Annual Report 2021-22

CHANGE

Kotak Mahindra Prime Limited

Contents

Directors' Report

To the Members of

KOTAK MAHINDRA PRIME LIMITED

The Board of Directors has pleasure in presenting Twenty Sixth Annual Report together with audited Financial Statements of your Company for the year ended 31st March, 2022.

FINANCIAL HIGHLIGHTS

Financial performance under Ind AS for FY 2021-22 with comparative numbers for FY 2020-21 is presented below:

(₹ in Lakh)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Gross Income	2,62,562.52	2,59,202.70
Profit before Depreciation and Tax	1,30,688.77	70,739.35
Depreciation	783.76	748.62
Profit before Tax	1,29,905.01	69,990.73
Provision for Tax	32,434.61	18,063.37
Profit after Tax	97,470.40	51,927.36
Other Comprehensive Income	14,104.27	20,265.97
Total Comprehensive Income	1,11,574.67	72,193.33
Balance of Profit from previous years	4,75,134.51	4,33,853.18
Amount available for appropriation	5,72,653.26	4,85,855.48
Appropriations:		
Dividend paid on Equity Shares	1,398.08	20.97
Corporate Dividend Tax	0.00	0.00
Transfer to Special Reserve u/s 45IC of the RBI Act, 1934	19,494.08	10,700.00
Surplus carried forward to the Balance Sheet	5,51,761.09	4,75,134.51

BUSINESS STRATEGY AND OBJECTIVES AND FUTURE GOALS:

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.

The disruption caused by Covid-19 is likely to have its impact on Auto Industry at least in the near future. In this challenging environment the company will focus on to capitalize on its distribution strength with OEMs, Dealers, Channel partners and customers. Company will also continue to focus on distribution of the various financial products that provides greater value addition to the customer. Further company will have enhanced focus on portfolio quality to meet the challenges caused by Covid-19.

Customer base, easy accessibility through its wide network of branches and a firm commitment to deliver superior customer service, has enabled the company to maintain its market position.

DIVIDEND

The Directors recommend Dividend on Equity Shares @ ₹50.00 per equity share (Previous Year: ₹40.00 per equity share).

DEBENTURES

Pursuant to various circulars issued by the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) from time to time, the Company continues to issue debentures on private placement basis and list all debentures issued, on the Bombay Stock Exchange Limited under Information Memorandums issued by the Company from time to time. The Company has appointed IDBI Trusteeship Services Limited 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 Numbers: 022– 40807000; 40807023; Fax - 022-66311776
Email: rmitra@idbitrustee.com; paridhi@idbitrustee.com; itsl@idbitrustee.com
Website: www.idbitrustee.com

CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of your Company as on 31st March 2022 was at 30.53% (Tier I – 29.69%).

CREDIT RATING

The Company's long-term borrowings rating continued to be "AAA" (with Stable Outlook) by CRISIL and ICRA. The Company's Tier II Subordinated Debts continued to be dual rated by CRISIL and ICRA, with a rating of "AAA" (with Stable Outlook).

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

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

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

FINANCE

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

The RBI maintained policy repo rate at 4.00% during the financial year 2021-22. Further, the reverse repo rate was also maintained at 3.35% during the financial year. The RBI also continued with its open market operations to ensure ample liquidity and orderly market conditions. Going ahead, due to widespread inflationary pressures and in line with actions taken by most central banks, RBI has also initiated increase in policy rates. Currently the repo rate and SDF rate stands at 4.90% and 4.65% respectively.

For the financial year 2021-22, the National Statistical Office provisional estimates, places expansion in real Gross Domestic Product (GDP) at 8.7% for the Indian economy. However, ongoing geopolitical tension and supply side disruptions cast a shadow on the economic outlook for the next financial year. Further, financial market volatility due to monetary policy normalization pose downside risk to the outlook.

Despite continued challenges faced during the financial year, your Company continued to get regular access to funding from various sources and has continued to maintain adequate liquidity profile.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Company Business

Your Company is primarily into vehicle finance, engaged in financing of retail customers of passenger cars, multi-utility vehicles, two wheelers and inventory and term funding to dealers. Your Company finances new used cars and two wheelers under retail loan, and lease contracts. Your Company launched a new product Loan against Property during the financial year.

The main streams of income for your Company are income from retail car and two wheeler loans, dealer finance income and fee based income. Your Company also receives income from corporate loans, developer funding and personal loans. The major expenses for your Company are interest expense, business sourcing expense and cost of running operations.

During the Financial Year 2021-22, your Company's retail car disbursements were at ₹ 784,252 lakh as against ₹ 533,113 lakh in the previous year. During the year under review, gross advances stood at ₹ 23,09,264.01 lakh as against ₹ 20,92,661.37 lakh in the previous year.

Your Company continued to focus on cost control and credit losses, while improving its positioning in the car finance industry.

As detailed in the 'Financial Results' section above, Gross Income of your Company increased from ₹ 2,59,202.70 lakh in 2020-21 to ₹ 2,62,562.52 lakh in 2021-22. Profit before Tax was at ₹ 1,29,905.01 lakh in 2021-22 as compared to ₹ 69,990.73 lakh in 2020-21.

Segment wise performance

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

Vehicle Finance includes Retail and Wholesale trade finance and the segment result is Profit before tax of ₹ 94,003.62 lakh. Other Lending activities include financing against securities, securitization, debenture investment / lending in commercial real estate and other loan / fee based services and the segment result is Profit before tax of ₹ 32,112.94 lakh. Treasury and Investment activities include proprietary trading in shares and the segment result is Profit before tax of ₹ 25,255.15 lakh.

Industry Scenario

The passenger car market in India saw a growth of 12.77% for the Financial Year 2021-22. Total unit sales of cars and MUV's crossed 30.61 lakh units in financial year 2021-22.

The two wheeler market in India saw a degrowth of 10.93% for the Financial Year 2021-22. Total unit sales of two-wheeler crossed 134.66 lakh units in financial year 2021-22.

Prospects

The disruption caused by Covid-19 is likely to have its impact on Auto Industry at least in the near future. In this challenging environment the company will focus on to capitalize on its distribution strength with OEMs, Dealers, Channel partners and customers. Company will also continue to focus on geographical expansion and also on distribution of various products that provides greater value addition to the customer. Further company will have enhanced focus on portfolio quality to meet the challenges caused by Covid-19.

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

Internal Controls

The Internal Audit department of Kotak Mahindra Bank Limited regularly conducts a review to assess the financial and operating controls at various locations of your Company including Head Office functions and at branches. Reports of the audits conducted by the Internal Audit department are presented to the Audit Committee. Representatives of the statutory auditors are permanent invitees to the Audit Committee. The Company has recently set up an internal audit department who shall conduct the reviews for financial year 2022-23.

Human Resources

The Company is professionally managed with key management personnel having relatively long tenure with the Company. Your Company follows a policy of building strong teams of talented professionals. Your Company encourages and facilitates long term careers with your Company through carefully designated management development programs and performance management systems. The total number of on roll employees was 5,795 at end of 31st March, 2022.

Information Technology

Your Company uses "ORACLE" as its Financial system and the operating system 'CORE' which is owned and managed by Kotak Mahindra Bank Limited and is used for its retail assets division since 2003. The CORE system has the latest technology platform and also has capacity to scale based on business requirements. The modular nature of the system supports efficiency in operations coupled with strong systems and operational controls. The system is robust to cater to efficient customer service and support marketing initiatives at reasonable cost. The successful Implementations of Dealer Finance System and Sales Force DIY Customer Journey apps were biggest achievements for the FY. The Company continues to explore and test new system to improve efficiency for back office and database support

Cautionary Note

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

DIRECTORS' & KEY MANAGERIAL PERSONNEL

Change in Directors during the year

Appointment of Directors

Mr. Amit Mohan (09294638) was appointed as an Additional Director of the Company with effect from 6th September, 2021, subject to the approval of the members at the General meeting. The Nomination & Remuneration Committee at its meeting held on 27th April, 2022 has recommended the appointment of Mr. Amit Mohan as a Director to the shareholders of the Company at the ensuing Annual General Meeting. Accordingly, the approval of the Members is being sought at the ensuing Annual General Meeting.

Mr. Amit Mohan (09294638) aged 55 years is a Master Degree holder in Business Administration. Amit Mohan heads commercial vehicles, dealer finance and working capital businesses for logistics and warehousing segments. Amit is a senior banking professional with 30 years of experience in retail and working capital lending. Amit has been a strong proponent of continuous process reengineering, innovation and change management. Prior to Kotak Group, he worked with RPG Ricoh. He started his career with HCL Technologies in 1989. Amit joined Kotak Group in 1995 and started working with the Company. He held various portfolios in retail and wholesale business verticals during his stint at the Company. He was part of the leadership team. In 2014, Amit moved to Kotak Bank where he spearheaded the commercial vehicle retail and working capital business.

Mr. Shahrukh Todiwala (DIN: 09291062) was appointed as an Additional Director and Whole-Time Director of the Company with effect from 6th September, 2021, subject to the approval of the members at the General meeting. The Nomination & Remuneration Committee at its meeting held on 27th April, 2022 has recommended the appointment of Mr. Shahrukh Todiwala as a Director and Whole Time Director to the shareholders of the Company at the ensuing Annual General Meeting. Accordingly, the approval of the Members is being sought at the ensuing Annual General Meeting.

Mr. Shahrukh Todiwala aged 56 years is a Commerce graduate from MS University, Vadodara having 34 years of vast experience in the field of consumer durables and auto finance, of which, 26 years have been with the Kotak Group. Prior to Kotak Group, Mr. Shahrukh began his career with Godrej & Boyce Mfg. Co. Ltd where he worked from 1987 to 1995 in O.E. sales. He Joined Kotak Mahindra Finance Limited on 15th September, 1995 and has served the Kotak Group in various capacities, at the branch / regional / National level. Mr. Todiwala moved to Head Office in 2006 in the capacity of Business Head for Used cars and currently heads the entire wholesale and retail businesses of the Company.

Resignation of Directors

Prof. S. Mahendra Dev (DIN: 06519869) resigned as an Independent Director of the Company effective end of working hours on 2nd June, 2021. Due to the resignation as an Independent Director, Prof Dev ceased to be a member of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. Your Directors placed on record their appreciation and deep gratitude for the immense contributions made by Prof. S. Mahendra Dev, as an Independent Director to the Company during his tenure.

Ms. Shanti Ekambaram (DIN: 00004889) resigned as a Director of the Company with effect from 7th September, 2021. Due to the resignation as a Director, Ms. Shanti Ekambaram ceased to be a member of Committee of Board of Directors and Credit Committee of Board. Your Directors placed on record their appreciation for the valuable advice and guidance rendered by Ms. Shanti Ekambaram during her tenure as a Director of the Company.

Mr. Arvind Kathpalia (DIN: 02630873) resigned as a Director of the Company with effect from 1st April 2022. Due to the resignation as a Director, Mr. Arvind Kathpalia ceased to be member of the Nomination and Remuneration Committee, Credit Committee of Board and IT Strategy Committee. Your Directors placed on record their appreciation for the valuable advice and guidance rendered by Mr. Arvind Kathpalia during his tenure as a Director of the Company.

Directors retiring by rotation during the year

Mr. Uday Kotak (DIN: 00007467), Director, retires by rotation at the Twenty Sixth 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 of the Company's Board has formulated the criteria for performance evaluation of the Directors and the Board as a whole. The Criteria formulated broadly covers the Board role, Board/Committee membership, practice & procedure and collaboration & style.

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

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

Key Managerial Personnel (KMPs)

In terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Vyomesh Kapasi, Managing Director, Mr. Shahrukh Todiwala, Whole-Time Director, Mr. Bharat C Thakkar, Chief Financial Officer and Mr. Kiran Tangudu, Company Secretary, are the Key Managerial Personnel of the Company. Mr. Shahrukh Todiwala was appointed as Whole-Time Director (KMP) during the year effective from 6th September, 2021.

Appointment & Remuneration of Directors and KMPs

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

The Board has adopted a Remuneration Policy for the Whole-time Directors, Chief Executive Officer and other employees of the Company. The Policy is in line with the Compensation Policy of Kotak Mahindra Bank Limited, its holding company (the compensation policy is available on the Company's website hosted in https://www.primeloans.kotak.com/policies.htm), 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 of Kotak Mahindra Bank Limited – Granted on a discretionary basis to employee based on their performance and potential with the objective of retaining the employee

- Compensation Composition – The ratio of Variable Pay to Fixed Pay and the ratio of Cash v/s Non Cash within Variable pay outlined for each category of employee classification
- Any variation in the Policy to be with approval of the Nomination & Remuneration Committee
- Malus and Clawback clauses applicable on Deferred Variable Pay

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

- Compensation structure broadly divided into:
  - 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
- IDs not eligible for any stock options of Kotak Mahindra Bank Limited, the Company's holding company

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

Number of Board Meetings

During the year, 12 meetings of the Board of Directors were held.

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

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

Name	Title	Ratio	Ratio excluding SARs
Mr. Vyomesh Kapasi	Managing Director	72.18x	68.45x
Mr. Shahrukh Todiwala*	Whole-Time Director	58.37x	54.18x

*Appointed as Whole-Time Director with effect from 6th September, 2021.

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

Director/KMP	Title	% increase / (decrease) in remuneration	% increase / (decrease) in remuneration excluding SARs
Mr. Vyomesh Kapasi	Managing Director	6.91%	22.85%
Mr. Shahrukh Todiwala*	Whole-Time Director	15.15%	20.18%
Mr. Bharat Thakkar	Chief Financial Officer	17.68%	19.92%
Mr. Kiran Tangudu	Company Secretary	15.06%	15.06%

*Appointed as Whole-Time Director with effect from 6th September, 2021.

3. **Percentage increase / (decrease) in the median remuneration of employees in the financial year:**

   15.25% considering employees who were in employment for the whole of FY 2021-22 and FY 2020-21.

4. **Number of permanent employees on the rolls of Company at the end of the year:** 5,795

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

   For employees other than managerial personnel who were in employment of FY 2021-22 and FY 2020-21 the average increase (decrease) is 14.94% and 14.97% excluding SARs.

   Average increase / (decrease) for managerial personnel is 12.17% and 20.75% excluding SARs.

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

The Company is in compliance with its Remuneration Policy.

Notes:

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

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

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

COMMITTEES

(a) AUDIT COMMITTEE

The Audit Committee was re-constituted during the year and presently consists of Mr. Chandrashekhar Sathe (Chairman), Ms. Akila Urankar, Mr. D. Kannan and Mr. Ravi Venkatraman. The quorum comprises of any three members.

During the financial year ended 31st March, 2022, 13 meetings of the Committee were held.

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

(b) NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee presently comprises of Mr. Chandrasekhar Sathe (Chairman), Mr. D. Kannan and Ms. Akila Urankar. The quorum comprises of any three members.

During the financial year ended 31st March, 2022, 4 meetings of the Committee were held.

(c) COMMITTEE OF THE BOARD OF DIRECTORS

The Committee of the Board of Directors was re-constituted during the year and presently consists of Mr. D. Kannan, Mr. Vyomesh Kapasi and Mr. Amit Mohan. The quorum comprises of three members. The Committee looks into the routine transactions of Company which inter alia include authorizing opening, operation & closure of bank/demat accounts of the Company, authorizing officials of the Company to execute various documents/agreements, issuing power of attorney for representing the Company in various Courts of Law and before various Statutory Authorities and borrowing of money within the delegated limit.

During the financial year ended 31st March, 2022, 3 meetings of the Committee were held.

(d) RISK MANAGEMENT COMMITTEE

The Tier II level (supervisory level) Risk Management Committee presently consists of Mr. Chandrashekhar Sathe (Chairman), Mr. D. Kannan and Ms. Akila Urankar. The quorum comprises of any three members. It reviews the adequacy of the risk management process and up-gradation thereof.

During the financial year ended 31st March, 2022, 4 meetings of the Tier II level Committee were held.

(e) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee presently consists of Ms. Akila Urankar (Chairperson), Mr. D. Kannan and Mr. Vyomesh Kapasi, with any three members forming the quorum.

During the financial year ended 31st March, 2022, 3 meetings of the Committee were held.

(f) CREDIT COMMITTEE

A. The Credit Committee (Board) (CCB) was re-constituted during the year and presently consists of Mr. D. Kannan, Mr. Vyomesh Kapasi and Mr. Amit Mohan, with any three members forming the quorum. The Committee scrutinizes and approves credit proposals above such limit as specified in the Approval Authorities from time to time.

   During the financial year ended 31st March, 2022, 7 meetings of the Committee were held.

B. The Credit Committee (CC-I) presently consists of Mr. D. Kannan, Mr. Vyomesh Kapasi and Mr. Shahrukh Todiwala, with any two members forming the quorum. The Committee critically analyse the financials of the various loan proposals placed before it for their approval.

   During the financial year ended 31st March 2022, 27 meetings of the Committee were held.

(g) IT STRATEGY COMMITTEE

IT Strategy Committee of the Board presently consists of Mr. Chandrashekhar Sathe (Chairman), Mr. D. Kannan and Mr. Vyomesh Kapasi. The quorum comprises of any three members. The Committee reviews the IT strategy of the Company and other matters related to IT governance.

During the financial year ended 31st March, 2022, 1 meeting of the Committee was held.

AUDITORS

M/s Price Waterhouse Chartered Accountants LLP is ineligible to continue as an Auditor as per the RBI Circular dated 27th April, 2021 (Ref.No.DoS. CO.ARG/ SEC.01/08.91.001/2021-22). One such condition of the said circular is that an audit firm, subject to its fulfilling the prescribed eligibility norms, will be allowed to continue as the statutory auditor for a particular NBFC for a period of three years and thereafter the said firm would not be eligible for reappointment in the same entity for a period of at least six years (two tenures). Accordingly the Company received the resignation as an Auditor from M/s Price Waterhouse Chartered Accountants LLP, they had been the statutory auditors of the Company for the last four financial years i.e. from Financial Year ended 31st March, 2018 to 31st March, 2021.

In terms of Section 139 of the Companies Act, 2013 and also in terms of the circular dated 27th April, 2021 issued by the Reserve Bank of India (RBI), the Company's Joint Statutory Auditors M M Nissim & Co LLP (Firm Registration No: 107122W/W100672) and Mukund M. Chitale & Co,(Firm Registration No: 106655W) were appointed as Joint statutory auditors of the Company at the Annual General Meeting held on 10th August 2021 from the conclusion of the Twenty Fifth Annual General Meeting until the conclusion of the Twenty Eighth Annual General Meeting, to the shareholders.

INTERNAL FINANCIAL CONTROLS

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

COST RECORDS AND COST AUDIT

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

RELATED PARTY TRANSACTIONS

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

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

All Related Party Transactions 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 Indian Accounting Standard Ind AS 24 are reported in Notes to Accounts under Note no.39 of the financial statements of your Company.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 of the Companies Act, 2013 read with Rule 11 of Companies (Meetings of Board and its Powers) Rules, 2014, the Company being a Non-Banking Financial Company registered with Reserve Bank of India, nothing contained in section 186 is applicable, except subsection(1) of that section.

WHISTLE BLOWER POLICY & VIGIL MECHANISM

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

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

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, your Company, has constituted a Board Corporate Social Responsibility Committee (CSR Committee), which was re-constituted during the financial year and presently consists of the following Directors:

- Ms. Akila Urankar, Independent Director, Chairperson
- Mr. D. Kannan, Non-Executive Director
- Mr. Vyomesh Kapasi, Managing Director

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, and 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 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. https://www.primeloans.kotak.com/policies.htm.

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 Companies act for the last three financial years preceding 31st March, 2022 is ₹789.48 Crore.

The 2% of Average net profits of the Company under section 135, of the Act for FY 2021-22 is ₹15,78,95,298/-. After setting-off ₹19,596/- from the excess CSR spent of the previous FY 2020-21, total CSR obligation for FY 2021-22 is ₹15,78,75,702/-

The actual CSR Expenditure for the period 1st April, 2021 to 31st March, 2022 as required under Section 135 of the Act, and the Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time is ₹ 1,579.00 Lakh . Of this amount, the Company's spend on CSR Project Expenditure is ₹ 964.19 Lakh for FY 2021-22, and the balance ₹ 614.81 lakh is on account of the unutilised CSR Project Expenditure of Ongoing CSR Projects of FY 2021-22, and ₹ 614.81 lakh has been transferred to the Kotak Mahindra Prime Limited Unspent CSR Account FY 2021-22 in April 2022. Your company is committed to utilise the unutilised CSR Project Expenditure pertaining to Ongoing CSR Projects of FY 2021-22 amounting to ₹ 614.81 lakh within the stipulated three years i.e. from 1st April, 2022 to 31st March, 2025, which is towards completion of the Board approved Ongoing CSR Projects initiated in FY 2021-22 and continue to be under implementation as on 31st March, 2022.

The excess CSR spend of ₹ 24,298/- 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 implemented, in FY 2021-22, through its implementing partner organisations include deployment of Mobile Medical Vans (MMVs) in the impoverished localities in cities, 'Livelihood Enhancement' for disadvantaged communities; and supporting 'Education' to tribal children and 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.

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

RISK MANAGEMENT POLICY

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

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

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

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

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

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

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

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013, your Company has appointed M/s. Parikh & Associates, Company Secretaries, a firm of Practising Company Secretaries, as its Secretarial Auditor. The Secretarial Audit Report for the financial year ended 31st March, 2022 is annexed to this Report.

SECRETARIAL STANDARDS

Your Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for the FY 2021-22.

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 is placed on the Company's website viz. Url: https://www.primeloans.kotak.com/policies.htm.

EMPLOYEES

The employee strength of your Company was 5,795 as of 31st March 2022.

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

As required by the Sexual Harrasment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated a Policy on Sexual Harrassment of Women at Workplace (Prevention, Prohibition & Redressal). Following is a summary of sexual harassment complaints received and disposed off during the year 2021-22:

- No. of complaints received: Nil
- No. of complaints disposed off: Nil

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

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

DEPOSITS

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

ADDITIONAL DISCLOSURES

No application was made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during the year in respect of your Company.

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 ₹ 16.34 lakh (Previous Year: ₹ 74.82 lakh).

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

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

II. Annual Report on CSR Activities for the Financial year 2021-22 (Annexure II)

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Uday Kotak
Chairman

Place : Hyderabad
Date : 28th June, 2022

FORM NO. MR-3

Secretarial Audit Report For the financial year ended march 31, 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 Prime Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kotak Mahindra Prime Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided 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;

(as may be applicable to the Company)

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (as may be applicable to the Company)

(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; (as may be applicable to the Company)

(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 (Not applicable to the Company during the audit period);

(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, 2013 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 applicable specifically to the Company are:

I. Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs;

II. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

III. Prevention of Money Laundering Act, 2002 and the rules made thereunder;

IV. IRDAI (Registration of Corporate Agents) Regulations, 2015

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

Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

The Listing Agreements entered into by the Company with the BSE Limited with respect to Non- Convertible Debentures issued by the Company on a private placement basis read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We report that the Company has spent an amount of ₹ 9.64 crores against the amount of ₹ 15.79 crore to be spent during the year towards Corporate Social Responsibility and has transferred the balance amount of ₹ 6.15 crore on 29th April, 2022 to the Unspent CSR Account, in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

We further report that:

The Board of Directors of the Company is constituted with balance of Executive Directors, Non-Executive Directors and Independent Directors as per Companies Act, 2013. 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 17(1)(b) of SEBI LODR, 2015 made applicable to the Company effective 7th September, 2021 on a comply or explain basis until 31st March, 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. The company has issued and allotted 8,050 (Eight Thousand fifty only) Secured Redeemable Non- Convertible Deep Discount Debentures of ₹10 lakhs (Rupees Ten lakh only) each in various tranches on private placement where were duly listed on BSE Limited.

b. The company has issued and allotted 500 (Five Hundred only) Secured Redeemable Non- Convertible Nifty Linked Debentures of ₹10 lakhs (Rupees Ten lakh only) each in various tranches on private placement where were duly listed on BSE Limited.

c. The company has issued and allotted 53,550 (Fifty Three Thousand Five Hundred Fifty only) Secured Redeemable Non- Convertible Debentures of ₹10 lakhs (Rupees Ten lakh only) each in various tranches on private placement where were duly listed on BSE Limited.

d. The company has redeemed various series of Debentures in the nature of Non-convertible debentures, Zero Coupon Bonds and Nifty Linked Debentures, aggregating to 54,456 (Fifty Four Thousand Four Hundred Fifty-Six only) during the year and has complied with the applicable laws.

e. The company has issued and allotted 3,90,700 (Three lakhs Ninety Thousand Seven hundred only) commercial papers of ₹ 5 lakhs (Rupees Five Lakh only) each in various tranches.

f. The company has redeemed 3,64,000 (Three lakh Sixty-Four Thousand only) Commercial Paper in various tranches during the year and has complied with the applicable laws.

For **Parikh & Associates**
Company Secretaries

sd/-
Mitesh Dhabliwala
Partner
FCS No: 8331 CP No: 9511
UDIN: F008331D000368801
PR No.: 1129/2021

Place : Mumbai
Date : May 23, 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 Prime 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. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **Parikh & Associates**
Company Secretaries

sd/-
Mitesh Dhabliwala
Partner
FCS No: 8331 CP No: 9511
UDIN: F008331D000368801
PR No.: 1129/2021

Place : Mumbai
Date : May 23, 2022

ANNEXURE -II

Annual Report on CSR Activities of the Company

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

1. **Brief outline on CSR Policy of the Company:**

Kotak Mahindra Prime Ltd. (Kotak Prime) 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.

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

While ensuring that its CSR Policy, projects and programmes are compliant with the CSR mandate as specified under section 134, section 135 read with schedule VII of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time, Kotak Prime 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	Ms. Akila Urankar	Independent Director, Chairperson of CSR Committee	3	3
2	Mr. Vyomesh Kapasi	Managing Director	3	3
3	Mr. D. Kannan	Director	3	3
4	Prof. S. Mahendra Dev *	Independent Director	Not applicable	Not applicable

* Prof. S. Mahendra Dev (DIN: 06519869) resigned as an Independent Director of the Company effective close of working hours on 2nd June, 2021. Accordingly, he ceased to be member of CSR Committee with effect from the said date.

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: https://www.primeloans.kotak.com/policies.

4. 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: "The Impact Assessment is mandated to be carried out post one year of completion of the CSR Projects. The CSR Projects which are eligible for impact assessment got completed on 31st March, 2021, therefore, the impact assessment of these completed CSR Projects will be initiated in FY 2022-23 (one year after completion of these CSR Projects)."

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1	**2020-21**	**19,596/-**	**19,596/-**
	TOTAL	**19,596/-**	**19,596/-**

6. Average net profit of the company as per section 135(5): ₹ 789.48 crore

7. (a) Two percent of average net profit of the company as per section 135(5): ₹15,78,95,298/-

   (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: ₹ 19,596/-

   (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 15,78,75,702/-

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount ₹	Date of transfer	Name of the Fund	Amount ₹	Date of transfer
9,64,18,989/-	6,14,81,011/-	29th April 2022	Not applicable		

The excess CSR spent of ₹ 24,298/- (Including FY2020-21 amount of **₹ 19,596)** is carried forward in subsequent financial year(s) as detailed in 8(f) below.

(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 Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number
1.	KMPL-Pratham "Vocational Training"	Livelihood enhancement projects	Yes	Madhya Pradesh, Odisha, Rajasthan, Andhra Pradesh, Uttar Pradesh, Maharashtra, Chattisgarh and Jharkhand	Multiple Districts	18	3,27,00,000	2,84,70,000	42,30,000	No	Pratham Education Foundation	CSR00000258
2.	KMPL – "Kotak Shiksha Nidhi"	Promoting education	Yes	PAN India	Multiple Districts	48	5,00,00,000	1,39,98,989	3,60,01,011	No	Kotak Education Foundation	CSR00001785
3	KMPL-Muktangan "Integrated School and Teacher Education"	Promoting education	Yes	Maharashtra	Mumbai	22	2,10,00,000	1,34,00,000	76,00,000	No	Muktangan Education Trust	CSR00000732
4	KMPL SVYM "Equitable Education for Rural Communities"	Promoting education	Yes	Karnataka	Dharwad	38	1,39,00,000	2,50,000	1,36,50,000	No	Swami Vivekananda Youth Movement	CSR00002215
	TOTAL						**11,76,00,000**	**5,61,18,989**	**6,14,81,011**			

Notes :

1. Amount in Paise rounded off to nearest Rupee.
2. The CSR Projects which are being operated/ implemented on PAN India basis, are not restricted to particular State or District.

(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.	KMPL-Wockhardt Foundation "Healthcare"	Promoting health care including preventive health care	Yes	Gujarat, Punjab	Ahmedabad, Jalandhar	4,03,00,000	No	Wockhardt Foundation	CSR00000161
	Total					**4,03,00,000**			

(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) – ₹ 9,64,18,989/-*

* Excludes unutilised CSR Project budget amount of ₹ **6,14,81,011** transferred to Kotak Mahindra Prime Ltd Unspent CSR Account FY 2021-22

(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)	15,78,95,298
(ii)	Total amount spent for the Financial Year	15,79,00,000*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	4,702
(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)]	4,702**

* Includes unutilised CSR Project budget amount transferred to Kotak Mahindra Prime Ltd Unspent CSR Account FY 2021-22

** Including set off amount of ₹ 19,596/- for FY2021-22, the overall surplus available for set off is ₹ 24,298/-

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	5,19,32,034	1,78,61,757	Nil	Nil	Nil	3,40,70,277
	TOTAL	**5,19,32,034**	**1,78,61,757**	**Nil**	**Nil**	**Nil**	**3,40,70,277**

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

(1) Sl. No.	(2) Project ID	(3) Name of the Project.	(4) Financial Year in which the project was commenced	(5) Project duration (in months)	(6) Total amount allocated for the project (in ₹)	(7) Amount spent on the project in the reporting Financial Year (in ₹)	(8) Cumulative amount spent at the end of reporting Financial Year (in ₹)	(9) Status of the project - Completed /Ongoing
1.	07	CSR Programme On Healthcare	2020-21	13	2,08,00,000*	1,12,00,000	1,62,00,000	Ongoing
2.	06	CSR Programme On Education Project Excel	2020-21	48	4,61,00,000	33,29,723	1,66,29,723	Ongoing
3.	05	Direct Relief & Rehabilitation – COVID 19	2020-21	17	50,00,000	33,32,034	50,00,000	Completed
	TOTAL				**7,19,00,000**	**1,78,61,757**	**3,78,29,723**	

*

Note: In FY2020-21, the Company undertook two separate CSR Projects with implementing partner Wockhardt Foundation. The CSR Project with Project ID '03' with a CSR Project Budget of ₹ 3,52,80,000/- 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 Wockhardt Foundation with CSR Project ID '07' as an "Ongoing CSR Project" on a CSR Project Budget of ₹ 2,08,0000/-.

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 ₹ 5,60,80,000/- for CSR Project ID "07", which (incorrectly) included the CSR Project budget amount allocation of ₹ 3,52,80,000/-.

Further the amount of ₹ 3,52,80,000, for CSR Project ID "03" 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 ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	KMPL-Wockhardt Foundation "Healthcare"	Promoting health care including preventive health care	Yes	Gujarat, Punjab	Ahmedabad, Jalandhar	3,52,80,000	No	Wockhardt Foundation	CSR00000161
	Total					**3,52,80,000**			

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	Promoting education	Swami Vivekananda Youth Movement	87,500	FY 2021-22	Laptop	Dharwad, Karnataka	CA2 KIADB Industrial Housing Area Ring Road, Hebbal, Mysuru-570 016	Swami Vivekananda Youth M ovement
2	Employment enhancing vocational skills	Pratham Education Foundation	25,11,981	FY 2021-22	Computers, Furnitures & Fixtures office equipments and Centre upgradation cost.	Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh, Maharashtra, Chhattisgarh and Jharkhand across multiple districts.	IInd Floor, B-4/58 Safdarjung Enclave, New Delhi-110029	Pratham Education Foundation
		Total	**25,99,481**					

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). NOT APPLICABLE

sd/-

Managing Director

sd/-

Chairperson, CSR Committee

Independent Auditors' Report

To the Members of Kotak Mahindra Prime Limited

Report on the Audit of the Financial Statements

Opinion

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

2. 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 ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3 We conducted our audit in accordance with the Standards on Auditing 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 ('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 Matter

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

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

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers	
(Refer Note 2 (G) for significant accounting policies and Note 43 (E)(ii) for credit risk disclosures)	
As at 31 March 2022, the Company has reported gross loan assets of ₹ 23,68,078.87 lakh against which an impairment loss of ₹ 58,814.86 lakh has been recorded. The Company recognized impairment provision for loan assets based on the Expected Credit Loss ("ECL") approach laid down under 'Ind AS 109 – Financial Instruments'. The estimation of ECL on financial instruments involves significant management judgement and estimates and the use of different techniques and assumptions which could have a material impact on reported profits. Significant management judgement and assumptions involved in measuring ECL is required with respect to: ➢ ensuring completeness and accuracy of the data used ➢ determining the criteria for a significant increase in credit risk ➢ factoring in future economic assumptions ➢ techniques used to determine probability of default, loss given default and exposure at default.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Obtained an understanding of the techniques adopted by the Company including the key inputs and assumptions. Since assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109 • Understanding management's updated processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 Regulatory Package. • Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording, monitoring of the impairment loss recognized and staging of assets. Also evaluated the controls over the validation of data and related approvals.

Key audit matter	How our audit addressed the key audit matter
These parameters are derived from the Company's historical data. During the previous and current years, RBI announced various relief measures for the borrowers which were implemented by the Company such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 17th April, 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), and "Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') dated on 6 August 2020 and 4 June 2021, which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment. **Disclosure** The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to ECL computation. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions is also an area of focus. Considering the significance of the above matter to the overall financial statements, additional complexities involved on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter.	• Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard considering the impact of COVID-19 on account of moratorium and restructuring benefit extended by the Company and the basis for classification of various exposures into various stages. Further, assessed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default (EAD), probability of default (PD) and loss given default (LGD); • Evaluated the reports and working for the methodology used in the computation of Through the Cycle PD, Point in Time PD and LGD, among others. • Verified that the Company's approved policy in relation to moratorium and restructuring is in accordance with the RBI requirements. Evaluated that the restructuring was approved and implemented in accordance with such policy, and the provisions created on such restructured loan assets were in accordance with the Company's policy. • Performed test of details over calculations of ECL, in relation to the completeness and accuracy of data. • Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. • Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 43 (E)(ii) "Credit risk" and ECL disclosed in the accompanying financial statements including disclosure of key judgements and assumptions involved, in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.
Assessment of fair valuation of equity investment Refer Note 8 of the financial statements	
Investments made by the Company in equity amounting to ₹ 2,35,529 lakhs are measured at fair value with the corresponding fair value changes recognized in other comprehensive income in accordance with related Accounting Standard (Ind AS 109). The valuation of these investments are inherently subjective since these are valued using inputs other than quoted prices or unobservable inputs i.e., which may not be observable independently of the Company information and valued basis management assumptions/ estimates using the services of a valuation expert engaged by the management. Significant inputs used in the valuation of above investments include comparable companies' multiples, net asset value etc. The use of methodology for valuing these investments may also be subjective. Given the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the Ind AS financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	The following procedures were performed by us, to test the valuation of certain types of investments: • We understood and evaluated the design and tested the operating effectiveness of the relevant controls in the investment valuation process. • We evaluated the competence, capabilities and objectivity of Management's valuation expert. • We assessed the appropriateness of valuation methodology and reasonableness of significant assumptions used by the Company to estimate the fair value. • We verified the source data used in the determination of fair valuation of investments on a sample basis. • We tested the arithmetical accuracy of fair value computations. • We evaluated the adequacy of presentation and disclosures in relation to these investments in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Information Technology system for the financial reporting process	
The company is highly dependent upon its information technology (IT) systems for carrying out its operations and processing significant volume of transactions, which impacts key financial accounting and reporting activities. The company has put in place the IT General Controls and application controls to ensure that the information produced by the company is complete, accurate and reliable. Among other things, the Management also uses the information produced by the entity's IT systems for accounting, preparation and the presentation of the of the financial statements. Since our audit strategy included focus on entity's key IT systems relevant to our audit due to their potential pervasive impact on the financial statements, we have determined the audit of IT systems and related control environment for accounting and financial reporting as a key audit matter.	Our audit procedures for assessment of the IT systems and controls with reference to financial statements, included the following: • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation, and operating effectiveness of the significant accounts- related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   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 identified above when it becomes available 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.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

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

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

8. In preparing the financial statements, the Board of Directors and management are 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 Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. 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

10. 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 Standards on Auditing 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.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act 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 adequate internal financial controls system with reference to the financial statements in place and the operating effectiveness of such controls based on our audit;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Board of Directors;
    - Conclude on the appropriateness of Board of Directors and 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; and
    - Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

12. 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.

13. 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.

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

Other Matter

15. The financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor, Price Waterhouse Chartered Accountants LLP, who have expressed an unmodified opinion on those financial statements vide their audit report dated 15 June 2021.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

    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 financial statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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 as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and

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

   i. the Company, has disclosed the impact of pending litigations on its financial position as at 31 March 2022 in the financial statements as detailed in note 36;

   ii. The Company did not have any material foreseeable losses, on long-term contracts including derivative contracts;

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

   iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the 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 ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether 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; and

   c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

   v. The dividend declared during the year ended 31 March 2022 by the Company is in compliance with section 123 of the Act.

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration No.: 107122W/W100672

Sanjay Khemani
Partner
Memebership No: 044577
UDIN:22044577AJLCMS1501

Mumbai
23 May 2022

For Mukund M. Chitale & Co
Chartered Accountants
Firm Registration No.: 106655W

Saurabh Chitale
Partner
Memebership No: 111383
UDIN: 22111383ALRMZF1512

Mumbai
23 May, 2022

ANNEXURE I REFERRED TO IN PARAGRAPH 17 OF THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF KOTAK MAHINDRA PRIME LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

i. a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets including quantitative details and situation of these assets.

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

b. As per information and explanation given to us and as verified by us, the property, plant and equipment and right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

c. The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

d. The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.

e. According to information and explanations given to us and as verified by us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

ii. a. The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

b. According to the information and explanations given to us, during the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate from banks on the basis of security of current assets. As detailed in note no. 16.2 to the financial statements, there are differences in the quarterly returns or statements filed by the Company with such banks as compared to the books of account maintained by the Company for the reasons stated in the said note. However, we have not carried out a specific audit of such statements.

iii. a. The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

b. The investments made and terms and conditions of the grant of all loans are, prima facie, not prejudicial to the Company's interest. The Company has not granted advances in the nature of loans and has not provided any guarantee and also not given security to any party.

c. The Company is a Non-Banking Financial Company ('NBFC'), registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except as disclosed in note 43 (E)(ii)(c)(iv) of the financial statement and reproduced below:

Outstanding as on 31 March 2022 for overdue loans

Particulars – Days past due	Total amount outstanding (in lakhs)	No. of Cases
1-30 days	179,976.96	58,919
31-60 days	32,519.55	14,721
61-89 days	30,399.41	7,382
90 days or more	63,506.12	23,924
Total	**3,06,402.04**	**1,04,946**

d. According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans given in course of the business of the Company aggregates to ₹ 63,506.12 lakhs as at 31 March 2022 in respect of 23,924 number of loans. Further, reasonable steps as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.

e. The Company is a Non-Banking Finance Company, and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

f. The Company has not granted loans or advances in the nature of loans which are repayable on demand or without specifying any terms or period of repayment.

iv. In our opinion, and according to the information and explanations given to us, the Company has not granted any loan or provided any guarantee or security in connection with any loan taken by party covered under Section 185 of the Act. Further, the Company has complied with the provisions of Section 186 of the Act in respect of the loans or investments made, or guarantees or security provided by it, to the extent applicable.

v. The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being an non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

vii. a. In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have been regularly deposited with the appropriate authorities by the Company. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ in lakhs)	Amount paid under Protest (₹in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	232.56	-	AY 2013-14	Commissioner of Income tax (Appeals)
Income tax Act, 1961	Income tax	591.61	-	AY 2018-19	Commissioner of Income tax (Appeals)
The Delhi Value Added Tax Rules, 2005	Value Added Tax	0.69	-	Assessment Year 2009-10	Special Objection Hearing Authority – Delhi VAT Department
Maharashtra Value Added Tax, 2002	Value Added Tax	2.02	0.20	Assessment Year 2013-14	Deputy Commissioner of Sales Tax - Maharashtra
Maharashtra Value Added Tax, 2002	Value Added Tax	4.32	0.43	Assessment Year 2014-15	Deputy Commissioner of Sales Tax - Maharashtra
Maharashtra Value Added Tax, 2002	Value Added Tax	70.39	4.30	Assessment Year 2015-16	Joint Commissioner of Sales Tax – Maharashtra
Maharashtra Value Added Tax, 2002	Value Added Tax	108.97	6.66	Assessment Year 2016-17	Joint Commissioner of Sales Tax - Maharashtra
Maharashtra Value Added Tax, 2002	Value Added Tax	20.47	-	Assessment Year 2017-18	Joint Commissioner of Sales Tax - Maharashtra

viii. According to the information and explanations given to us and as verified by us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

ix. a. According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

b. According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a wilful defaulter by any bank or financial institution or other lender.

c. In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.

d. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

e. The Company did not have any subsidiary or associate or joint venture and hence reporting under clause (ix)(e) of the Order is not applicable to the Company.

f. The Company did not have any subsidiary or associate or joint venture and hence reporting under clause (ix)(f) of the Order is not applicable to the Company.

x. 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 clause 3(x)(a) of the Order is not applicable to the Company.

b. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures. Accordingly, Clause 3(x)(b) of the order is not applicable.

xi. 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 and no material fraud on the Company except for misappropriation of assets of the Company by its employees or by the customers of the Company identified by the management during the year, involving amounts aggregating to ₹ 515.96 lakhs as mentioned in Note 48.5 of the accompanying financial statements has been noticed or reported during the year.

b. To the best of our knowledge, and accordingly to the information and explanations provided to us, during the year and upto the date of this report, no report under sub-section 143 (12) of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c. According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

xiv. a. In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

b. We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date of our audit report.

xv. According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

xvi. a. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

b. During the year, the Company has not conducted any Non Banking Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934. Further, Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.

c. According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

d. Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has no CICs which are registered with the Reserve Bank of India.

xvii. The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

xviii. There has been resignation of the statutory auditors during the year in view of their ineligibility to continue as Statutory Auditors of the Company, upon the completion of the stipulated tenure as per the said RBI Guidelines and based on the information and explanations given to us by the management and the response to our communication with the outgoing auditors, there have been no issues, objections or concerns raised by the outgoing auditors.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is 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. a. There are no 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. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

b. In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the financial year, to a Special account within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the Act.

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration No.: 107122W/W100672

Sanjay Khemani
Partner
Memebership No: 044577
UDIN:22044577AJLCMS1501

Mumbai
23 May 2022

For Mukund M. Chitale & Co
Chartered Accountants
Firm Registration No.: 106655W

Saurabh Chitale
Partner
Memebership No: 111383
UDIN: 22111383ALRMZF1512

Mumbai
23 May, 2022

ANNEXURE II

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

(Referred to in paragraph 18 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In conjunction with our audit of the financial statements of Kotak Mahindra Prime Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls 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 ('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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements (Continued)

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

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

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration No.: 107122W/W100672

Sanjay Khemani
Partner
Memebership No: 044577
UDIN:22044577AJLCMS1501

Mumbai
23 May 2022

For Mukund M. Chitale & Co
Chartered Accountants
Firm Registration No.: 106655W

Saurabh Chitale
Partner
Memebership No: 111383
UDIN: 22111383ALRMZF1512

Mumbai
23 May, 2022

Balance Sheet
as at 31st March 2022

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	4	22,666.11	6,013.46
Bank balance other than cash and cash equivalents	5	44.82	21.51
Derivative financial instruments		-	-
Receivables			
Trade receivables	6	6.47	6.43
Loans	7	2,309,264.01	2,092,661.37
Investments	8	651,908.40	575,990.02
Other financial assets	9	1,307.11	3,783.78
Sub total		**2,985,196.92**	**2,678,476.57**
Non-financial assets			
Current tax assets (Net)	34 (e)	4,405.27	3,493.90
Deferred tax assets (Net)	34 (d)	15,141.32	19,412.90
Property, plant and equipment	10	3,814.06	3,423.38
Capital work-in-progress	10 (a)	144.60	164.63
Other intangible assets	11	302.88	117.25
Intangible assets under development	11 (a)	25.05	-
Other non-financial assets	12	3,651.34	3,207.93
Sub total		**27,484.52**	**29,819.99**
Total Assets		**3,012,681.44**	**2,708,296.56**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivatives financial instruments	13	3,049.63	4,738.99
Payables			
Trade payables	14		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		57,637.24	38,462.19
Debt securities	15	1,209,416.48	1,123,754.73
Borrowings (other than debt securities)	16	729,103.98	620,309.31
Deposits	17	145.01	160.21
Subordinated liabilities	18	19,557.84	47,957.61
Other financial liabilities	19	10,924.08	6,946.03
Sub total		**2,029,834.26**	**1,842,329.07**
Non-financial liabilities			
Current tax liabilities (Net)	34(e)	6,811.43	3,902.83
Provisions	20	811.96	721.72
Deferred tax liabilities (Net)	34(d)	48,990.13	45,215.72
Other non-financial liabilities	21	1,487.39	1,576.81
Sub total		**58,100.91**	**51,417.08**
EQUITY			
Equity share capital	22	349.52	349.52
Other equity	23	924,396.75	814,200.89
Sub total		**924,746.27**	**814,550.41**
Total Liabilities and Equity		**3,012,681.44**	**2,708,296.56**

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

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

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration No.: 107122W/W100672

Sanjay Khemani
Partner
Memebership No: 044577

For Mukund M. Chitale & Co
Chartered Accountants
Firm Registration No.: 106655W

Saurabh Chitale
Partner
Memebership No: 111383

For and on behalf of the Board of Directors

Vyomesh Kapasi
Managing Director
DIN: 07665329

Devarajan Kannan
Director
DIN: 00498935

Bharat Thakkar
Chief Financial Officer

Kiran Tangudu
Company Secretary

Date and Place: May 23, 2022, Mumbai

Profit and Loss Account

for the year ended 31st March 2022

(₹ 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 on financial instruments measured at:	24		
	- Amortised Cost		222,460.32	239,311.70
	- Fair Value Through Other Comprehensive Income		19,834.44	3,646.52
(ii)	Dividend income		1,364.00	-
(iii)	Rental income		597.29	538.01
(iv)	Fees and commission income	25	10,977.24	8,779.16
(v)	Net gain on fair value changes	26	5,518.08	4,475.84
(I)	**Total revenue from operations**		**260,751.37**	**256,751.23**
(II)	**Other income**	27	1,811.15	2,451.47
(III)	**Total income (I + II)**		**262,562.52**	**259,202.70**
	EXPENSES			
(i)	Finance costs	28	99,038.88	124,258.18
(ii)	Net loss on fair value changes	29	590.58	1,548.61
(iii)	Impairment on financial instruments	30	(10,855.99)	31,231.00
(iv)	Employee benefits expenses	31	21,940.40	14,867.51
(v)	Depreciation and amortisation	32	783.76	748.62
(vi)	Other expenses	33	21,159.88	16,558.05
(IV)	**Total expenses**		**132,657.51**	**189,211.97**
(V)	**Profit before tax (III - IV)**		**129,905.01**	**69,990.73**
(VI)	**Tax expense**	34		
	(1) Current tax		28,265.42	23,899.20
	(2) Deferred tax		4,169.19	(5,835.83)
	Total tax expense		**32,434.61**	**18,063.37**
(VII)	**Profit for the year (V-VI)**		**97,470.40**	**51,927.36**
(VIII)	**Other comprehensive income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	- Changes in revaluation surplus			
	- Remeasurements of the defined benefit plans		59.53	100.15
	- Equity Instruments through Other Comprehensive Income		17,574.32	26,491.29
	Sub-total		**17,633.85**	**26,591.44**
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		(14.98)	(25.21)
	- Equity Instruments through Other Comprehensive Income		(3,774.41)	(5,875.09)
	Total (A)		**13,844.46**	**20,691.14**
	(B) (i) Items that will be reclassified to profit or loss			
	- Debt Instruments through Other Comprehensive Income		347.19	(568.16)
	Sub total		**347.19**	**(568.16)**
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	- Debt Instruments through Other Comprehensive Income		(87.38)	142.99
	Total (B)		**259.81**	**(425.17)**
	Other comprehensive income (A + B)		**14,104.27**	**20,265.97**
(IX)	**Total comprehensive income for the year (VII+VIII)**		**111,574.67**	**72,193.33**
(X)	**Earnings per equity share**	35		
	Earnings per share - Basic and Diluted		2,788.69	1,485.68

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

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

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration No.: 107122W/W100672

Sanjay Khemani
Partner
Memebership No: 044577

For Mukund M. Chitale & Co
Chartered Accountants
Firm Registration No.: 106655W

Saurabh Chitale
Partner
Memebership No: 111383

For and on behalf of the Board of Directors

Vyomesh Kapasi
Managing Director
DIN: 07665329

Devarajan Kannan
Director
DIN: 00498935

Bharat Thakkar
Chief Financial Officer

Kiran Tangudu
Company Secretary

Date and Place: May 23, 2022, Mumbai

Statement of Cash Flows

for the year ended 31st March 2022

(₹ 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	129,905.01	69,990.73
Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities		
Depreciation and amortization expense	783.76	748.62
Interest income	(242,294.77)	(242,958.22)
Interest expenses	98,809.23	123,889.77
Net gain on fair value changes	(5,518.08)	(4,475.84)
MTM on embedded option liability	(1,407.80)	(445.38)
MTM on Derivative (Cross currency swap)	1,998.38	1,993.99
Dividend on investments	(1,364.00)	-
Unrealised gain on foreign currency translation of liability	(204.06)	(2,143.43)
Rent (Concession)/Reversal	-	(13.39)
Profit on sale of Investments	(1,857.87)	-
Unwinding of discount on security deposits	-	(21.45)
Profit on sale of property, plant and equipment	(18.45)	(13.59)
Provision for contingencies no longer required	(587.53)	(719.76)
Share-based payments	15.46	37.95
Provision for employee benefits - gratuity	176.35	173.11
Provision for employee benefits - compensated absences	32.99	42.89
Impairment loss allowance	(12,923.40)	30,266.87
	(34,454.78)	**(23,647.13)**
Cash inflow from interest received	246,981.26	239,119.28
Cash outflow towards interest paid	(115,374.74)	(142,497.18)
Operating profit before working capital changes	**131,606.52**	**96,622.10**
Working capital adjustments		
(Increase) / decrease in loans	(210,916.53)	417,248.34
(Increase) / decrease in bank balance other than cash and cash equivalent	(23.32)	65,213.34
(Increase) / decrease in investments	(78,792.46)	(52,509.34)
(Increase) / decrease in other financial assets	2,485.40	788.40
(Increase) / decrease in other non-financial assets	(449.73)	385.44
Increase / (decrease) in trade payables	19,175.05	22,638.98
Increase / (decrease) in other financial liabilities	3,812.21	3,578.19
Increase / (decrease) in provisions	527.96	442.63
Increase / (decrease) in other non-financial liabilities	(89.42)	651.66
	(264,270.84)	**458,437.64**
Cash generated from / (used in) operations	**(167,119.10)**	**531,412.61**
Income tax paid (net)	(26,268.19)	(23,981.06)
Net cash generated from / (used in) operating activities	**(193,387.29)**	**507,431.55**
Cash flow from investing activities		
Purchase of property, plant and equipment	(893.93)	(213.92)
Proceeds from sale of property, plant and equipment	27.01	18.80
Dividend on investments	1,364.00	-
Interest received on PTC	50.82	324.08
Interest received on Govt Securities	5,822.32	3,323.38
Purchase of investments	(488,059.04)	(2,561,014.63)
Proceeds from sale of investments	513,767.05	2,390,283.60
Net cash generated from investing activities	**32,078.23**	**(167,278.69)**
Cash flow from financing activities		

Statement of Cash Flows

for the year ended 31st March 2022

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Issue of debentures	621,248.95	429,310.35
Redemption of debentures	(545,987.95)	(547,271.06)
Bank loans availed	1,637,800.00	800,040.21
Repayment of bank loans	(1,665,650.00)	(947,490.21)
Other borrowings availed	2,053,170.93	1,692,943.19
Repayment of other borrowings	(1,918,500.00)	(1,797,700.00)
Increase / (decrease) in derivative financial instruments	(2,279.94)	(4,944.87)
Dividend paid (including dividend distribution tax) on equity shares	(1,398.08)	(20.97)
Payment of lease liability	(437.62)	(353.62)
Net cash (used in) / generated from financing activities	**177,966.29**	**(375,486.97)**
Net increase / (decrease) in cash and cash equivalents	**16,657.23**	**(35,334.11)**
Cash and cash equivalents at the beginning of the year	6,029.98	41,364.08
Cash and cash equivalents at the end of the year (refer note a below)	**22,687.21**	**6,029.98**
Notes:		
a. Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 4)		
Cash on hand	576.37	905.82
Balances with banks in current account	21,228.56	4,056.37
Cheques, drafts on hand	882.28	1,067.79
Less: Impairment loss allowance		
Balances with banks in deposits (less than 3 months maturity)	-	-
Cash and cash equivalents as per balance sheet*	**22,687.21**	**6,029.98**

* Cash and cash equivalents shown in Balance Sheet is net of ECL provision of ₹ 21.10 lakhs as at 31st March, 2022,₹ 16.52 lakhs as at 31st March, 2021.

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

c. Change in liabilities arising from financing activities

Particulars	As at 1st April, 2021	Cash flows	Non-cash changes*	As at 31st March, 2022
Debt securities	1,123,754.73	75,261.00	10,400.75	1,209,416.48
Borrowings (other than debt securities)	620,309.31	134,380.92	(25,586.25)	729,103.98
Subordinated liabilities	47,957.61	(27,560.00)	(839.78)	19,557.84
Total liabilities from financing activities	**1,792,021.65**	**182,081.93**	**(16,025.28)**	**1,958,078.30**

Particulars	As at 1st April, 2020	Cash flows	Non-cash changes*	As at 31st March, 2021
Debt securities	1,257,280.79	(115,460.70)	(18,065.36)	1,123,754.73
Borrowings (other than debt securities)	875,033.69	(252,514.38)	(2,210.00)	620,309.31
Subordinated liabilities	50,659.06	(2,500.00)	(201.45)	47,957.61
Total liabilities from financing activities	**2,182,973.54**	**(370,475.08)**	**(20,476.81)**	**1,792,021.65**

* Non-cash changes includes the effect of recording financial liability at amortized cost, amortization of transaction costs etc.
The above statement of cash flows should be read in conjunction with the accompanying notes.

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

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration No.: 107122W/W100672

Sanjay Khemani
Partner
Memebership No: 044577

For Mukund M. Chitale & Co
Chartered Accountants
Firm Registration No.: 106655W

Saurabh Chitale
Partner
Memebership No: 111383

For and on behalf of the Board of Directors

Vyomesh Kapasi
Managing Director
DIN: 07665329

Devarajan Kannan
Director
DIN: 00498935

Bharat Thakkar
Chief Financial Officer

Kiran Tangudu
Company Secretary

Date and Place: May 23, 2022, Mumbai

Statement of Changes in Equity

for the year ended 31st March 2022

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning of the reporting period	349.52	349.52
Changes in equity share capital during the year	-	-
Balance at the end of the reporting period	**349.52**	**349.52**

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Total
	Special reserve	Securities premium	Capital redemption reserve	General reserve	Capital contribution from parent	Retained earnings			
Opening Balance as at 1st April, 2020	**111,362.94**	**53,075.16**	**100.00**	**182.54**	**359.97**	**433,853.18**	**351.50**	**142,705.30**	**741,990.59**
Profit for the year						51,927.36			51,927.36
Other comprehensive income for the year (net of tax)						74.94	(425.17)	20,616.20	20,265.97
Total Comprehensive Income for the year ended 31st March, 2021	**111,362.94**	**53,075.16**	**100.00**	**182.54**	**359.97**	**485,855.48**	**(73.67)**	**163,321.50**	**814,183.92**
Transfer/utilisations									
Transfer to special reserve u/s 45 IC of the RBI Act, 1934	10,700.00	-	-	-	-	(10,700.00)	-	-	-
Share based payment (refer note 42)	-	-	-	-	37.95	-	-	-	37.95
Dividend on equity shares (refer note 22(h))	-	-	-	-	-	(20.97)	-	-	(20.97)
Balance as at 31st March, 2021	**122,062.94**	**53,075.16**	**100.00**	**182.54**	**397.92**	**475,134.51**	**(73.67)**	**163,321.50**	**814,200.90**
Opening Balance as at 1st April, 2021	**122,062.94**	**53,075.16**	**100.00**	**182.54**	**397.92**	**475,134.51**	**(73.67)**	**163,321.50**	**814,200.90**
Profit for the year						97,474.40			97,474.40
Other comprehensive income for the year (net of tax)						44.55	259.81	13,799.91	14,104.27
Total Comprehensive Income for the year ended 31st March, 2022	**122,062.94**	**53,075.16**	**100.00**	**182.54**	**397.92**	**572,649.45**	**186.14**	**177,121.41**	**9,25,775.57**
Transfer/utilisations									-
Transfer to capital redemption reserve									
Transfer to special reserve u/s 45 IC of the RBI Act, 1934	19,494.08					(19,494.08)			-
Share based payment (refer note 42)					19.26				19.26
Interim / Proposed dividend on preference shares									-
Dividend on equity shares (refer note 22(h))						(1,398.08)			(1,398.08)
Dividend distribution tax on preference / equity shares									-
									-
Balance as at 31st March, 2022	**141,557.02**	**53,075.16**	**100.00**	**182.54**	**417.18**	**551,757.29**	**186.14**	**177,121.41**	**924,396.75**

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

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

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration No.: 107122W/W100672

Sanjay Khemani
Partner
Memebership No: 044577

For Mukund M. Chitale & Co
Chartered Accountants
Firm Registration No.: 106655W

Saurabh Chitale
Partner
Memebership No: 111383

For and on behalf of the Board of Directors

Vyomesh Kapasi
Managing Director
DIN: 07665329

Devarajan Kannan
Director
DIN: 00498935

Bharat Thakkar
Chief Financial Officer

Kiran Tangudu
Company Secretary

Date and Place: May 23, 2022, Mumbai

Notes

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

NOTE 1 – CORPORATE INFORMATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of preparation

(i) Statement of compliance

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards (herein after referred as 'Ind AS') notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2021 as amended and other relevant provisions of the Act. Any application guidance/clarification/directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/applicable.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. These financial statements were authorized for issue by the Company's Board of Director's on May 23, 2022.

(ii) 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. Based on the present assessment, the Company do not expect any material adverse impact on the operations of the Company.

(iii) Historical cost convention

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

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

B. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

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

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

ii. Subsequent expenditure

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

Notes

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

iii. Depreciation methods, estimated useful lives and residual value

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

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

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

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

C. Intangible assets

i. Recognition and measurement

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

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits

embodied in the specific asset to which it relates.

iii. Amortisation

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

Software (including development) expenditure	3 years

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

D. Functional and presentation currency

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

E. Foreign currency

Transactions and balances

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

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

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

Notes

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

F. Financial instrument

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

Financial assets

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

Initial recognition and measurement

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

Business model assessment

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

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed

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

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

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

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

Subsequent measurement

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

(i) Amortised cost (AC)

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

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

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

Notes

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

(ii) Fair value through Other Comprehensive Income (FVOCI) – debt investment

A debt investment is measured at FVOCI if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at fair value. Interest income is recognised using the effective interest (EIR) method. The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.

(iii) Fair value through Other Comprehensive Income (FVOCI) – equity investment

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

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

(iv) Fair value through profit and loss (FVTPL)

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

Financial liabilities

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

G. Impairment of financial assets

Methodology for computation of Expected Credit Losses (ECL)

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

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost and FVOCI is credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired includes the observable data such as Days Past Due ('DPD') or default event.

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

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

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

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

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

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

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

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

Notes

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

- 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 the Expected Credit Loss reverts from lifetime ECL to 12-months ECL

  Curing period:

  Company does not move loans from higher stage to lower stage immediately after improvement in credit of the borrower and applies curing period for upgradation of three to six months depending on the product.

Method used to compute lifetime ECL:

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

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

The Company considers its historical loss experience and adjusts it for current observable data. In addition, the Company uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively.

H. 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.

Notes

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

I. Derecognition of financial assets and financial liabilities

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

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

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

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

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

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

J. Modification of financial assets and financial liabilities

Financial assets

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

The difference between the carrying amount of the financial assets extinguished and the new financial asset with modified terms is recognised in the statement of profit and loss.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as modification gain or loss in 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 and loss.

K. Measurement of fair values

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

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

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

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

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

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

Notes

forming part of 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.

L. Offsetting financial instruments

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

M. Derivative financial instruments

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

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

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

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

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

N. Revenue recognition

Interest income

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

The EIR in case of a financial asset is computed

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

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

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

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

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

Dividend income

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

Fees and commission income

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

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

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

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

Notes

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

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

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

O. Employee benefits

(i) Short-term obligations

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

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

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

a. Gratuity – Defined Benefit Plan

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

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

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

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

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

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

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

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(iv) Other Employee Benefits

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

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

Notes

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

(v) Share based payment

Equity-settled scheme

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

Cash-settled scheme

The cost of cash-settled scheme (stock appreciation rights) is measured initially using fair value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This fair value is amortised on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is re-measured 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 'Share based payment to employees' under the head Employee Benefit Expense.

(vi) Bonus

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

P. Income tax

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

Current tax

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

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

Deferred tax

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

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

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

Q. Earnings per share

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

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

Notes

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

R. Leases

Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Accounting for Finance leases as a Lessor

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

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

S. Provisions and contingent liabilities

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

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

Notes

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

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

T. Impairment of non-financial assets

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

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

U. Segment reporting

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

V. Cash and cash equivalents

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

W. Borrowings

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

X. Trade and other payables

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

Y. Borrowing cost

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

Z. Trade receivable

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

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

AA. Contributed equity

Equity shares are classified as equity.

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

Notes

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

NOTE -3 USE OF ESTIMATES AND JUDGEMENTS

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

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

The areas involving estimates or judgements are:

(i) Estimation of defined benefit obligations

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

(iii) Estimation of provisions and contingencies

(iv) Fair value of employee share options

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

(vi) Business model assessment

(vii) Impairment of financial instruments

(viii) Determination of useful life of Property, Plant and Equipment

(ix) Determination of useful life of Intangible asset

(x) Effective interest rate

(xi) Evaluation of lease, lease term and discount rates.

Estimation uncertainty relating to Covid-19 in assessing the Impairment of Loans:

Accounting estimates and associated assumptions applied in preparing these financial statements, especially for determining the impairment allowance for the Company's loan receivables, are based on historical experience and other emerging / forward looking macro-economic variables considering the current impact of the pandemic. The Company has used estimation of potential stress on probability of default and exposure at default due to Covid-19 situation in developing the estimates, assumptions and management overlays to assess the impairment loss allowance on loans. Based on the sensitivity analysis of the assumptions used, the Company believes that the factors considered are reasonable under the current circumstances. Given the dynamic nature of pandemic situation, these accounting estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, it will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

Recent amendments applicable from 01st April, 2022

The following amendments to standards have been issued and will be effective from 01st April, 2022. The Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

- Indian Accounting Standard (Ind AS) 103 – Business Combinations – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date. Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.
- Indian Accounting Standard (Ind AS) 109 – Financial Instruments – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities.
- Indian Accounting Standard (Ind AS) 16 - Property, Plant and Equipment – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.
- Indian Accounting Standard (Ind AS) 37 - Provisions, Contingent Liabilities and Contingent Assets – Modifications in application of recognition and measurement principles relating to onerous contracts.

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 4 CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2022	As at 31st March, 2021
Cash on hand	576.37	905.82
Balances with banks in current account	21,228.56	4,056.37
Cheques, drafts on hand	882.28	1,067.79
Balances with banks in deposits (less than 3 months maturity)	-	-
	22,687.21	**6,029.98**
Less: Impairment loss allowance (refer note 43(ii))	(21.10)	(16.52)
	22,666.11	**6,013.46**

NOTE 5 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2022	As at 31st March, 2021
Earmarked balances with banks	-	-
Unclaimed matured debentures	-	-
Fixed deposit with banks	44.83	21.51
	44.83	**21.51**
Less: Impairment loss allowance (refer note 43(ii))	(0.01)	-
	44.82	**21.51**

NOTE 6 RECEIVABLES

Particulars	As at 31st March, 2022	As at 31st March, 2021
Amortised Cost		
Trade receivables		
Secured, considered good		-
Unsecured, considered good	6.55	6.52
	6.55	**6.52**
Less: Impairment loss allowance (refer note 43(ii))	(0.08)	(0.09)
	6.47	**6.43**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31st March, 2022							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	-	-	-	0.03	-	-	6.52	6.55
(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	**-**	**-**	**-**	**0.03**	**-**	**-**	**6.52**	**6.55**

Particulars	As at 31st March, 2021							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	-	-	-	-	-	6.52	-	6.52
(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	**-**	**-**	**-**	**-**	**-**	**6.52**	**-**	**6.52**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 7 LOANS

	Particulars	Amortised Cost	At Fair Value			Sub total	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
		(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
	As at 31st March, 2022						
(A)	(i) Loans						
	- Vehicle finance	1,885,042.62	-	-	-	-	1,885,042.62
	(ii) CBLO lending	97,469.42	-	-	-	-	97,469.42
	(iii) Inter corporate deposits	-	-	-	-	-	-
	(vi) Other lending activities	385,566.83	-	-	-	-	385,566.83
	Total Gross (A)	**2,368,078.87**	**-**	**-**	**-**	**-**	**2,368,078.87**
	Less: Impairment loss allowance (refer note 43(ii))	(58,814.86)				-	(58,814.86)
	Total Net (A)	**2,309,264.01**	**-**	**-**	**-**	**-**	**2,309,264.01**
(B)	(i) Secured by tangible assets	2,078,944.43	-	-	-	-	20,78,944.43
	(ii) Secured by intangible assets	-	-	-	-	-	-
	(iii) Covered by Bank/Government Guarantees	-	-	-	-	-	-
	(ii) Unsecured	2,89,134.44	-	-	-	-	2,89,134.44
	Total Gross (B)	**2,368,078.87**	**-**	**-**	**-**	**-**	**2,368,078.87**
	Less: Impairment loss allowance (refer note 43(ii))	(58,814.86)	-	-	-	-	(58,814.86)
	Total Net (B)	**2,309,264.01**	**-**	**-**	**-**	**-**	**2,309,264.01**
(C)	**Loans in India**						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	**2,368,078.87**	-	-	-	-	**2,368,078.87**
	Total Gross (C)	**2,368,078.87**	**-**	**-**	**-**	**-**	**2,368,078.87**
	Less: Impairment loss allowance (refer note 43(ii))	(58,814.86)	-	-	-	-	(58,814.86)
	Total Net (C)	**2,309,264.01**	**-**	**-**	**-**	**-**	**2,309,264.01**

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

Particulars		Amortised Cost	At Fair Value			Sub total	Total
			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss		
		(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
	As at 31st March, 2021						
(A)	(i) Bills Purchased and Bills Discounted					-	-
	(ii) Loans repayable on Demand					-	-
(A)	(i) Loans						
	- Vehicle finance	2,093,668.92	-	-	-	-	2,093,668.92
	(ii) CBLO lending	73,483.52	-	-	-	-	73,483.52
	(iii) Inter corporate deposits	4,000.37	-	-	-	-	4,000.37
	(vi) Others lending acrivities	1,552.03				-	1,552.03
	Total Gross (A)	**2,172,704.84**	**-**	**-**	**-**	**-**	**2,172,704.84**
	Less: Impairment loss allowance (refer note 43(ii))	(80,043.47)	-	-	-	-	(80,043.47)
	Total Net (A)	**2,092,661.37**	**-**	**-**	**-**	**-**	**2,092,661.37**
(B)	(i) Secured by tangible assets	1,866,391.67	-	-	-	-	1,866,391.67
	(ii) Secured by intangible assets	-	-	-	-	-	-
	(iii) Covered by Bank/Government Guarantees	-	-	-	-	-	-
	(ii) Unsecured	306,313.17	-	-	-	-	306,313.17
	Total Gross (B)	**2,172,704.84**	**-**	**-**	**-**	**-**	**2,172,704.84**
	Less: Impairment loss allowance (refer note 43(ii))	(80,043.47)	-	-	-	-	(80,043.47)
	Total Net (B)	**2,092,661.37**	**-**	**-**	**-**	**-**	**2,092,661.37**
(C)	**Loans in India**						
	(i) Public Sector	-	-	-	-	-	-
	(ii) Others	2,172,704.84	-	-	-	-	2,172,704.84
	Total Gross (C)	**2,172,704.84**	**-**	**-**	**-**	**-**	**2,172,704.84**
	Less: Impairment loss allowance (refer note 43(ii))	(80,043.47)	-	-	-	-	(80,043.47)
	Total Net (C)	**2,092,661.37**	**-**	**-**	**-**	**-**	**2,092,661.37**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Note 8 INVESTMENTS

	Particulars	Amortised Cost	At Fair Value		Sub total	Total
			Through Other Comprehensive Income	Through profit or loss		
		(1)	(2)	(3)	(4=2+3)	(5=1+4)
	As at 31st March, 2022					
(A)	Mutual funds	-	-	10,002.82	10,002.82	10,002.82
	Government securities & Treasury Bills	-	179,831.76	-	179,831.76	179,831.76
	Debentures	204,827.70	22,621.96	-	22,621.96	227,449.66
	Equity instruments*	-	235,528.94	-	235,528.94	235,528.94
	Total Gross (A)	**204,827.70**	**437,982.67**	**10,002.82**	**447,985.48**	**652,813.18**
(B)	(i) Investments outside India	-	-	-	-	-
	(ii) Investments in India	204,827.70	437,982.67	10,002.82	447,985.48	652,813.18
	Total (B)					
	Less: Impairment allowance (refer note 43(iii))	(904.78)	-	-	-	(904.78)
	Total Net	**203,922.92**	**437,982.67**	**10,002.82**	**447,985.48**	**651,908.40**

	Particulars	Amortised Cost	At Fair Value		Sub total	Total
			Through Other Comprehensive Income	Through profit or loss		
		(1)	(2)	(3)	(4=2+3)	(5=1+4)
	As at 31st March, 2021					
(A)	Mutual funds	-	-	4,900.20	4,900.20	4,900.20
	Government securities & Treasury Bills		191,122.25		191,122.25	191,122.25
	Other approved securities				-	-
	Debentures	128,266.28	22,553.45	-	22,553.45	150,819.73
	Equity instruments*	-	217,954.62	-	217,954.62	217,954.62
	Preference Share	-	-	12,200.13	12,200.13	12,200.13
	Total Gross (A)	**128,266.28**	**431,630.32**	**17,100.33**	**448,730.65**	**576,996.93**
(B)	(i) Investments outside India	-	-	-	-	-
	(ii) Investments in India	128,266.28	431,630.32	17,100.33	448,730.65	576,996.93
	Total (B)	**128,266.28**	**431,630.32**	**17,100.33**	**448,730.65**	**576,996.93**
	Less: Impairment allowance (refer note 43(iii))	(1,006.91)	-	-	-	(1,006.91)
	Total Net	**127,259.37**	**431,630.32**	**17,100.33**	**448,730.65**	**575,990.02**

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

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

At 01st April, 2017, the Company designated the investments shown below as equity shares at FVOCI because these equity shares represent investments that the Company intends to hold for long-term for strategic purposes.

Investment in equity shares of	Fair value at 31st March, 2022	Movement during the year	Fair value at 31st March, 2021
Phoenix ARC Private Limited	11,802.44	(518.66)	12,321.10
Kotak Mahindra Life Insurance Company Limited	223,726.50	18,092.98	205,633.52
	235,528.94	17,574.32	217,954.62

No strategic investments were disposed off during the year.

NOTE 9 OTHER FINANCIAL ASSETS

Particulars	As at 31st March, 2022	As at 31st March, 2021
Lease deposits	214.22	190.62
Other deposits	906.38	875.40
Other receivables	202.17	2,742.35
	1,322.77	**3,808.37**
Less: Impairment loss allowance (refer note 43(iii))	(15.66)	(24.59)
	1,307.11	**3,783.78**

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

Particulars	Buildings	Furniture and fixtures	Vehicles	Office equipment	Computers	Leasehold improvements	Others (specify nature)	Building given under operating lease	Right-of-use Assets	Total
As at 31st March, 2021										
Gross carrying amount										
Opening gross carrying amount	10.60	22.23	405.29	137.62	291.47	357.21	-	2,280.36	2,320.16	5,824.94
Additions	-	2.68	17.01	5.22	105.66	-		-	175.95	306.52
Disposals	-	(0.30)	(38.58)	(0.41)	(4.52)	-		-	(365.69)	(409.50)
Closing gross carrying amount	**10.60**	**24.61**	**383.72**	**142.43**	**392.61**	**357.21**	**-**	**2,280.36**	**2,130.42**	**5,721.96**
Accumulated depreciation	0.87	13.06	132.22	60.58	168.77	203.15	-	135.99	1,252.82	1,967.46
Depreciation charge during the year	0.29	5.07	117.30	29.36	94.69	60.87		45.33	273.38	626.29
Disposals	-	(0.30)	(28.00)	(0.41)	(4.52)	-		-	(261.94)	(295.17)
Closing accumulated depreciation	**1.16**	**17.83**	**221.52**	**89.53**	**258.94**	**264.02**	**-**	**181.32**	**1,264.26**	**2,298.58**
Net carrying amount	**9.44**	**6.78**	**162.20**	**52.90**	**133.67**	**93.19**	**-**	**2,099.04**	**866.16**	**3,423.38**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Buildings	Furniture and fixtures	Vehicles	Office equipment	Computers	Leasehold improvements	Others (specify nature)	Building given under operating lease	Right-of-use Assets	Total
As at 31st March, 2022										
Gross carrying amount										
Opening gross carrying amount	10.60	24.61	383.72	142.43	392.61	357.21	-	2,280.36	2,130.42	5,721.96
Additions	-	0.92	30.93	12.15	469.81	57.30		-	521.46	1,092.57
Disposals	-	(0.45)	(72.47)	(0.21)	(26.34)	-		-	(381.86)	(481.33)
Closing gross carrying amount	**10.60**	**25.08**	**342.18**	**154.37**	**836.08**	**414.51**	**-**	**2,280.36**	**2,264.94**	**6,333.60**
Accumulated depreciation	1.16	17.83	221.52	89.53	258.94	264.02	-	181.32	1,264.26	2,298.58
Depreciation charge during the year	0.29	2.24	92.28	24.21	166.79	45.77		45.33	311.80	688.71
Disposals	-	(0.45)	(63.30)	(0.15)	(26.34)	-			(378.84)	(469.08)
Closing accumulated depreciation	**1.45**	**19.62**	**250.50**	**113.59**	**399.39**	**309.79**	**-**	**226.65**	**1,197.23**	**2,519.54**
Net carrying amount	**9.15**	**5.46**	**91.68**	**40.78**	**441.77**	**104.72**	**-**	**2,053.71**	**1,067.71**	**3,814.06**

Note: *Impairment loss and reversal of impairment loss*
There is no impairment loss recognised for property, plant and equipment.

Note 10(a) Capital Work in Progress

Particulars	Gross block				Accumulated amortisation and impairment			Net block
	Balance as at 1st April, 2021	Additions	Disposals	Balance as at 31st March, 2022	Balance as at 1st April, 2021	Depreciation / amortisation expense for the year	Adjusted on disposal of assets	Balance as at 31st March, 2022
Capital Work-in Progress	164.63	144.60	(164.63)	144.60	-	-	-	144.60
Total	**164.63**	**144.60**	**(164.63)**	**144.60**	**-**	**-**	**-**	**144.60**

Particulars	Gross block				Accumulated amortisation and impairment			Net block
	Balance as at 1st April, 2021	Additions	Disposals	Balance as at 31st March, 2022	Balance as at 1st April, 2021	Depreciation / amortisation expense for the year	Adjusted on disposal of assets	Balance as at 31st March, 2022
Capital Work-in Progress	37.73	164.63	(37.73)	164.63	-	-	-	164.63
Total	**37.73**	**164.63**	**(37.73)**	**164.63**	**-**	**-**	**-**	**164.63**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 11 OTHER INTANGIBLE ASSETS

Particulars	Computer Software	Total
Year ended 31st March, 2021		
Gross carrying amount		
Opening gross carrying amount	**432.31**	**432.31**
Additions	**83.35**	**83.35**
Disposals	**-**	**-**
Closing gross carrying amount	**515.66**	**515.66**
Accumulated amortisation	**276.08**	**276.08**
Amortisation recognised for the year	**122.33**	**122.33**
Disposals		-
Closing accumulated amortisation	**398.41**	**398.41**
Net carrying amount	**117.25**	**117.25**
As at 31st March, 2022		
Gross carrying amount		
Opening gross carrying amount	**515.66**	**515.66**
Additions	297.78	297.78
Disposals	**-**	-
Closing gross carrying amount	**813.44**	**813.44**
Accumulated amortisation	**398.41**	**398.41**
Amortisation recognised for the year	112.15	112.15
Disposals	**-**	**-**
Closing accumulated amortisation	**510.56**	**510.56**
Net carrying amount	**302.88**	**302.88**

Note: Impairment loss and reversal of impairment loss
There is no impairment loss recognised for intangible assets.

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 11(a) INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	Computer Software	Total
As on 31st March, 2022		
Gross carrying amount		
Opening gross carrying amount	**-**	**-**
Additions	214.16	214.16
Disposals	(189.11)	(189.11)
Closing gross carrying amount	**25.05**	**25.05**
Accumulated amortisation	**-**	**-**
Amortisation recognised for the year	-	-
Disposals	**-**	**-**
Closing accumulated amortisation	**-**	**-**
Net carrying amount	**25.05**	**25.05**

* There was no Intangible assets under development in March 2021.

NOTE 12 OTHER NON-FINANCIAL ASSETS

Particulars	As at 31st March, 2022	As at 31st March, 2021
Prepaid expenses	410.95	214.49
Balances with government authorities		
(i) VAT credit receivable	114.36	174.81
(ii) GST input receivable	2,214.37	2,350.00
Advances to suppliers	370.10	200.93
Advances to employees	175.77	131.54
Gratuity (refer note 41 (ii) A)	81.65	34.77
Others	284.13	101.39
Total	**3,651.34**	**3,207.93**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

Particulars	Notional Amounts	Fair Value - Liabilities
As at 31st March, 2022		
Part I		
-Embedded option on Nifty linked debentures	NA	2,667.50
-Cross Currency Swaps	55,000.00	382.13
Total Derivative financial instruments	**55,000.00**	**3,049.63**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	NA	3,049.63
Total derivative financial instruments	**-**	**3,049.63**
As at 31st March, 2021		
Part I		
-Embedded option on Nifty linked debentures	NA	2,745.00
-Cross Currency Swaps	55,000.00	1,993.99
Total Derivative financial instruments	**55,000.00**	**4,738.99**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	NA	4,738.99
Total derivative financial instruments	**-**	**4,738.99**

*NA- Not applicable

NOTE 14 TRADE PAYABLES

Particulars	As at 31st March, 2022	As at 31st March, 2021
Trade payables (Refer Note (i) below) :		
(i) Payable to dealers towards financing activities	39,583.03	20,385.07
(ii Other Payables	18,054.21	18,077.12
	57,637.24	**38,462.19**

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

Particulars	As at 31st March, 2022					Total
	Unbilled	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	-	-	-	-	-	-
(ii) Undisputed dues -Others	6,963.34	39,244.87	3,727.95	1,221.13	6,479.95	57,637.24
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-
Total	**6,963.34**	**37,775.95**	**3,879.68**	**748.02**	**8,270.24**	**57,637.24**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31st March, 2021					Total
	Unbilled	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	-	-	-	-	-	-
(ii) Undisputed dues -Others	5,502.92	23,543.85	1,717.93	876.12	6,821.36	38,462.19
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-
Total	**5,502.92**	**23,543.85**	**1,717.93**	**876.12**	**6,821.36**	**38,462.19**

NOTE 15 DEBT SECURITIES

Particulars	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at fair value through profit or loss	Total
	(1)	(2)	(3)	(4 = 1+2+3)
As at 31st March, 2022				
Deep discount debentures (Secured)	100,026.80	-	-	100,026.80
Non convertible debentures (Secured)	1,090,559.29	-	-	1,090,559.29
Nifty linked debentures (Secured)	18,830.38	-	-	18,830.38
Total (A)	**1,209,416.48**	**-**	**-**	**1,209,416.48**
Debt securities in India	1,209,416.48	-	-	1,209,416.48
Debt securities outside India	-	-	-	-
Total (B)	**1,209,416.48**	**-**	**-**	**1,209,416.48**
As at 31st March, 2021				
Deep discount debentures (Secured)	238,423.90	-	-	238,423.90
Non convertible debentures (Secured)	867,042.08	-	-	867,042.08
Nifty linked debentures (Secured)	18,288.75	-	-	18,288.75
Total (A)	**1,123,754.73**	**-**	**-**	**1,123,754.73**
Debt securities in India	1,123,754.73	-	-	1,123,754.73
Debt securities outside India	-	-	-	-
Total (B)	**1,123,754.73**	**-**	**-**	**1,123,754.73**

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

The carrying amount of assets (other than immovable property) on which charge is created are as follows:-

Particulars	As at 31st March, 2022	As at 31st March, 2021
Loans	2,255,341.00	2,079,129.27
Investments (excluding strategic investments, Government securities & Treasury Bills and preference shares)	237,452.47	150,819.73
Cash and cash equivalents	22,687.21	6,029.98
Bank balance other than cash and cash equivalents	0.29	0.11
	2,515,480.97	**2,235,979.09**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Terms of repayment schedule of debt securities:-

Instrument with repayment terms	Maturity Date	As at 31st March, 2022			As at 31st March, 2021		
		Interest Rate Range (%)	Carrying amount	Face Value	Interest Rate Range (%)	Carrying amount	Face Value
Deep discount debentures							
Repayable at Maturity							
	Jan-24	5.7 to 5.8	25,768.69	28,500.00	5.8	7,255.03	8,500.00
	Nov-23	5.15	32,230.75	35,000.00	-	-	-
	Apr-23	5.25	24,158.52	25,500.00	-	-	-
	Mar-23	7.65	1,859.00	2,000.00	7.65	1,726.89	2,000.00
	Aug-22	5.25	5,393.06	5,500.00	5.25	5,123.90	5,500.00
	May-22	4.30 to 8.70	10,616.79	10,690.00	4.30 to 8.70	10,152.31	10,690.00
	Mar-22	-	-	-	7.43 to 8.60	30,109.08	32,440.00
	Aug-21	-	-	-	8.82	5,796.41	6,000.00
	May-21	-	-	-	8.08 to 8.83	92,817.65	94,000.00
	Apr-21	-	-	-	7.80 to 8.83	85,442.61	85,920.00
			1,00,026.81	**1,07,190.00**		**2,38,423.90**	**2,45,050.00**
Non convertible debentures							
Fixed Interest Rate; Repayable at Maturity; Issued at par/premium/discount							
Related parties:							
	Mar-24	6	20,055.24	20,000.00	6	20,051.62	20,000.00
	Dec-23	5	20,270.66	20,000.00	5	20,270.32	20,000.00
	Oct-23	5.5	30,944.12	30,000.00	5.5	31,046.97	30,000.00
	Sep-23	5.5	515.36	500.00	5.5	515.30	500.00
	Jul-23	5.37	25,937.37	25,000.00	5.37	25,936.95	25,000.00
	Jan-23	7.56	2,026.58	2,000.00	7.56	2,027.54	2,000.00
	Sep-22	5.15	3,591.32	3,500.00	5.15	3,591.23	3,500.00
	Sep-21	-	-	-	8.75	2,636.58	2,500.00
Others:							
	Mar-25	6.2	50,124.93	50,000.00	-	-	-
	Nov-24	5.79	31,561.61	31,000.00	-	-	-
	Oct-24	5.74	78,348.24	76,500.00	-	-	-
	Sep-24	5.4	53,978.57	52,500.00	-	-	-
	Jul-24	5.7	26,499.59	25,500.00	-	-	-
	Jun-24	5.4	13,545.73	13,000.00	-	-	-
	May-24	5.55	20,942.93	20,000.00	-	-	-
	Apr-24	5.66	21,042.00	20,000.00	-	-	-
	Mar-24	6	60,315.14	60,000.00	6	30,077.42	30,000.00
	Feb-24	5.8	60,322.28	60,000.00	5.8	10,048.77	10,000.00
	Dec-23	5.00	70,669.31	70,000.00	5.00	35,473.06	35,000.00
	Nov-23	5.49	50,779.67	50,000.00	-	-	-

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Instrument with repayment terms	Maturity Date	As at 31st March, 2022			As at 31st March, 2021		
		Interest Rate Range (%)	Carrying amount	Face Value	Interest Rate Range (%)	Carrying amount	Face Value
	Oct-23	5.5	30,800.89	35,000.00	5.5	30,817.62	30,000.00
	Sep-23	5.5	30,406.31	29,500.00	5.5	30,402.87	29,500.00
	Aug-23	5.5	51,692.72	50,000.00	5.5	51,694.58	50,000.00
	Jul-23	5.37	5,187.47	5,000.00	5.37	5,187.39	5,000.00
	May-23	5.25	17,773.92	17,000.00	-	-	-
	Mar-23	4.98	40,013.24	40,000.00	-	-	-
	Feb-23	4.98 to 7.64	70,681.46	70,200.00	7.64	45,594.86	45,200.00
	Jan-23	7.56	52,217.45	51,500.00	7.56	52,270.34	51,500.00
	Dec-22	8.08	51,128.36	50,000.00	8.08	51,240.04	50,000.00
	Nov-22	7.4	25,593.04	25,000.00	7.4	25,551.90	25,000.00
	Sep-22	5.15	42,568.90	41,500.00	5.15	42,540.88	41,500.00
	Aug-22	5.23	31,024.91	30,000.00	5.23	30,174.99	30,000.00
	Dec-21	-	-	-	8.80	68,614.42	64,500.00
	Oct-21	-	-	-	8.37	67,215.00	65,000.00
	Sep-21	-	-	-	8.75	40,997.54	38,900.00
	Jul-21	-	-	-	9.30 to 9.65	78,162.92	61,740.00
	Jun-21	-	-	-	8.43	64,900.94	61,000.00
			10,90,559.29	**10,74,200.00**		**8,67,042.08**	**8,27,340.00**
Nifty linked debentures							
Fixed Interest Rate; Repayable at Maturity;							
Related parties:							
Others:							
	Mar-24	5.44	4,516.62	5,000.00	-	-	-
	Feb-23	5.49	9,543.18	10,000.00	5.49	9,060.74	9,061.22
	Dec-22	7.62	4,770.58	5,000.00	7.62	4,454.39	4,454.39
	Dec-21	-	-	-	7.25	4,773.62	4,773.62
			18,830.38	**20,000.00**		**18,288.75**	**18,289.23**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 16 BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at fair value through profit or loss	Total
	(1)	(2)	(3)	(4 = 1+2+3)
As at 31st March, 2022				
(a) Term loans (Secured)				
(i) from banks	74,826.30	-	-	74,826.30
(ii) from other parties	-	-	-	-
(b) Inter corporate deposits (Unsecured)	12,136.54	-	-	12,136.54
(c) Cash credit from banks		-	-	-
- Secured	11,774.10	-	-	11,774.10
- Unsecured	-	-	-	-
(d) Commercial paper (Unsecured)	569,966.95	-	-	569,966.95
(d) Book overdraft balance (Secured)	0.08	-	-	0.08
(e) Loans repayable on demand		-	-	-
(i) from banks (Secured)	60,400.00	-	-	60,400.00
Total (A)	**729,103.98**	**-**	**-**	**729,103.98**
Borrowings in India	729,103.98	-	-	729,103.98
Borrowings outside India	-	-	-	
Total (B)	**729,103.98**	**-**	**-**	**729,103.98**
Secured Borrowings	147,000.48	-	-	147,000.48
Unsecured Borrowings	582,103.50	-	-	582,103.50
Total (C)	**729,103.98**	**-**	**-**	**729,103.98**
As at 31st March, 2021				
(a) Term loans (Secured)				
(i) from banks	54,115.98	-	-	54,115.98
(ii) from other parties	-	-	-	-
(b) Inter corporate deposits (Unsecured)	12,101.61	-	-	12,101.61
(c) Cash credit from banks (Secured)	34,773.44	-	-	34,773.44
(d) Commercial paper (Unsecured)	435,294.77	-	-	435,294.77
(d) Book overdraft balance (Secured)	23.51	-	-	23.51
(e) Loans repayable on demand				-
(i) from banks (Secured)	79,000.00	-	-	79,000.00
(ii) from banks (Unsecured)	5,000.00	-	-	5,000.00
Total (A)	**620,309.31**	**-**	**-**	**620,309.31**
Borrowings in India	620,309.31	-	-	620,309.31
Borrowings outside India	-	-	-	-
Total (B)	**620,309.31**	**-**	**-**	**620,309.31**
Secured Borrowings	167,912.93	-	-	167,912.93
Unsecured Borrowings	452,396.38	-	-	452,396.38
Total (C)	**620,309.31**	**-**	**-**	**620,309.31**

Note 16.1

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

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

The carrying amount of assets on which charge is created are as follows:-

Particulars	As at 31st March, 2022	As at 31st March, 2021
Loans	2,255,341.00	2,079,129.27
Investments (excluding strategic investments, Government securities & Treasury Bills and preference shares)	237,452.47	150,819.73
Cash and cash equivalents	22,687.21	6,029.98
Bank balance other than cash and cash equivalents	0.29	0.11
	2,515,480.97	**2,235,979.09**

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

Instrument with repayment terms	Maturity Date	As at 31st March, 2022			As at 31st March, 2021		
		Interest Rate Range (%)	Carrying amount	Face Value	Interest Rate Range (%)	Carrying amount	Face Value
Term loan from banks							
Related parties:							
Fixed Interest Rate; Repayable in a Single Instalment							
	May-23	5.98	12,438.46	-	5.98	11,998.31	-
	May-22	6.45	14,991.28	-	6.45	14,460.79	-
	Apr-22	6.25	27,375.61	-	6.25	26,406.88	-
Others							
Floating Interest Rate; Repayable in two equal annual Instalments ; on 24-1-2024 and 24-1-2025	Jan-25	Repo+ Spread	5,006.46	-	-	-	-
Floating Interest Rate; Repayable in two equal annual Instalments ; on 14-3-2024 and 14-3-2025	Mar-25	Repo+ Spread	5,014.57	-	-	-	-
Floating Interest Rate; Repayable in six equal half yearly Instalments ; 30-9-2022, 30-3-2023, 30-9-2023, 30-3-2024, 30-9-2024 and 29-3-2025	Mar-25	Repo+ Spread	10,000.00				
Floating Interest Rate; Repayable in a Single Instalment	Feb-22	-	-	-	MCLR	1,250.00	-
			74,826.38	**-**		**54,115.98**	**-**
Inter corporate deposits							
Fixed Interest Rate; Repayable at Maturity							
	Apr-23	4.6	5,064.64	-	-	-	-
	Jun-22	4.5	7,071.90	-	-	-	-
	Dec-21	-	-		4.00	7,074.08	-
	Apr-21	-	-	-	3.88	5,027.53	-
			12,136.54	**-**		**12,101.61**	**-**
Cash credit from banks							
Floating Interest Rate; Repayable in a Single Instalment							
	Dec-21	-	-	-	7.55	7,900.00	-
		(A)	**-**	**-**		**7,900.00**	**-**
Fixed Interest Rate; Repayable in a Single Instalment							
	Sep-22	7.3	3,891.44	-		-	-
	Jun-22	7.25	7,882.65	-		-	-
	Feb-22		-	-	7.40	23,000.00	-
	Mar-22		-	-	7.30	3,873.44	-
		(B)	**11,774.10**	-	**(B)**	**26,873.44**	-
Total Cash credit from banks		**[(A) + (B)]**	**11,774.10**	-	**[(A) + (B)]**	**34,773.44**	-

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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

Instrument with repayment terms	Maturity Date	As at 31st March, 2022			As at 31st March, 2021		
		Interest Rate Range (%)	Carrying amount	Face Value	Interest Rate Range (%)	Carrying amount	Face Value
Commercial paper							
Repayable at Maturity							
	Jan-23	4.84	33,762.61	-	-	-	-
	Dec-22	4.79	21,799.35	-	-	-	-
	Nov-22	4.7 to 4.72	47,166.67	-	-	-	-
	Oct-22	4.65 to 4.74	80,509.68	-	-	-	-
	Sep-22	4.55	24,528.41	-	-	-	-
	Aug-22	4.2 to 4.55	36,931.44	-	-	-	-
	Jul-22	4.2 to 4.40	86,485.10	-	-	-	-
	Jun-22	4.2 to 4.43	1,11,593.83	-	-	-	-
	May-22	4.40	64,737.45	-	-	-	-
	Apr-22	4.35 to 4.38	62,452.43	-	-	-	-
	Feb-22	-	-	-	4.55	62,548.00	-
	Jan-22	-	-	-	4.10	82,379.99	-
	Dec-21	-	-	-	4.00	8,763.24	-
	Nov-21	-	-	-	3.95 to 4.40	82,836.97	-
	Sep-21	-	-	-	4.25	29,460.78	-
	Aug-21	-	-	-	3.80 to 4.45	76,298.77	-
	Jul-21	-	-	-	3.70 to 3.80	28,155.69	-
	May-21	-	-	-	3.80	27,895.41	-
	Apr-21	-	-	-	3.95	36,955.93	-
			5,69,966.96	**-**		**4,35,294.77**	**-**
Loans repayable on demand from banks (WCDL)							
Fixed Interest Rate; Repayable in a Single Instalment							
	Jun-22	4.78 to 7.25	30,400.00	-		-	-
	May-22	4.76 to 4.78	30,000.00	-		-	-
	Jun-21		-	-	6.85 to 7.55	32,000.00	-
	May-21		-	-	4.6	47,000.00	-
	(A)		**60,400.00**	**-**		**79,000.00**	**-**
Floating Interest Rate; Repayable in a Single Instalment							
	May-21		-	-	RBI REPO RATE	5,000.00	
	(B)		**-**	**-**		**5,000.00**	**-**
Total Loans repayable on demand from banks	**[(A)+(B)]**		**60,400.00**	**-**		**84,000.00**	**-**

Note 16.2 Disclosure of information related to borrowings from banks or financial institutions on the basis of security of current assets

The quarterly returns or statements comprising (book debt statements and other stipulated financial information) filed by the Company with such banks are in agreement with the books of account of the Company except for certain differences which has been duly reconciled and presented here below.

Summary of reconciliation

Particulars	Q1	Q2	Q3	Q4
Amount (Charged assets) as per Returns filed	20,75,094.12	22,19,526.20	24,73,400.89	25,40,509.87
Amount (Charged assets) as per books of accounts	20,75,185.69	22,15,667.51	25,00,422.74	25,66,255.64
Difference In Lacs	**-91.56**	**3,858.70**	**-27,021.86**	**-25,745.77**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 17 DEPOSITS

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Lease deposit	145.01	160.21
Total	**145.01**	**160.21**

NOTE 18 SUBORDINATED LIABILITIES

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Subordinated debt (Unsecured)	19,557.84	47,957.61
Total (A)	**19,557.84**	**47,957.61**
Subordinated liabilities in India	19,557.84	47,957.61
Subordinated liabilities outside India		-
Total (B)	**19,557.84**	**47,957.61**

Note:
Terms of repayment schedule of subordinated liabilities:-

Instrument with repayment terms	Maturity Date	As at 31st March, 2022			As at 31st March, 2021		
		Interest Rate Range (%)	Carrying amount	Face Value	Interest Rate Range (%)	Carrying amount	Face Value
Subordinated debt							
Fixed Interest Rate; Repayable at Maturity							
Related parties:							
	Dec-27	8.25	10,259.93	10,000.00	8.25	10,259.93	10,000.00
	Jun-23	10.5	4,116.22	4,000.00	10.5	4,116.22	4,000.00
	Sep-22	10.4	2,632.49	2,500.00	10.4	2,633.92	2,500.00
	Sep-21	-	-	-	11.0 to 11.25	9,514.38	9,000.00
	Apr-21	-	-	-	10.5	15,030.21	15,000.00
Others:							
	Jan-23	9.9	2,549.19	2,500.00	9.9	2,549.30	2,500.00
	Jun-21	-	-	-	10.8	3,853.66	3,560.00
			19,557.84	**19,000.00**		**47,957.62**	**46,560.00**

NOTE 19 OTHER FINANCIAL LIABILITIES

Particulars	As at 31st March, 2022	As at 31st March, 2021
(a) Employee benefits payable	802.43	309.23
(b) Advances received against loan/lease agreements	8,864.83	5,530.61
(c) Lease Liability	1,256.82	1,106.19
Total	**10,924.08**	**6,946.03**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 20 PROVISIONS

Particulars	As at 31st March, 2022	As at 31st March, 2021
(a) Provision for employee benefits		
(i) Compensated absences (refer note 41 I)	531.44	498.45
(ii) Stock appreciation rights (SARs) (refer note 42 (ii))	146.81	150.70
(iii) Long Service Award (refer note 41 J)	74.78	70.57
(b) Others		
(i) Contingencies (refer note below)	2.00	2.00
(ii) Provision against un-utilized limits on loans	56.93	-
Total	**811.96**	**721.72**

Note : *Details of provisions for contingencies*

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	2.00	10.18
Additional provision recognised during the year	-	-
Reversals during the year	-	(8.18)
Closing balance	**2.00**	**2.00**

NOTE 21 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31st March, 2022	As at 31st March, 2021
Statutory dues payable	1,487.39	1,576.81
Total	**1,487.39**	**1,576.81**

NOTE 22 EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2022	As at 31st March, 2021
Authorised:		
35,00,000 (31st March, 2021: 35,00,000) equity shares of ₹10 each with voting rights	350.00	350.00
30,00,000 (31st March, 2021: 30,00,000) redeemable preference shares of ₹10 each	300.00	300.00
	650.00	**650.00**
Issued, subscribed and fully paid up		
34,95,200 (31st March, 2021: 34,95,200) equity shares of ₹10 each fully paid up with voting rights	349.52	349.52

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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

Particulars	No. of shares	Amount
Equity shares of ₹ 10 each, fully paid-up		
As at 1st April, 2020	3,495,200	349.52
Add/(less) : Movement during the year	-	-
As at 31st March, 2021	**3,495,200**	**349.52**
Add/(less) : Movement during the year	-	-
As at 31st March, 2022	**3,495,200**	**349.52**

b. Rights, preferences and restrictions attached to equity shares

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

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

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

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

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

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

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	1,782,600	51.00%	1,782,600	51.00%
Kotak Securities Limited, subsidiary of the holding company	1,712,600	49.00%	1,712,600	49.00%
	3,495,200	**100.00%**	**3,495,200**	**100.00%**

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	1,782,600	51.00%	1,782,600	51.00%
Kotak Securities Limited	1,712,600	49.00%	1,712,600	49.00%
	3,495,200	**100.00%**	**3,495,200**	**100.00%**

e. Disclosures of Shareholding of Promoters - Shares held by the Promoters:

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	%of total shares	No. of Shares	%of total shares
Kotak Mahindra Bank Limited	1,782,600.00	51.00%	1,782,600.00	51.00%
Kotak Securities Limited	1,712,600.00	49.00%	1,712,600.00	49.00%
	3,495,200.00	**100.00%**	**3,495,200.00**	**100.00%**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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

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

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

i. Dividend on equity shares:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Dividend paid for the year ended 31st March, 2022	1,398.08	20.97
Dividend distribution tax (DDT)		-
	1,398.08	**20.97**

Proposed dividend on equity shares

The Board of Directors recommended a final dividend of ₹50/- per equity share for the financial year ended 31st March, 2022 (31st March, 2021- ₹ 40/-per share). The payment is subject to approval of the shareholders in the ensuing Annual general meeting of the company, and if approved would result in a cash outflow of approximately ₹ 1,747.60 lakhs. Final dividends on equity shares are recorded as a liability on the date of approval by the shareholders.

NOTE 23 OTHER EQUITY

Particulars	As at 31st March, 2022	As at 31st March, 2021
Special Reserve u/s 45 IC of the RBI Act, 1934	141,557.02	122,062.94
Securities premium	53,075.16	53,075.16
Capital redemption reserve	100.00	100.00
General reserve	182.54	182.54
Capital contribution from parent	417.18	397.92
Retained earnings	551,757.29	475,134.50
Debt instruments through OCI	186.14	(73.67)
Equity instruments through OCI	177,121.41	163,321.50
Total	**924,396.75**	**814,200.89**

Note 23.1 Nature and purpose of reserve

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

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

Securities premium

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

Capital redemption reserve

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

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

General reserve

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

Capital contribution from parent

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

Retained earnings

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

Debt instruments through OCI

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

Equity instruments through OCI

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

Note 23.2 Other equity movement

	Particulars	As at 31st March, 2022	As at 31st March, 2021
(i)	**Special reserve**		
	Opening balance	122,062.94	111,362.94
	Transfer from retained earnings	19,494.08	10,700.00
	Closing balance	**141,557.02**	**122,062.94**
(ii)	**Securities premium**	**53,075.16**	**53,075.16**
(iii)	**Capital redemption reserve**	**100.00**	**100.00**
(iv)	**General reserve**	**182.54**	**182.54**
(v)	**Capital contribution from parent**		
	Opening balance	397.92	359.97
	Addition during the year	15.46	37.95
	Closing balance	**417.18**	**397.92**
(vi)	**Retained earnings**		
	Opening balance	475,134.50	433,853.17
	Add: Net profit for the year	97,470.40	51,927.36
	Less: Remeasurment (gain)/loss on defined benefit plans	44.55	74.94
	Less: Transfer to special reserve	(19,494.08)	(10,700.00)
	Less: Proposed dividend (including tax) on equity shares	(1,398.08)	(20.97)
	Closing balance	**551,757.29**	**475,134.50**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(vii) Debt instruments through OCI		
Opening balance	(73.67)	351.50
Additions/(deletions) during the year	259.81	(425.17)
Closing balance	**186.14**	**(73.67)**
(viii) Equity instruments through OCI		
Opening balance	163,321.50	142,705.30
Addition during the year	13,799.91	20,616.20
Closing balance	**177,121.41**	**163,321.50**

NOTE 24 INTEREST INCOME

Particulars	For the year ended 31st March, 2022			For the year ended 31st March, 2021		
	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	Total	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	Total
(i) Interest on loans	219,216.76	-	219,216.76	229,077.94	-	229,077.94
(ii) Interest income from investments	1,919.98	19,834.44	21,754.43	7,210.65	3,646.52	10,857.17
(iii) Interest on deposits with banks	623.15	-	623.15	1,775.10	-	1,775.10
(iv) Other interest income	-	-	-			
- On Inter-corporate deposits	5.17	-	5.17	126.82	-	126.82
- On Lending through Pass through Certificates (PTC)	50.82	-	50.82	324.08	-	324.08
- On Staff loans	4.89	-	4.89	5.65	-	5.65
- On CBLO deposits	2.57	-	2.57	1.48	-	1.48
- On CBLO lending	636.98	-	636.98	789.98	-	789.98
Total	**222,460.32**	**19,834.44**	**242,294.76**	**239,311.70**	**3,646.52**	**242,958.22**

NOTE 25 FEES AND COMMISSION INCOME

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Foreclosure charges	3,714.46	3,617.50
Dishonour fees	4,106.58	3,130.91
Stamping charges	1,140.10	779.97
Others	2,016.10	1,250.78
Total	**10,977.24**	**8,779.16**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 26 NET GAIN ON FAIR VALUE CHANGES

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		
- Investments	5,518.08	4,475.52
(B) Others		
Net gain on financial assets at FVOCI	-	0.32
Total Net gain on fair value changes (C)	**5,518.08**	**4,475.84**
Fair value changes:		
- Realised	6,173.53	3,379.60
- Unrealised	(655.45)	1,096.24
Total Net gain on fair value changes (D)	**5,518.08**	**4,475.84**

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

NOTE 27 OTHER INCOME

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Net gain on derecognition of property, plant and equipment	18.45	13.59
Provision for contingencies no longer required	21.08	8.18
Unwinding of discount on security deposits	-	21.45
Exchange Gain on translation of foreign currency loan	204.06	2,143.43
Rent incentive	-	13.39
Interest on income tax refund	-	206.11
Miscellaneous income	1,567.56	45.32
Total	**1,811.15**	**2,451.47**

NOTE 28 FINANCE COSTS

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)		
- Term loans and working capital demand loans	5,781.40	5,513.97
- Inter corporate deposits	458.76	395.78
- Cash credit and overdraft	155.26	56.91
- Commercial papers	24,037.26	25,727.44
Interest on debt securities		
- Non convertible Debentures	64,480.83	64,558.96
- Deep discount debentures	245.30	20,255.91
- Nifty linked debentures	1,131.19	2,411.41
Interest on subordinated liabilities	2,425.12	4,879.65
Interest expense on lease liability	92.74	88.83
Other interest expense	1.37	0.91
Other borrowing costs	229.66	368.41
Total	**99,038.88**	**124,258.18**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 29 NET LOSS ON FAIR VALUE CHANGES

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(A) Net loss on financial instruments at fair value through profit or loss		
On trading portfolio		
- Derivatives*	590.58	1,548.61
(B) Others		
Total Net loss on fair value changes (C)	**590.58**	**1,548.61**
Fair value changes:		
- Realised	-	-
- Unrealised	590.58	1,548.61
Total Net loss on fair value changes (D)	**590.58**	**1,548.61**

includes MTM loss on Embedded Derivative of ₹ NIL and MTM Gain on Cross Currency swaps of ₹ 1,939.38 lakhs

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

NOTE 30 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
On Financial instruments measured at fair value through OCI		
(i) Investments	(144.36)	25.09
On Financial instruments measured at Amortised Cost		
(i) Loans	(10,605.14)	30,798.89
(ii) Investments	(102.13)	448.38
(iii) Other financial assets	(4.36)	(41.36)
Total	**(10,855.99)**	**31,231.00**

NOTE 31 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Salaries and wages	19,722.38	13,266.89
Contribution to provident and other funds	1,286.91	867.13
Share based payment to employees (refer note 42 (ii))	140.59	187.80
Staff welfare expenses	614.17	372.58
Gratuity (refer note 41 (ii) C)	176.35	173.11
Total	**21,940.40**	**14,867.51**

NOTE 32 DEPRECIATION AND AMORTISATION

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Depreciation of property, plant and equipment	671.61	626.29
Amortisation of intangible assets	112.15	122.33
Total	**783.76**	**748.62**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 33 OTHER EXPENSES

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Power and fuel	277.19	227.48
Rates and taxes	3,938.11	2,538.55
Repairs and maintenance	1,062.05	873.12
Insurance	47.20	13.57
Communication costs	400.35	309.09
Travelling and conveyance	687.65	359.18
Legal and Professional charges	7,333.18	5,351.27
Printing and stationery	434.03	268.63
Office expenses	319.11	306.69
Common establishment expenses - Reimbursements	1,358.78	1,281.12
Advertisement and publicity	279.67	6.34
Expenditure on corporate social responsibility (refer note 38)	1,579.00	1,713.80
Director's fees, allowances and expenses	64.30	52.20
Auditor's fees and expenses (refer note 37)	130.05	164.00
Data processing	95.60	82.00
Expenses relating to short-term leases	776.09	672.45
Miscellaneous expenses	1,735.64	1,538.44
Royalty Expenses	641.88	800.12
Total	**21,159.88**	**16,558.05**

NOTE 34 TAX EXPENSE

(a) Amounts recognised in profit and loss

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Current tax expense		
Current year	28,265.42	23,899.20
Changes in estimated related to prior years	-	-
Total current tax expense (A)	**28,265.42**	**23,899.20**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	4,169.19	(5,835.83)
Deferred tax expense (B)	**4,169.19**	**(5,835.83)**
Total tax expense for the year (A)+(B)	**32,434.61**	**18,063.37**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

(b) Amounts recognised in other comprehensive income

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)	59.53	(14.98)	44.55	100.15	(25.21)	74.94
(b) Equity instruments through other comprehensive income	17,574.32	(3,774.41)	13,799.91	26,491.29	(5,875.09)	20,616.20
Items that will be reclassified to profit or loss						
(a) Debt instruments through other comprehensive income	347.19	(87.38)	259.81	(568.16)	142.99	(425.17)
Total	**17,981.05**	**(3,876.78)**	**14,104.27**	**26,023.28**	**(5,757.31)**	**20,265.97**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	Amount	%	Amount	%
Profit before tax as per Statement of profit and loss	**129,905.01**		**69,990.73**	
Statutory tax rate		25.168%		25.168%
Tax using the Company's statutory tax rate (B)	32,694.49		17,615.27	
Tax effect of:				
Effect of incomes which are taxed at different rates	(379.15)	(0.292%)	(25.71)	(0.037%)
Tax effects of amounts which are not deductible for taxable income	438.42	0.337%	442.56	0.632%
Effect of dividend income taxed under Section 80M	(304.53)	(0.234%)		0.000%
Losses on account of fair valuation of investment for which no deferred tax is recognised	(16.33)	(0.013%)	-	0.000%
(Short) / Excess provision for tax	1.71	0.001%	31.25	0.045%
Total tax expense	**32,434.61**	**24.968%**	**18,063.37**	**25.808%**
Current tax	28,265.42		23,899.20	
Deferred tax	4,169.19		(5,835.83)	
Total tax liability	**32,434.61**		**18,063.37**	

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

(d) Movement in deferred tax balances

Particulars	As at 31st March, 2022				As at 31st March, 2021			
	Balance as at 1st April, 2021	Recognised in profit or loss	Recognised in OCI	Balance as at 31st March, 2022	Balance as at 1st April, 2020	Recognised in profit or loss	Recognised in OCI	Balance as at 31st March, 2021
Deferred tax assets (Net)								
On difference between book balance and tax balance of Property, plant and equipment	3,709.73	(28.61)	-	3,681.12	3,595.93	113.80		3,709.73
Fair valuation of investments	(516.94)	569.34	(123.71)	(71.32)	(339.26)	(326.99)	149.31	(516.94)
Impairment loss allowance	17,991.57	(4,206.53)	36.33	13,821.37	11,745.08	6,252.80	(6.31)	17,991.57
EIR impact on financial assets measured at amortised cost	(1,832.19)	(635.01)	-	(2,467.20)	(1,202.14)	(630.05)		(1,832.19)
EIR impact on financial liabilities measured at amortised cost	(176.26)	112.06		(64.20)	(779.16)	602.90		(176.26)
Employee benefits	-	14.98	(14.98)	-		25.21	(25.21)	-
Provision for compensated absences, gratuity and other employee benefits	155.94	1.83		157.77	216.01	(60.07)		155.94
Fair valuation of derivative financial instrument	49.33	14.85		64.18	161.42	(112.09)		49.33
Impact of Ind AS 116	31.72	(0.17)		31.56	34.29	(2.56)		31.72
Other temporary differences	-	(11.95)		(11.95)	27.10	(27.10)		-
Total	**19,412.90**	**(4,169.20)**	**(102.36)**	**15,141.32**	**13,459.27**	**5,835.85**	**117.79**	**19,412.90**

Particulars	As at 31st March, 2022				As at 31st March, 2021			
	Balance as at 1st April, 2021	Recognised in profit or loss	Recognised in OCI	Balance as at 31st March, 2021	Balance as at 1st April, 2020	Recognised in profit or loss	Recognised in OCI	Balance as at 31st March, 2020
Deferred tax liabilities (Net)								
Fair valuation of investments	45,215.72	-	3,774.41	48,990.13	39,340.63	-	5,875.09	45,215.72
Total	**45,215.72**	**-**	**3,774.41**	**48,990.13**	**39,340.63**	**-**	**5,875.09**	**45,215.72**

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

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

(e) Tax Balances

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current tax assets (Net)	4,405.27	3,493.90
(Net of provision of 31st March, 2022: ₹ 1,56,455.07 lakhs, 31st March, 2021: ₹ 1,56,526.23 lakhs)		
Current tax liabilities (Net)	6,811.43	3,902.83
(Net of advance tax of 31st March, 2022: ₹ 98,302.14 lakhs, 31st March, 2021: ₹ 1,20,554.75 lakhs)		

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 35 EARNINGS PER EQUITY SHARE

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

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

	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
A)	Net profit attributable to equity holders	97,470.40	51,927.36
B)	Weighted average number of ordinary shares		
	Issued ordinary shares at the beginning of the year	3,495,200	3,495,200
	Effect of shares issued for cash		
	Weighted average number of shares at the end of the year for basic and diluted EPS	3,495,200	3,495,200
C)	Face value per share (₹)	10	10
D)	Basic and Diluted earnings per share (₹)	2,788.69	1,485.68

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

Sr No	Particulars	As at 31st March, 2022	As at 31st March, 2021
	Contingent liabilities:		
a)	Claims against the Company not acknowledged as debt in case of suits filed by customer/s with respect to release of repossessed vehicles and related matters. The Company had preferred an appeal against the same with State / National Consumer Dispute Redressal Forum.	721.90	657.94
b)	The Company has received a demand (net of provision) on completion of income tax assessment. The said amount is disputed and the Company has preferred an appeal against the same.	298.44	298.44

Assessment Year	As at 31st March, 2022	As at 31st March, 2021
2013-14	190.49	190.49
2014-15	53.72	53.72
2015-16	49.02	49.02
2016-17	5.21	5.21

Sr No	Particulars	As at 31st March, 2022	As at 31st March, 2021
c)	The Company has received VAT assessment orders for financial years 2008-09 to 2017-18. The Company has preferred an appeal against the same.	546.58	530.28
	The Company is confident of successfully defending the demands and does not expect any outflow on these counts.		
	Other Comittments		
a)	Foreign Currency Term Loan	55,000.00	55,000.00
	Total	**56,566.92**	**56,486.67**

NOTE 37 PAYMENT TO AUDITORS

	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	Payment to the auditor as:		
a)	Audit fees*	124.00	148.25
b)	For other services (Limited Reviews and Certification Work)	6.05	15.75
	Total	**130.05**	**164.00**

* Includes ₹ 20 lakhs paid to previous auditors

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 38 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR program is associated with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding company. KMBL is building its CSR capabilities on a sustainable basis and the Company is committed to gradually increase its CSR spend in the coming years. As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹ 1,579 lakhs during the year on CSR activities.

Details of CSR expenditure

Sr No	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a)	Amount required to be spent during the year	1,579.00	1,713.80
b)	Amount spent during the year		
	(i) Construction/acquisition of any asset		-
	(ii) On purposes other than (i) above	1,142.81	1,194.48
c)	Amount of cumulative shortfall at the end of the year	955.51	519.32
	(i) Contribution to Wokchardt Foundation	403.00	402.80
	(ii) Contribution to Pratham Education Foundation	284.70	303.00
	(iii) Contribution to Kotak Education Foundation	139.99	275.00
	(iv) Contribution to Muktugan Education Trust	134.00	197.00
	(v) Contribution to Boston Ivy Healthcare	-	14.90
	(vi) Contribution to Wow Ecarts Private Limited	-	1.78
	(vii) Contribution to Swami Vivekananda Youth Movement	2.50	-
	Accural towards unspent obligations in relation to:		
	- Ongoing project	614.81	519.32
	- Other than ongoing project		
Total		**1,579.00**	**1,713.80**
	Amount required to be spent as per Section 135 of the Act	1,579.00	1,713.80
	Amount approved by the Board to be spent during the year	1,579.00	1,713.80
	Amount spent during the year on		
	(i) Construction / acquisition of any asset	-	-
	(ii) On purposes other than (i) above	1,579.00	1,713.80

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

Balance as at 1st April, 2021		Amount required to be spent during the year	Amount spent during the year		Balance as at 31st March, 2022	
With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
-	519.32	-	-	178.62	-	340.70
-	-	1,579.00	964.19	-	614.81	-

The same has been deposited subsequent to the Balance Sheet date on 29th April,2022.

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

Balance unspent as at 1st April, 2021	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31st March 2022
-	-	-	-	-

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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

Balance excess spent as at 1st April, 2021	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at 31st March 2022
-	-	-	-

NOTE 39 RELATED PARTY DISCLOSURE

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

A. Names of Related Parties

Sr. No.	Particulars	Proportion of ownership interest
(a)	**Control exists:**	
	Holding Company	
	Kotak Mahindra Bank Limited	51.00%
	Mr. Uday S. Kotak along with his relatives and enterprises in which he has beneficial interest holds 25.98% (Previous Year 26.02%) of the equity share capital and 17.27% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2022	
	Fellow subsidiary	
	Kotak Securities Limited	49.00%
(b)	**Fellow subsidiaries with whom transactions have taken place during the year:**	
	Kotak Mahindra Asset Management Company Limited	
	Kotak Mahindra Investments Limited	
	Kotak Mahindra Life Insurance Company Limited	
	Kotak Mahindra General Insurance Limited	
	Kotak Mahindra Capital Company Limited	
	Kotak Investment Advisors Limited	
	BSS Microfinance Limited	
(c)	**Other related parties**	
	Entities in which individual having significant influence in the Company / relatives of such individual have significant influence	
	(i) Aero Agencies Limited	
	Associate member of Kotak Group	
	(i) Phoenix ARC Private Limited	
	Employee Benefit Trusts	
	Employees Gratuity fund	
(e)	**Key Management Personnel and Directors**	
	Mr. Vyomesh Kapasi - Managing Director	
	Mr. Shahrukh Todiwala as Additional Wholetime director (w.e.f 6th September, 2021)	
	Mr. Ravi Venkatraman - Independent director	
	Mr. Chandrashekhar Sathe - Independent director	
	Ms. Akila Urankar - Independent director	
(f)	**Relative of Key Management Personnel and Directors**	
	Mrs. Behnaaz Todiwala (Spouse of Director)	

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

B. Transactions with related parties

Transactions with key management personnel

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

(a) Key management personnel compensation*

Sr No	Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
i.	Short-term employee benefits	249.57	156.54
ii.	Other Contribution to funds	12.03	6.70
iii.	Shared-based payments**	61.84	69.16
iv.	Sitting fees	64.30	52.20

** 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*

NOTE 39 RELATED PARTY DISCLOSURE (CONTINUED)

(b) Transactions with related parties

Nature of Transaction	Year ended March 31	Holding Company	Fellow Subsidiaries	Other related parties	Key Management Personnel / Relative	Total
Non Convertible Debentures Redeemed	2022	-	24,000.00	-	-	24,000.00
	2021	20,500.00	1,738.00	-	-	22,238.00
Non Convertible Debentures issued	2022	20,000.00	-	-	-	20,000.00
	2021	99,508.56	2,000.00	-	-	101,508.56
Investment in Inter Corporate Deposit	2022	-	5,000.00	-	-	5,000.00
	2021	-	39,000.00			39,000.00
Redemption of Investment in Inter Corporate Deposit	2022	-	9,000.00	-	-	9,000.00
	2021	-	35,000.00	-	-	35,000.00
Borrowed by way of Inter Corporate Deposit	2022	-	49,000.00	-	-	49,000.00
	2021	-	52,000.00	-	-	52,000.00
Repayment by way of Inter Corporate Deposit	2022		49,000.00			49,000.00
	2021	-	52,000.00	-	-	52,000.00
Term loan repaid	2022	413,500.00	-	-	-	413,500.00
	2021	197,000.00	-	-	-	197,000.00
Term loan taken	2022	413,500.00	-	-	-	413,500.00
	2021	252,000.00	-			252,000.00
Commission received in advance	2022		0.80			0.80
	2021	-	0.24	-	-	0.24
Dividend on Equity Shares	2022	713.04	684.04	-	-	1398.08
	2021	10.70	10.27	-	-	20.97
Interest received on Term Deposits	2022	596.53	-	-	-	596.53
	2021	617.12	-	-	-	617.12
Dividend Income on Equity Shares	2022	-	864.00	-	-	864.00
	2021	-	-	-	-	-
Referral fees received	2022	68.06	-	-	-	68.06
	2021	0.04	-	-	-	0.04
Fee based income	2022	-	80.00	-	-	80.00
	2021	-	110.35	-	-	110.35
Rent received	2022	592.68	4.60	-	-	597.28
	2021	533.72	4.29	-	-	538.01
Servicer fees on Securitisation transaction	2022	0.00	-	-	-	0.00
	2021	0.33	-	-	-	0.33

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Nature of Transaction	Year ended March 31	Holding Company	Fellow Subsidiaries	Other related parties	Key Management Personnel / Relative	Total
Interest on Cash Credit	2022	13.54	-	-	-	13.54
	2021	16.10	-	-	-	16.10
Interest Expense on Inter-Corporate Deposit	2022	-	9.04	-	-	9.04
	2021	-	34.25	-	-	34.25
Interest income on Inter-Corporate Deposit	2022	-	5.17	-	-	5.17
	2021	-	25.72	-	-	25.72
Forex Profit/ Loss Derivatives	2022	178.07	-	-	-	178.07
	2021	(149.45)	-	-	-	(149.45)
Brokerage paid	2022	-	9.49	-	-	9.49
	2021	-	6.24	-	-	6.24
Interest on debentures paid	2022	5,518.16	2,236.47			7,754.63
	2021	2,467.13	4,905.31	-	-	7,372.44
Royalty paid	2022	641.88	-	-	-	641.88
	2021	800.12	-	-	-	800.12
CMS service charges & Bank charges	2022	66.58	-	-	-	66.58
	2021	82.02	-	-	-	82.02
Data Processing Expenses	2022	95.04	-	-	-	95.04
	2021	82.00	-	-	-	82.00
Common Establishment Expenses - Reimbursed	2022	1,428.79	128.40	-	-	1,557.19
	2021	1,152.72	128.40	-	-	1,281.12
IPA Fees paid	2022	2.00	-	-	-	2.00
	2021	2.00	-	-	-	2.00
Term loan interest	2022	4,002.91	-	-	-	4,002.91
	2021	2,989.22	-	-	-	2,989.22
Rent paid	2022	737.70	0.39			738.09
	2021	656.69	0.36			657.05
Referral fees paid	2022	445.14	2.45	-	-	447.59
	2021	408.33	-	-	-	408.33
Insurance Premium paid	2022	-	63.53	-	-	63.53
	2021	-	35.79	-	-	35.79
Demat Charges paid	2022	0.30	0.01	-	-	0.31
	2021	0.43	0.44	-	-	0.87
Travelling expense	2022	-	-	-	-	-
	2021	-	-	1.75	-	1.75
Expense reimbursements by other company	2022	9.44	4.51			13.95
	2021	15.79	3.69	-	-	19.48
Expense reimbursements to other company	2022	875.03	0.08	-	-	875.11
	2021	738.07	0.36	-	-	738.43
Reimbursement to Other Company - Employee transfer	2022	4.51	9.80	-	-	14.31
	2021	1.16	-	-	-	1.16
Reimbursement by Other Company - Employee transfer	2022	20.41	0.24			20.65
	2021	2.38	4.24	-	-	6.62
Reimbursement to Other Company - Purchase of Assets	2022	19.22	-	-	-	19.22
	2021	17.15	17.68	-	-	34.83
Reimbursement by Other Company - Sale of Assets	2022	0.11	-	-	-	0.11
	2021	0.05	-	-	-	0.05
Contribution towards gratuity fund	2022	-	-	129.00	-	129.00
	2021	-	-	332.90	-	332.90
Interest income on debentures	2022	-	1,604.84	-	-	1,604.84
	2021	-	485.37	-	-	485.37

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Nature of Transaction	Year ended March 31	Holding Company	Fellow Subsidiaries	Other related parties	Key Management Personnel / Relative	Total
Share based payment	2022	140.59	-	-	-	140.59
	2021	187.80	-	-	-	187.80
Non Convertible Debentures Invested	2022	-	6,500.00	-	-	6,500.00
	2021	-	11,800.00	-	-	11,800.00
Term Deposits Placed	2022	1,040,410.39	-	-	-	1,040,410.39
	2021	716,300.13	-	-	-	716,300.13
Term Deposits Redeemed	2022	1,040,936.49				1,040,936.49
	2021	742,695.50	-	-	-	742,695.50
Interest Receivable on debenture purchased	2022	-	253.43	-	-	253.43
	2021	-	99.22	-	-	99.22
ESOP Cost	2022	9.20	-	-	-	9.20
	2021	-	-	-	-	-
Interest Payable on Debentures issued	2022	2,154.26	535.16	-	-	2,689.42
	2021	2,150.97	1,081.17	-	-	3,232.14
Profit amortised on Securitisation transaction	2022	0.01	-	-	-	0.01
	2021	11.49	-	-	-	11.49
Unamortised Profit on Securitisation transaction	2022	-	-	-	-	-
	2021	(0.01)	-	-	-	(0.01)
Interest receivable on Term deposits (net of TDS)	2022	0.09	-	-	-	0.09
	2021	0.02	-	-	-	0.02
Car Loan outstanding	2022	-	-	-	10.00	10.00
	2021	-	-	-	-	-
Outstanding balances						
Unamortised Brokerage	2022	751.00	-	-	-	751.00
	2021	585.58	-	-	-	585.58
Term loan from banks	2022	54,805.35	-	-	-	54,805.35
	2021	52,865.97	-	-	-	52,865.97
Non Convertible Debentures	2022	1,01,314.06	2,026.58	-	-	1,03,340.64
	2021	1,01,412.39	4,664.12	-	-	1,06,076.51
Subordinated debt	2022	-	17,008.64	-	-	17,008.64
	2021	-	41,554.66	-	-	41,554.66
Payable on account of Securitisation	2022	0.17				0.17
	2021	9.46	-	-	-	9.46
Trade payables	2022	582.03	20.07			602.10
	2021	364.06	11.87	-	-	375.93
Demat charges payable	2022	0.21	0.01			0.23
	2021	0.17	0.44	-	-	0.61
Deposits	2022	0.10	39.42			39.52
	2021	0.10	37.68	-	-	37.78
Bank Balance in Current/OD Account	2022	20333.15				20333.15
	2021	3,609.89	-	-	-	3,609.89
Prepaid expense / Advances	2022		118.55			118.55
	2021	-	-	-	-	-
Receivables	2022	133.00	45.85			178.85
	2021	66.40	515.70	-	-	582.10
Investment in equity instruments	2022	-	2,23,726.50	11,802.44	-	2,35,528.94
	2021	-	2,05,633.52	12,321.10	-	2,17,954.62
Intercoporate Deposit Balance	2022	-	-	-	-	-
	2021	-	4,000.37	-	-	4,000.37
Interest Accrued on Intercorporate Deposit	2022	-	-	-	-	-
	2021	-	0.37	-	-	0.37

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Nature of Transaction	Year ended March 31	Holding Company	Fellow Subsidiaries	Other related parties	Key Management Personnel / Relative	Total
Investment in debentures	2022	-	21,847.63	-	-	21,847.63
	2021	-	15,220.47	-	-	15,220.47
Capital contribution from parent	2022	417.18				417.18
	2021	397.92	-	-	-	397.92
Forward Unrealised payable on IRS/FRA/LCY-Banks	2022	382.13	-	-	-	382.13
	2021	1,993.99	-	-	-	1,993.99
Securitisation Portfolio sold outstanding Amount	2022	6.43	-	-	-	6.43
	2021	31.95	-	-	-	31.95
Term Deposits / Margin Deposits Outstanding	2022	16.35	-	-	-	16.35
	2021	6.15	-	-	-	6.15
Car Loan outstanding	2022	-	-	-	8.30	8.30
	2021	-	-	-	-	-
Remuneration to key management personnel *	2022				318.50	318.50
	2021				214.31	214.31
Off balance sheet items						
Derivatives (IRS) Pay - Cirs Trading Contingent	2022	55,000.00	-	-	-	55,000.00
	2021	55,000.00	-	-	-	55,000.00

** Excludes provision for gratuity and compensated absences, since it is based on actuarial valuation done on an overall basis.*

(d) Terms and conditions of transactions with related parties

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

NOTE 40 LEASES

Operating lease as lessee:

1 The Company leases office premises/branches. The average lease term is 6.34 years. The lease terms include renewal option after expiry of primary lease period. There are no restrictions imposed by the lease arrangements. There are escalation clauses in the lease agreements.

2 **As a lessee**

Property, plant and equipment' comprise owned and leased assets that do not meet the definition of investment property.

Particulars	Note	As at 31st March, 2022	As at 31st March, 2021
Property, plant and equipment owned	10	2,741.27	2557.22
Right-of-use assets, except for investment property	10	1,072.79	866.16

The Company leases assets including premises. Information about the leases for which the Company is a lessee is presented below:

Right-of-use assets

	Office Premises	Total
Balance as at 1st April, 2020	1,067.33	1,067.33
Additions / (Disposals) for the year	72.20	72.20
Depreciation charge for the year	(273.38)	(273.38)
Balance as at 31st March, 2021	**866.15**	**866.15**
Additions / (Disposals) for the year	518.44	518.44
Depreciation charge for the year	(311.80)	(311.80)
Balance as at 31st March, 2022	**1,072.79**	**1,072.79**

Additions to the right to use assets during the year 2021-22 is INR 521.46 Lakhs (2020-21: INR 175.95 lacs)

Lease liabilities

The Company has presented lease liabilities within 'Other financials liabilities'.

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

3 Amounts recognised in profit and loss

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Interest expense on lease liabilities	92.74	88.83
Expense relating to short-term leases	776.09	668.57

4 At 31 March 2022, the Company has not commited for short-term leases (31 March 2021 - ₹ 0.27 Lakhs).

5 Amounts recognised in statement of cash flows

The total cash outflow for leases amount to INR 437.62 Lakhs.

6 Maturity analysis

	As at 31st March, 2022	As at 31st March, 2021
Contractual undiscounted cash flows		
Not later than 1 year	400.50	354.09
Later than 1 year and not later than 5 years	863.85	826.73
Later than 5 years	198.45	115.96
Total undiscounted lease liabilities	**1,462.80**	**1,296.78**
Lease liabilities included in the balance sheet	1,256.82	1,106.19
Current	327.05	282.19
Non-current	929.77	824.00

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

7 Short term leases and Leases of low value assets

The Company has elected not to recognise right of use assets and lease liabilities for short term leases of office premises/branches that have a lease term of 12 months or less. The company does not have any leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Finance Lease as lessor:

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Minimum lease payment	13,346.80	15,504.64
Unearned finance income	(2,148.39)	(2,594.49)
Present value of minimum lease payments	**11,198.41**	**12,910.15**

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Gross investment in lease	Net present value of MLP	Gross investment in lease	Net present value of MLP
Less than one year	5,299.18	4,204.04	6,074.04	4,765.46
Between one and five years	8,047.62	6,994.37	9,430.60	8,144.69
Present value of minimum lease payments	**13,346.80**	**11,198.41**	**15,504.64**	**12,910.15**

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Accumulated allowance for uncollectible minimum lease payments receivable	115.21	202.99

NOTE 41 EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans:

The Company makes Provident Fund contributions to Recognized Provident Fund for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 1,286.91 lakh (31st March, 2021 : ₹ 867.13 lakh) for Provident Fund contributions in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

Gratuity :-

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

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Present value of funded defined benefit obligation (A)	1,341.45	1,179.11
Fair value of plan assets (B)	(1,423.09)	(1,213.88)
Net (asset) / liability recognised in the Balance Sheet (A-B)	**(81.64)**	**(34.77)**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

B. Movement in net defined benefit (asset) liability

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2022
Opening balance	**1,179.11**	1,004.85	**1,213.88**	771.95	**(34.77)**	**232.90**
Included in profit or loss						
Current service cost	183.03	159.80	-	-	183.03	159.80
Past service cost	-	-	-	-	-	-
Interest cost (income)	67.22	59.45	74.02	46.14	(6.80)	13.31
	1,429.36	**1,224.10**	**1,287.90**	**818.10**	**141.46**	**406.01**
Included in OCI						
Remeasurement loss / (gain):						
Actuarial loss / (gain) arising from:						
Demographic assumptions		-	-	-	-	-
Financial assumptions	(1.58)	16.34	-	-	(1.58)	16.34
Experience adjustment	39.40	(13.55)	-	-	39.40	(13.55)
Actual return on plan assets less interest on plan assets	-	-	97.35	102.93	(97.35)	(102.93)
	37.82	**2.78**	**97.35**	**102.93**	**(59.53)**	**(100.15)**
Other						
Contributions paid by the employer	-	-	171.07	344.51	(171.07)	(344.51)
Benefits paid	(133.23)	(51.66)	(133.23)	(51.66)	-	-
Liabilities assumed / (settled)*	7.50	3.89		-	7.50	3.89
Closing balance	**1,341.45**	**1,179.11**	**1,423.09**	**1,213.88**	**(81.64)**	**(34.77)**
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					(81.64)	(34.77)
					(81.64)	**(34.77)**

** On account of inter group transfer*

C. Expenses recognised in statement of profit and loss

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Current service cost	183.16	159.80
Past service cost	-	-
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	(6.80)	13.31
(Gains) / losses on settlement	-	-
	176.36	**173.11**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

D. Remeasurements recognised in other comprehensive income

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Actuarial loss / (gain) arising from:		
Financial assumptions	(1.58)	16.34
Demographic assumptions	-	-
Experience adjustments	39.40	(13.55)
Actual return on plan assets less interest on plan assets	(97.35)	(102.93)
Adjustment to recognise the effect of asset ceiling	-	-
	(59.53)	**(100.15)**

E. Disaggregation of Plan assets

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Quoted value	Unquoted value	Quoted value	Unquoted value
Insurer managed funds	-	1,423.09	-	1,213.88
	-	**1,423.09**	**-**	**1,213.88**

Composition of Planned Assets

Type of Instruments	As at 31st March, 2022	As at 31st March, 2021
Equity	57%	56%
Government securities	22%	31%
Bonds, debentures and other fixed income instruments	9%	9%
Money market instruments	11%	3%
Others	0%	1%
Total	**100%**	**100%**

F. Defined benefit obligations

i. Actuarial assumptions

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Discount rate (p.a.)	6.70%	6.20%
Salary escalation rate (p.a.)	12% untill 1 year inclusive, then 7%	7.00%

ii. Sensitivity analysis

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	(43.73)	46.45	(40.10)	42.68
Salary escalation rate (50 bps movement)	**33.63**	**(32.84)**	**32.17**	**(31.18)**

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

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

G. Risk Exposure

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

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

H. Funding arrangements and policy

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively. There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan. The expected contribution payable to the plan next year is INR 150 lakhs.

Projected Plan cash flow:

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

Maturity profile	As at 31st March, 2022	As at 31st March, 2021
Expected benefits for year 1	226.93	189.87
Expected benefits for year 2	151.86	132.76
Expected benefits for year 3	165.18	115.66
Expected benefits for year 4	143.14	132.09
Expected benefits for year 5 and above	1,627.16	1,414.08

The weighted average duration to the payment of these cash flows is 6.95 years (31st March, 2021: 7.23 years).

I. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized ₹ 33.54 lakhs (Previous year : ₹ 54.09 lakhs) for Compensated Absences in the Statement of Profit and Loss.

J. Long Service Award

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

NOTE 42 SHARE-BASED PAYMENT ARRANGEMENTS:

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, ("the 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"

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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.

The fair value of the option is determined using a Black-Scholes options pricing model. During the year, ₹19.26 lakhs (31st March, 2021: ₹ 37.95 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. In addition, the company has paid ₹ 9.19 lakhs (31st March, 2021- Nil) to the parent for which same was charged to statement of profit and loss account with the corresponding payable to the parent.

As at 31st March, 2022

Scheme Reference	Grant Date	Method of Settlement Accounting	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
ESOP 2015-14	18-May-18	Equity settled	1,764	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12
ESOP 2015-19	20-May-19	Equity settled	3,617	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12
ESOP 2015-25	07-Aug-20	Equity settled	2,072	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.90
ESOP 2015-30	30-May-21	Equity settled	4,840	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	4.59

As at 31st March, 2021

Scheme Reference	Grant Date	Method of Settlement Accounting	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
ESOP 2007-44	09-May-14	Equity settled	-	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.90
ESOP 2015-07	15-May-17	Equity settled	2,030	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.13
ESOP 2015-14	18-May-18	Equity settled	9,983	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12
ESOP 2015-19	20-May-19	Equity settled	6,083	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12
ESOP 2015-25	07-Aug-20	Equity settled	2,960	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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 (years)	Exercise period (years)	Expected life (Years)	Exercise Price (INR)	Market price (INR)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (INR)
ESOP 2015-14	18-May-18	1.20	0.50	1.45	1,271.00	1,270.70	7.44%	0.06%	18.68%	184.60
ESOP 2015-14	18-May-18	2.46	0.50	2.71	1,271.00	1,270.70	7.83%	0.06%	32.95%	383.29
ESOP 2015-14	18-May-18	3.12	0.50	3.37	1,271.00	1,270.70	7.97%	0.06%	32.13%	433.45
ESOP 2015-14	18-May-18	3.62	0.50	3.87	1,271.00	1,270.70	7.99%	0.06%	31.43%	465.70
ESOP 2015-19	20-May-19	1.20	0.50	1.45	1,460.00	1,460.00	6.63%	0.05%	23.24%	230.35
ESOP 2015-19	20-May-19	2.45	0.50	2.70	1,460.00	1,460.00	6.83%	0.05%	21.16%	330.89
ESOP 2015-19	20-May-19	3.12	0.50	3.37	1,460.00	1,460.00	6.94%	0.05%	21.32%	387.19
ESOP 2015-19	20-May-19	3.62	0.50	3.87	1,460.00	1,460.00	7.03%	0.05%	31.00%	508.28
ESOP 2015-25	07-Aug-20	1.07	0.50	1.31	1,341.00	1,340.10	3.61%	0.06%	39.75%	267.12
ESOP 2015-25	07-Aug-20	2.32	0.50	2.56	1,341.00	1,340.10	4.40%	0.06%	33.09%	340.57
ESOP 2015-25	07-Aug-20	2.90	0.50	3.15	1,341.00	1,340.10	4.85%	0.06%	30.71%	370.15
ESOP 2015-25	07-Aug-20	3.40	0.50	3.65	1,341.00	1,340.10	5.06%	0.06%	29.29%	395.03
ESOP 2015-30	30-May-21	1.08	0.50	1.34	1,801.00	1,800.75	4.05%	0.05%	42.76%	390.94
ESOP 2015-30	30-May-21	2.08	0.50	2.34	1,801.00	1,800.75	4.65%	0.05%	35.50%	463.58
ESOP 2015-30	30-May-21	3.09	0.50	3.34	1,801.00	1,800.75	5.13%	0.05%	32.78%	545.46
ESOP 2015-30	30-May-21	4.09	0.50	4.34	1,801.00	1,800.75	5.53%	0.05%	29.80%	609.04

As at 31st March, 2021

Scheme	Grant Date	Vesting period (years)	Exercise period (years)	Expected life (Years)	Exercise Price (INR)	Market price (INR)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (INR)
ESOP 2015-07	15-May-17	1.30	0.50	1.54	955.00	954.65	6.64%	0.06%	20.74%	145.98
ESOP 2015-07	15-May-17	2.46	0.50	2.71	955.00	954.65	6.77%	0.06%	35.44%	289.06
ESOP 2015-07	15-May-17	3.13	0.50	3.38	955.00	954.65	6.88%	0.06%	33.81%	320.11
ESOP 2015-07	15-May-17	3.63	0.50	3.88	955.00	954.65	6.95%	0.06%	34.20%	349.84
ESOP 2015-14	18-May-18	1.20	0.50	1.45	1,271.00	1,270.70	7.44%	0.06%	18.68%	184.60
ESOP 2015-14	18-May-18	2.46	0.50	2.71	1,271.00	1,270.70	7.83%	0.06%	32.95%	383.29
ESOP 2015-14	18-May-18	3.12	0.50	3.37	1,271.00	1,270.70	7.97%	0.06%	32.13%	433.45
ESOP 2015-14	18-May-18	3.62	0.50	3.87	1,271.00	1,270.70	7.99%	0.06%	31.43%	465.70
ESOP 2015-19	20-May-19	1.20	0.50	1.45	1,460.00	1,460.00	6.63%	0.05%	23.24%	230.35
ESOP 2015-19	20-May-19	2.45	0.50	2.70	1,460.00	1,460.00	6.83%	0.05%	21.16%	330.89
ESOP 2015-19	20-May-19	3.12	0.50	3.37	1,460.00	1,460.00	6.94%	0.05%	21.32%	387.19
ESOP 2015-19	20-May-19	3.62	0.50	3.87	1,460.00	1,460.00	7.03%	0.05%	31.00%	508.28
ESOP 2015-25	07-Aug-20	1.07	0.50	1.31	1,341.00	1,340.10	3.61%	0.06%	39.75%	267.12
ESOP 2015-25	07-Aug-20	2.32	0.50	2.56	1,341.00	1,340.10	4.40%	0.06%	33.09%	340.57
ESOP 2015-25	07-Aug-20	2.90	0.50	3.15	1,341.00	1,340.10	4.85%	0.06%	30.71%	370.15
ESOP 2015-25	07-Aug-20	3.40	0.50	3.65	1,341.00	1,340.10	5.06%	0.06%	29.29%	395.03

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

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	As at 31st March, 2022								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	Exercisable at the end of the year	Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/(Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
ESOP 2007-44	09-May-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESOP 2007-47	09-May-15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESOP 2015-02	19-May-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESOP 2015-03	19-May-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESOP 2015-05	10-Aug-16	-	-		-	-	-	-	-	24,000	-	(24,000)	-	-	-	-	-
ESOP 2015-07	15-May-17	2,030	-	(2,030)	-	-	-	-	-	8,269	-	(6,239)	-	-	-	2,030	2,030
ESOP 2015-14	18-May-18	9,983	-	(8,219)	-	-	-	1,764	1,764	13,664	-	(3,681)	-	-	-	9,983	9,983
ESOP 2015-19	20-May-19	6,083	-	(2,466)	-	-	-	3,617	141	8,690	-	(2,607)	-	-	-	6,083	6,083
ESOP 2015-25	07-Aug-20	2,960		(888)				2,072	-	-	2,960					2,960	
ESOP 2015-30	30-May-21	-	4,840	-				4,840	-	-						-	
		21,056	4,840	(13,603)	-	-	-	12,293	1,905	54,623	2,960	(36,527)	-	-	-	21,056	18,096

** This represents transfer of employees within Bank and its subsidiaries*

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,820.21 (Previous year: ₹ 1,761.72).

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 (₹)
ESOP 2015-05	701-800	-	-	-	-	-	-
ESOP 2015-07	901-1000	-	-	955.00	2,030	0.25	955.00
ESOP 2015-14	1201-1300	1,764	0.25	1,271.00	9,983	0.80	1,271.00
ESOP 2015-25	1301-1400	2,072	1.60	1,341.00	2,960	2.13	1,341.00
ESOP 2015-19	1401-1500	3,617	0.97	1,460.00	6,083	1.61	1,460.00
ESOP 2015-30	1801-1900	4,840	2.25	1,801.00			

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

ii. Stock Appreciation Rights (cash-settled)

At the General Meeting on 29th June, 2015 of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had passed Special Resolution to grant stock appreciation rights (SARs) to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 had been formulated and adopted. Subsequently, the SARs have been granted under this scheme. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.07 to 4.13 years.

As at 31st March, 2022

Scheme Reference	Grant Date	Method of Settlement Accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-22 (Series 22)	20-May-19	Cash settled	1,644	30% - 2020-21 30% - 2021-22 40% - 2022-23	3.66
Scheme 2015-28 (Series 28)	07-Aug-20	Cash settled	658	30% - 2021-22 30% - 2022-23 40% - 2023-24	3.44
Scheme 2015-31 (Series 31)	07-Aug-20	Cash settled	11,930	50% - 2023-24 50% - 2024-25	4.11
Scheme 2015-32 (Series 32)	30-May-21	Cash settled	2,310	25% - 2022-23 25% - 2023-24 25% - 2024-25 25% - 2025-26	4.13

As at 31st March, 2021

Scheme Reference	Grant Date	Method of Settlement Accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-14 (Series 14)	24-Oct-17	Cash settled	942	40% - 31 Oct 19 40% - 31 Oct 20 20% - 31 Oct 21	4.02
2015-17 (Series 17)	18-May-18	Cash settled	2,468	30% - 2019-20 30% - 2020-21 40% - 2021-22	3.66
2015-19 (Series 19)	07-Jul-18	Cash settled	1,275	50% - 2020-21 50% - 2021-22	3.11
2015-22 (Series 22)	20-May-19	Cash settled	2,877	30% - 2020-21 30% - 2021-22 40% - 2022-23	3.66
Scheme 2015-28 (Series 28)	07-Aug-20	Cash settled	940	30% - 2021-22 30% - 2022-23 40% - 2023-24	3.44
Scheme 2015-28 (Series 31)	07-Aug-20	Cash settled	11,930	50% - 2023-24 50% - 2024-25	4.11

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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 (INR)	Weighted average share price	Risk free rate		Annual Dividend yield	Volatility		Fair value per SARs (INR)	
		From	To	From	To			From	To		From	To	From	To
Series 2015-22 (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%	1,762.39	1,762.87
Scheme 2015-28 (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%	1,761.49	1,762.50
Scheme 2015-31 (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%	1,760.89	1,761.82
Series 2015-32 (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%	1,760.14	1,762.87

As at 31st March, 2021

Scheme	Grant Date	Vesting period		Expected life (Years)		Exercise Price (INR)	Weighted average share price	Risk free rate		Annual Dividend yield	Volatility		Fair value per SARs (INR)	
		From	To	From	To			From	To		From	To	From	To
Series 2015-14 (Series 14)	24-Oct-17	0.59	0.59	0.59	0.59	-	1,781.25	3.66%	3.66%	0.04%	32.26%	32.26%	1,780.78	1,780.78
Series 2015-17 (Series 17)	18-May-18	0.25	0.79	0.25	0.79	-	1,781.25	3.45%	3.77%	0.04%	28.84%	32.27%	1,780.62	1,781.05
Series 2015-19 (Series 19)	07-Jul-18	0.33	0.37	0.33	0.37	-	1,781.25	3.50%	3.53%	0.04%	28.59%	28.66%	1,780.95	1,780.98
Series 2015-22 (Series 22)	20-May-19	0.59	1.79	0.59	1.79	-	1,781.25	3.66%	4.16%	0.04%	32.18%	43.26%	1,779.82	1,780.78
Scheme 2015-28 (Series 28)	07-Aug-20	0.42	2.79	0.42	2.79	-	1,781.25	3.56%	5.02%	0.04%	29.09%	39.50%	1,779.02	1,780.91
Scheme 2015-31 (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%	1,778.48	1,779.31

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.

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme	Grant Date	As at 31st March, 2022							As at 31st March, 2021						
		Outstanding at the start of the year	Granted during the year	Settled during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Outstanding at the start of the year	Granted during the year	Settled during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year
2015-4 (Series 4)	19-May-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-9 (Series 9)	15-May-17	-	-		-	-	-	-	2,388	-	(2,388)	-	-	-	-
2015-14 (Series 14)	24-Oct-17	942	-	(942)	-	-	-	-	2,826	-	(1,884)	-	-	-	942
2015-17 (Series 17)	18-May-18	2,468	-	(2,468)	-	-	-	-	4,319	-	(1,851)	-	-	-	2,468
2015-19 (Series 19)	07-Jul-18	1,275	-	(1,275)	-	-	-	-	2,551	-	(1,276)	-	-	-	1,275
2015-22 (Series 22)	20-May-19	2,877	-	(1,233)	-	-	-	1,644	4,110	-	(1,233)	-	-	-	2,877
2015-28 (Series 28)	07-Aug-20	940	-	(282)	-	-	-	658	-	940	-	-	-	-	940
2015-31 (Series 31)	07-Aug-20	11,930	-	-	-	-	-	11,930	-	11,930	-	-	-	-	11,930
2015-32 (Series 32)	30-May-21	-	2,310	-	-	-	-	2,310							-
		20,432	2,310	(6,200)	-	-	-	16,542	16,194	12,870	(8,632)	-	-	-	20,432

** This represents transfer of employees within Bank and its subsidiaries*

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

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Total Employee compensation cost pertaining to share-based payment plans	140.59	187.80
Compensation cost pertaining to equity-settled employee share-based payment plan included above	28.46	37.95
Closing balance of liability for cash-settled options	146.81	150.70
Total intrinsic value of liabilities for vested benefits	**121.33**	**149.85**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 43 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Classification of financial assets and financial liabilities:

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

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Cash and cash equivalents	-	-	22,666.11	-	-	6,013.46
Bank Balance other than cash and cash equivalent	-	-	44.82	-	-	21.51
Receivables:	-	-				
Trade receivables	-	-	6.47	-	-	6.43
Loans	-	-	2,309,264.01	-	-	2,092,661.37
Investments	10,002.82	437,982.66	203,922.92	17,100.33	431,630.32	127,259.37
Other financial assets	-	-	1,307.11	-	-	3,783.78
Total financial assets	**10,002.82**	**437,982.66**	**2,537,211.44**	**17,100.33**	**431,630.32**	**2,229,745.92**
Financial liabilities						
Derivative financial instruments	3,049.63	-	-	4,738.99	-	-
Payables						
Trade Payables	-	-	-			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	57,637.24	-	-	38,462.19
Debt securities	-	-	1,209,416.48	-	-	1,123,754.73
Borrowings (Other than Debt Securities)	-	-	729,103.98	-	-	620,309.31
Deposits	-	-	145.01	-	-	160.21
Subordinated Liabilities	-	-	19,557.84	-	-	47,957.61
Other Financial liabilities	-	-	10,924.08	-	-	6,946.03
Total financial liabilities	**3,049.63**	**-**	**2,026,784.63**	**4,738.99**	**-**	**1,837,590.08**

B. Fair value hierarchy:

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

Particulars	As at 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 at FVTPL								
- Mutual funds	10,002.82	-	0	10,002.82	4,900.20	-	-	4,900.20
- Preference shares	0	-	-	-	-	-	12,200.13	12,200.13
Investments at FVOCI				-				
- Government securities & Tbills	179,831.76	-		179,831.76	191,122.25	-		191,122.25
- Debentures		22,621.96		22,621.96	-	22,553.45	-	22,553.45
- Equity instruments		235,528.94		235,528.94		217,954.62	-	217,954.62
Total financial assets	**189,834.58**	**258,150.90**	**-**	**447,985.48**	**196,022.45**	**240,508.07**	**12,200.13**	**448,730.65**
Financial liabilities								
Derivative financial instruments		3,049.63		3,049.63	-	4,738.99	-	4,738.99
Total financial liabilities	**-**	**3,049.63**	**-**	**3,049.63**	**-**	**4,738.99**	**-**	**4,738.99**

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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

Particulars	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	-	-	2,191,478.36	2,191,478.36	-	1,485.48	1,985,074.46	1,986,559.94
Investments	-	210,481.84	-	210,481.84	-	131,126.26	-	131,126.26
Other financial assets	-	-	186.74	186.74	-	-	162.60	162.60
Total financial assets	**-**	**210,481.84**	**2,191,665.10**	**2,402,146.94**	**-**	**132,611.74**	**1,985,237.06**	**2,117,848.80**
Financial liabilities								
Debt securities	-	1,225,260.51	-	1,225,260.51	-	1,138,925.58	-	1,138,925.58
Borrowings (Other than Debt Securities)	-	729,111.72	-	729,111.72	-	620,420.06	-	620,420.06
Subordinated Liabilities	-	20,233.76	-	20,233.76	-	49,704.48	-	49,704.48
Total financial liabilities	**-**	**1,974,605.99**	**-**	**1,974,605.99**	**-**	**1,809,050.12**	**-**	**1,809,050.12**

Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans				
Vehicle finance loan	1,762,728.43	1,744,160.01	1,494,558.59	1,472,416.68
Structured loan	345,841.80	346,490.47	444,652.59	441,703.50
Personal loan	64,453.94	59,987.08	74,421.75	70,884.67
Lending through Pass Through Certificates (PTC)	-	-	1,485.48	1,485.48
Other Lending Activities	38,711.63	40,840.80	69.60	69.60
Investments				
- Debentures	203,922.92	210,481.84	127,259.37	131,126.26
Other financial assets				
- Lease deposits	227.64	186.74	190.62	162.60
	2,415,886.36	**2,402,146.94**	**2,142,638.00**	**2,117,848.81**
Financial liabilities				
Debt securities	1,209,416.48	1,225,260.51	1,123,754.73	1,138,925.58
Borrowings (Other than Debt Securities)	729,103.98	729,111.72	620,309.31	620,420.06
Subordinated Liabilities	19,557.84	20,233.76	47,957.61	49,704.48
Other Financial liabilities				
Total financial liabilities	**1,958,078.30**	**1,974,605.99**	**1,792,021.65**	**1,809,050.12**

The carrying amounts of Cash and cash equivalents, Bank Balance other than cash and cash equivalent, trade receivables, CBLO lending, loan to employees, (amounting to ₹ 77.78 lakhs, net of ECL), Inter Corporate Deposit, other deposits, other financial assets, trade payables, deposits and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

C. Measurement of fair values

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

The categories used are as follows:

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

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

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

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

Financial instruments measured at fair value

Instrument type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in equity instruments (Classified as level 2)	**Comparable Companies Multiple Method:** Under this method the value of shares/business of a company is determined based on market multiples of publicly traded comparable companies. **Comparable Transaction multiple method:** Under this method the value of shares/business of a company is determined based on market multiples of publicly disclosed transactions in the similar segment as that of the company being valued. **Cost Approach :** Break Up Value method has been adopted for valuation of equity shares. One or combination of the above has been used for valuation of equity instruments.	Not applicable	Not applicable
Investment in preference shares (Classified as level 3)	The fair values have been calculated using the discounted cash flow approach discounted at a rate that reflects the credit risk of the counterparty.	Interest rates to discount future projected cash flows	Significant increase/decrease in the discount factor would entail corresponding change in the valuation of preference shares.
Investment in debentures (Classified as level 2)	The fair values of unlisted Debt Securities have been calculated using the discounted cash flow approach.	Not applicable	Not applicable
Derivative financial instrument (Classified as level 2)	The fair values have been calculated based on discounted cash flow model. The discount rates are based on tenure specific OIS (Overnight Index Swap) rate as published by Financial Benchmarks India Private Limited (FIBIL)	Not applicable	Not applicable

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Financial instruments not measured at fair value

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

Transfers between Level 1 and Level 2

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during FY 2021-22.

D. Level 3 fair values measurement

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

Particulars	As at 1st April, 2021	Purchases	Sales/ Settlements	Gain/(Loss) recognised in profit or loss	Gains recognised in OCI	Transfers in/ (out)	As at 31st March, 2022
Investments in Equity Instruments	-	-	-	-	-	-	-
Investments in Preference shares	12,200.13	-	-	(12,200.13)	-	-	-
	12,200.13	**-**	**-**	**(12,200.13)**	**-**	**-**	**-**

Particulars	As at 1st April, 2020	Purchases	Sales/ Settlements	Gain/(Loss) recognised in profit or loss	Gains recognised in OCI	Transfers in/ (out)	As at 31st March, 2021
Investments in Equity Instruments	-	-	-	-	-	-	-
Investments in Preference shares	11,104.34	-	-	1,095.80	-	-	12,200.13
	11,104.34	**-**	**-**	**1,095.80**	**-**	**-**	**12,200.13**

Sensitivity analysis of Level 3 financial instruments measured at fair value

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

Particulars	31st March, 2022		31st March, 2021	
	Profit or loss/OCI		Profit or loss/OCI	
	Increase	Decrease	Increase	Decrease
Investment in preference shares - FVTPL				
If the discount rate lower / (higher) by 100 bps, the fair value would increase / (decrease)	-	-	78.59	(77.34)

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

E. Financial risk management

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

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

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee.

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

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

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

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

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

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

ii. Credit risk

Credit risk is the risk of actual or probable financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances now or in future.

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

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Cash and cash equivalents	22,687.21	6,029.98
Bank balance other than cash and cash equivalents	44.83	21.51
Trade receivables	6.55	6.52
Loans		
- Vehicle Finance	1,885,042.62	2,093,668.92
- CBLO lending	97,469.42	73,483.52
- Inter corporate deposits	-	4,000.37
- Other Lending Activities	385,566.83	1,552.03
Investments	407,281.42	341,941.98
Other financial assets	1,322.77	3,808.37
	2,799,421.65	**2,524,513.20**

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

a. Credit quality analysis

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

Particulars	As at 31st March, 2022					As at 31st March, 2021				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or Originated Credit Impaired (POCI)	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or Originated Credit Impaired (POCI)	Total
Loans										
Vehicle finance										
Current	1,522,511.91	7,505.86	3,635.67	377.56	1,534,031.00	1,317,938.07	22,823.38	542.97	-	1,341,304.42
Past due 1–30 days	159,550.30	14,368.63	1,277.76	-	175,196.69	58,743.89	6,584.37	1,109.77	-	66,438.03
Past due 31–60 days	-	31,306.86	1,467.82	-	32,774.68	-	45,730.98	3,317.46	-	49,048.44
Past due 61–89 days	-	12,010.83	1,938.97	-	13,949.80	-	22,340.62	3,379.52	-	25,720.14
Past due 90 days	-	-	56,291.58	-	56,291.58	-	-	72,253.19	-	72,253.19
	1,682,062.21	65,192.18	64,611.80	377.56	1,812,243.75	1,376,681.96	97,479.35	80,602.91	-	1,554,764.22
Impairment loss allowance	(18,858.30)	(9,187.47)	(26,756.53)	5,312.75	(49,489.54)	(7,527.96)	(12,106.12)	(40,571.55)	-	(60,205.63)
Carrying amount	**1,663,203.91**	**56,004.71**	**37,855.27**	**5,690.31**	**1,762,754.21**	**1,369,154.00**	**85,373.23**	**40,031.36**	**-**	**1,494,558.59**
Structured loans *										

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31st March, 2022					As at 31st March, 2021				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or Originated Credit Impaired (POCI)	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or Originated Credit Impaired (POCI)	Total
Current	330,182.50	15,886.12	-	-	346,068.62	421,418.07	18,053.94	-		439,472.01
Past due 1–30 days	2,015.01	-	-	-	2,015.01	3,025.95	-	-		3,025.95
Past due 31–60 days	-	-	-	-	-	-	7,280.16	-		7,280.16
Past due 61–89 days	-	-	-	-	-	-	2,288.87	-		2,288.87
Past due 90 days	-	-	195.37	-	195.37	-	-	1,391.93		1,391.93
	332,197.51	15,886.12	195.37	-	348,279.00	424,444.02	27,622.97	1,391.93		453,458.92
Impairment loss allowance	(1,513.65)	(810.43)	(138.87)	-	(2,462.96)	(5,038.94)	(2,362.36)	(1,335.42)		(8,736.72)
Carrying amount	**330,683.86**	**15,075.69**	**56.50**	**-**	**345,816.04**	**419,405.08**	**25,260.61**	**56.51**		**444,722.20**
Personal loans										
Current	54,665.14	198.96	57.89	-	54,921.99	59,221.59	-	11.54		59,233.13
Past due 1–30 days	5,056.31	522.87	61.42	-	5,640.60	4,853.33	629.67	64.31		5,547.31
Past due 31–60 days	-	1,359.94	80.42	-	1,440.36	-	5,376.29	234.63		5,610.92
Past due 61–89 days	-	730.34	159.51	-	889.85	-	3,842.14	442.36		4,284.50
Past due 90 days	-	-	7,784.43	-	7,784.43	-	-	10,769.92		10,769.92
	59,721.44	2,812.11	8,143.67	-	70,677.23	64,074.92	9,848.10	11,522.76		85,445.78
Impairment loss allowance	(887.72)	(527.81)	(4,807.26)	-	(6,223.30)	(1,162.65)	(2,085.90)	(7,775.48)		(11,024.03)
Carrying amount	**58,833.72**	**2,284.30**	**3,335.41**	**-**	**64,453.93**	**62,912.27**	**7,762.20**	**3,747.28**		**74,421.75**
Investments										
Current	204,827.70	-	-	-	204,827.70	128,266.28	-	-		128,266.28
Past due 1–30 days	-	-	-	-	-	-	-	-		-
Past due 31–60 days	-	-	-	-	-	-	-	-		-
Past due 61–89 days	-	-	-	-	-	-	-	-		-
Past due 90 days	-	-	-	-	-	-	-	-		-
	204,827.70	-	-	-	204,827.70	128,266.28	-	-		128,266.28
Impairment loss allowance	(904.78)	-	-	-	(904.78)	(1,006.91)	-	-		(1,006.91)
Carrying amount	**203,922.92**	**-**	**-**	**-**	**203,922.92**	**127,259.37**	**-**	**-**		**127,259.37**
Others**										
Current	152,049.84	-	-	-	152,049.84	88,902.30	-	-		88,902.30
Past due 1–30 days	8,890.40	-	-	-	8,890.40	-	-	-		-
Past due 31–60 days	-	-	-	-	-	-	-	-		-
Past due 61–89 days	-	-	-	-	-	-	-	-		-
Past due 90 days	-	-	-	-	-	-	-	-		-
	160,940.24	-	-	-	160,940.24	88,902.30	-	-		88,902.30
Impairment loss allowance	(675.91)	-	-	-	(675.91)	(118.29)	-	-		(118.29)
Carrying amount	**160,264.33**	**-**	**-**	**-**	**160,264.33**	**88,784.01**	**-**	**-**		**88,784.01**

**Structured loan includes loan against securities, commercial real estate loans and other structured loans.*
***Others includes cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, CBLO lending, Inter corporate deposit, Loan to employees, Loan given to trust and Other financial assets.*

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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

Particulars	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
Investment in debentures*								
Current	204,393.35	-	-	204,393.35	214,025.31	-	-	214,025.31
Past due 1–30 days	-	-	-	-	-	-	-	-
Past due 31–60 days	-	-	-	-	-	-	-	-
Past due 61–90 days	-	-	-	-	-	-	-	-
Past due 90 days	-	-	-	-	-	-	-	-
	204,393.35	**-**	**-**	**204,393.35**	**214,025.31**	**-**	**-**	**214,025.31**
Impairment loss allowance	(106.81)	-	-	(106.81)	(251.17)	-	-	(251.17)
Amortised cost	**204,286.54**	**-**	**-**	**204,286.54**	**213,774.14**	**-**	**-**	**213,774.14**
Carrying amount (Fair Value)	**202,453.72**	**-**	**-**	**202,453.72**	**213,675.70**	**-**	**-**	**213,675.70**

** Includes Government Securities*

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

Particulars	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
Loans								
Vehicle finance	43,457.43	878.39	-	44,335.82	43,278.54	1,890.70	-	45,169.23
Structured loans	8,891.88	-	-	8,891.88	10,295.21	40.00	-	10,335.21
	52,349.31	**878.39**	**-**	**53,227.70**	**53,573.75**	**1,930.70**	**-**	**55,504.44**

b. Collaterals held and concentrations of credit risk

Collaterals held

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

The main types of collateral obtained are, as follows:

a. For retail lending, hypothecation over vehicles

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

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

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

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Quantitative information of Collateral - Credit impaired assets

Collateral coverage	Gross value of loans in stage 3	
	As at 31st March, 2022	As at 31st March, 2021
Less than 50% coverage	23,845.27	20,869.43
51 to 70% coverage	15,588.54	22,151.42
71 to 90% coverage	13,959.94	24,027.72
91 to 100% coverage	5,122.63	7,315.63
More than 100% coverage	**14,434.46**	**19,153.40**

Financial assets received as collateral

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

At 31st March, 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 ₹ 45,363.28 lakhs (March 31st, 2021: ₹ 192,844.86 lakhs).

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

Concentration of credit risk

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Gross carrying amount	2,368,078.85	2,093,668.92
Concentration by sector		
Corporate	387,609.74	453,458.92
Dealer finance	193,809.75	180,554.35
CBLO Lending	97,469.42	73,483.52
Employee Loan	78.72	57.97
Inter Corporate Deposits	-	4,000.37
PTC Loans	-	1,494.06
Retail		
- Vehicle finance	1,618,433.98	1,374,209.86
- Unsecured lending	70,677.24	85,445.78
	2,368,078.85	**2,172,704.83**

c. Amounts arising from ECL

i. Inputs, assumptions and techniques used for estimating impairment

Inputs considered in the ECL model:

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

Assessment of significant increase in credit risk (SICR):

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

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

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

Assumption considered in the ECL model:- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.

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

-"Exposure at default" (EAD) represents the expected exposure in the event of a default.

Forward looking information:

The Company incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as real GDP, Real/Nominal Wages, Domestic Credit, real personal disposable income, etc. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

Definition of default

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

- Stage 1: 0-30 days past due
- Stage 2: 31- 89 days past due & EWS accounts
- Stage 3: 90 days & above past due

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

Further, company considers following factors to determine staging for corporate loans

For downgrade from Stage 1 to Stage 2:

- 2 notch downgrade in Internal rating (wherever available) since initial recognition of loan
- 2 notch downgrade in external rating (wherever available) since initial recognition of loan
- Wherever management thinks there is significant increase in credit ris based on the internal assessment.

Policy for write-off of Financial assets

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

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

ii. An analysis of changes in gross carrying amount as follows:

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or Originated Credit Impaired (POCI)	Total
Loans*					
Balance as at 1st April, 2020	**2,252,242.90**	**100,301.59**	**46,633.70**	**-**	**2,399,178.19**
Transfer from 12 month ECL	(180,110.61)	127,275.44	52,835.17	-	-
Transfer from Lifetime ECL not credit impaired	15,360.93	(34,962.42)	19,601.49	-	-
Transfer from Lifetime ECL credit impaired	3,164.44	1,087.44	(4,251.89)	-	-
Net remeasurement of loss allowance	(467,722.25)	(39,410.50)	(9,407.42)	-	(516,540.17)
New financial assets originated during the year**	623,913.96	3,147.01	1,402.27	-	628,463.24
Matured or repaid	(372,985.61)	(17,017.20)	(1,043.76)	-	(391,046.58)
Write-offs**	(8,662.86)	(5,470.94)	(12,251.97)	-	(26,385.77)
Balance as at 31st March, 2021	**1,865,200.90**	**134,950.42**	**93,517.60**	**-**	**2,093,668.92**
Transfer from 12 month ECL	(59,387.27)	45,293.04	14,094.23	-	-
Transfer from Lifetime ECL not credit impaired	21,606.48	(41,961.65)	20,355.18	-	-
Transfer from Lifetime ECL credit impaired	4,320.33	6,634.72	(10,955.05)	-	-
Net remeasurement of loss allowance	(450,420.40)	(27,955.25)	(14,955.80)	377.56	(492,953.88)
New financial assets originated during the year*	1,108,520.02	9,557.23	3,241.64	-	1,121,318.89
Matured or repaid	(369,720.80)	(34,712.84)	(4,516.70)	-	(408,950.34)
Write-offs**	(6,807.36)	(7,915.26)	(27,830.27)	-	(42,552.89)
Balance as at 31st March, 2022	**2,113,311.90**	**83,890.41**	**72,950.83**	**377.56**	**2,270,530.70**

* The above table does not include movement of CBLO lending and Loan to Employees.

** The company, in general, do not originate the contract if the customer is already a NPA on date of new contract origination and the staging classification for such contracts in table is made basis year end staging status of these contracts. Similarly, in respect of contracts written off during the year, the staging movement in table is made basis year beginning staging status.

iii. Impairment loss allowance

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

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or Originated Credit Impaired (POCI)	Total
Loans*					
Balance as at 1st April, 2020	**14,812.49**	**12,851.84**	**25,934.11**	**-**	**53,598.44**
Transfer from 12 month ECL	(3,742.42)	1,910.27	1,832.15	-	-
Transfer from Lifetime ECL not credit impaired	2,091.62	(6,105.09)	4,013.46	-	-
Transfer from Lifetime ECL credit impaired	1,606.16	507.77	(2,113.93)	-	-
Net remeasurement of loss allowance	(3,313.07)	9,931.22	26,995.32	-	33,613.48
New financial assets originated during the year**	4,675.83	580.87	632.95	-	5,889.65
Matured or repaid	(2,116.23)	(2,303.66)	(864.86)		(5,284.75)
Write-offs**	(284.84)	(818.84)	(6,746.74)	-	(7,850.42)
Balance as at 31st March, 2021	**13,729.55**	**16,554.38**	**49,682.47**	**-**	**79,966.40**
Transfer from 12 month ECL	(1,298.19)	915.09	383.11	-	-
Transfer from Lifetime ECL not credit impaired	2,406.31	(5,976.99)	3,570.67	-	-
Transfer from Lifetime ECL credit impaired	1,761.31	2,753.46	(4,514.78)	-	-
Net remeasurement of loss allowance	(6,794.51)	(621.56)	3,701.47	-	(3,714.60)
New financial assets originated during the year**	9,472.70	1,701.16	1,786.91	(5,312.75)	7,648.02
Matured or repaid	(2,582.76)	(3,423.92)	(2,699.66)	-	(8,706.34)
Write-offs**	(128.87)	(1,375.92)	(14,893.78)	-	(16,398.57)
Balance as at 31st March, 2022	**16,565.54**	**10,525.70**	**37,016.41**	**(5,312.75)**	**58,794.92**

* The above table does not include movement of CBLO lending and Loan to Employees.

** The company, in general, do not originate the contract if the customer is already a NPA on date of new contract origination and the staging classification for such contracts in table is made basis year end staging status of these contracts. Similarly, in respect of contracts written off during the year, the staging movement in table is made basis year beginning staging status.

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Trade receivables	CBLO lending	Inter corporate deposit	Loan to employees	Loan to trust	Investments	Other financial assets	Cash & Cash Equivalents	Bank Balances other than Cash & Cash Equivalents
Balance as at 1st April, 2020	**0.08**	**34.10**	**178.64**	**0.88**	**8.58**	**558.54**	**51.33**	**18.44**	**12.72**
Addition during the year	-	(19.77)	(119.88)	(0.03)	(5.45)	448.37	(26.74)	(1.92)	-
Impairment loss reversed/written back	0.01	-	-	-	-	-	-	-	(12.72)
Balance as at 31st March, 2021	**0.09**	**14.33**	**58.76**	**0.85**	**3.13**	**1,006.91**	**24.59**	**16.52**	**-**
Addition during the year		4.68		0.09				4.58	0.01
Impairment loss reversed/written back	(0.01)		(58.76)		(3.13)	(102.13)	(8.92)		
Balance as at 31st March, 2021	**0.08**	**19.01**	**-**	**0.94**	**-**	**904.78**	**15.67**	**21.10**	**0.01**

iv. Bucket wise loan outstanding as on 31st March, 2022:

Particulars- Days past due	Count (Nos)	Total amount outstanding
Current	547,352	2,061,676.82
1-30 days	58,919	179,976.96
31-60 days	14,721	32,519.55
61-89 days	7,382	30,399.41
Past due 90 days	23,924	63,506.12
Total	**652,298**	**2,368,078.87**

b. Interest Rate Risk

Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income (NII). Interest rate risk arises from mismatches in re-pricing of interest rate sensitive assets (RSA) and rate sensitive liabilities (RSL).

Board of Directors (the Board) of the Company is the guiding body for management of its interest rate risk and sets the overall policy and risk limits. In order to manage/mitigate interest rate risk, the Company has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board. Treasury is entrusted with the responsibility of managing interest rate risk within the prescribed overall risk limits and the same is monitored by ALCO.

Further, the Company undertakes NII analysis to assess the impact of changes in interest rate on the earnings of the Company.

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments is as follows.

Particulars	As at 31st March, 2022	As at 31st March, 2021
Fixed-rate instruments		
Financial assets	2,710,290.76	2,369,354.00
Financial liabilities	(2,011,835.23)	(1,828,179.07)
Variable-rate instruments		
Financial assets	274,906.16	309,122.57
Financial liabilities	(20,021.03)	(14,150.00)
Total Net	**953,340.66**	**836,147.50**

Cash flow sensitivity analysis for variable-rate instruments

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

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	2,548.85	(2,548.85)	2,949.73	(2,949.73)
Cash Flow Sensitivity	**2,548.85**	**(2,548.85)**	**2,949.73**	**(2,949.73)**

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.

(d.) The following table presents the financial assets which has financial assets as collaterals on which the Company has a right to sell/offset in absence of default. However the financial assets have not been offsetted with the amount of respective collaterals in the Balance Sheet and captured in the below table for the purpose of disclosure.

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

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

Particulars	Effect of offsetting on the balance sheet				
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Netting potential not recognised on the balance sheet - Financial collaterals obtained**	Maximum exposure
31st March, 2022					
Loans					
Structured loans*	20,566.53	-	20,566.53	(20,566.53)	-
31st March, 2021					
Loans					
Structured loans*	64,023.97	-	64,023.97	(64,023.97)	-

**Structured loan does not include commercial real estate loans and other structured loans.*

**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.

iii. Liquidity Risk

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

Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances. In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its various time buckets, which is approved by the ALCO. Treasury is responsible for managing liquidity under the prescribed liquidity risk management framework and the same is monitored by ALCO.

Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits."

Maturity Profile of Financial Liabilities

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

Particulars	Carrying amount	Total contractual cash flows	1 Day to 7 Days	8 Day to 14 Days	15 Day to 30/31 Days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year upto 3 Years	Over 3 Years upto 5 Years	Over 5 Years
As at 31st March, 2022												
Non-derivative financial liabilities												
Trade and other Payables	57,637.24	57,637.24	-	-	57,637.24	-	-	-	-	-	-	-
Debt securities	1,209,416.48	1,325,204.20	-	-	2,025.18	11,800.00	4,742.90	93,681.60	278,097.91	934,856.61	-	-
Borrowings (Other than Debt Securities)	729,103.98	739,727.10	-	-	90,098.89	110,331.47	150,397.78	150,000.00	220,300.00	18,598.96	-	-
Deposits	145.01	145.01	23.93	-	1.90	3.13	-	-	-	9.58	13.32	93.14
Subordinated Liabilities	19,557.84	24,570.26	-	-	-	-	-	2,625.37	3,607.06	5,862.84	1,650.00	10,825.00
Other Financial Liabilities	10,924.08	11,130.05	154.78	0.61	8,866.51	34.16	34.16	763.54	200.47	598.65	278.72	198.45
Derivative financial liabilities												
Nifty linked derivative	2,667.50	2,667.50							2000.62	666.88		
FCNR Term Loan	382.13	382.13			143.44	35.04				203.65		

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Particulars	Carrying amount	Total contractual cash flows	1 Day to 7 Days	8 Day to 14 Days	15 Day to 30/31 Days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year upto 3 Years	Over 3 Years upto 5 Years	Over 5 Years
As at 31st March, 2021												
Non-derivative financial liabilities												
Trade and other Payables	38,462.19	38,462.19	-	-	38,462.19	-	-	-	-	-	-	-
Debt securities	1,123,754.73	1,217,117.46	-	-	85,920.00	94,000.00	66,142.00	146,110.49	198,779.46	626,165.52	-	-
Borrowings (Other than Debt Securities)	620,309.31	632,066.50	5,000.00	-	37,436.97	80,314.05	32,221.68	136,219.91	287,770.40	53,103.50	-	-
Deposits	160.21	160.21	36.66	-	4.78	-	1.74	-	25.15	82.79	9.09	-
Subordinated Liabilities	47,957.61	55,907.41	-	-	15,125.14	-	3,944.48	10,261.42	1,493.86	11,782.51	1,650.00	11,650.00
Other Financial Liabilities	6,946.03	7,136.61	135.70	-	5,530.61	31.42	30.52	294.59	168.64	590.70	238.46	115.96
Derivative financial liabilities												
Nifty linked derivative	2,745.00	2,745.00	-	-	-	-	-	-	704.00	2,041.00	-	-
FCNR Term Loan	1,993.99	1,993.99	-	-	-	-	-	-	-	1,993.99	-	-

iv. Market Risk

Market risk is the risk that earnings or the value of its holding of financial instruments will be adversely affected by changes in market variable such as interest rate, credit spreads, equity prices etc.

The Company is primarily exposed to market risk related to interest rate risk and changes in market variables affecting the market value of its investments in financial instruments. In order to manage/mitigate market risk in its investment portfolio, the Company has defined comprehensive limit-framework including value limit, category limit, holding period limit for its investments, which is approved by the Board.

Treasury is entrusted with the responsibility of managing market risk within the prescribed policy and the same is monitored by ALCO.

a. Foreign Currency risk

The Company is exposed to currency risk on account of its derivative financial instrument in foreign currency. The functional currency of the Company is Indian Rupee i.e. INR.

Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)

The currency profile of financial assets and financial liabilities as at 31 March 2022 and 31 March 2021 are as below:

Particulars	31st March, 2022	31st March, 2021
	USD	USD
Financial liabilities		
Term Loan	54,805.35	52,865.97
Derivatives financial instruments	382.13	1,993.99
	55,187.48	**54,859.96**

Particulars	Year-end spot rate	
	31st March, 2022	31st March, 2021
USD	**75.79**	**73.11**

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

Sensitivity analysis

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

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2022				
USD - 1% Movement				
	551.87	(551.87)	412.98	(412.98)
	551.87	**(551.87)**	**412.98**	**(412.98)**

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2021				
USD - 1% Movement				
	548.60	(548.60)	410.53	(410.53)
	548.60	**(548.60)**	**410.53**	**(410.53)**

NOTE 44 CAPITAL MANAGEMENT

As per RBI, NBFCs are required to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of its aggregate risk weighted assets. Further, the total of Tier II capital cannot exceed 100% of Tier I capital at any point of time. The capital management process of the Company ensures to maintain the minimum CRAR at all the times.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with capital requirements required by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities.

Sr No	Particulars	As at 31st March, 2022**	As at 31st March, 2021**	Variance	Reason for Variance (if above 25%)
(A)	Tier 1 capital	7,31,521.74	6,28,911.93		
	Tier 2 capital	28,369.63	27,454.74		
	Total Capital funds	**7,59,891.37**	**6,56,366.68**		
	Risk weighted assets	24,61,471.83	22,19,242.28		
	Tier 1 Capital ratio	29.72%	28.34%	1.38%	NA
	Tier 2 Capital ratio	1.15%	1.24%	(0.08%)	NA
	Total Capital ratio	30.87%	29.58%	1.30%	NA

**The unrealised gains on Investments fair valued through Profit or Loss (FVTPL) and fair valued through Other Comprehensive Income (OCI) has not been considered as part of the regulatory capital. Similarly, carrying value of such investments (net of fair value gains) has been considered to compute net owned funds & risk weighted assets.

For dividend on Equity shares - Refer note 22(h)

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

NOTE 45 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

Particulars	31st March, 2022			31st March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	22,666.11	-	22,666.11	6,013.46	-	6,013.46
Bank Balance other than cash and cash equivalents	0.29	44.53	44.82	0.11	21.40	21.51
Receivables						
(I) Trade receivables	6.47	-	6.47	6.43	-	6.43
Loans	1,008,207.14	1,301,056.87	2,309,264.01	1,035,174.68	1,057,486.69	2,092,661.37
Investments	189,834.58	462,073.82	651,908.40	198,248.57	377,741.45	575,990.02
Other Financial assets	199.97	1,107.14	1,307.11	3,595.96	187.82	3,783.78
Sub total	**1,220,914.56**	**1,764,282.36**	**2,985,196.92**	**1,243,039.21**	**1,435,437.36**	**2,678,476.57**
Non-financial assets						
Current Tax assets (Net)	-	4,405.27	4,405.27	-	3,493.90	3,493.90
Deferred Tax assets (Net)	-	15,141.33	15,141.33	-	19,412.90	19,412.90
Property, Plant and Equipment	-	3,814.06	3,814.06	-	3,423.38	3,423.38
Capital work-in-progress	-	144.60	144.60	-	164.63	164.63
Intangible assets under development	-	25.05	25.05	-	-	-
Other intangible assets	-	302.88	302.88	-	117.25	117.25
Other Non-financial assets	3,651.34	-	3,651.34	3,207.93	-	3,207.93
Sub total	**3,651.34**	**23,833.19**	**27,484.53**	**3,207.93**	**26,612.05**	**29,819.98**
Total Assets	**1,224,565.89**	**1,788,115.55**	**3,012,681.44**	**1,246,247.14**	**1,462,049.41**	**2,708,296.55**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	2166.5	883.13	3,049.63	704.00	4,034.99	4,738.99
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	57,637.24	-	57,637.24	38,462.19	-	38,462.19
Debt securities	351,027.87	858,388.61	1,209,416.48	541,466.78	582,287.95	1,123,754.73
Borrowings (Other than Debt Securities)	691,579.84	37,524.14	729,103.98	567,443.34	52,865.97	620,309.31
Deposits	42.2	102.81	145.01	66.50	93.71	160.21
Subordinated Liabilities	5,181.68	14,376.15	19,557.84	28,398.25	19,559.36	47,957.61
Other Financial liabilities	9,994.31	929.77	10,924.08	6,122.03	824.00	6,946.03
Sub total	**1,117,629.65**	**912,204.61**	**2,029,834.26**	**1,182,663.09**	**659,665.98**	**1,842,329.07**
Non-Financial liabilities						
Current tax liabilities (Net)	6,811.43	-	6,811.43	3,902.83	-	3,902.83
Provisions	240.68	571.28	811.96	246.02	475.70	721.72
Deferred tax liabilities (Net)	-	48,990.13	48,990.13	-	45,215.72	45,215.72
Other non-financial liabilities	1,487.39	-	1,487.39	1,576.81	-	1,576.81
Sub total	**8,539.51**	**49,561.41**	**58,100.92**	**5,725.66**	**45,691.42**	**51,417.08**
Total Liabilities	**1,126,169.16**	**961,766.02**	**2,087,935.18**	**1,188,388.75**	**705,357.40**	**1,893,746.15**

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

NOTE 46 SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

All operating segments' results are regularly reviewed by the Chief Executive Officer (CEO), which have been identified as the Chief Operating Decision Maker ('CODM') of the Company. The Chief Executive Officer, which have been identified as the CODM, regularly review the performance reports and make decisions about allocation of resources.

The Company has three reportable segments, as described below, which are the Company's strategic business units. For each business units the Chief Executive Officer regularly reviews the performance reports.

Reportable segments

a. Vehicle Financing - Retail Vehicle finance, Wholesale dealer finance and consumer durable finance

b. Other Lending activities - financing against securities, securitisation, debenture investment / lending in commercial real estate and other loans / fee based services

c. Treasury and Investment activities - proprietary trading in shares and strategic investments

A. Information about reportable segments

For the year ended 31st March, 2022

Particulars	Reportable segments						
	Vehicle financing	Other lending activities	Treasury and investment activities	Total Segments	Unallocated	Eliminations	Total
Segment revenue							
Revenue	1,92,047.52	56,880.34	35,101.37	2,84,029.24	-	-	2,84,029.24
Inter-segment revenue	-	-	-	-	-	(21,466.72)	(21,466.72)
Total segment revenue	**1,92,047.52**	**56,880.34**	**35,101.37**	**2,84,029.24**	**-**	**(21,466.72)**	**2,62,562.52**
Segment results	94,003.62	32,112.94	25,255.15	1,51,371.71	-	(21,466.71)	1,29,905.01
Unallocable expenses (net)							-
Profit before tax							1,29,905.01
Tax expense							32,434.61
Segment profit							**97,470.39**
Segment assets	18,32,514.40	7,04,641.00	4,53,359.92	29,90,515.32	22,166.13	-	30,12,681.45
Segment liabilities	11,71,332.41	6,44,004.54	2,15,018.44	20,30,355.39	57,579.77	-	20,87,935.16
Capital Employed							9,24,746.26
Other disclosures							
Capital expenditure	868.88	-	-	868.88	-	-	868.88
Depreciation and amortisation	783.76	-	-	783.76	-	-	783.76
Other non-cash items (Impairment loss allowance, employee benefits, MTM on derivative etc.)	(11,597.97)	(1,889.94)	(76.16)	(13,564.08)	-	-	(13,564.08)

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

For the year ended 31st March, 2021

Particulars	Reportable segments						
	Vehicle financing	Other lending activities	Treasury and investment activities	Total Segments	Unallocated	Eliminations	Total
Segment revenue							
Revenue	189,019.68	64,505.54	31,036.89	284,562.11	-		284,562.11
Inter-segment revenue	-	-	-	-	-	(25,359.41)	(25,359.41)
Total segment revenue	**189,019.68**	**64,505.54**	**31,036.89**	**284,562.11**	**-**	**(25,359.41)**	**259,202.70**
Segment results	16,742.34	25,385.69	27,862.70	69,990.73	-	-	69,990.73
Unallocable expenses (net)							-
Profit before tax							69,990.73
Tax expense							18,063.37
Segment profit							**51,927.36**
Segment assets	1,607,803.52	650,538.95	424,522.50	2,682,864.97	25,431.59	-	2,708,296.56
Segment liabilities	1,057,928.38	580,614.17	204,508.24	1,843,050.79	50,695.36	-	1,893,746.15
Other disclosures							
Capital expenditure	213.92	-	-	213.92	-	-	213.92
Depreciation and amortisation	748.62			748.62	-	-	748.62
Other non-cash items (Impairment loss allowance, employee benefits, MTM on derivative etc.)	25,714.56	(1,164.42)	(60.50)	24,489.64	-	-	24,489.64

B. Information about major customers

No revenues from transactions with single external customer amounted to 10% or more of company's total revenue in the year ended 31st March, 2022 and 31st March, 2021.

NOTE 47 OTHER DISCLOSURES

The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered:

Sl No Disclosure

47.1 The Company has not traded or invested in crypto currency or virtual currency during the financial year

47.2 No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

47.3 The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority

47.4 The Company has not entered into any scheme of arrangement

47.5 No satisfaction of charges are pending to be filed with ROC

47.6 There are no transactions which are 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.

47.7 The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) 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, 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;

47.8 The Company has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("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.

47.9 The Company has not revalued Property, Plant and Equipment and Intangible assets during the year.

47.10 Following are the details of transactions undertaken with the struck off companies during the year.

Party Name	Nature of transactions	Amount	Relationship with the struck off company, if any, to be disclosed
Five Core Electronics Limited	Interest Income	0.34	Borrower
Five Core Electronics Limited	Amount Written off	0.10	Borrower
Harinagar Sugar Mills Limited	Amount Collected	7.28	Borrower
Impakt Card Media Private Limited	Exgratia payment	0.00	Borrower
Kidz Guru Limited	Interest Income	0.07	Borrower
Nectar Beverages Pvt Limited	Penal Interest	0.02	Borrower
New Leaf Homes Private Limited	Amount Collected	1.70	Borrower
Ridh Pharma Private Limited	Amount Collected	0.01	Borrower
Rsr India Mercantiles Limited	Exgratia payment	0.00	Borrower

47.11 Previous year's figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

NOTE 48 DISCLOSURES UNDER NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016

Note 48.1 Note to the Balance Sheet of a non-banking financial company as required in terms of Para 16 (5) of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(a) Capital to Risk assets Ratio (CRAR)

	Items	As at 31st March, 2022#	As at 31st March, 2021#
(i)	CRAR (%)	30.87%	29.58%
(ii)	CRAR – Tier I Capital (%)	29.72%	28.34%
(iii)	CRAR – Tier II Capital (%)	1.15%	1.24%

 # The unrealised gains on Investments measured at Fair value through Profit or Loss (FVTPL) and fair value through Other Comprehensive Income (OCI) has not been considered as part of the regulatory capital. Similarly, carrying value of such investments (net of fair value gains) has been considered to compute net owned funds and risk weighted assets.

(b) Exposure to Real Estate Secto

(₹ in crore)

	Category	As at 31st March, 2022	As at 31st March, 2021
(a)	Direct Exposure		
(i)	Residential Mortgages -		-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
(ii)	Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based limits.	272,525.85 (*)	279,461.28 (*)
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		-
	a. Residential		
	b. Commercial Real Estate		
(b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		-

** Includes the Company's exposure to Real Estate sector ofINR 10.01 (previous year INR 237.47 lacs) which is unsecured.*

(c) Asset Liability Management

Maturity Pattern of Certain items of Assets and Liabilities

Particulars	1 Day to 7 Days	8 Day to 14 Days	15 Day to 30/31 Days (One Month)	Over one Month to 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 Year	Over 1 Year upto 3 Years	Over 3 Years upto 5 Years	Over 5 Years	Total
Liabilities											
Borrowings from banks	-	-	39,172.10	44,990.02	30,400.94	1,666.72	1,666.72	29,103.99	-	-	1,47,000.49
Market Borrowings	40,467.90	22,745.01	-	76,276.86	1,20,040.00	2,33,645.88	4,51,170.83	8,56,609.58	-	10,121.75	18,11,077.81
Assets											
Advances	1,77,420.65	21,548.68	48,777.15	98,249.14	85,246.97	2,18,634.95	4,04,523.60	9,06,579.95	2,93,896.07	54,386.87	23,09,264.01
Investments	2,90,370.52	-	95.88	95.88	95.88	287.63	5,833.06	3,09,638.14	30,928.23	14,563.18	6,51,908.40

Note : TREPS of ₹ 975 crs forms part of advances

Note: *The above table has been prepared in accordance with statement of structural liquidity (contractual cash flows) as suggested in the Master Directions issued by the RBI. In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission which have been relied upon by the Auditors.*

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Note 48.2 Note to the Balance Sheet of a non-banking financial company as required in terms of paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(₹ in lakhs)

	Particulars Liabilities side	Amount Outstanding	Amount Overdue
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	1,209,416.48	-
	: Unsecured (TierII: Sub-ordinated debts)	19,557.84	-
	(Other than falling within the meaning of Public deposits *)		
	(b) Deferred Credits	NA	NA
	(c) Term Loans	74,826.30	-
	(d) Inter-corporate loans and borrowing	12,136.54	-
	(e) Commercial Paper	569,966.95	-
	(f) Public Deposits*	NA	NA
	(g) Other Loans		
	- Cash credit	11,774.11	-
	- Loans repayable on demand from banks	60,400.00	-
	- Book overdraft	0.08	-
	* Please see Note 2		
(2)	Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)		
	(a) In the form of Unsecured Debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-

	Assets side	Amount Outstanding
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
	(a) Secured	20,78,944.43
	(b) Unsecured	2,89,134.44
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities#	
	(i) Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	-
	(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	-

#The Company has not disclosed amount outstanding under assets financing activities under note 4 and included entire loan amount outstanding under note 3 as RBI has merged Asset Financing Companies, Loan Companies and Investment companies in to a new category "NBFC - Investment and Credit Company" vide its circular no. DN BR (PD) CC. No. 097/03.10.001/2018-19 dated 28th February, 2019.

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Note 48.2 Note to the Balance Sheet of a non-banking financial company as required in terms of paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Contd.)

	Assets side	Amount Outstanding
(5)	**Break-up of Investments : $**	
	Current Investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	10,002.82
	(iv) Government Securities	179,831.76
	(v) Others	-
	2. Unquoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	226,544.88
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others – Commercial paper	-
	Long Term investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
	2. Unquoted :	
	(i) Shares : (a) Equity	235,528.94
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

(6) Borrower group-wise classification of assets financed as in (3) and (4) above

Please see Note 2

(₹ in lakhs)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	8.30	-	8.30
2. Other than related parties	2,028,380.89	280,874.82	2,309,255.71
Total	**2,028,389.19**	**280,874.82**	**2,309,264.01**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same Group	245,679.93	245,574.13
(c) Other related parties	11,802.44	11,802.44
2. Other than related parties	395,330.81	395,330.81
Total	**652,813.18**	**652,707.38**

** As per Indian Accounting Standard issued by MCA (Please see Note 3)

(8) Other information

Particulars	Amount
(i) Gross Non-Performing Assets*	
(a) Related parties	-
(b) Other than related parties	72,950.84
(ii) Net Non-Performing Assets*	
(a) Related parties	-
(b) Other than related parties	37,016.41
(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:

1 *As defined in point xix of paragraph 3 of Chapter -2 of these Directions.*

2 *Provisioning norms shall be applicable as prescribed in Indian Accounting Standards by MCA.*

3 *All Indian Accounting Standards issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.*

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

Note 48.3 Note to the Balance Sheet of a non-banking financial company as required in terms of Para 24 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

48.6 Disclosure of Restructured Assets

(₹ in lakhs)

Sr No	Type of Restructuring		Other than CDR and SME Debt Restructuring					Total				
	Assets Classification		Standard	Sub-Standard	Doubtful	Loss*	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details											
1	Restructured accounts as on 1st April of FY (opening figures) (*)	No of borrowers	320	181	-	3	504	320	181	-	3	504.00
		Amount Outstanding	1,615.58	683.89	-	146.32	2,445.79	1,615.58	683.89	-	146.32	2,445.79
		Provision there on	220.02	280.14	-	135.09	635.25	220.02	280.14	-	135.09	635.25
2	Fresh Restructuring during the year	No of borrowers	15	10	-	-	25	15	10	-	-	25
		Amount Outstanding	83.03	101.96	-	-	184.99	83.03	101.96	-	-	184.99
		Provision there on	16.27	48.07	-	-	64.35	16.27	48.07	-	-	64.35
3	Upgradations to restructured standard category during the FY	No of borrowers	116	(116)	-	-	-	116	(116)	-	-	-
		Amount Outstanding	489.61	-489.61	-	-	-	489.61	(489.61)	-	-	-
		Provision there on	195.11	-195.11	-	-	-	195.11	(195.11)	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision there on	-	-	-	-	-	-	-	-	-	-
5	Downgradation of restructured accounts during the FY	No of borrowers	(51)	51	-	-	-	(51)	51	-	-	-
		Amount Outstanding	(312.22)	312.22	-	-	-	(312.22)	312.22	-	-	-
		Provision there on	(51.56)	51.56	-	-	-	(51.56)	51.56	-	-	-
6	Movement of restructured accounts during the FY	No of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	(355.45)	(38.08)	-	(3.95)	(397.48)	(355.45)	(38.08)	-	(3.95)	(397.48)
		Provision there on	(80.67)	26.53	-	(39.49)	(93.63)	(80.67)	26.53	-	(39.49)	(93.63)
7	Write offs of restructured accounts during the FY	No of borrowers	(50)	(49)	-	-	(99)					
		Amount Outstanding	(226.88)	(120.95)	-	-	(347.83)	(226.88)	(120.95)	-	-	(347.83)
		Provision there on	(37.67)	(49.08)	-	-	(86.75)	(37.67)	(49.08)	-	-	(86.75)
8	Restructured Accounts as on March 31 of the FY (closing figures) (*)	No of borrowers	350	77	-	3	430	350	77	-	3	430
		Amount Outstanding	1,293.67	449.43	-	142.36	1,885.46	1,293.67	449.43	-	142.36	1,885.46
		Provision there on #	261.50	162.11	-	95.61	519.22	261.50	162.11	-	95.61	519.22

(*) Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)
(#) Provision is based on Expected Credit Loss as per Ind-AS reporting requirements

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

Note 48.4 Note to the Balance Sheet of a non-banking financial company as required in terms of paragraph 102 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

		As at 31st March, 2022 No./Amount	As at 31st March, 2021 No./Amount
1	No of SPVs sponsored by the NBFC for securitization transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	-	-
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Note 48.5 Note to the Balance Sheet of a non-banking financial company as required in terms of Chapter II paragraph 5 of Monitoring of frauds in NBFCs (Reserve Bank) Directions, 2016 - the frauds detected and reported for the year amounted to ₹ 515.96 lakhs (31st March, 2021: ₹ 406.28 lakhs)

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 49 NOTE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS REQUIRED IN TERMS OF PARA 70 (2) OF NON-BANKING FINANCIAL COMPANY -SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016

Note 49.1 Capital

Particulars		As at 31st March, 2022#	As at 31st March, 2021#
i)	CRAR (%)	30.87%	29.58%
ii)	CRAR – Tier I Capital (%)	29.72%	28.34%
iii)	CRAR – Tier II Capital (%)	1.15%	1.24%
iv)	Amount of subordinated debt raised as Tier-II capital	19,557.84	47,957.61
v)	Amount raised by issue of Perpetual Debt instruments	-	-

 # The unrealised gains on Investments measured at Fair value through Profit or Loss (FVTPL) and fair value through Other Comprehensive Income (OCI) has not been considered as part of the regulatory capital. Similarly, carrying value of such investments (net of fair value gains) has been considered to compute net owned funds and risk weighted assets.

Note 49.2 Investments

Particulars	As at 31st March, 2022	As at 31st March, 2021
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	6,52,813.18	5,76,996.93
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	904.78	1,006.91
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	6,51,908.40	5,75,990.02
(b) Outside India.	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	1,006.91	558.54
(ii) Add : Provisions made during the year	583.88	731.90
(iii) Less : Write-off / write-back of excess provisions during the year	686.01	283.53
(iv) Closing balance	**904.78**	**1,006.91**

Note 49.3 Derivatives:

Forward Rate Agreement / Interest Rate Swap#

Particulars		As at 31st March, 2022	As at 31st March, 2021
(i)	The notional principal of Forward exchange contract / swap agreements	-	-
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	-	-

 # Cross currency swaps have been included under Currency Derivatives

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 49 NOTE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS REQUIRED IN TERMS OF PARA 70 (2) OF NON-BANKING FINANCIAL COMPANY -SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

Exchange Traded Interest Rate (IR) Derivatives

Particulars		
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2021 (instrument-wise)	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

(i) The Company has Board approved risk management policy in dealing with foreign currency derivative transactions including Full Currency Swap (FCS), Coupon Only Swap (COS), Principal Only Swap (POS), Options and Forwards. The policy provides for use of derivative instruments in managing risks. The Company undertakes such derivative transactions for hedging the underlying liability. In case of revaluation of derivative transactions, the same is recognised in the books of accounts as per the accounting policies of the Company. Policy provides for monitoring of derivative transactions and reporting to Board on quarterly basis.

Quantitative Disclosures

Particulars		Currency Derivatives*	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	55,000.00	-
	For hedging $	55,000.00	
(ii)	Marked to Market Positions [1]		
	a) Asset (+)	-	-
	b) Liability (-)	382.13	-
(iii)	Credit Exposure [2]	2,482.13	-
(iv)	Unhedged Exposures	-	-

** Cross currency swaps have been included under Currency Derivatives*
$ For accounting refer note no 13

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 49 NOTE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS REQUIRED IN TERMS OF PARA 70 (2) OF NON-BANKING FINANCIAL COMPANY -SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

Note 49.4 Securitisation

Sr No	Particulars	As at 31st March, 2022	As at 31st March, 2021
1	No of SPVs sponsored by the applicable NBFC for securitization transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored	-	-
3	Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Note 49.5 Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

	Particulars	As at 31st March, 2022	As at 31st March, 2021
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

Note 49.6 Assignment transactions

	Particulars	As at 31st March, 2022	As at 31st March, 2021
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 49 NOTE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS REQUIRED IN TERMS OF PARA 70 (2) OF NON-BANKING FINANCIAL COMPANY -SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

Note 49.7 Non-Performing Financial Assets Purchased

Particulars		As at 31st March, 2022	As at 31st March, 2021
1	(a) No. of accounts purchased during the year	5,483	-
	(b) Aggregate outstanding *	51762	-
2	(a) Of these, number of accounts restructured during the year	-	-
	(b) Aggregate outstanding	-	-

Non-Performing Financial Assets Sold

Particulars		As at 31st March, 2022	As at 31st March, 2021
1	No. of accounts sold	-	-
	Aggregate outstanding	-	-
	Aggregate consideration received	-	-

* - Outstanding as on the date of purchase

Note 49.8 Exposure to Real Estate Sector

Particulars		As at 31st March, 2022	As at 31st March, 2021
	Direct Exposure	-	-
(i)	Residential Mortgages -	-	-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii)	Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based limits.	272,525.85 (*)	279,461.28 (*)
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	-	-
	a. Residential		
	b. Commercial Real Estate		
Total Exposure to Real Estate Sector			

** Includes the Company's exposure to Real Estate sector of ₹ 1,000.65 (previous year ₹ 23,747.31 lacs) which is unsecured.*

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 49 NOTE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS REQUIRED IN TERMS OF PARA 70 (2) OF NON-BANKING FINANCIAL COMPANY -SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

NOTE 49.9 Exposure to Capital Market

	Particulars	As at 31st March, 2022	As at 31st March, 2021
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	322,333.94	268,770.47
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals## for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	144,341.48	172,462.51
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	5,185.78	40,868.95
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;		-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		-
(vii)	bridge loans to companies against expected equity flows / issues;		-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)		-
Total Exposure to Capital Market		**471,861.20**	**482,101.92**

includes loans to corporates

NOTE 49.10 Details of financing of parent company products: Nil

NOTE 49.11 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC : Nil

NOTE 49.12 Unsecured Advances

a. Refer Note no. 7(B)(ii) to the financial statements

b. The Company has not granted any advances against intangible securities (31st March, 2021: Nil)."

NOTE 49.13 Registration obtained from other financial sector regulators

IRDA registration: License No: CA 0271 (Licence with Kotak Mahindra General Insurance Limited)
License No: CA 0271 (Licence with Kotak Mahindra Life Insurance Company Limited)

NOTE 49.14 Penalties imposed by RBI and other regulators: Nil

NOTE 49.15 Ratings assigned by credit rating agencies and migration of ratings during the year

Instrument Rating:

CRISIL:

Long term debt instruments and Long term bank facilities: continues to be CRISIL AAA/Stable
Sub-ordinated debt: continues to be CRISIL AAA/Stable
Market linked debentures: continues to be CRISIL PP-MLD AAAr/Stable
Short term debt instruments and Short term bank facilities: continues to be CRISIL A1+"

ICRA:

Long term debt instruments and Long term bank facilities: continues to be [ICRA]AAA(Stable)
Sub-ordinated debt: continues to be [ICRA]AAA(Stable)
Nifty linked debentures: continues to be PP-MLD[ICRA]AAA(Stable)
Short term debt instruments: continues to be [ICRA]A1+"

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 49 NOTE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS REQUIRED IN TERMS OF PARA 70 (2) OF NON-BANKING FINANCIAL COMPANY -SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

NOTE 49.16 Remuneration of Directors and Transactions with non executive directors:

Refer Note no. 39 to the financial statements

NOTE 49.17 Impact of prior period items on current year's profit and loss: Nil

NOTE 49.18 Circumstances in which Revenue Recognition has been postponed: Nil

NOTE 49.19 Ind AS 110 - Consolidated Financial Statements (CFS) - Not Applicable

NOTE 49.20 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenses in Statement of Profit and Loss	For the year ended 31st March, 2022	For the yearended 31st March, 2021
Provisions for depreciation on Investment #	(246.49)	473.47
Provision towards NPA ##	(18,317.22)	21,531.35
Provision for Standard Assets ###	(3,197.24)	2,433.11
Bad Debts written off (Net of Recoveries)	10,891.09	6,784.39
Others	13.87	8.68
Total Provisions and Contingencies	**(10,855.99)**	**31,231.00**
Provision made towards Income tax	32,434.61	18,063.37

 # Provision for depreciation on Investments (Includes ECL provision on Investments)
Provision for Stage 3 assets
Provision for standard assets is included in provision towards impairment of financial instruments other than provision for stage 3

NOTE 49.21 Draw Down from Reserves: Nil

NOTE 49.22 Concentration of Advances

Particulars	For the year ended 31st March, 2022	For the yearended 31st March, 2021
Total Advances to twenty largest borrowers	4,25,603.27	4,57,583.65
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	**17.97%**	**21.06%**

NOTE 49.23 Concentration of Exposures

Particulars	For the year ended 31st March, 2022	For the yearended 31st March, 2021
Total Exposure to twenty largest borrowers / customers	10,35,515.09	9,30,572.28
Percentage of Exposures to twenty largest borrowers / customers to Total Exposures of the applicable NBFC on borrowers / customers	**20.77%**	**19.56%**

** including Investments*
*** Exposures refers to higher of sanctioned limits or outstanding. Sanctioned limits are unconditionally cancellable at any time by the company without prior notice.*

NOTE 49.24 Concentration of NPAs

Particulars	For the year ended 31st March, 2022	For the yearended 31st March, 2021
Total Exposure to top four NPA accounts **	**4,411.59**	**4,986.58**

*** 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

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 49 NOTE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS REQUIRED IN TERMS OF PARA 70 (2) OF NON-BANKING FINANCIAL COMPANY -SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

NOTE 49.25 Sector-wise NPAs

Sr No	Sector	Percentage of NPAs to Total Advances in that Sector
1	Agriculture & allied activities	-
2	MSME	-
3	Corporate borrowers	0.05%
4	Services	-
5	Unsecured personal loans	11.52%
6	Auto loans	3.57%
7	Other personal loans	-

NOTE 49.26 Movement of NPAs $

Particulars		As at 31st March, 2022	As at 31st March, 2021
(i)	Net NPAs to Net Advances (%)	1.56%	2.09%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	93,517.61	46,633.37
	(b) Additions during the year	52,222.61	66,684.60
	(c) Reductions during the year	(72,789.38)	(19,800.35)
	(d) Closing balance	72,950.84	93,517.61
(iii)	Movement of Net NPAs		
	(a) Opening balance	43,835.15	20,698.37
	(b) Additions during the year	36,959.78	32,291.40
	(c) Reductions during the year	(44,860.50)	(9,154.62)
	(d) Closing balance	35,934.43	43,835.15
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	49,682.47	25,935.00
	(b) Provisions made during the year	15,262.83	34,393.20
	(c) Write-off / write-back of excess provisions	(27,928.89)	(10,645.73)
	(d) Closing balance	37,016.41	49,682.47

$ 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.

NOTE 49.27 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets
NA			

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 49 NOTE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS REQUIRED IN TERMS OF PARA 70 (2) OF NON-BANKING FINANCIAL COMPANY -SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 (CONTD.)

NOTE 49.28 Off-balance Sheet SPVs sponsored

Name of the SPV sponsored	Domestic	Overseas
NA		

Note 49.29 Customer Complaints

	Particulars	31st March, 2022	31st March, 2021
(a)	No. of complaints pending at the beginning of the year	39	50
(b)	No. of complaints received during the year	4,816	3,184
(c)	No. of complaints redressed during the year	4,789	3,195
(d)	No. of complaints pending at the end of the year	66	39

Note 49.30 Disclosure Required by Reserve Bank of India on Liquidity Risk Under Liquidity Risk Management Framework

49.30.01 Liquidity Coverage Ratio (LCR)

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								
1.0	Total High Quality Liquid Assets (HQLA)	173,279	173,279	147,654	147,654	192,256	192,256	195,234	195,234
	Cash Outflow:	-	-	-	-	-	-	-	-
2.0	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
2.0	Unsecured wholesale funding	35,726	41,084	98,988	113,836	116,335	133,786	73,950	85,042
4.0	Secured wholesale funding	91,742	105,503	21,547	24,779	41,381	47,589	13,302	15,298
5.0	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	-	-	-	-	-	-	-	-
6.0	Other contractual funding obligations	12,569	14,454	13,481	15,503	16,305	18,750	18,735	21,546
7.0	Other contingent funding obligations	164,971	189,717	167,906	193,092	207,961	239,155	206,374	237,330
8.0	**Total Cash Outflow**	**305,008**	**350,758**	**301,922**	**347,210**	**381,982**	**439,280**	**312,361**	**359,216**
	Cash Inflows:								
9.0	Secured lending	86,744	65,058	72,997	54,748	87,439	65,580	94,743	71,057
10.0	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11.0	Other cash inflows:	22,750	17,062	63,596	47,697	91,230	68,423	26,173	19,630
12.0	**Total Cash Inflow**	**109,494**	**82,120**	**136,593**	**102,445**	**178,669**	**134,003**	**120,916**	**90,687**
	Components of HQLA								
	Cash and Bank Balance	-	4,850	-	6,755	-	9,050	-	6,640
	Securities (Tbills/ Gsecs SDLs at MTM	-	168,429	-	140,899	-	183,206	-	188,594
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13.0	Total HQLA		173,279	-	147,654	-	192,256	-	195,234
14.0	Total Net Cash Outflows		268,638	-	244,764	-	305,278	-	268,529
15.0	**Liquidity Coverage Ratio % ***		64.50%		60.33%		62.98%		72.71%

** In accordance with the liquidity risk management framework, the Company has maintained more than 50% of liquidity coverage ratio with effect from 1st December, 2020.*

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

49.30.02. Qualitative disclosure around LCR

Reserve Bank of India (RBI) has introduced the Liquidity Coverage Ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹ 5,000 crore and above w.e.f. 1st December, 2020. LCR seeks to ensure that the Company has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) lasting for 30 calendar days to meet its liquidity needs under a significantly severe liquidity stress scenario.

The Board is responsible for the overall management of liquidity risk. The Board has constituted Asset Liability Management Committee (ALCO) and Risk Management Committee (RMC) for on-going overall risk management including liquidity risk management. Treasury is vested with the responsibility of managing liquidity risk within the risk tolerance of the Company.

The Board has approved and adopted Liquidity Risk Management Framework whereby it has prescribed tolerance limits for granular maturity buckets for structural liquidity gaps and for stock ratios and has also prescribed Liquidity Stress testing scenarios to assess the Company's vulnerability to stressed business / market conditions. The Board has advised metrics for various liquidity risk monitoring parameters including concentration of funding, early warning market related indicators, etc for due noting by ALCO.

The Board has approved the policy on LCR as per the extant RBI guideline for strict adherence by the Company. LCR is aimed at measuring and promoting short-term resilience of the Company to potential liquidity disruptions by ensuring maintenance of sufficient HQLAs to survive an acute stress scenario lasting for 30 calendar days.

The LCR requirement has been introduced in a phased manner with the Company required to maintain minimum LCR of 50% from 1st December, 2020 eventually increasing to 100% by 1st December, 2024. The requirement as on 31st March, 2022 is 60% for the Company.

With effect from 1st December, 2020, on a daily basis, as per the extant RBI guideline, the Company maintains a liquidity buffer, by ensuring it has sufficient HQLA that can be converted into cash easily and immediately to meet its liquidity needs under a 30 calendar days liquidity stress scenario.

The LCR ratio comprises of HQLAs as numerator and net cash outflows in 30 calendar days as denominator. In order to determine HQLA, the Company considers cash and bank balances, investment in government securities (incl. T-bills and state development loans) without any haircut. In order to determine net cash outflows in subsequent 30 calendar days, the Company considers total expected cash outflows minus total expected cash inflows. As prescribed by the extant RBI guideline, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115%. Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75%. Net cash outflows over next 30 calendar days is computed as stressed outflows less minimum of (stressed inflows or 75% of stressed outflows).

For calculation of HQLA, the Company considers cash and bank balances, investment in government securities (incl. T-bills and state development loans) without any haircut. Such securities are valued at their market value. Cash outflows under unsecured and secured wholesale funding includes contractual debt repayment obligations in the next 30 calendar days. Outflows under other contractual funding obligations includes interest payable and sundry payable in the next 30 calendar days. Outflows under other contingent funding obligations includes unutilised uncommitted revocable facilities to borrowers. Cash inflows includes contractual inflows from performing exposures in next 30 calendar days. Other Cash inflows includes investments in mutual funds, treps, deposits, CPs etc which are maturing within 30 calendar days. Currently, the Company does not have an unhedged foreign currency exposure and resultant there is no currency mismatch in LCR.

49.31 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

Particulars	1 Day to 7 Days	8 Day to 14 Days	15 Days Up to 30/31 Days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 Year	Over 1 Year & upto 3 Years	Over 3 Years & upto 5 Years	Over 5 Years	Total
Deposits	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Advances	177,420.64	21,548.68	48,777.15	98,249.14	85,246.97	218,634.95	404,523.60	906,579.94	293,896.07	54,386.87	2,309,264.01
Investments	290,370.52	-	95.88	95.88	95.88	287.63	5,833.06	309,638.14	30,928.23	14,563.18	651,908.40
Borrowings	40,467.90	22,745.01	39,172.11	121,266.88	150,440.94	235,312.59	452,837.55	885,713.57	-	10,121.75	1,958,078.30
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	42,359.53	12,436.42	-	-	54,795.95

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 50 PUBLIC DISCLOSURE ON LIQUIDITY RISK

50.1 Funding Concentration based on significant counterparty (both deposits and borrowings)

Number of Significant Counterparties	Amount (₹ Lakhs)	% of Total deposits	% of Total Liabilities
20	1,724,560	NA	82.60%

50.2 Top 20 large deposits (amount in ₹ lakhs and % of total deposits) N.A.

50.3 Top 10 borrowings (amount in ₹ lakhs and % of total borrowings)

Amount (₹ Lakhs)	% of Total Borrowings
409,854	20.93%

50.4 Funding Concentration based on significant instrument/product

Number of Instrument/Products	Amount (₹ Lakhs)	% of Total Liabilities
Non Convertible Debenture	12,09,416.48	57.92%
Commercial Paper	5,69,966.95	27.30%
Bank loans	1,47,000.49	7.04%
Sub-ordinated Debt	19,557.84	0.94%
Inter corporate deposits	12,136.54	0.58%

50.5 Stock Ratios:

(a)	Commercial papers as a	
	% of total public funds	29.11%
	% of total liabilities:	27.30%
	% of total assets:	18.92%
(b)	Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets: Nil	
(c)	Other short-term liabilities	
	% of total public funds	39.32%
	% of total liabilities:	36.88%
	% of total assets:	25.56%

50.6 Institutional set-up for liquidity risk management

The Board of Directors (the board) of the Company has delegated the responsibility for ongoing balance sheet Liquidity Risk management to the Asset Liability Committee (ALCO).

In order to manage/mitigate liquidity risk, the Company has defined its liquidity risk management strategy and prudential internal limit for Liquidity Gap tolerance for its various time buckets in addition to regulatory limits on liquidity gaps, which is approved by the Board.

Treasury is responsible for managing liquidity under the prescribed liquidity risk management framework and the same is monitored by ALCO / 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.

The Company has adopted liquidity risk management framework as required under RBI regulation.

Notes

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

(All amounts in INR lakhs, unless otherwise stated)

NOTE 51 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DOR (NBFC).CC.PD.NO.109 /22.10.106/2019-20 DATED 13 MARCH 2020 PERTAINING TO ASSET CLASSIFICATION AS PER RBI NORMS

As at 31st March, 2021

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	2,318,424.47	17,465.97	2,300,958.50	9,850.62	7,615.35
	Stage 2	68,376.16	7,185.90	61,190.26	512.19	6,673.71
	Stage 3	2,776.15	1,352.19	1,423.96	13.37	1,338.82
Subtotal		**2,389,576.78**	**26,004.06**	**2,363,572.72**	**10,376.18**	**15,627.88**
Non-Performing Assets (NPA)						
Substandard	Stage 1	92.70	4.35	88.35	15.54	(11.19)
	Stage 2	15,214.93	3,293.63	11,921.30	2,353.79	939.84
	Stage 3	21,328.53	8,320.09	13,008.44	4,215.42	4,104.67
Substandard (A)		**36,636.16**	**11,618.07**	**25,018.09**	**6,584.75**	**5,033.32**
Doubtful						
Doubtful - up to 1 year	Stage 2	299.32	46.18	253.14	58.92	(12.74)
	Stage 3	7,402.67	2,626.64	4,776.03	1,523.28	1,103.36
Doubtful - 1 to 3 years	Stage 3	3,110.27	1,720.31	1,389.96	1,460.23	260.08
Doubtful - more than 3 years	Stage 3	278.46	220.12	58.34	228.34	(8.22)
Doubtful (B)		**11,090.72**	**4,613.25**	**6,477.47**	**3,270.77**	**1,342.48**
Loss	Stage 3	38,054.75	22,777.06	15,277.69	32,164.15	(9,387.09)
Loss (C)		**38,054.75**	**22,777.06**	**15,277.69**	**32,164.15**	**(9,387.09)**
Subtotal of NPA (A+B+C)		**85,781.63**	**39,008.38**	**46,773.25**	**42,019.67**	**(3,011.29)**
Other items such as guarantees, loan commitments, 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	1,21,609.50	99.30	1,21,510.19	-	99.30
	Stage 2	-	14.43	(14.43)	-	14.43
	Stage 3	-	-	-	-	-
Total	Stage 1	24,40,126.67	17,569.62	24,22,557.04	9,866.16	7,703.46
	Stage 2	83,890.41	10,540.14	73,350.27	2,924.90	7,615.24
	Stage 3	72,950.83	37,016.41	35,934.42	39,604.79	(2,588.38)
		25,96,967.91	**65,126.17**	**25,31,841.73**	**52,395.85**	**12,730.32**

@ Represents provision amounts as per Company's NPA provisioning policy which is in compliance with the IRACP norms and also includes general provision of ₹ 642.58 lakhs (Mar -21 ₹ 9,035.44 lakhs) created against standard assets in accordance with RBI's Covid-19 relief package

**Investment measured at FVOCI has not been considered above in gross carrying amount and loss allowance. The fair value of the investment is INR 226,408.98 lakhs (Mar -21 INR 213,675.70 lakhs) and loss allowance is INR 155.49 lakhs (Mar -21 INR 251.17 lakhs). Further, it does not include changes in impairment on POCI assets.*

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 52 DISCLOSURE PURSUANT TO SEBI CIRCULAR SEBI/HO/DDHS/CIR/P/2018/144 DATED 26TH NOVEMBER, 2018 FOR THE YEAR ENDED 31ST MARCH, 2022

Annexure A

Sr. No.	Particulars	Details
1	Name of the Company	Kotak Mahindra Prime Limited
2	CIN	U67200MH1996PLC097730
3	Outstanding borrowing of Company as on 31st March 2022 (₹ in cr)	19,580.78
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	CRISIL: Long term debt instruments and Long term bank facilities: continues to be CRISIL AAA/Stable Sub-ordinated debt: continues to be CRISIL AAA/Stable Market linked debentures: continues to be CRISIL PP-MLD AAAr/Stable Short term debt instruments and Short term bank facilities: continues to be CRISIL A1+ ICRA: Long term debt instruments and Long term bank facilities: continues to be [ICRA]AAA(Stable) Sub-ordinated debt: continues to be [ICRA]AAA(Stable) Nifty linked debentures: continues to be PP-MLD[ICRA]AAA(Stable) Short term debt instruments: continues to be [ICRA]A1+
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE

We confirm that we are a Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November, 2018.

Annexure B1

Sr. No.	Particulars	Details
1	Name of the Company	Kotak Mahindra Prime Limited
2	CIN	U67200MH1996PLC097730
3	Report filed for FY	2021-22
4	Details of the borrowings (all figures in ₹ crore):	
	i. Incremental borrowing done in FY (a)	6260
	ii. Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	1,565
	iii. Actual borrowings done through debt securities in FY (c)	6,010
	iv. Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c) {If the calculated value is zero or negative, write "nil"}	Nil
	v. Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

Note: Incremental borrowing done in FY and actual borrowings done through debt securities in FY, do not include inter corporate borrowings between a parent and its subsidiary

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 53.1 THE DISCLOSURE REQUIREMENTS AS REQUIRED BY RBI CIRCULAR DATED 6TH AUGUST, 2020 (RESOLUTION FRAMEWORK 1.0) AND 5TH MAY 2021 (RESOLUTION FRAMEWORK 2.0) AS AT 31ST MARCH, 2022.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half - year^	Of (A), aggregate debt that slipped into NPA during the half-year* *	Of (A) amount written off during the half - year#	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of this half – year ^^
	(A)	(B)	(C)	(D)	(E)
Personal Loans	1,315.93	69.53	20.01	348.70	882.31
Corporate persons*	55.54	-	-	0.99	54.55
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**1,371.47**	**69.53**	**20.01**	**349.69**	**936.86**

**as defined in section 3(7) of the insolvency and bankruptcy code, 2016*
*** Slipped into NPA during the half year as per IRACP norms.*
^ Includes cases where requests received till 30th September, 2021 and implemented subsequently
 # represents debt that slipped into NPA and was subsequently written off during the half-year
^^ Exposure as on 31st March, 2022 includes interest capitalisation.

There were no borrower accounts, where resolution plans had been implemented and now modified under Resolution Framework 2.0 announced by RBI on 5th May, 2021.

Note 53.2 Information as required by Reserve Bank of India Circular on "Transfer of Loan Exposures Directions, 2021" dated 24th September, 2021.

During the year ended 31st March, 2022, the Company has acquired entire beneficial economic interest of retail loans not in default through assignment from one of the NBFCs amounting to ₹ 1,004.62 crores. The weighted average residual tenor of such acquired loans on the date of acquisition is 36 months. The same is covered by adequate tangible security in nature of vehicles. Rating requirement for the pool was not applicable as per the RBI circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24th September, 2021. The Company has also acquired stressed loan comprising of SMA and NPA from same NBFC, details of the same are as follows:

Particulars	Amount
Aggregate principal outstanding of loans acquired	45,672.00
Aggregate consideration paid	6,123.00
Weighted average residual tenor of loans acquired	35 months

Further the Company has also acquired entire beneficial economic interest of retail loans not in default through assignment from another NBFC amounting to ₹ 397.18 crores. The weighted average residual tenor of such acquired loans on the date of acquisition is 28 months. The same is covered by adequate tangible security in nature of vehicles. Rating requirement for the pool was not applicable. The Company has also acquired stressed loan comprising of SMA and NPA from same NBFC, details of the same are as follows:

Particulars	Amount
Aggregate principal outstanding of loans acquired	6,090.00
Aggregate consideration paid	2,558.00
Weighted average residual tenor of loans acquired	29 months

Notes

to the Financial Statements for the year ended 31st March, 2022
(All amounts in INR lakhs, unless otherwise stated)

NOTE 54 DISCLOSURES UNDER LISTING AGREEMENT FOR DEBT SECURITIES

Note	Particulars
a	**Disclosure under Regulation 53(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Debenture Trustees:

IDBI Trusteeship Services Ltd.

Asian Building, Ground Floor,

17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001

Tel. : 022-40807000

Fax : 022-66311776

Email : itsl@idbitrustee.com

b **Disclosure under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

(₹ in lakh)

Related Party transactions	31st March, 2022	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	21,847.63	19,220.84
Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-

c **Disclosure under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Asset cover

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's immovable property of ₹ 18.07 lakhs and further secured by way of hypothecation/mortgage of charged assets such as receivables arising out of loan, lease and hire purchase, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares) with an asset cover ratio of minimum 1.00 time value of the debentures during the tenure of the debentures.

For and on behalf of the Board of Directors

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration No.: 107122W/W100672

Sanjay Khemani
Partner
Memebership No: 044577

For Mukund M. Chitale & Co
Chartered Accountants
Firm Registration No.: 106655W

Saurabh Chitale
Partner
Memebership No: 111383

Vyomesh Kapasi
Managing Director
DIN: 07665329

Devarajan Kannan
Director
DIN: 00498935

Bharat Thakkar
Chief Financial Officer

Kiran Tangudu
Company Secretary

Date and Place: May 23, 2022, Mumbai

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Kotak Mahindra Prime Limited
27BKC, C 27, G Block, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
Company Website: www.primeloans.kotak.com
Kotak Mahindra Bank Website: www.kotak.com

CIN: U67200MH1996PLC097730