.0	Aggregate gain / loss over net book value	-	-

48.04.4. Details of non-performing financial assets purchased / sold - Nil (Previous year Nil)

Note 48.05 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at 31st March, 2022

(Amount in lakhs)

hot	0-14 Days	14-31 Days	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits										-
Advances	4,585.70	3,554.68	10,252.29	25,291.66	46,117.80	1,88,095.11	3,14,852.83	60,731.52	23,853.85	6,77,335.44
Investments	1,97,522.06	7,667.67	6,152.04	198.38	2,252.90	5,783.98	20,358.68	12,766.67	7,069.17	2,59,771.55
Borrowings*	45,546.11	24,993.41	61,741.55	51,256.43	57,575.36	1,83,055.12	2,72,449.51	19,986.65	-	7,16,604.14
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-

As at 31st March, 2021

(Amount in lakhs)

Particulars	0-14 Days	Up to 30 / 31 days	Over 1 month upto 2 Month	Over 2 month upto 3 Month	Over 3 month upto 6 Month	Over 6 month upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-
Advances	9,399.07	3,797.76	29,838.75	20,806.06	80,709.33	1,62,170.19	2,47,660.58	59,816.56	21,793.27	6,35,991.57
Investments	18,125.20	65,044.25	14,336.94	600.00	6.32	1,000.00	38,172.57	-	7,679.50	1,44,964.78
Borrowings	152.40	34,870.38	40,804.88	51,142.11	1,18,407.30	1,31,798.91	1,75,449.39	5,000.00	14,879.24	5,72,504.61
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-

Note:

(i) In computing the above information, the management has made certain estimates, assumptions and adjustments which are also used for regulatory submission.

(ii) Non Cash Items like adjustments on account of Effective Interest Rate, Expected Credit Loss etc have been adjusted in time bucket of Over 5 Years.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 48.06 Exposures

48.06.1. Exposure to Real Estate Sector:

(Amount in lakhs)

Sr No	Particulars	As at 31st March, 2022	As at 31st March, 2021
1.0	**Direct Exposure**		
1.1	Residential Mortgages:	-	-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
1.2	Commercial Real Estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include nonfund based (NFB) limits;**	4,00,762.11	3,96,083.23
1.3	Investment in Mortgage Backed Securities (MBS) and other securitised exposures	-	-
i	Residential,		
ii	Commercial Real Estate.		
2.0	**Indirect Exposure**		
2.1	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
2.2	Investment in Real Estate Venture Funds	-	-
	Total	**4,00,762.11**	**3,96,083.23**

**Includes Unsecured Loans to Real Estate Sector of ₹ 23,208.99 lakhs (Previous year. ₹ 17,490.74 lakhs)

48.06.2. Exposure to Capital Market

(Amount in lakhs)

Sr No	Particulars	As at 31st March, 2022	As at 31st March, 2021
1.1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	32,502.68	13,140.43
1.2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	51,362.90	1,05,342.53
1.3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	9,591.82	70,465.24
1.4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds does not fully cover the advances		-
1.5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers		-
1.6	Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources		-
1.7	Bridge loans to companies against expected equity flows / issues		-
1.8	All exposures to Venture Capital Funds (both registered and unregistered)	3.14	11.66
	Total	**93,460.54**	**1,88,959.86**

48.06.3. Financing of parent company products : Nil (Previous year Nil)

48.06.4. Disclosure in respect of exposure where details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) has exceeded : Nil (Previous year Nil)

48.06.5. Unsecured Advances:

The amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral – ₹ Nil (Previous year Nil)

For other Unsecured Advances, Refer Note 5

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 48 Disclosures as required by the NBFC Master Directions issued by RBI

Note 48.07 Registration obtained from other financial sector regulators: Nil

Note 48.08 Disclosure of Penalties imposed by RBI and other regulators: Nil (Previous year Nil)

Note 48.09 Related Party Transactions

48.09.1. Details of all material transactions with the related parties

Refer Note No. 35

48.09.2. Policy on dealing with Related Party transaction:

The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like Directors and Key Managerial Personnel (KMP). The Directors and KMP's are also required to inform the Company of any changes to such declaration during the year. All related party transactions are reported and referred for approval to the Audit Committee as per section 177 of the Companies Act, 2013. The Audit committee may grant general approval for repetitive related party transactions. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

As per section 188 of the Companies Act, 2013, the consent of the Board/Shareholders' approval is required, by a special resolution in a general meeting, for entering into the specified transactions with a related party, if they are not in ordinary course of business of the Company or at arm's length and exceeds the threshold limits as specified in the Act.

Note 48.10 Ratings assigned by credit rating agencies and migration of ratings during the year

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
CRISIL	Long Term Rating for Non-Convertible Debentures aggregating ₹ 42 billion	"CRISIL AAA/stable"	04-Mar-22	** Upto the maturity of the NCD's issued under the same
CRISIL	Long Term Rating for Bank Lines (Overdraft) aggregating ₹ 20 billion	"CRISIL AAA/stable"	04-Mar-22	** Upto the maturity of the OD issued under the same
CRISIL	Long Term Rating for Subordinated Debt aggregating ₹ 2 billion	"CRISIL AAA/stable"	04-Mar-22	** Upto the maturity of the Subordinated debt issued under the same
CRISIL	Long Term Rating for Principal Protected Market Linked Debentures aggregating ₹ 5 billion	CRISIL PP-MLD AAAr/ Stable	04-Mar-22	** Upto the maturity of the MLD issued under the same
CRISIL	Short Term Debt Programmed (including Commercial Paper) for ₹ 70 billion	"CRISIL A1+"	04-Mar-22	** Upto the maturity of the CP's issued under the same
CRISIL	Short Term Debt Programmed (including Commercial Paper) for ₹ 35 billion	"CRISIL A1+"	04-Mar-22	** Upto the maturity of the CP's issued under the same
ICRA	Long Term Rating for Subordinated Debt aggregating ₹ 2 billion	ICRA AAA/stable"	06-Aug-21	** Upto the maturity of the Subordinated debt issued under the same
ICRA	Short Term Debt Programmed (including Commercial Paper) for ₹ 70 billion	"ICRA A1+"	07-Mar-22	** Upto the maturity of the CP's issued under the same
India Rating	Short Term Debt Programmed (including Commercial Paper) for ₹ 80 billion	India Rating A1+	02-Mar-22	** Upto the maturity of the CP's issued under the same

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 48.11 Remuneration of Directors

The details of transaction with Non-Executive Independent Directors are as below:

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Directors' Sitting Fees	18.00	17.20
Commission to Directors	20.00	12.00

Note 48.12 Provisions and Contingencies

Break up of 'Provisions and Contingencies' (including write – offs; net of write-backs) shown under the head Expenditure in Statement of profit and loss:

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provisions / (write back) for depreciation on Investment measured at FVOCI	-	-
Provisions / (write back) for depreciation on Investment measured at Amortised cost	(186.03)	24.22
Provision made towards Income tax (including Deferred Tax)	13,597.29	8,592.24
Other Provision and Contingencies (with details)	-	-
ECL on Stages 1 and 2 Loans and other financial assets	(5,728.71)	2,038.85
ECL on Stages 3 Loans and other financial assets	638.64	1,284.52

Note 48.13 Draw Down from Reserves

There was no draw down from reserves during the financial year. (Previous year Nil)

Note 48.14 Concentration of Deposits, Advances, Exposures and NPAs

48.14.1. Concentration of Advances

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total Advances to twenty largest borrowers / customers	2,90,440.50	2,88,223.18
%age of Advances to twenty largest borrowers / customers to Total Advances of the company on borrowers / customers	40%	42%

48.14.2. Concentration of Exposure*

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total Exposure to twenty largest borrowers / customers	3,20,503.77	3,03,065.59
%age of Exposures to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers	**35%**	**35%**

* Exposures refers to higher of sanctioned limits or outstanding. Sanctioned limits are unconditionally cancellable at any time by the company without prior notice.

48.14.3. Concentration of NPAs

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total Exposure to top four NPA accounts	**6,913.67**	**6,002.85**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

48.14.4. Sector-Wise NPAs %age to Total Advances in That Sector*

Particulars	As at 31st March, 2022	As at 31st March, 2021
Agriculture & allied activities		
MSME		
Corporate borrowers	0.93%	1.01%
Services		
Unsecured personal loans		
Auto loans		
Other personal loans	2.26%	1.35%

* Financial assets in Stage 3 as per Ind AS 109 are classified as NPA

** Represents Gross NPA to Gross Advances in the respective sector

Note 48.15 Movement of NPAs*

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Net NPAs to Net Advances (%)	0.55%	0.51%
Movement of NPAs (Gross)		
Opening balance	**7,755.11**	**7,520.59**
Additions during the year	3,557.32	3,811.32
Reductions during the year	(2,441.38)	(3,576.80)
Closing balance	**8,871.05**	**7,755.11**
Movement of Net NPAs		
Opening balance	**3,369.79**	**4,419.79**
Additions during the year	2,299.60	2,239.36
Reductions during the year	(1,822.31)	(3,289.36)
Closing balance	**3,847.07**	**3,369.79**
Movement of ECL on NPA Cases		
Opening balance	**4,385.32**	**3,100.81**
Provisions made during the year	1,257.72	1,571.95
Write-off / write-back of excess provisions	(619.07)	(287.44)
Closing balance	**5,023.97**	**4,385.32**

* Financial assets in Stage 3 as per Ind AS 109 are classified as NPA

Note 48.16 Overseas Assets: Nil

Note 48.17 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil

Note 48.18 Customer Complaints

Particulars	As at 31st March, 2022
No. of complaints pending at the beginning of the year	-
No. of complaints received during the year	1
No. of complaints redressed during the year	1
No. of complaints pending at the end of the year	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 48.19 Schedule to the Balance Sheet

Liabilities Side

(Amount in lakhs)

Sr No	Particulars	Amount Outstanding	Amount Overdue
1.0	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
a	Debentures: Secured #	3,93,287.04	-
	Debentures: Unsecured #	20,234.24	-
b	Deferred Credits		-
c	Terms Loans#	19,978.03	-
d	Inter-corporate loans and borrowing	20,748.71	-
e	Commercial Paper	2,20,303.34	-
f	Public Deposits	-	-
g	Other Loans – Secured Overdfraft facility from Bank#	42,052.79	-

Secured by way of pledge of securities and/or mortgage of property and/ or hypothecation of receivables and/ or undertaking to create a security.

Assets Side

(Amount in lakhs)

Sr No	Particulars	Amount Outstanding
2.0	**Break-up of Loans and Advances including bills receivables (other than those included in 3.0) below:**	
a	Secured	5,59,288.95
b	Unsecured	1,18,046.49
3.0	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities**	
i	Leased Assets including lease rentals under sundry debtors	-
a	Financial Lease	-
b	Operating Lease	-
ii	Stock on hire including hire charges under sundry debtors	-
a	Assets on hire	-
b	Repossessed Assets	-
iii	Other loans counting towards AFC activities	-
a	Loans where assets have been repossessed	-
b	Loans other than (a) above	-
4.0	**Break-up of Investments:**	
	Current Investments:	
4.1	Quoted:	
i	Shares:	-
a	Equity	-
b	Preference	-
ii	Debentures and Bonds	7,550.10
iii	Units of Mutual Funds	-
iv	Government Securities	1,51,119.57
v	Others (please specify)	-

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(Amount in lakhs)

Sr No	Particulars	Amount Outstanding
4.2	Unquoted:	-
i	Shares:	-
a	Equity	-
b	Preference	-
ii	Debentures and Bonds	6,018.62
iii	Units of Mutual Funds	46,402.49
iv	Government Securities	-
v	Treasury Bills	-
	Long Term Investments:	-
4.3	Quoted:	-
i	Shares:	-
a	Equity	-
b	Preference	-
ii	Debentures and Bonds	-
iii	Units of Mutual Funds	-
iv	Government Securities	-
v	Others (please specify)	-
4.4	Unquoted:	-
i	Shares:	-
a	Equity	14,622.75
b	Preference	-
ii	Debentures and Bonds	32,898.91
iii	Units of Mutual Funds	-
iv	Government Securities	-
v	Others (please specify)	1,002.56

(Amount in lakhs)

Sr No	Particulars	Amount Net of provisions		
		Secured	Unsecured	Total
5.0	**Borrower group-wise classification of assets financed as in (2) and (3) above**			
5.1	Related Parties *			
a	Subsidiaries	-	-	-
b	Companies in the same group	-	-	-
c	Other related parties	-	-	-
5.2	Other Than Related Parties	5,52,604.11	1,14,242.55	6,66,846.66
	Total	**5,52,604.11**	**1,14,242.55**	**6,66,846.66**

* As per Indian Accounting Standard issued by MCA (Please see Note b)

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

(Amount in lakhs)

Sr No	Particulars	Amount Net of provisions	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
6.0	**Investor group-wise classification of all investments (current and long term) in the shares and securities (both quoted and unquoted)**		
6.1	Related Parties *		
a	Subsidiaries	-	-
b	Companies in the same group	6,100.50	6,100.50
c	Other related parties	-	-
6.2	Other Than Related Parties	2,59,662.16	2,53,514.50
	Total	**2,65,762.66**	**2,59,615.00**

* As per Indian Accounting Standard issued by MCA (Please see Note b)

(Amount in lakhs)

Sr No	Particulars	Amount
7.00	**Other information:**	
i	**Gross Non-Performing Assets @**	
a	Related parties	**-**
b	Other than related parties	8,871.05
ii	**Net Non-Performing Assets @**	
a	Related parties	**-**
b	Other than related parties	3,847.07
iii	Assets acquired in satisfaction of debt	**-**

@ NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS. 90 Days Past Due and other qualitative factors has been considered as default for classifying a financial instrument as credit impaired.

Notes:

a) As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

b) All Accounting Standards and Guidance Notes issued by MCA are applicable including for valuation of investments and other assets as assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

NOTE 48.2 DISCLOSURE REQUIRED BY RESERVE BANK OF INDIA ON LIQUIDITY RISK UNDER LIQUIDITY RISK MANAGEMENT FRAMEWORK

48.2.01 Liquidity Coverage Ratio (LCR)

(Amount in lakhs)

S. No.	Particulars	Average Q1 2021-22		Average Q2 2021-22		Average Q3 2021-22		Average Q4 2021-22	
		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA)	82,172.67	82,172.67	1,18,776.00	1,18,776.00	2,11,098.33	2,11,098.33	1,88,755.03	1,88,755.03
	Cash Outflow:								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	30,333.33	34,883.33	87,166.67	1,00,241.67	50,333.33	57,883.33	51,666.67	59,416.67
4	Secured wholesale funding	14,766.67	16,981.67	9,917.67	11,405.32	5,000.00	5,750.00	8,843.33	10,169.83
5	Additional requirements, of which:	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	3,493.00	4,016.95	3,431.00	3,945.65	6,441.33	7,407.53	2,570.67	2,956.27
7	Other contingent funding obligations	1,60,973.43	1,85,119.44	1,67,127.00	1,92,196.05	1,93,666.67	2,22,716.67	1,79,438.67	2,06,354.47
8	**Total Cash Outflow**	**2,09,566.43**	**2,41,001.40**	**2,67,642.34**	**3,07,788.69**	**2,55,441.33**	**2,93,757.53**	**2,42,519.34**	**2,78,897.24**
	Cash Inflows:								
9	Secured lending	9,704.38	7,278.29	12,404.33	9,303.25	24,706.33	18,529.75	24,325.13	18,243.85
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows:	20,226.86	15,170.15	51,845.67	38,884.25	41,568.67	31,176.50	49,964.88	37,473.66
12	**Total Cash Inflow**	**29,931.24**	**22,448.44**	**64,250.00**	**48,187.50**	**66,275.01**	**49,706.26**	**74,290.03**	**55,717.51**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		82,172.67		1,18,776.00		2,11,098.33		1,88,755.03
14	Total Net Cash Outflows		2,18,552.96		2,59,601.19		2,44,051.27		2,23,179.73
15	**Liquidity Coverage Ratio % ***		**37.60%**		**45.75%**		**86.50%**		**84.58%**

* Reserve Bank of India (RBI) has made maintenance of Liquidity Coverage Ratio (LCR) in form of High Quality Liquid Assets (HQLA) like government securities, highly rated non-financial corporate bonds and listed equity investments applicable from 1st Dec 2020. Prior to 1st Dec 2020, the Company was maintaining sufficient liquid surplus to meet its short-term liquidity requirements in form of Bank Fixed Deposits and Overnight/Liquid Mutual Funds.

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

48.2.02. Qualitative disclosure around LCR

Liquidity Coverage Ratio (LCR) is aimed at measuring and promoting short-term resilience of Company to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. The ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator.

HQLA has been divided into two parts i.e. Part A: Assets to be included as HQLA without any haircut i.e. cash, government securities etc. and Part B: Assets to be considered for HQLA with haircuts (ranging 15% to 50%) which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off balance sheet commitments by the outflow run-off rates. Cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in as prescribed by the regulator.

The LCR requirement has been introduced in a phased manner with Company required to maintain minimum LCR of 30% from 1 Dec 2020 eventually increasing to 100% by 1 December 2024. The Company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold. Apart from LCR, company also uses various stock liquidity indicators to measure and monitor the liquidity risk in terms of funding stability, concentration risk etc.

Asset Liability Committee (ALCO) of the Company is the primary governing body for Liquidity Risk Management supported by Risk Management Department (RMD), Finance and ALCO Support Group. Treasury is the central repository of funds within the Company and is vested with the responsibility of managing liquidity risk within the risk appetite of the Company.

48.2.03. Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr No.	Number of Significant Counterparties *	Amount (₹ Lakhs)	% of Total deposits	% of Total Liabilities
1	21	6,57,050.00	0%	90%

* A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities

48.2.04. Top 20 large deposits Nil (Previous year Nil)"

48.2.05. Top 10 Borrowings

1	Top 10 Borrowings	5,09,550.00
2	% age of Total Borrowings	70%

48.2.06. Funding Concentration based on significant instrument/product

Sr No.	Name of Significant Instrument / Product *	Amount (₹ Lakhs)	% of Total Liabilities**
1	Non-Convertible Debenture	3,99,630.00	55%
2	Commercial Paper	2,24,000.00	31%
3	Bank Borrowing	62,000.00	9%
4	Inter Corporate Deposit	20,500.00	3%
5	Subordinated Debt	20,000.00	3%
	Total	**7,26,130.00**	**100%**

* A "significant instrument/product" is defined as a single instrument/product or group of similar instruments/products which in aggregate amount to > 1% of total liabilities.

** Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

48.2.07. Stock Ratios:

Sr No.	Instrument/Product	%age of		
		Total Public Funds	Total Liabilities	Total Assets
1	Commercial Papers	31%	30%	23%
2	Non Convertible Debentures (Original Maturity of Less than One Year)	0%	0%	0%
3	Other Short Term Liabilities	6%	6%	4%
4	Inter Corporate Deposits (short term borrowings)	1%	1%	1%

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

48.2.08. Institutional set-up for liquidity risk management

The Company's ALCO monitors asset liability mismatches to reduce imbalances on its Balance Sheet. The Company continuously monitors liquidity in the market; and as a part of its ALM strategy, the Company maintains a liquidity buffer to reduce this risk. In a normal economic scenario liquidity buffer (primarily in the form Bank deposits, MFs) of 1 to 2 months of debt repayment is maintained by the Company. During the year, amidst pandemic, the Company maintained significantly higher amount of liquidity buffer to safeguard itself against any potential significant liquidity disruption event.

RBI vide Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 has come up with guidelines on liquidity risk framework for NBFCs. It covers various aspects of liquidity risk management in NBFCs such as granular level classification of buckets in structural liquidity statement and tolerance limits thereupon, liquidity risk management tools and principles. The Company has formulated a policy on Liquidity Risk Management Framework which covers liquidity risk management, maintaining LCR, stress testing, contingency funding plan, maturity profiling and liquidity risk measurement – stock approach, interest Rate Risk and liquidity risk monitoring tools.

Note 49 Disclosures as required by the Master Direction –Monitoring of frauds in NBFCs issued by RBI dated 29 September 2016 - There are no cases which has been identified as Fraud.

NOTE 50 DISCLOSURE REGARDING RESOLUTION FRAMEWORK FOR COVID-19-RELATED STRESS

Type of Borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, Including between Invocation of plan & implementation	Increase in provisions on account of the implementation of the resolution plan
	(A)	(B)	(C)	(D)	(E)
Personal Loans	-	-	-	-	-
Corporate persons*	1.00	2,600.28	-	-	440.69
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**1.00**	**2,600.28**	**-**	**-**	**440.69**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Note 51 Disclosure under Guidance Note on Implementation of Indian Accounting Standards by Non-Banking Financial Companies and Asset Reconstruction Companies

Note 51.01: Number of accounts, total amount outstanding and the overdue amounts of accounts that are past due beyond 90 days but not treated as impaired - Nil

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

Note 51.02: Comparison between provisions required under Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances as per Ind AS 109

As at 31st March, 2022

(Amount in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norm
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	6,70,957.51	2,295.64	6,68,661.87	2,678.12	(382.49)
	Stage 2	36,575.76	3,325.72	33,250.04	833.85	2,491.86
Subtotal		**7,07,533.27**	**5,621.36**	**7,01,911.91**	**3,511.97**	**2,109.37**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,014.97	623.82	1,391.15	289.19	334.63
Doubtful	Stage 3	3,778.36	1,322.43	2,455.93	1,348.21	(25.78)
Loss	Stage 3	3,077.72	3,077.72	-	1,573.63	1,504.09
Subtotal for NPA		**8,871.05**	**5,023.97**	**3,847.08**	**3,211.03**	**1,812.94**
Other items such as guarantees, loan commitments/unused Limits, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	37,537.47	10.63	37,526.82	-	10.63
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Stage 1	7,08,494.98	2,306.27	7,06,188.71	2,678.12	(371.85)
Total	Stage 2	36,575.76	3,325.72	33,250.04	833.85	2,491.86
	Stage 3	8,871.05	5,023.97	3,847.08	3,211.03	1,812.93
		7,53,941.79	**10,655.96**	**7,43,285.83**	**6,723.00**	**3,932.94**

Notes

Notes to the Standalone Financial Statements for the year ended 31st March, 2022

As at 31st March, 2021

(Amount in lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norm
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	5,88,444.03	4,070.95	5,84,373.08	2,247.34	1,823.61
	Stage 2	79,566.18	6,890.43	72,675.75	317.16	6,573.27
Subtotal		**6,68,010.21**	**10,961.38**	**6,57,048.83**	**2,564.50**	**8,396.88**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,246.56	1,136.30	2,110.26	293.36	842.94
Doubtful	Stage 3	1,975.22	715.69	1,259.53	505.41	210.28
Loss	Stage 3	2,533.33	2,533.33	-	1,573.63	959.70
Subtotal for NPA		**7,755.11**	**4,385.32**	**3,369.79**	**2,372.40**	**2,012.93**
Other items such as guarantees, loan commitments/unused Limits, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	22,537.50	22.10	22,515.40	-	22.10
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Stage 1	6,10,981.53	4,093.05	6,06,888.48	2,247.34	1,845.71
Total	Stage 2	79,566.18	6,890.43	72,675.75	317.16	6,573.27
	Stage 3	7,755.11	4,385.32	3,369.79	2,372.40	2,012.92
		6,98,302.82	**15,368.80**	**6,82,934.02**	**4,936.90**	**10,431.90**

Note 52

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

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

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

Roshni R. Marfatia
Partner
Membership No.: 106548

Date and Place: May 23, 2022, Mumbai

For and on behalf of the Board of Directors

K.V.S Manian
Director
DIN : 00031794

Paritosh Kashyap
Director
DIN : 07656300

Amit Bagri
Chief Executive Officer

Jay Joshi
Chief Financial Officer

Jignesh Dave
Company Secretary
Date and Place: May 23, 2022, Mumbai

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Kotak Mahindra Investments Limited
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Bandra (E), Mumbai - 400 051
Company Website: www.kmil.co.in
Kotak Mahindra Bank Website: www.kotak.com

CIN: U65900MH1988PLC047986