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Kotak Investment Advisors Limited

Annual Report 2020-21

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Directors' Report

To the Members

KOTAK INVESTMENT ADVISORS LIMITED

The Directors present their Twenty-Seventh Annual Report together with the audited accounts of your Company for the financial year ended 31st March, 2021.

FINANCIAL SUMMARY/ HIGHLIGHTS

The standalone financial statements of the company have been prepared in accordance with the Indian Accounting Standards (herein after referred as 'IND AS') notified under Section 133 of the Companies act, 2013 ('the Act') [Companies (Indian Accounting Standards) rules, 2015 as amended by the companies (indian accounting standards) rules, 2016] and other relevant provisions of the act.

The highlights of the Financial Results of the Company as prepared under IND AS for the financial year ended 31st March, 2021 and 31st March, 2020 respectively are as under:

Particulars	(₹ In Lacs)	
	Standalone Year ended 31 st March, 2021	Standalone Year ended 31 st March, 2020
Gross Income	18,195.03	9,547.61
Profit/(Loss) before tax	8,443.35	(1,262.82)
Tax (Expense) / Credit	(2,067.83)	407.67
Profit/(Loss) after tax	6,375.52	(855.15)
Total Comprehensive Income	6,377.75	(905.53)
Balance of Profit from previous years	31,853.70	33,099.23
Transfer to Debenture Redemption Reserve	(1,180.00)	(340.00)
Amount available for appropriation	37,051.45	31,853.70

OPERATIONS

The brief on state of business of the Company during the year under the review is included in the Management Discussion and Analysis section of the report.

Impact of Covid-19 pandemic

COVID-19 has been declared as a pandemic. It has restricted and disrupted regular function of work. Your company has put a framework for work from home for its employees. Regular client meeting as well as execution of assignments are been carried out through video conferencing and electronically. Your Company is fully functionally through the aforementioned means.

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the previous year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The first half of the year was worst affected due to pandemic. However, there was an economic recovery in later half as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Company continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients.

The Company is in the business of providing Investment Management and Advisory services to onshore and offshore funds and also making its own investments. The Company has made detailed assessment of its liquidity position for the next one year which factors uncertainties due to the current situation resulting in possible reduction in future fee income, marginal delays in receipt of interest income from the investee companies of the funds.

The future direct and indirect impact of COVID-19 on the Company business, results of operations, financial position and cash flows remains uncertain.

STATE OF AFFAIRS OF THE COMPANY

The brief on operating and financial performance of your Company has been covered in the Management Discussion and Analysis Report which forms part of this report.

BORROWINGS

During the year under review, Company has issued and allotted 118, Unsecured Unlisted Rated Redeemable Non-Convertible Debentures, bearing a face value of ₹ 10,000,000/- (Rupees One Crore Only) each, aggregating to up to ₹ 1,180,000,000/- (Rupees One Hundred Eighteen Crore Only) to Kotak Mahindra Prime Limited.

DIVIDEND

The Directors do not recommend any dividend for the financial year ended on 31st March, 2021.

RISK MANAGEMENT & INTERNAL FINANCIAL CONTROL

The Company has a two tier structure of Risk Management Committees and has adopted comprehensive risk management policy and procedures for its business of investment management of domestic funds operating in the alternate assets domain. Under these policies and procedures, the risk analysis is done at the time of doing any transactions as well as on periodic intervals.

The Company has a two level structure of Risk Management Committee. The Tier I Risk Management Committee - Operations consisting Seven members namely, Mr. S. Srinivasan (Managing Director), Mr. Alroy Lobo (CEO -Listed Strategies), Mr. Vikas Chimakurthy (CEO – Realty Funds), Mr. K V Ramakrishna, Mr. Eshwar Karra (CEO – Special Situations Funds), Mr. Rajeev Saptarshi (COO) and Mr. Abhay Nagrecha (Compliance Head).

The Tier II level is Risk Management Committee - Board consisting seven members namely, Mr. S. Srinivasan (Managing Director), Mr. Dipak Gupta (Director), Mr. Jaimin Bhatt (Director), Mr. Alroy Lobo (CEO - Listed Strategies), Mr. Vikas Chimakurthy (CEO – Realty Funds) Mr. Ramakrishna K. V. and Mr. Eshwar Karra (CEO – Special Situations Funds)

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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

1. RETIREMENT BY ROTATION

Mr. Jaimin Bhatt (DIN: 00003657) and Ms. Shanti Ekambaram (DIN: 00004889) retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

2. KEY MANAGERIAL PERSONNEL (KMP)

In terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Srinivasan Subramanian, Managing Director and Mr. Umang Patel, Company Secretary.

3. MEETINGS OF THE BOARD

During the financial year 2020-21, 11 (Eleven) meetings of Board of Directors were held.

COMMITTEES OF THE BOARD

- **Audit Committee**

The Audit Committee consists of Mr. Srinivasan Subramanian, Mr. Dipak Gupta, Mr. Jaimin Bhatt and Ms. Shanti Ekambaram.

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

- **Committee of directors**

The Committee of Directors (COD) consists of Mr. Srinivasan Subramanian and Mr. Jaimin Bhatt.

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

- **Nomination Committee**

The Nomination Committee consists of Mr. Srinivasan Subramanian, Mr. Dipak Gupta, Mr. Jaimin Bhatt and Ms. Shanti Ekambaram.

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

- **Corporate Social Responsibility Committee**

Corporate Social Responsibility Committee consists of Mr. Srinivasan Subramanian, Mr. Dipak Gupta, Mr. Jaimin Bhatt and Ms. Shanti Ekambaram.

During the year under review, no CSR committee meetings were held.

- **Investment Committee**

The Investment Committee of the Company (IC) consists of Mr. Srinivasan Subramanian, Mr. Dipak Gupta, Mr. Gaurang Shah and Mr. Jaimin Bhatt.

During the year under review, one meetings of the Investment Committee was held.

MANAGEMENT DISCUSSION AND ANALYSIS

Alternate Assets Business

The Company is a leading alternate assets manager in the business of managing and advising funds across the following asset classes namely (a) Private Equity (b) Real Estate (c) Infrastructure (d) Listed Strategies (e) Special Situations and Credit, and (f) Investment Advisory. The Company develops and invests in unique and interesting investment opportunities relevant to the Indian markets and financing requirements of businesses.

During the year, Company has received new capital commitments of around ₹ 3,836 crore. The aggregate alternate assets managed / advised (including undrawn commitments, wherever applicable) by Company as on 31st March, 2021 were ₹ 17,906 crore. It managed 17 domestic funds, advised 1 domestic fund and 6 offshore funds during the year.

Of the new capital commitments received during the year, the Kotak Performing RE Credit Strategy Fund completed its first & final close with commitments of ₹ 2,760 crore from a large marque sovereign wealth fund and a global insurance company. This Fund will target both early stage and late stage real estate projects in residential, commercial, retail, warehousing and hospitality sectors. The Company also raised commitments from three open ended funds - two under the Optimus brand to garner ₹ 712 crore and the third of ₹ 364 crores for India Whizdom Fund II. The Company also continues to actively deploy capital in the Indian special situations, credit and distressed space through Kotak Special Situations Fund (KSSF) and in the Indian real estate space through its existing real estate funds / mandates. Despite Covid restrictions, it deployed significant capital across six portfolio investments from KSSF. These investments were made across real estate, chemicals, technology, cement and pharmaceuticals space. KSSF also acquired Prius Commercial Projects Private Limited (Prius), its maiden investment under the Insolvency and Bankruptcy Code (IBC).

The Company also has Investment Advisory business for Private Clients with ₹16,938 crore assets under Advice as on 31st March, 2021. During the year, the Company launched 'Cherry by Kotak' a platform that provides expert, goal-based investment advice. 'Cherry by Kotak' advises investor on Direct Mutual Funds & Stock Baskets and assists in seamless execution across Direct Mutual Funds (zero commission), Stocks, ETFs (Exchange Traded Funds: Gold, Index Funds, etc.), Bonds (Gold, other listed bonds), NPS (National Pension System), Fixed/Recurring Deposits, and Savings Account.

The Company also provides non-binding advisory services to offshore funds managed by Kotak Group's international subsidiaries.

During the year under review, at the standalone level, Fee income from the business of investment management/advisory was ₹ 95.91 Crore for the financial year ended 31st March, 2021 as compared to ₹ 78.70 Crore for the previous financial year. The earnings per share of the Company were ₹ 117.21 per share for the financial year ended 31st March, 2021 as compared to ₹ (15.72) per share during the previous financial year.

Kotak Bespoke Advisory

A customized advisory proposition with a focus on dedicated advice based on client specific investment objectives, investment styles and tailored solutions.

The portfolio advisory team works on a comprehensive investment process where asset allocation is a key cornerstone. Based on a risk profiling questionnaire as well as interviews, each client's risk appetite and tolerance is understood and a customized strategic allocation is designed across various asset classes.

Recommendations are based on combining the science and art of investment analysis, with a dedicated product and research team consisting of domain specialists across products including Equities, Mutual Funds, Bonds, Structures, PMS, Derivatives etc.

Advisors use clear, frequent and transparent communications like daily market updates, monthly investment strategy reports, monthly portfolio reports, quarterly portfolio reviews, regular updates from fund managers and industry experts, annual investment outlooks etc. to keep the clients up to date on the developments in client portfolios and financial markets. Active communication and ready access to portfolio advisors provides our clients with comfort and helps them make better informed decisions on their portfolio.

The bespoke advisory business currently advises on assets over 33,000 Crs. spread across 240+ families.

AWARDS AND RECOGNITIONS

Your directors are pleased to inform you that the Company has been awarded with Best for Capital Markets and Advisory, Best for Family Office Services by Euromoney Private Banking and Wealth Survey 2021 and Best for Investment Research by Asiamoney Private Banking Award 2020.

CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of section 135 of the Companies Act, 2013 and rules made thereunder, the Company was not required to spend any amount on CSR activities during the financial year 2020-21.

Your Company recognises that Corporate Social Responsibility (CSR) initiatives bring about a positive change in the lives of the communities and hence is geared up to undertake CSR as and when the provisions are applicable to the Company.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not made any loans or given guarantee covered under Section 186 of the Companies Act, 2013.

The details of the investments are given in the note 6 of the financial statement attached to this report.

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year 2020-21 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.

All Related Party Transactions as required under Indian Accounting Standards (IND AS) 24 are reported in Notes to Accounts.

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.

Following are the foreign exchange earnings and outgo for the financial year ended on 31st March, 2021:

- (i) Foreign exchange inflow: ₹ 3,99,36,189/-
- (ii) Foreign exchange outgo: ₹ 1,14,99,255/-

AUDITOR'S REPORT

The Auditor's Report on Audited Financial Statements for the Financial Year ended 31st March, 2021 issued by M/s Price Waterhouse LLP, Chartered Accountants, Mumbai (FRN 301112E/E300264) Statutory Auditors of the Company is self-explanatory and does not contain any qualification, reservation or adverse remark or disclaimer.

During the year under review, the Statutory Auditors have not reported any incident of fraud to the Board of Directors.

AUDITORS

The Company's auditors, M/s Price Waterhouse LLP, Chartered Accountants, Mumbai (FRN 301112E/E300264), were appointed as Statutory Auditors of the Company for a period of 5 years at the 25th Annual General Meeting of the Company held on July 18, 2019 to hold office till the conclusion of 30th Annual General Meeting.

COMPLIANCES AS TO SECRETARIAL STANDARDS

The Company has complied with the provisions of Secretarial Standards i.e. Secretarial Standard-1 and Secretarial Standard-2 applicable to the Company, during the Financial Year 2020-21.

EMPLOYEES

The Company recognizes that human capital is the key to success and growth in the Company's business. As on 31st March, 2021, the Company has 122 employees.

A statement giving the particulars of employees as required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed.

REPORT ON THE PERFORMANCE OF SUBSIDIARY AND ASSOCIATE

Consolidated financial statements in terms of Section 129(3) of the Companies Act are prepared by consolidation of financial statement of its subsidiary. The investment in associate is accounted using equity method.

The performance of the subsidiary and the associate are presented in AOC 1 which forms part of the Financial Statements.

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

The Company has a policy against sexual harassment and a formal process for dealing with complaints of harassment. The said policy is in line with applicable laws. The Company through the policy ensures that all such complaints are resolved within defined timelines.

During the year there were NIL cases of complaints, and NIL are pending.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed 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 your Company as at the end of the financial year and of the profit of your Company for the financial year ended 31st March, 2021;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ANNEXURES

Annual Return under Section 134(3)(a) of the Companies Act, 2013 has been placed on our website www.alternateassets.kotak.com.

ACKNOWLEDGEMENT

We thank our members, trustees, investors of funds under management, investee companies and bankers for their continued support during the year. We place on record our appreciation for the contributions made by the employees at all levels for their commendable efforts, teamwork and professionalism.

We would like to place on record our gratitude for the valuable guidance and support received from the Securities and Exchange Board of India and other Government and Regulatory agencies and look forward to their continued support in the future.

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

Srinivasan Subramanian
Managing Director
(DIN: 00382697)

Dipak Gupta
Director
(DIN: 00004771)

Place: Mumbai
Date: 21st June, 2021

Independent Auditor's Report

To the Members of Kotak Investment Advisors Limited

Report on the audit of the Standalone financial statements

OPINION

1. We have audited the accompanying standalone financial statements of Kotak Investment Advisors Limited ("the Company"), which comprise the balance sheet as at 31st March, 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules 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.

EMPHASIS OF MATTER

4. We draw attention to Note 2(B) to the standalone financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

OTHER INFORMATION

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

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

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

We have nothing to report in this regard.

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

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company has made provision as at 31st March, 2021, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 39 to the standalone financial statements. The Company did not have any derivative contracts as at 31st March, 2021;

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2021; and
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March, 2021.
13. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse LLP**
Firm Registration Number: 301112E/E300264
Chartered Accountants

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAFP7537

Place: Mumbai
Date: 24th June, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Kotak Investment Advisors Limited on the standalone financial statements for the year ended 31st March, 2021

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

1. We have audited the internal financial controls with reference to standalone financial statements of Kotak Investment Advisors Limited ("the Company") as of 31st March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles.

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

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

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

OPINION

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31st, March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. (Also refer paragraph 4 of the main audit report).

For **Price Waterhouse LLP**

Firm Registration Number: 301112E/E300264

Chartered Accountants

Sharad Vasant

Partner

Membership Number: 101119

UDIN: 21101119AAAAFP7537

Place: Mumbai

Date: 24th June, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Kotak Investment Advisors Limited on the standalone financial statements as of and for the year ended 31st March, 2021

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The Company does not own any immovable properties as disclosed in Note 4 on fixed assets to the standalone financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it, to the extent applicable. The Company has not granted any loans, or provided any guarantees or security in connection with any loan taken by the parties covered under Section 185.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, sales tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 33 to the standalone financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax or goods and service tax which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to debenture holder as at the balance sheet date.
The Company does not have any loans or borrowings from any bank or Government as at the balance sheet date. Accordingly, to this extent, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Refer paragraph 13 of the Independent Auditors' Report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures, specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse LLP**

Firm Registration Number: 301112E/E300264

Chartered Accountants

Sharad Vasant

Partner

Membership Number: 101119

UDIN: 21101119AAAAFP7537

Place: Mumbai

Date: 24th June, 2021

Balance Sheet

as at 31st March, 2021

(₹ in Lakh)

Particulars	Note No.	As at 31 st March, 2021	As at 31 st March, 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	159.21	153.39
(b) Intangible assets	5	191.87	122.79
(c) Intangible assets under development		-	77.50
(d) Financial assets			
(i) Investments	6	53,671.19	27,356.09
(ii) Loans	7	0.43	-
(iii) Other non-current financial assets	8	0.45	0.45
(e) Tax assets (net)		1,335.85	1,556.61
(f) Deferred tax assets (net)	31	-	436.18
(g) Other non-current assets	9	312.38	235.20
Total non-current assets		55,671.38	29,938.21
Current assets			
(a) Financial assets			
(i) Investments	10	2,234.22	7,606.81
(ii) Trade receivables	11	88.57	1,138.05
(iii) Cash and Cash equivalent	12	976.43	201.99
(iv) Bank balance other than (iii) above	13	1,044.13	2,979.07
(v) Loans	14	1.22	0.66
(vi) Other current financial assets	15	371.46	220.56
(b) Other current assets	16	2,483.92	2,825.17
Total current assets		7,199.95	14,972.31
Total assets		62,871.33	44,910.52
LIABILITIES AND EQUITY			
EQUITY			
(a) Equity share capital	17	543.95	543.95
(b) Other equity	18	44,173.40	37,579.86
Total equity		44,717.35	38,123.81
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	15,299.22	3,427.28
(ii) Other non-current financial liabilities	20	10.06	-
(b) Provisions	21	287.84	187.76
(c) Deferred tax liabilities (net)	31	18.87	-
Total non-current liabilities		15,615.99	3,615.04
Current Liabilities			
(a) Financial liabilities			
(i) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises	41	8.34	84.85
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		400.57	331.95
(ii) Other current financial liabilities	22	804.62	1,894.60
(b) Other current liabilities	23	374.67	531.04
(c) Current tax liabilities (net)		570.36	62.80
(d) Provisions	24	379.43	266.43
Total current liabilities		2,537.99	3,171.67
Total equity and liabilities		62,871.33	44,910.52
See accompanying notes to the financial statements			
Significant Accounting Policies and Notes to Accounts	3		

In terms of our report attached

For **Price Waterhouse LLP**

Firms Registration Number : 301112E/E300264

Chartered Accountants

For and on Behalf of the Board of Directors

Sharad Vasant

Partner

Membership No. 101119

S Srinivasan

Managing Director

DIN: 00382697

Jaimin Bhatt

Director

DIN: 00003657

Rajeev Saptarshi

Chief Operating Officer

Pinky Dutta

Company Secretary

Place : Mumbai

Dated: 24th June 2021

Place : Mumbai

Dated: 21st June 2021

Statement of Profit and Loss

for the year ended 31st March, 2021

(₹ in Lakh)

Particulars	Note No.	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
REVENUE			
I Revenue from operations	25	18,015.80	9,271.73
II Other income	26	179.23	275.88
III Total Income (I+II)		18,195.03	9,547.61
IV EXPENSES			
Employee benefits expenses	27	5,962.33	7,032.00
Finance Costs	28	485.37	31.34
Depreciation, amortization and impairment	4,5	175.03	141.96
Impairment loss allowance on financial and contract assets	29,39	12.07	36.65
Other expenses	30	3,116.88	3,568.48
Total Expenses (IV)		9,751.68	10,810.43
V Profit / (Loss) before tax (III-IV)		8,443.35	(1,262.82)
VI Tax expense	31		
(1) Current tax		1,610.08	19.41
(2) Current tax pertaining to prior periods		2.70	8.91
(3) Deferred tax charge/(credit)		455.05	(435.99)
Total tax expense/(credit) (1+2+3)		2,067.83	(407.67)
VII Profit / (Loss) for the year (V-VI)		6,375.52	(855.15)
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability		3.15	(69.79)
Income tax relating to Items that will not be reclassified to Profit or Loss		(0.92)	19.41
		2.23	(50.38)
IX Total Comprehensive Income for the year (VII+VIII)		6,377.75	(905.53)
X Earnings per equity share	32		
Basic & Diluted (₹)		117.21	(15.72)
See accompanying notes to the financial statements			
Significant Accounting Policies and Notes to Accounts	3		

In terms of our report attached

For **Price Waterhouse LLP**
Firms Registration Number : 301112E/E300264
Chartered Accountants

Sharad Vasant
Partner
Membership No. 101119

Place : Mumbai
Dated: 24th June 2021

For and on Behalf of the Board of Directors

S Srinivasan
Managing Director
DIN: 00382697

Rajeev Saptarshi
Chief Operating Officer

Place : Mumbai
Dated: 21st June 2021

Jaimin Bhatt
Director
DIN: 00003657

Pinky Dutta
Company Secretary

Statement of Cash Flow

for the year ended 31st March, 2021

Particulars	(₹ in lakh)	
	For the Year ended 31 st March, 2021	For the Year ended 31 st March, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	8,443.35	(1,262.82)
Adjustments:		
(a) Depreciation / amortization	175.03	141.96
(b) Profit on sale of property, plant and equipment	(35.07)	(12.17)
(c) Net (gain) / loss on fair value changes- current investment (Realised + Unrealised)	(2,223.48)	1,420.16
(d) Net (gain) / loss on fair value changes- non current investment (Realised + Unrealised)	(6,147.84)	(2,738.44)
(e) Impairment Loss	11.94	36.65
(f) ESOP expense	215.81	227.64
(g) Actuarial gain/ (loss)	3.15	(69.79)
(h) Dividend income	(0.12)	(0.49)
(i) Interest income on fixed deposits	(125.03)	(319.77)
(j) Interest expense on borrowings	485.37	30.32
(k) Provision for Employee Benefits	213.10	14.90
Operating profit / (loss) before working capital changes	1,016.21	(2,531.85)
Working capital changes		
(a) Increase / (decrease) in trade payables	(7.88)	(26.10)
(b) Increase / (decrease) in other current financial liabilities	(1,089.98)	928.76
(c) Increase / (decrease) in other current liabilities	(156.36)	125.04
(d) Increase / (decrease) in other non-current financial liabilities	10.06	-
(e) Increase / (decrease) in other non current liabilities	-	(206.94)
(f) (Increase) / decrease in trade receivables	1,070.74	(1,148.48)
(g) (Increase) / decrease in long-term loan	(0.44)	0.69
(h) (Increase) / decrease in short-term loan	(0.57)	5.98
(i) (Increase) / decrease in other current assets	312.02	(1,322.77)
(j) (Increase) / decrease in other non-current assets	(77.18)	838.61
(k) (Increase) / decrease in other current financial assets	(156.16)	44.81
Cash from / (used in) operations	920.46	(3,292.25)
Income tax paid (net of refunds)	(885.35)	(919.24)
Net cash flows generated from / (used in) operating activities (A)	35.11	(4,211.49)
CASH FLOW FROM INVESTING ACTIVITIES		
(a) Purchase of property, plant and equipment	(195.26)	(271.44)
(b) Proceeds from sale of Property, Plant & Equipment	57.90	29.59
(c) Fixed deposits placed	(33,861.94)	(16,889.77)
(d) Proceeds from fixed deposits	35,792.41	22,752.40
(e) Purchase of investments	(25,325.37)	(15,276.92)
(f) Sale of investments	8,469.73	6,465.47
(g) Dividend income	0.12	0.49
(h) Interest received	130.95	344.77
(i) Income / (Loss) from venture fund / alternate investment fund (Realised)	4,284.48	3,858.94
Net cash flows (used in) /generated from investing activities (B)	(10,646.98)	1,013.53

Statement of Cash Flow

for the year ended 31st March, 2021

Particulars	(₹ in lakh)	
	For the Year ended 31 st March, 2021	For the Year ended 31 st March, 2020
CASH FLOW FROM FINANCING ACTIVITIES		
(a) Proceeds from borrowings	11,800.00	3,400.00
(b) Interest on Borrowings	(413.43)	-
Net cash flows generated from financing activities (C)	11,386.57	3,400.00
Net decrease in cash and cash equivalents (A+B+C)	774.70	202.04
Cash and cash equivalents at the beginning of the year	202.12	0.08
Cash and cash equivalents at the end of the year	976.82	202.12
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 12)		
Balances with banks in current account	71.80	147.13
Balance in fixed deposits with original maturity less than 3 months	725.26	
Others		
Remittance in transit	179.76	54.99
Cash and cash equivalents as restated at the year end	976.82	202.12
See accompanying notes to the financial statements		

Notes:

- 1) The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Cash Flow Statements.
- 2) Net debt reconciliation - Refer Note no.19(ii)
- 3) Non- cash financing activity -
ESOP from parent of ₹ 215.79 lakh for year ended 31st March, 2021 (Previous year - ₹ 227.61 lakh)

In terms of our report attached

For **Price Waterhouse LLP**
Firms Registration Number : 301112E/E300264
Chartered Accountants

For and on Behalf of the Board of Directors

Sharad Vasant
Partner
Membership No. 101119

S Srinivasan
Managing Director
DIN: 00382697

Jaimin Bhatt
Director
DIN: 00003657

Rajeev Saptarshi
Chief Operating Officer

Pinky Dutta
Company Secretary

Place : Mumbai
Dated: 24th June 2021

Place : Mumbai
Dated: 21st June 2021

Statement of Changes in Equity

for the year ended 31st March, 2021

A. Equity Share Capital

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Balance at the beginning of the reporting period	543.95	543.95
Changes in equity share capital during the year	-	-
Balance at the end of the reporting period	543.95	543.95

B. Other equity

Particulars	(₹ in lakh)					
	Securities premium	Capital redemption reserve	Debenture redemption reserve	Contribution from Parent	Retained earnings	Total
Balance as at 31st March, 2019	4,915.24	55.00	-	188.31	33,099.23	38,257.78
Profit for the year	-	-	-	-	(855.15)	(855.15)
Other comprehensive income for the year (net of tax)	-	-	-	-	(50.38)	(50.38)
Total Comprehensive Income for the year ended 31st March, 2020	-	-	-	-	(905.53)	(905.53)
Transfers	-	-	340.00	227.61	(340.00)	227.61
Balance as at 31st March, 2020	4,915.24	55.00	340.00	415.92	31,853.70	37,579.86
Profit for the year	-	-	-	-	6,375.52	6,375.52
Other comprehensive income for the year (net of tax)	-	-	-	-	2.23	2.23
Total Comprehensive Income for the year ended 31st March, 2021	-	-	-	-	6,377.75	6,377.75
Transfers	-	-	1,180.00	215.79	(1,180.00)	215.79
Balance as at 31st March, 2021	4,915.24	55.00	1,520.00	631.71	37,051.45	44,173.40
See accompanying notes to the financial statements						

In terms of our report attached

For **Price Waterhouse LLP**
Firms Registration Number : 301112E/E300264
Chartered Accountants

Sharad Vasant
Partner
Membership No. 101119

Place : Mumbai
Dated: 24th June 2021

For and on Behalf of the Board of Directors

S Srinivasan
Managing Director
DIN: 00382697

Rajeev Saptarshi
Chief Operating Officer

Place : Mumbai
Dated: 21st June 2021

Jaimin Bhatt
Director
DIN: 00003657

Pinky Dutta
Company Secretary

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

1. CORPORATE INFORMATION

Kotak Investment Advisors Limited ('KIAL or the Company') is a public company domiciled in India and incorporated on 31st March, 1994 with its registered office situated at 7th Floor, 27 BKC, Bandra Kurla Complex, Bandra (East), Mumbai 400051. The Company acts as the investment manager to domestic venture capital, private equity and alternative investment funds operating in the alternate assets domain and also provides non-binding advisory services to various companies including offshore funds managed by international subsidiaries of Kotak Mahindra Bank Limited. It also offers investment advisory services to High Networth Individual (HNI) Clients.

2. BASIS OF PREPARATION

A. Statement of compliance

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

The standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the standalone financial statements. These standalone financial statements were authorized for issue by the Company's Board of Director's on 21st June, 2021.

B. Impact of Covid-19 pandemic

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the previous year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The first half of the year was worst affected due to pandemic. However, there was an economic recovery in later half as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Company continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients.

The Company is in the business of providing Investment Management and Advisory services to onshore and offshore funds and also making its own investments. The Company has made detailed assessment of its liquidity position for the next one year which factors uncertainties due to the current situation resulting in possible reduction in future fee income, marginal delays in receipt of interest income from the investee companies of the funds.

The Company however has not experienced any significant disruptions in the past one year and has further assessed the recoverability and carrying value of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables and Investments as at balance sheet date based on external and internal information available, and has concluded that there are no material adjustments required in the financial Statements, other than those already considered. The Management has performed detailed analysis of the fair value of its unquoted and illiquid investments and impact of valuation has been considered in the standalone financial statement. The future direct and indirect impact of COVID-19 on the Company business, results of operations, financial position and cash flows remains uncertain.

C. Operating Cycle

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

D. Functional and presentation currency

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

E. Basis of measurement

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

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments).

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

- Net defined benefit (asset) / liability: plan assets are measured at fair value less present value of defined benefit obligation; and
- Share-based payments - measured at fair value.

F. Use of estimates and judgements

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

Judgement, estimates and assumptions are required in particular for:

I. Revenue

- (a) Recognition of revenue over time or at a point in time:

The Company recognises revenue from investment management services and advisory services over time because the customer simultaneously receives and consumes the benefits of the Company's performance, as it performs.

- (b) Variable performance fees

Variable performance fees is not included in the transaction price until it is highly probable that a significant reversal will not occur. These performance fees are dependent upon exceeding specified investment return thresholds and other milestones. Such fees are recorded upon completion of the measurement period or achievement of milestones.

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

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

III. Recognition and Measurement of defined benefit obligations

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

IV. Recognition of deferred tax assets

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

V. Recognition and measurement of provisions and contingencies

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

VI. Discounting of long-term financial assets/liabilities

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

VII. Fair value of share-based payments

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

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

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

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

VIII. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please refer Note 39.

IX. Business model assessment

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

X. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments and recognises the effect of potentially different interest rates at various stages and other characteristics of the financial instrument. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to benchmark rate and other fee income/expense that are integral parts of the instrument.

XI. Impairment of financial assets

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

XII. Impairment of non-financial assets

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

XIII. Determination of lease term

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

XIV. Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

G. Adoption of new and revised standards

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

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

Effective from 1st April, 2019 ('the date of transition'), the Company applied Ind AS 116 retrospectively to all leases previously classified as operating leases. The Company has used practical expedients while applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 for leases which are expiring within 12 months from the date of transition by class of assets and leases for which the underlying asset is of low value on a lease-by-lease basis.

H. Amendments to existing Ind AS:

The Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

A. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

ii. Subsequent expenditure

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

iii. Depreciation

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

Computers	3 years
Vehicles	4 years
Office Equipment	5 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.

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Notes to the Financial Statements for the year ended 31st March, 2021

B. Intangible assets

i. Recognition and measurement

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

ii. Subsequent expenditure

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

iii. Amortisation

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

Software (including development) expenditure	3 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

C. Leases

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

- i. the contract involves the use of identified asset;
- ii. the company has substantially all the economic benefits from the use of the asset through the period of lease ; and
- iii. the company has right to direct the use of the asset.

As Lessee

The Company has used practical expedients while applying Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of assets and leases for which the underlying asset is of low value on a lease-by-lease basis. The company recognises the lease payments associated with these leases as on expense in statement of profit and loss over the lease term. The related cash flow are classified as operating activities.

D. Revenue recognition

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

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

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

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

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

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

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

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

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Notes to the Financial Statements for the year ended 31st March, 2021

Fees

- a. Revenue from investment management services is recognized over the tenure of service at the rates specified in the investment management agreement from the date of initial closing of funds under management. For certain funds managed by the Company, management fees is based on the net asset value of the fund. Hence, such fees are considered as variable consideration which are included in the transaction price to the extent that no significant revenue reversal will occur (i.e. when the uncertainties related to the variability are resolved).
- b. Establishment fees is recorded as revenue over the tenure of the fund since the performance obligation is satisfied over the tenure of the services provided.
- c. Revenue from advisory services are recognized over the tenure of service as per terms of contract. Advisory fees related to successful completion of a milestone is recognised as revenue only when such milestone is achieved. Revenue from rendering of investment advisory business is recognised on a straight line basis over the period when services are rendered, which is in accordance with the terms of the mandate letters entered between the Company and the HNI client.

Contract costs

Set-up costs and referral fees which are incremental cost of obtaining a contract are recognised as an asset and amortised over the tenure of the contract.

Income from venture capital fund / alternate investment fund

Revenue on account of distribution from venture capital funds / alternate investment funds is recognised on the receipt of the distribution letter or when right to receive is established.

Interest Income

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

Dividend Income

Dividend income is recognised in the Statement of Profit and Loss when the right to receive the dividend is established.

E. Income Tax

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

Current tax

Current tax [including Minimum Alternate Tax ('MAT')] is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

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

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

Deferred tax

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

MAT credit available is recognised as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

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Notes to the Financial Statements for the year ended 31st March, 2021

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

F. Employee benefits

Defined Contribution Plan

Provident Fund

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

Superannuation Fund

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

New Pension Scheme

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

Defined Benefit Plan

Gratuity

The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The Company contributes to a Trust 'Kotak Investment Advisors Employees Gratuity Fund' which has taken group gratuity policies with Kotak Mahindra Life Insurance Company Limited, fellow subsidiary. The trust is recognized by the Income Tax Authorities and is administered through trustees and / or the insurance companies.

The liability or asset recognised in the standalone balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, as per the independent actuarial valuation report.

The defined benefit obligation is calculated annually by actuaries using the projected unit credit method as at the Balance Sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent period. They are included in retained earnings in the standalone statement of changes in equity and in the standalone balance sheet.

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

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Notes to the Financial Statements for the year ended 31st March, 2021

Compensated Absences

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

Other Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render 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 conducted by actuary of fellow subsidiary. This cost is included in employee benefit expense in the standalone statement of profit and loss.

G. Foreign Currency transactions

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

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

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

H. Borrowings

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

I. Borrowing costs

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

J. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year, 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 profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

K. Impairment of non-financial assets

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

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

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Notes to the Financial Statements for the year ended 31st March, 2021

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

L. Provisions and contingent liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

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

M. Share based payments

Employees Stock Options Plans ('ESOP') - Equity settled

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

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

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

Stock Appreciation Rights ('SARs') - Cash Settled

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

N. Bonus

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

O. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ('CODM') to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. For detailed disclosure, refer 42.

P. Financial Instruments

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

Financial assets

Initial recognition and measurement

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

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Notes to the Financial Statements for the year ended 31st March, 2021

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

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

Classification

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

Business model assessment

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

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or 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:

Financial assets at amortised cost

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 in order to collect contractual cash flows; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at 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.

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Notes to the Financial Statements for the year ended 31st March, 2021

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

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

- the financial 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 rate (EIR) method. The impairment losses, if any, are recognized through Statement of Profit and Loss. The loss allowance is recognized in OCI and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss.

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

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

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

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

Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to the Statement of Profit and Loss. Dividends are recognised in the Statement of Profit and Loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial liabilities and equity instruments:

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

The company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Liabilities which are classified at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value.

Q. 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, investment in debt instruments, security deposit, employee loans, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

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

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

- significant financial difficulty of the issuer or the borrower;

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Notes to the Financial Statements for the year ended 31st March, 2021

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

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

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

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

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

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

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

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

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

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

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

Stage 1: 12 month ECL:

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

Stage 2: Lifetime ECL (not credit impaired):

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

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.

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

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Notes to the Financial Statements for the year ended 31st March, 2021

Method used to compute lifetime ECL:

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

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

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

R. 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 the Statement of Profit and Loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

S. DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

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

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

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

Financial liabilities

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

T. MODIFICATIONS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

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

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

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 the Statement of Profit and Loss.

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

U. OFFSETTING FINANCIAL INSTRUMENTS

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

V. MEASUREMENT OF FAIR VALUES

The Company's accounting policies and disclosures require fair value measurement of financial instruments such as investment in equity instruments, mutual funds, debentures, preference shares and units of the venture fund/alternate investment fund.

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

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

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

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

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

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

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

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

W. CASH AND CASH EQUIVALENTS

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

X. CASH FLOW STATEMENT

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

Y. 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.

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

Particulars	(₹ in lakh)			
	Computers	Vehicles	Office equipment	Total
Balance as at April 1, 2019	21.63	334.99	0.45	357.07
Additions during the year	10.12	89.57	0.13	99.82
Disposals during the year	(0.52)	(22.44)	-	(22.96)
Balance as at 31st March, 2020	31.23	402.12	0.58	433.93
Accumulated depreciation as at April 1, 2019	12.74	151.76	0.45	164.95
Depreciation for the year	7.20	113.92	0.01	121.13
Disposals during the year	(0.00)	(5.54)	-	(5.54)
Balance as at 31st March, 2020	19.94	260.14	0.46	280.54
Net carrying amount as at 31st March, 2020	11.29	141.98	0.12	153.39
Balance as at April 1, 2020	31.23	402.12	0.58	433.93
Additions during the year	22.36	112.86	0.20	135.42
Disposals during the year	(0.55)	(77.65)	(0.01)	(78.21)
Balance as at 31st March, 2021	53.04	437.33	0.77	491.14
Accumulated depreciation as at April 1, 2020	19.94	260.14	0.46	280.54
Depreciation for the year	16.01	90.71	0.05	106.77
Disposals during the year	(0.53)	(54.84)	(0.01)	(55.38)
Balance as at 31st March, 2021	35.42	296.01	0.50	331.93
Net carrying amount as at 31st March, 2021	17.62	141.32	0.27	159.21

Impairment loss and reversal of impairment loss

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

Commitment to purchase property, plant and equipment

There are no commitments to purchase Property Plant and Equipment

NOTE 5 INTANGIBLE ASSETS

Particulars	(₹ in lakh)	
	Software	Total
Balance as at April 1, 2019	13.98	13.98
Additions during the year	140.00	140.00
Disposals during the year	-	-
Balance as at 31st March, 2020	153.98	153.98
Accumulated amortisation and impairment	10.36	10.36
Amortisation for the year	20.83	20.83
Disposals during the year	-	-
Balance as at 31st March, 2020	31.19	31.19
Net carrying amount as at 31st March, 2020	122.79	122.79
Balance as at April 1, 2020	153.98	153.98
Additions during the year	137.34	137.34
Disposals during the year	(1.17)	(1.17)
Balance as at 31st March, 2021	290.15	290.15
Accumulated amortisation and impairment	31.19	31.19
Amortisation for the year	68.26	68.26
Disposals during the year	(1.17)	(1.17)
Balance as at 31st March, 2021	98.28	98.28
Net carrying amount as at 31st March, 2021	191.87	191.87

NOTE 6 NON-CURRENT ASSETS - INVESTMENTS

(₹ in lakh)

Particulars	As at 31 st March, 2021		As at 31 st March, 2020	
	Units	Amount	Units	Amount
Unquoted (Carried at Cost)				
Equity shares		-		-
<u>In Associates</u>				
-Kotak Infrastructure Debt Fund Limited	62,000,000	6,200.00	62,000,000	6,200.00
Unquoted (Carried at FVTPL)				
<u>Investments in units of alternate investments funds</u>				
Equity shares		678.14		426.12
Preference shares		2,289.24		1,789.43
Debentures		500.02		74.37
Investments in units of venture capital funds / alternate investments funds		43,753.76		18,866.17
Investment in Convertible Note		250.03		-
Total		53,671.19		27,356.09
Aggregate amount of unquoted investments		₹ 53,671.19		27,356.09

NOTE 7 NON-CURRENT ASSETS - LOANS

(₹ in lakh)

Particulars	As at	As at
	31 st March, 2021	31 st March, 2020
Loans to employees		
Unsecured, considered good	0.44	-
Less: Impairment loss allowance	(0.01)	-
Total	0.43	-

NOTE 8 OTHER NON-CURRENT FINANCIAL ASSETS

(₹ in lakh)

Particulars	As at	As at
	31 st March, 2021	31 st March, 2020
Security Deposit		
Less: Impairment loss allowance *	(0.00)	(0.00)
Total	0.45	0.45

*Denotes less than 500

NOTE 9 OTHER NON-CURRENT ASSETS

(₹ in lakh)

Particulars	As at	As at
	31 st March, 2021	31 st March, 2020
Contract Cost (Refer note 43)	293.40	213.16
Prepaid expenses	18.98	22.04
Total	312.38	235.20

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 10 CURRENT ASSETS - INVESTMENT

(₹ in lakh)

Particulars	As at 31 st March, 2021		As at 31 st March, 2020	
	Units	Amount	Amount	Fair Value - Assets
Quoted (Carried at FVTPL)				
Equity shares		-		35.49
Total (Quoted)		-		35.49
Unquoted (Carried at FVTPL)				
Investments in units of alternate investments funds				
<u>In Subsidiary</u>				
- Kotak India Growth Fund III		-		5.99
Equity shares		280.28		567.24
Preference shares		107.96		147.61
Debentures		74.37		-
Investments in Units of Venture Capital Funds / Alternate Investments Funds		1,771.61		6,850.48
Total (Unquoted)		2,234.22		7,571.32
Total (Quoted + Unquoted)		2,234.22		7,606.81
Aggregate Amount of Quoted Investments (gross)		-		35.49
Market Value of Quoted Investments		-		35.49
Aggregate Amount of Unquoted Investments		2,234.22		7,571.32

NOTE 11 TRADE RECEIVABLES

(₹ in lakh)

Particulars	As at	As at
	31 st March, 2021	31 st March, 2020
Unsecured, considered good (Refer Note.39(ii)(c) (i))	90.48	1,160.65
Significant increase in credit risk (Refer Note.39(ii)(c) (i))	-	-
Debts due by directors	-	0.56
Sub total	90.48	1,161.21
Less: Impairment loss allowance	(1.91)	(23.16)
Total	88.57	1,138.05

NOTE 12 CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at	As at
	31 st March, 2021	31 st March, 2020
Balances with banks in current account	71.80	147.13
Balance in fixed deposits with original maturity less than 3 months	725.26	-
Sub total	797.06	147.13
Others		
Remittance in transit	179.76	54.99
Sub total	976.82	202.12
Less: Impairment loss allowance	(0.39)	(0.13)
Total	976.43	201.99

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 13 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Balance in fixed deposits with original maturity more than 3 months but less than 12 months	1,044.55	2,980.95
Less: Impairment loss allowance	(0.42)	(1.88)
Total	1,044.13	2,979.07

NOTE 14 CURRENT ASSETS - LOANS

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Loans to employees		
Unsecured, considered good	1.26	0.69
Less: Impairment loss allowance	(0.04)	(0.03)
Total	1.22	0.66

NOTE 15 OTHER CURRENT FINANCIAL ASSETS

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Advances to related parties	16.74	17.68
Advances due by directors	17.91	-
Advances recoverable in cash	343.98	204.79
Sub-total	378.63	222.47
Less: Impairment loss allowance	(7.17)	(1.91)
Total	371.46	220.56

NOTE 16 OTHER CURRENT ASSETS

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Advances other than capital advances		
Balance with government authorities	74.26	107.54
Contract Cost (Refer note 43)	43.11	840.16
Prepaid expenses	46.15	41.83
Prepayment to Suppliers	16.51	30.44
Other receivables	-	3.90
Sub-total	180.03	1,023.87
Contract Asset (Refer note 39 and 43)	2,347.66	1,815.83
Less: Impairment loss allowance	(43.77)	(14.53)
Sub-total	2,303.89	1,801.30
Total	2,483.92	2,825.17

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 17 EQUITY SHARE CAPITAL

(₹ in lakh)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Authorised		
6,000,000 (31 st March, 2020: 6,000,000) equity shares of ₹10 each with voting rights	600.00	600.00
Issued, subscribed and paid up		
5,439,456 (31 st March, 2020: 5,439,456) equity shares of ₹10 each with voting rights	543.95	543.95

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

(₹ in lakh)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Equity shares of ₹10 each, fully paid-up		
As at 31st March, 2019	5,439,456	543.95
Add/(less) : Movement during the year	-	-
As at 31st March, 2020	5,439,456	543.95
Add/(less) : Movement during the year	-	-
As at 31st March, 2021	5,439,456	543.95

B. Rights, preferences and restrictions attached to equity shares

Equity Shares: the company has one class of equity shares having a par value of ₹ 10 Per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

(₹ in lakh)

Particulars	As at 31 st March, 2021		As at 31 st March, 2020	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Bank Limited	3,189,386	58.63%	3,189,386	58.63%
Kotak Mahindra Capital Company Limited (60 Shares are held jointly with its nominees)	2,250,070	41.37%	2,250,070	41.37%

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

(₹ in lakh)

Particulars	As at 31 st March, 2021		As at 31 st March, 2020	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Bank Limited	3,189,386	58.63%	3,189,386	58.63%
Kotak Mahindra Capital Company Limited (60 Shares are held jointly with its nominees)	2,250,070	41.37%	2,250,070	41.37%

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 18 OTHER EQUITY

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Capital Redemption Reserve	55.00	55.00
Debenture Redemption Reserve	1,520.00	340.00
Securities Premium	4,915.24	4,915.24
Contribution from Parent	631.71	415.92
Retained earnings	37,051.45	31,853.70
Total	44,173.40	37,579.86

Notes

1. Nature and purpose of reserves other than Retained earnings

Capital Redemption Reserve

The Companies Act 2013 requires companies that purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of shares so purchased shall be transferred to capital redemption reserve account. The amounts credited to the capital redemption reserve, may be applied by the company, in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

Debenture Redemption Reserve

The Companies Act, 2013 requires the companies to create adequate debenture redemption reserve out of the profit available for payment of dividend. The adequacy of Debenture Redemption Reserve shall be ten percent of the value of the outstanding debentures. The amount credited to Debenture Redemption Reserve shall not be utilized by the company except for the purpose of redemption of debentures.

Securities Premium

Premium collected on issue of securities are accumulated as part of securities premium. Utilisation of such reserve is restricted by the Companies Act, 2013.

Contribution from Parent

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

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

2. Other equity movement

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Capital Redemption Reserve		
Opening balance	55.00	55.00
Addition during the year	-	-
Closing balance	55.00	55.00
Debenture Redemption Reserve		
Opening balance	340.00	-
Addition during the year	1,180.00	340.00
Closing balance	1,520.00	340.00
Securities Premium		
Opening balance	4,915.24	4,915.24
Addition during the year	-	-
Closing balance	4,915.24	4,915.24
Contribution from Parent		
Opening balance	415.92	188.31
Addition during the year	215.79	227.61
Closing balance	631.71	415.92
Retained Earnings		
Opening balance	31,853.70	33,099.23
Addition during the year	6,377.75	(905.53)
Amount transferred to Debenture Redemption Reserve	(1,180.00)	(340.00)
Closing balance	37,051.45	31,853.70

NOTE 19 NON-CURRENT LIABILITIES - BORROWINGS

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Non Convertible debentures		
(Redeemable at par)		
Unsecured (Refer note (i) below)	15,299.22	3,427.28
Total	15,299.22	3,427.28

Note (i)

Interest and Repayment Terms of Borrowings :

Non Convertible debentures (Refer Note No.35)

Interest and repayment terms	Maturity Date	As at 31 st March, 2021			As at 31 st March, 2020		
		Interest Range (%)	Balance Outstanding	Face Value	Interest Range (%)	Balance Outstanding	Face Value
Fixed Interest Rate ; Repayable at maturity	Mar-24	7.36	9,326.32#	9,300.00	-	-	-
Fixed Interest Rate ; Repayable at maturity	Jul-23	8.66	2,545.54 \$	2,500.00	-	-	-
Fixed Interest Rate ; Repayable at maturity	Feb-23	8.82	3,427.36*	3,400.00	8.82	3,427.28	3,400.00
			15,299.22	15,200.00		3,427.28	3,400.00

#Interest of ₹ 26.32 lakhs (P.Y.NIL) is due for payment in Sep-21.

\$Interest of ₹ 45.54 lakhs (P.Y.NIL) is due for payment in Jul-21.

*Interest of ₹ 27.36 lakhs (P.Y.27.28 lakhs) is due for payment in Aug-21 (P.Y. Aug-20)

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

ii) The changes in the liabilities or movement in net debt during the year arising from financing activities are as below:

Particulars	Liabilities from financing activities
Net Debt as on 31st March, 2019	-
Borrowing during the year	3,400.00
Repayment during the year	-
Interest Expense during the year (net of TDS liability)	27.28
Interest paid during the year	-
Net Debt as on 31st March, 2020	3,427.28
Borrowing during the year	11,800.00
Repayment during the year	-
Interest Expense during the year	485.37
Interest paid during the year	(413.43)
Net Debt as on 31st March, 2021	15,299.22

NOTE 20 OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Employees related payable	10.06	-
Total	10.06	-

NOTE 21 NON-CURRENT LIABILITIES - PROVISIONS

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Provision for employee benefits		
Compensated Absences	150.66	116.20
Employees related payable	137.18	71.56
Total	287.84	187.76

NOTE 22 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Book Overdraft	-	0.07
Employees related payable	804.62	1,894.53
Total	804.62	1,894.60

NOTE 23 OTHER CURRENT LIABILITIES

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Statutory dues payable	326.04	217.15
Contract Liabilities (Refer note 43)	48.63	313.89
Total	374.67	531.04

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 24 CURRENT LIABILITIES - PROVISIONS

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Provision for employee benefits		
Gratuity	47.86	103.71
Compensated Absences	69.36	55.80
Stock Appreciation Rights	262.21	106.92
Total	379.43	266.43

NOTE 25 REVENUE FROM OPERATIONS

Particulars	(₹ in lakh)	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Management and Advisory Fees	9,397.86	7,655.19
Establishment Fees	193.61	214.77
Other operating revenues		
Dividend income - non-current investments	0.12	0.49
Net gain/ (loss) on fair value changes- current investment	2,316.62	(1,409.73)
Net gain/ (loss) on fair value changes- non current investment	6,107.59	2,811.01
Total	18,015.80	9,271.73

NOTE 26 OTHER INCOME

Particulars	(₹ in lakh)	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Interest income		
Fixed Deposits	125.03	319.77
Inter Corporate Deposits	9.00	
Debentures	0.02	
Income tax refund	31.89	-
Others	0.10	0.17
Net gains / (loss) on fair value changes- current investment	(93.14)	(10.43)
Net gains / (loss) on fair value changes- non current investment	40.25	(72.57)
Net gain on sale of Property, Plant and Equipment	35.07	12.17
Others	31.01	26.77
Total	179.23	275.88

NOTE 27 EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in lakh)	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Salaries and wages	5,034.01	6,278.52
Contribution to provident and other funds	314.70	310.83
Employee Stock Options Plan	215.81	227.64
Stock Appreciation Rights	313.04	235.71
Gratuity	50.99	32.13
Compensated absences	24.19	(85.64)
Staff welfare expenses	9.59	32.81
Total	5,962.33	7,032.00

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 28 FINANCE COSTS

Particulars	(₹ in lakh)	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Interest expense on debentures	485.37	30.32
Interest expense - others	-	1.02
Total	485.37	31.34

NOTE 29 IMPAIRMENT LOSS ALLOWANCE ON FINANCIAL AND CONTRACT ASSETS

Particulars	(₹ in lakh)	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Impairment loss on:		
Loans	0.02	(0.02)
Investments	-	-
Trade Receivables	(21.25)	23.13
Bank Balance	(1.20)	(0.97)
Contract Assets	29.24	13.30
Other Financial assets	5.26	1.21
Total	12.07	36.65

NOTE 30 OTHER EXPENSES

Particulars	(₹ in lakh)	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Rent	894.73	1,025.16
Common Establishment Expenses	539.56	504.12
Advisory Referral Fees	805.02	884.50
Advertisement, Marketing and Business Promotion	76.16	44.71
Rates and taxes	72.56	51.92
Repairs and maintenance	159.93	64.30
Travelling and conveyance	29.44	171.95
Membership, subscription and conference	86.16	89.83
Payment to auditors		
As Statutory Audit Fees	26.00	28.00
For Reimbursement of Expenses	-	0.30
Legal, professional and consultancy charges	189.94	400.17
Insurance	21.19	35.31
Stamping Expense	13.08	8.93
Office Expenses	174.76	238.46
Other Expenses	28.35	20.82
Total	3,116.88	3,568.48

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 31 TAX EXPENSE

(a) Amounts recognised in profit and loss

(₹ in lakh)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Current tax expense		
Current period	1,610.08	19.41
Changes in estimates related to prior years	2.70	8.91
Total current tax expense (A)	1,612.78	28.32
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	810.99	(514.05)
Change in tax rate	(5.26)	(65.09)
Recognition of previously unrecognised tax losses	-	(105.83)
Change in recognised deductible temporary differences	(350.68)	248.98
Deferred tax expense (B)	455.05	(435.99)
Tax expense / (benefit) for the year (A)+(B)	2,067.83	(407.67)

(b) Amounts recognised in other comprehensive income

(₹ in lakh)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Items that will not be reclassified to profit or loss		
Tax effect of remeasurements of defined benefit liability (asset)	0.92	(19.41)
Total	0.92	(19.41)

(c) Reconciliation of effective tax rate

(₹ in lakh)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Profit before tax	8,443.35	(1,262.82)
Company's domestic tax rate (%)	29.12	27.82
Tax at the domestic tax rate	2,458.70	(351.32)
Tax effect of:		
Tax impact of income not subject to tax / differential rate of tax	(22.55)	166.78
Tax impact of VCF / AIF income	(431.47)	(295.08)
Tax effects of amounts which are not deductible for taxable income	18.03	227.45
Previously unrecognised tax losses and unabsorbed depreciation now recouped to reduce deferred tax expense	-	(105.83)
Effect of different tax rate	(5.26)	(65.09)
Changes in estimates related to prior years	2.70	8.91
Previously unrecognised deferred tax recognised	-	-
Others	47.68	6.51
Total income tax expenses / (benefit)	2,067.83	(407.67)

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 31 TAX EXPENSE (CONTINUED)

(d) Movement in deferred tax balances

(₹ in lakh)

Particulars	As at 31 st March, 2021				
	Net opening balance	Recognised in profit or loss	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)					
Property, plant and equipment	56.52	(6.44)	50.08	50.08	-
Provision for compensated absences	47.84	16.22	64.06	64.06	-
Stock appreciation rights scheme	49.65	66.65	116.30	116.30	-
Investments	79.51	(1,092.20)	(1,012.70)	-	1,012.70
Income from VCFs/AIFs	97.08	36.95	134.03	134.03	-
Employee benefits	9.52	159.79	169.31	169.31	-
Deferred income	53.87	(53.87)	0.00	0.00	-
Contract cost	(293.04)	195.05	(97.99)	-	97.99
Effective interest rate adjustment	-	-	-	-	-
Impairment loss allowance	11.59	4.05	15.64	15.64	-
MAT Credit Entitlement	323.64	218.75	542.39	542.39	-
Total	436.18	(455.05)	(18.87)	1,091.81	1,110.68

(₹ in lakh)

Particulars	As at 31 st March, 2020				
	Net opening balance	Recognised in profit or loss	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)					
Property, plant and equipment	54.71	1.81	56.52	56.52	-
Provision for compensated absences	82.36	(34.52)	47.84	47.84	-
Stock appreciation rights scheme	37.97	11.68	49.65	49.65	-
Investments	(406.53)	486.04	79.51	79.51	-
Income from VCFs/AIFs	259.69	(162.61)	97.08	97.08	-
Employee benefits	3.46	6.06	9.52	9.52	-
Deferred income	136.34	(82.47)	53.87	53.87	-
Contract cost	(635.12)	342.08	(293.04)	-	293.04
Effective interest rate adjustment	-	-	-	-	-
Impairment loss allowance	1.67	9.92	11.59	11.59	-
MAT Credit Entitlement	465.64	(142.00)	323.64	323.64	-
Total	0.19	435.99	436.18	729.22	293.03

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.

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

(e) Tax losses carried forward (based on Return of income filed by the company)

(₹ in lakh)

Particulars	As at 31 st March, 2021	Expiry date	As at 31 st March, 2020	Expiry date
Long-Term Capital Loss	-		475.50	31 st March, 2026
	₹ -		475.50	

NOTE 32 EARNINGS PER SHARE

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

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

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
A)	Net profit / (loss) attributable to equity holders	6,375.52	(855.15)
B)	Adjustments	-	-
C)	Profit / (Loss) attributable to equity holders of the Company adjusted for the effect of dilution	6,375.52	(855.15)
D)	Weighted average number of ordinary shares		
	Issued ordinary shares at the beginning of the year (nos.)	5,439,456	5,439,456
	Effect of shares issued for cash (nos.)	-	-
	Weighted average number of shares (in lakh) at the end of the year for basic EPS	5,439,456	5,439,456
E)	Face value per share (INR)	10.00	10.00
F)	Basic and Diluted earnings per share (INR)	117.21	(15.72)

NOTE 33 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakh)

Sr. No.	Particulars	As at 31 st March, 2021	As at 31 st March, 2020
	Contingent liabilities:		
a)	Bank Guarantee given	1,110.00	100.00
	Total	1,110.00	100.00
	Commitments:		
	The Company is contingently liable in respect of future investment commitment to :-		
a)	- Kotak India Growth Fund II	180.00	180.00
b)	- SBI Macquarie Infrastructure Trust	-	2.13
c)	- LICHL Urban Development Fund	22.80	22.80
d)	- Kotak India Real Estate Fund VIII	6,884.31	9,978.34
e)	- Kotak India Growth Fund III	-	6,325.34
f)	- Kotak India Real Estate fund IX	89.69	89.69
g)	- Kotak India Affordable Housing Fund I	2,127.09	2,193.76
h)	- India Office Assets Fund - I	11,246.49	11,250.83
i)	- Kotak Special Situations Fund	43,106.17	62,914.82
j)	- Kotak Performing RE Credit Strategy Fund	9,999.00	-
	Total	73,655.55	92,957.71
	Total Contingent Liabilities and Commitments	74,765.55	93,057.71

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

Provident Fund

On 28th February, 2019, the Honorable Supreme Court of India delivered a judgement in the case of 'Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal' in relation to non-exclusion of certain allowances from the definition of 'basic wages' of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Employees' Provident Fund Organisation also issued a circular (Circular No. C-I/1(33)2019/Vivekananda Vidyamandir/284) dated 20th March, 2019 in relation to aforesaid matter.

In Company's assessment, the above judgement is not likely to have a significant impact on the financial statements and therefore presently no provision has been made in the Financial Statements.

NOTE 34 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of the Section 135 of the Companies Act, 2013, the Company is not required to spend any amount during the year on CSR activities.

Details of CSR expenditure

			(₹ in lakh)
Particulars	In cash	Yet to be paid in cash	Total
Amount spent during the year ending on 31st March, 2021:	-	-	-
Construction/ acquisition of any asset	-	-	-
On purposes other than above			
Amount spent during the year ending on 31st March, 2020:	-	-	-
Construction/acquisition of any asset	-	-	-
On purposes other than above			

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 35 RELATED PARTY DISCLOSURES

Related party disclosures are given below:

A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	(₹ in lakh)
			Proportion of ownership interest
a)	Holding company:		
	Kotak Mahindra Bank Limited	India	
	2021		58.63%
	2020		58.63%
	Mr. Uday S. Kotak along with his relatives and enterprises in which he has beneficial interest holds 26.02% of the equity share capital and 17.29% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31 st March, 2021.		
b)	Subsidiaries:		
	Kotak India Growth Fund III (upto 31 st October, 2020)	India	
c)	Fellow subsidiaries with whom transactions have taken place during the year:		
	Kotak Mahindra Prime Limited		
	Kotak Mahindra (International) Limited		
	Kotak Mahindra Asset Management (Singapore) Pte. Limited		
	Kotak Mahindra Capital Company Limited		
	Kotak Mahindra Life Insurance Company Limited (Kotak Life)		
	Kotak Mahindra Trusteeship Services Limited		
	Kotak Mahindra General Insurance Company Limited		
	Kotak Securities Limited		
	Kotak Mahindra Asset Management Company Limited		
	Kotak Mahindra Investments Limited		
d)	Entity controlled or jointly controlled by relatives of individual having significant influence over the company (Entity having significant influence)		
	Aero Agencies Limited		
e)	Associates		
	Kotak Infrastructure Debt Fund Limited	India	
f)	Key Management Personnel/Director		
	Mr. Dipak Gupta, Director		
	Mr. Jaimin Bhatt, Director		
	Ms. Shanti Ekambaram, Director		
	Mr. Gaurang Shah, Additional Director (appointed w.e.f 05 th November, 2019)		
	Ms. Oisharya Das, Additional Director (appointed w.e.f 01 st August, 2019)		
	Mr. Jaideep Hansraj, Additional Director (resigned w.e.f 12 th July, 2019)		
	Mr. Srinivasan Subramanian, Managing Director		
g)	Key Management Personnel/Director of holding company and their entity		
	USK Benefit Trust - II		
	Mr.Uday Shankar		
	Mr. C Jayaram		

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

B. Transactions with related parties*

i. Key management personnel / Director compensation

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
i.	Short-term employee benefits	273.21	538.98
ii.	Post-employment defined benefit	-	-
iii.	Shared-based payments	-	-
	Other Receipts and Payments		
iv.	Sale of Property, Plant & Equipment / Recovery of Expenses	17.78	-
	Balance Outstanding		
v.	Loans & Advances	17.91	-

*The above figures do not include provisions for gratuity and compensated absences, as separate actuarial valuations are not available.

ii. Transactions with Key management personnel / Key management personnel of the holding company and their entity

(₹ in lakh)

Sr. No.	Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
i.	Advisory Fees	92.63	86.13
ii.	Receivable	2.65	1.08

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

Nature of Transaction	Kotak Mahindra Group													Total		
	Kotak Mahindra Bank Limited	Kotak India Growth Fund III	Kotak Mahindra Prime Limited	Kotak Mahindra (International) Limited	Kotak Mahindra Asset Management (Singapore) Pte. Ltd	Kotak Mahindra Capital Company Limited	Kotak Securities Limited	Kotak Life	Kotak Mahindra Trustee Services Limited	Kotak Mahindra General Insurance Company Ltd.	Kotak Mahindra Asset Management Company Limited	Kotak Mahindra Investments Limited	Kotak Infrastructure Debt Fund Limited		Aero Agencies Limited	
Income from Alternate Investment Fund		(36.70)	-	-	-	-	-	-	-	-	-	-	-	-	-	(36.70)
2020		1,833.95	-	-	-	-	-	-	-	-	-	-	-	-	-	1,833.95
Travelling related expenses / Receivable from the Funds		-	-	-	-	-	-	-	-	-	-	-	-	9.81	-	9.81
2020		-	-	-	-	-	-	-	-	-	-	-	-	137.52	-	137.52
Reimbursement of expenses from other companies/ Funds	486.61	5.47	-	-	-	0.15	14.03	9.90	1.75	0.16	3.70	0.67	-	-	-	522.44
2020	288.34	-	-	-	-	0.34	2.05	-	-	0.17	-	-	-	-	-	290.90
2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office & Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	30.67	-	-	-	-	-	-	30.67
2020	-	-	-	-	-	-	-	-	28.45	-	-	-	-	-	-	28.45
2021	-	-	-	-	-	-	35.11	-	-	-	-	-	-	-	-	35.11
2020	-	-	-	-	-	-	26.50	-	-	-	-	-	-	-	-	26.50
2021	1,687.31	-	-	-	-	66.64	-	4.93	-	4.62	-	-	-	-	-	1,763.49
Shared Services / Other expenses / Reimbursement of expenses paid	1,787.22	-	-	-	-	49.00	0.38	3.98	-	5.65	-	-	-	-	-	1,846.21
2021	-	-	-	210.00	260.00	-	-	-	-	-	-	-	-	-	-	470.00
2020	-	-	-	580.00	220.00	-	-	-	-	-	-	-	-	-	-	800.00

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

Related party disclosures are given below:

Nature of Transaction	Year ended 31 st March											Total			
	Kotak Mahindra Bank Limited	Kotak India Fund III	Kotak Mahindra Prime Limited	Kotak Mahindra (International) Limited	Kotak Mahindra Asset Management (Singapore) Pre.Ltd	Kotak Mahindra Capital Company Limited	Kotak Securities Limited	Kotak Life	Kotak Trusteeship Services Limited	Kotak Mahindra General Insurance Company Ltd.	Kotak Mahindra Asset Management Company Limited		Kotak Mahindra Investments Limited	Kotak Infrastructure Debt Fund Limited	Aero Agencies Limited
Balance Outstanding															
Bank Accounts															
- Fixed deposit account	2021	1,769.10	-	-	-	-	-	-	-	-	-	-	-	-	1,769.10
	2020	2,979.07	-	-	-	-	-	-	-	-	-	-	-	-	2,979.07
- Current account/ Book overdraft	2021	71.68	-	-	-	-	-	-	-	-	-	-	-	-	71.68
	2020	146.87	-	-	-	-	-	-	-	-	-	-	-	-	146.87
Bank Guarantee	2021	1,110.00	-	-	-	-	-	-	-	-	-	-	-	-	1,110.00
	2020	100.00	-	-	-	-	-	-	-	-	-	-	-	-	100.00
Debentures	2021	-	-	15,299.22	-	-	-	-	-	-	-	-	-	-	15,299.22
	2020	-	-	3,427.28	-	-	-	-	-	-	-	-	-	-	3,427.28
Advance paid/ Pre-payment to suppliers	2021	-	-	-	-	-	-	-	-	2.88	-	-	-	-	2.88
	2020	-	-	-	-	-	-	-	2.31	-	-	-	-	-	2.31
Loans & Advances	2021	-	-	-	-	-	-	4.93	-	-	9.13	0.67	-	-	16.74
	2020	-	-	-	-	-	-	-	-	-	0.04	-	-	-	0.04
Trade Payables	2021	17.54	-	-	-	-	-	-	-	-	-	-	-	-	17.54
	2020	79.32	-	-	-	-	-	-	-	-	5.89	-	-	-	88.90
Investments	2021	91.81	-	-	-	-	-	-	-	-	4.92	-	-	-	97.06
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding	2021	-	-	-	-	-	-	-	-	-	-	-	6,200.00	-	6,200.00
	2020	-	-	5.99	-	-	-	-	-	-	-	-	6,200.00	-	6,205.98

iv. Terms and conditions of transactions with related parties

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

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 36 LEASE DISCLOSURES

Operating Lease as Lessee:

The Company has taken office premises under operating lease whose period is 12 months and cancellable and renewable at the option of the Company or lessor. The Company has used practical expedients while applying Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of assets and leases for which the underlying asset is of low value on a lease-by-lease basis.

Amounts recognised in Statement of profit and loss

Particulars	(₹ in lakh)	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Rent payment to Holding Company for sharing of premises recognized in Statement of Profit & Loss in Note no. 30 - Other expenses	894.73	1,025.16
Total	894.73	1,025.16

NOTE 37 EMPLOYEE BENEFITS

(i) Defined Contribution Plans:

The Company has recognized the following amounts in the Standalone Statement of profit and loss towards contributions to Provident Fund and Other Funds.

Particulars	(₹ in lakh)	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Provident Fund	246.83	239.75
Superannuation Fund	0.60	1.00
New Pension Fund	67.27	70.08
	314.70	310.83

(ii) Defined Benefit Plan:

Gratuity

Based on the actuarial valuation, 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	(₹ in lakh)	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Present value of funded defined benefit obligation (A)	448.52	336.78
Fair value of plan assets (B)	(400.66)	(233.07)
Net (asset) / liability recognised in the Balance Sheet (A+B)	47.86	103.71

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

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

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

(₹ in lakh)

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) / liability	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Opening balance	336.78	284.76	233.07	205.94	103.71	78.82
Included in profit or loss						
Current service cost	45.00	27.21	-	-	45.00	27.21
Past service cost	-	-	-	-	-	-
Interest cost (income)	19.74	18.56	13.75	13.64	5.99	4.92
Sub-total	401.52	330.52	246.82	219.57	154.70	110.95
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss / (gain) arising from:						
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	5.46	4.75	-	-	5.46	4.75
Experience adjustment	26.52	32.97	-	-	26.52	32.97
Actual return on plan assets less interest on plan assets	-	-	35.13	(32.07)	(35.13)	32.07
Sub-total	31.98	37.73	35.13	(32.07)	(3.15)	69.79
Other						
Contributions paid by the employer	-	-	191.30	84.20	(191.30)	(84.20)
Liabilities assumed / (settled)	87.61	7.17	-	-	87.61	7.17
Benefits paid	(72.59)	(38.64)	(72.59)	(38.64)	-	-
Closing balance	448.52	336.78	400.66	233.07	47.86	103.71
Represented by						
Net defined benefit liability					47.86	103.71

C. Plan assets

Plan assets comprise the following:

Category	As at 31 st March, 2021		As at 31 st March, 2020	
	(%)	Amount	(%)	Amount
Equity	56.31	225.61	35.85	83.56
Government securities	30.93	123.92	33.82	78.82
Corporate Debt	8.93	35.78	20.71	48.27
Money market instruments	3.07	12.30	8.96	20.87
Others	0.76	3.05	0.66	1.55
	100.00	400.66	100.00	233.07

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

D. Defined benefit obligations

i. Actuarial assumptions

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

(₹ in lakh)

Particulars	As at	
	31 st March, 2021	31 st March, 2020
Discount rate	6.20%	6.40%
Salary escalation rate	7.00%	0.00% until one year inclusive, then 7.00%
Mortality rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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

ii. Sensitivity analysis

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

Category	As at		As at	
	31 st March, 2021		31 st March, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	(13.41)	14.22	(9.51)	10.07
Salary Escalation Rate (50 bps movement)	5.32	(5.26)	3.76	(3.73)

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

iii. Risk Exposure

The plan assets are invested 100% in Kotak Group Balanced Fund – an insurer managed fund. Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

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.

Inflation risk

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Salary Risk

The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

E. Expected Future Cash Flows

I Expected contribution

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 ₹ 100 lakhs

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

ii. Expected future benefit payments:

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

Maturity Profile	(₹ in lakh)
Expected benefits for Year 1	77.57
Expected benefits for Year 2	59.33
Expected benefits for Year 3	79.63
Expected benefits for Year 4	38.13
Expected benefits for Year 5	34.67
Expected benefits for Year 6	43.55
Expected benefits for Year 7	39.02
Expected benefits for Year 8	36.02
Expected benefits for Year 9	30.58
Expected benefits for Year 10 and above	272.86

(iii) Compensated absences:

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the company is given below:

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Total actuarial liability	220.02	171.99
Assumptions :		
Discount rate	6.20%	6.40%
Salary escalation rate	7.00%	0.00% until one year inclusive, then 7.00%

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 38 SHARE-BASED PAYMENT ARRANGEMENTS:

A. Description of share-based payment arrangements

Equity Stock Options Schemes (equity-settled)

At the General Meetings of the holding company, Kotak Mahindra Bank Limited (Bank), the shareholders of the Bank had unanimously passed Special Resolutions on 05th July 05, 2007, 21st August, 2007 and 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

- (a) Kotak Mahindra Equity Option Scheme 2007; and
- (b) Kotak Mahindra Equity Option Scheme 2015

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

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

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

As at 31st March, 2021

(₹ in lakh)					
Scheme reference	Grant Date	Mode of settlement accounting	No. of Options	Vesting conditions/ dates	Contractual Life (In Yrs)
ESOPSCHEME2015SR07	May 15, 2017	Equity settled	19,776	December 31, 2020	4.13
ESOPSCHEME2015SR14	May 18, 2018	Equity settled	29,011	October 31, 2020	2.95
ESOPSCHEME2015SR14	May 18, 2018	Equity settled	26,956	June 30, 2021	3.62
ESOPSCHEME2015SR14	May 18, 2018	Equity settled	26,956	December 31, 2021	4.12
ESOPSCHEME2015SR18	December 27, 2018	Equity settled	8,300	January 31, 2021	2.51
ESOPSCHEME2015SR18	December 27, 2018	Equity settled	10,029	January 31, 2022	3.51
ESOPSCHEME2015SR18	December 27, 2018	Equity settled	10,030	July 31, 2022	4.01
ESOPSCHEME2015SR19	May 20, 2019	Equity settled	25,167	October 31, 2021	2.95
ESOPSCHEME2015SR19	May 20, 2019	Equity settled	16,778	June 30, 2022	3.62
ESOPSCHEME2015SR19	May 20, 2019	Equity settled	16,778	December 31, 2022	4.12
ESOPSCHEME2015SR23	May 30, 2020	Equity settled	10,239	June 30, 2021	1.59
ESOPSCHEME2015SR23	May 30, 2020	Equity settled	10,239	June 30, 2022	2.59
ESOPSCHEME2015SR23	May 30, 2020	Equity settled	6,826	June 30, 2023	3.59
ESOPSCHEME2015SR23	May 30, 2020	Equity settled	6,826	December 31, 2023	4.09
ESOPSCHEME2015SR25	August 7, 2020	Equity settled	10,140	August 31, 2021	1.56
ESOPSCHEME2015SR25	August 7, 2020	Equity settled	10,140	November 30, 2022	2.81
ESOPSCHEME2015SR25	August 7, 2020	Equity settled	6,760	June 30, 2023	3.40
ESOPSCHEME2015SR25	August 7, 2020	Equity settled	6,760	December 31, 2023	3.90
			257,711		

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Notes to the Financial Statements for the year ended 31st March, 2021

As at 31st March, 2020

(₹ in lakh)

Scheme reference	Grant Date	Mode of settlement accounting	No. Of Options	Vesting conditions/ dates	Contractual Life (In Yrs)
ESOPSCHEME2015SR05	August 10, 2016	Equity settled	4,000	August 15, 2020	4.39
ESOPSCHEME2015SR07	May 15, 2017	Equity settled	3,428	October 31, 2019	2.96
ESOPSCHEME2015SR07	May 15, 2017	Equity settled	5,744	June 30, 2020	3.63
ESOPSCHEME2015SR07	May 15, 2017	Equity settled	5,744	December 31, 2020	4.13
ESOPSCHEME2015SR08	May 15, 2017	Equity settled	4,785	September 30, 2020	3.88
ESOPSCHEME2015SR14	May 18, 2018	Equity settled	7,155	October 31, 2020	2.95
ESOPSCHEME2015SR14	May 18, 2018	Equity settled	4,770	June 30, 2021	3.62
ESOPSCHEME2015SR14	May 18, 2018	Equity settled	4,770	December 31, 2021	4.12
ESOPSCHEME2015SR18	December 27, 2018	Equity settled	1,015	January 31, 2020	1.51
ESOPSCHEME2015SR18	December 27, 2018	Equity settled	15,045	January 31, 2021	2.51
ESOPSCHEME2015SR18	December 27, 2018	Equity settled	10,030	January 31, 2022	3.51
ESOPSCHEME2015SR18	December 27, 2018	Equity settled	10,029	July 31, 2022	4.01
ESOPSCHEME2015SR19	May 20, 2019	Equity settled	16,518	July 31, 2020	1.70
ESOPSCHEME2015SR19	May 20, 2019	Equity settled	16,518	October 31, 2021	2.95
ESOPSCHEME2015SR19	May 20, 2019	Equity settled	11,012	June 30, 2022	3.62
ESOPSCHEME2015SR19	May 20, 2019	Equity settled	11,012	December 31, 2022	4.12
			131,575		

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Notes to the Financial Statements for the year ended 31st March, 2021

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, 2021

Scheme	Grant Date	Vesting period	Exercise period	Exercise Price (₹)	Market Price (₹)	Expected life (Years)	Annual Dividend yield	Volatility	Risk free rate	(₹ in lakh)
										Fair value per share options (₹)
ESOPSCHEME2015SR05	August 10, 2016	4.02	4.39	765.00	764.75	4.21	0.07%	26.75%	7.13%	261.42
ESOPSCHEME2015SR07	May 15, 2017	2.46	2.96	955.00	954.65	2.71	0.06%	35.44%	6.77%	289.06
ESOPSCHEME2015SR07	May 15, 2017	3.13	3.63	955.00	954.65	3.38	0.06%	33.81%	6.88%	320.11
ESOPSCHEME2015SR07	May 15, 2017	3.63	4.13	955.00	954.65	3.88	0.06%	34.20%	6.95%	349.84
ESOPSCHEME2015SR08	May 15, 2017	3.38	3.88	955.00	954.65	3.63	0.06%	33.27%	6.92%	331.03
ESOPSCHEME2015SR14	May 18, 2018	2.46	2.95	1,271.00	1,270.70	2.71	0.06%	32.95%	7.83%	383.29
ESOPSCHEME2015SR14	May 18, 2018	3.12	3.62	1,271.00	1,270.70	3.12	0.06%	32.13%	7.97%	433.45
ESOPSCHEME2015SR14	May 18, 2018	3.62	4.12	1,271.00	1,270.70	3.62	0.06%	31.43%	7.99%	465.7
ESOPSCHEME2015SR18	December 27, 2018	1.10	1.51	1,248.00	1,248.15	1.30	0.06%	23.74%	6.97%	189.35
ESOPSCHEME2015SR18	December 27, 2018	2.10	2.51	1,248.00	1,248.15	2.30	0.06%	21.49%	7.15%	261.5
ESOPSCHEME2015SR18	December 27, 2018	3.10	3.51	1,248.00	1,248.15	3.30	0.06%	31.96%	7.20%	405.89
ESOPSCHEME2015SR18	December 27, 2018	3.59	4.01	1,248.00	1,248.15	3.80	0.06%	31.72%	7.21%	439.25
ESOPSCHEME2015SR19	May 20, 2019	1.20	1.70	1,460.00	1,460.00	1.45	0.05%	23.24%	6.63%	230.35
ESOPSCHEME2015SR19	May 20, 2019	2.45	2.95	1,460.00	1,460.00	2.70	0.05%	21.16%	6.83%	330.89
ESOPSCHEME2015SR19	May 20, 2019	3.12	3.62	1,460.00	1,460.00	3.37	0.05%	21.32%	6.94%	387.19
ESOPSCHEME2015SR19	May 20, 2019	3.62	4.12	1,460.00	1,460.00	3.87	0.05%	31.00%	7.03%	508.28
ESOPSCHEME2015SR23	May 30, 2020	1.08	1.59	1,224.00	1,224.00	1.34	0.07%	37.56%	3.92%	237.13
ESOPSCHEME2015SR23	May 30, 2020	2.08	2.59	1,224.00	1,224.00	2.34	0.07%	32.87%	4.35%	293.59
ESOPSCHEME2015SR23	May 30, 2020	3.08	3.59	1,224.00	1,224.00	3.34	0.07%	28.91%	4.95%	337.87
ESOPSCHEME2015SR23	May 30, 2020	3.59	4.09	1,224.00	1,224.00	3.84	0.07%	27.95%	5.19%	363.83
ESOPSCHEME2015SR25	August 7, 2020	1.07	1.56	1,341.00	1,340.10	1.31	0.06%	39.75%	3.61%	267.12
ESOPSCHEME2015SR25	August 7, 2020	2.32	2.81	1,341.00	1,340.10	2.56	0.06%	33.09%	4.40%	340.57
ESOPSCHEME2015SR25	August 7, 2020	2.90	3.40	1,341.00	1,340.10	3.15	0.06%	30.71%	4.85%	370.15
ESOPSCHEME2015SR25	August 7, 2020	3.40	3.90	1,341.00	1,340.10	3.65	0.06%	29.29%	5.06%	395.03

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Notes to the Financial Statements for the year ended 31st March, 2021

As at 31st March, 2020

(₹ in lakh)										
Scheme	Grant Date	Vesting period	Exercise period	Exercise Price (₹)	Market Price (₹)	Expected life (Years)	Annual Dividend yield	Volatility	Risk free rate	Fair value per share options (₹)
KMEOS2007SR47	May 9, 2015	4.02	4.39	665.00	665.00	3.90	0.07%	29.29%	8.01%	473.14
ESOPSCHEME2015SR02	May 19, 2016	3.12	2.96	710.00	708.90	3.37	0.07%	27.96%	7.43%	218.71
ESOPSCHEME2015SR02	May 19, 2016	3.53	3.63	710.00	708.90	3.70	0.07%	27.35%	7.46%	229.80
ESOPSCHEME2015SR05	August 10, 2016	3.01	4.13	765.00	764.75	3.20	0.07%	28.05%	7.04%	225.33
ESOPSCHEME2015SR05	August 10, 2016	4.02	3.88	765.00	764.75	4.21	0.07%	26.75%	7.13%	261.42
ESOPSCHEME2015SR07	May 15, 2017	2.46	2.95	955.00	954.65	2.71	0.06%	35.44%	6.77%	289.06
ESOPSCHEME2015SR07	May 15, 2017	3.13	3.62	955.00	954.65	3.38	0.06%	33.81%	6.88%	320.11
ESOPSCHEME2015SR07	May 15, 2017	3.63	4.12	955.00	954.65	3.88	0.06%	34.20%	6.95%	349.84
ESOPSCHEME2015SR08	May 15, 2017	2.38	1.51	955.00	954.65	2.63	0.06%	35.84%	6.76%	285.89
ESOPSCHEME2015SR08	May 15, 2017	3.38	2.51	955.00	954.65	3.63	0.06%	33.27%	6.92%	331.03
ESOPSCHEME2015SR14	May 18, 2018	1.20	3.51	1,271.00	1,270.70	1.45	0.06%	18.68%	7.44%	184.60
ESOPSCHEME2015SR14	May 18, 2018	2.46	3.51	1,271.00	1,270.70	2.71	0.06%	32.95%	7.83%	383.29
ESOPSCHEME2015SR14	May 18, 2018	3.12	4.01	1,271.00	1,270.70	3.12	0.06%	32.13%	7.97%	433.45
ESOPSCHEME2015SR14	May 18, 2018	3.59	2.95	1,271.00	1,270.70	3.62	0.06%	31.43%	7.99%	465.70
ESOPSCHEME2015SR18	December 27, 2018	1.10	3.62	1,248.00	1,248.15	1.30	0.06%	23.74%	6.97%	189.35
ESOPSCHEME2015SR18	December 27, 2018	2.10	4.12	1,248.00	1,248.15	2.30	0.06%	21.49%	7.15%	261.50
ESOPSCHEME2015SR18	December 27, 2018	3.10	1.59	1,248.00	1,248.15	3.30	0.06%	31.96%	7.20%	405.89
ESOPSCHEME2015SR18	December 27, 2018	3.59	2.59	1,248.00	1,248.15	3.80	0.06%	31.72%	7.21%	439.25
ESOPSCHEME2015SR19	May 20, 2019	1.20	3.59	1,460.00	1,460.00	1.45	0.05%	23.24%	6.63%	230.35
ESOPSCHEME2015SR19	May 20, 2019	2.45	4.09	1,460.00	1,460.00	2.70	0.05%	21.16%	6.83%	330.89
ESOPSCHEME2015SR19	May 20, 2019	3.12	1.56	1,460.00	1,460.00	3.37	0.05%	21.32%	6.94%	387.19
ESOPSCHEME2015SR19	May 20, 2019	3.62	2.81	1,460.00	1,460.00	3.87	0.05%	31.00%	7.03%	508.28

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2021.

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

Notes to the Financial Statements for the year ended 31st March, 2021

C. Reconciliation of outstanding share options

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

Scheme reference	Grant Date	Balance as at April 01, 2020	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Transfer In / (Transfer Out) during the year*	Balance as at 31 st March, 2021	Exercisable as at 31 st March, 2021
ESOPSCHEME2015SR02	May 19, 2016	-		(640.00)		640.00	-	-
ESOPSCHEME2015SR05	August 10, 2016	4,000.00		(4,000.00)			-	-
ESOPSCHEME2015SR07	May 15, 2017	14,916.00		(43,186.00)	(4,341.00)	52,387.00	19,776	19,776.00
ESOPSCHEME2015SR08	May 15, 2017	4,785.00		(14,355.00)	(4,785.00)	14,355.00	-	-
ESOPSCHEME2015SR14	May 18, 2018	16,695.00		(15,911.00)	(15,231.00)	97,370.00	82,923	29,011.00
ESOPSCHEME2015SR18	December 27, 2018	36,119.00		(7,760.00)			28,359	8,300.00
ESOPSCHEME2015SR19	May 20, 2019	55,060.00		(26,904.00)	(4,343.00)	34,910.00	58,723	-
ESOPSCHEME2015SR23	May 30, 2020		34,130.00				34,130	-
ESOPSCHEME2015SR25	August 7, 2020		33,680.00			120.00	33,800	-
		131,575.00	67,810.00	(112,756.00)	(28,700.00)	199,782.00	257,711.00	57,087.00

Scheme reference	Grant Date	Balance as at 01 st April, 2019	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Transfer In / (Transfer Out) during the year*	Balance as at 31 st March, 2020	Exercisable as at 31 st March, 2020
KMEOS2007SR47	May 9, 2015	11,940.00		(11,940.00)			-	-
ESOPSCHEME2015SR02	May 19, 2016	11,384.00		(10,868.00)	(516.00)		-	-
ESOPSCHEME2015SR05	August 10, 2016	8,000.00		(4,000.00)			4,000	-
ESOPSCHEME2015SR07	May 15, 2017	19,866.00		(5,188.00)		238.00	14,916	3,428.00
ESOPSCHEME2015SR08	May 15, 2017	9,570.00		(4,785.00)			4,785	-
ESOPSCHEME2015SR14	May 18, 2018	23,600.00		(7,155.00)		250.00	16,695	-
ESOPSCHEME2015SR18	December 27, 2018			(14,030.00)		50,149.00	36,119	1,015.00
ESOPSCHEME2015SR19	May 20, 2019		55,060.00				55,060	-
		84,360.00	55,060.00	(57,966.00)	(516.00)	50,637.00	131,575.00	4,443.00

* 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 ₹ 1,722.35 (Previous year: ₹ 1,569.33).

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

ESOP Scheme	Range of exercise prices (₹)	31 st March, 2021			31 st March, 2020		
		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 (₹)
ESOPSCHEME2015SR05	701-800	-	-	-	4,000	0.75	765.00
ESOPSCHEME2015SR07	901-1000	19,776.00	0.25	955.00	14,916	0.79	955.00
ESOPSCHEME2015SR08	901-1000	-	-	-	4,785	1.00	955.00
ESOPSCHEME2015SR14	1201-1300	82,923.00	0.68	1,271.00	16,695	1.61	1,271.00
ESOPSCHEME2015SR18	1201-1300	28,359.00	1.13	1,248.00	36,119.00	1.92	1,248.00
ESOPSCHEME2015SR19	1401-1500	58,723.00	1.61	1,460.00	55,060.00	2.08	1,460.00
ESOPSCHEME2015SR23	1201-1300	34,130.00	1.95	1,224.00			
ESOPSCHEME2015SR25	1301-1400	33,800.00	2.13	1,341.00			
		257,711.00			131,575.00		

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

ii. Stock appreciation rights (cash-settled)

During the year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Company under its various plans / series has granted 10,910 SARs during FY 2020- 21. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.07 years to 4.11 years \

As at 31st March, 2021

Scheme reference	Grant Date	Mode of settlement accounting	No. of Options	Vesting conditions/ dates	Contractual Life (In Yrs)
Scheme 2015 - Series 17 V3-1	May 18, 2018	Cash settled	1,381	June 30, 2021	3.12
Scheme 2015 - Series 17 V3-2	May 18, 2018	Cash settled	1,381	July 7, 2021	3.14
Scheme 2015 - Series 17 V3-3	May 18, 2018	Cash settled	1,384	July 14, 2021	3.16
Scheme 2015 - Series 17 V4-1	May 18, 2018	Cash settled	1,381	December 30, 2021	3.62
Scheme 2015 - Series 17 V4-2	May 18, 2018	Cash settled	1,381	January 7, 2022	3.64
Scheme 2015 - Series 17 V4-3	May 18, 2018	Cash settled	1,384	January 14, 2022	3.66
Scheme 2015 - Series 22 V2-1	May 20, 2019	Cash settled	2,434	October 31, 2021	2.45
Scheme 2015 - Series 22 V2-2	May 20, 2019	Cash settled	2,434	November 7, 2021	2.47
Scheme 2015 - Series 22 V2-3	May 20, 2019	Cash settled	2,434	November 14, 2021	2.49
Scheme 2015 - Series 22 V3-1	May 20, 2019	Cash settled	1,622	June 30, 2022	3.12
Scheme 2015 - Series 22 V3-2	May 20, 2019	Cash settled	1,623	July 7, 2022	3.13
Scheme 2015 - Series 22 V3-3	May 20, 2019	Cash settled	1,623	July 14, 2022	3.15
Scheme 2015 - Series 22 V4-1	May 20, 2019	Cash settled	1,622	December 31, 2022	3.62
Scheme 2015 - Series 22 V4-2	May 20, 2019	Cash settled	1,623	January 7, 2023	3.64
Scheme 2015 - Series 22 V4-3	May 20, 2019	Cash settled	1,623	January 14, 2023	3.66
Scheme 2015 - Series 20 V3-1	December 27, 2018	Cash settled	240	January 31, 2022	3.10
Scheme 2015 - Series 20 V3-2	December 27, 2018	Cash settled	240	February 7, 2022	3.12
Scheme 2015 - Series 20 V3-3	December 27, 2018	Cash settled	240	February 14, 2022	3.14
Scheme 2015 - Series 20 V4-1	December 27, 2018	Cash settled	240	July 31, 2022	3.59
Scheme 2015 - Series 20 V4-2	December 27, 2018	Cash settled	240	August 7, 2022	3.61
Scheme 2015 - Series 20 V4-3	December 27, 2018	Cash settled	241	August 14, 2022	3.63
Scheme 2015 - Series 28 V1-1	August 7, 2020	Cash settled	908	August 31, 2021	1.07
Scheme 2015 - Series 28 V1-2	August 7, 2020	Cash settled	908	September 7, 2021	1.08
Scheme 2015 - Series 28 V1-3	August 7, 2020	Cash settled	908	September 14, 2021	1.10
Scheme 2015 - Series 28 V2-1	August 7, 2020	Cash settled	908	November 30, 2022	2.32
Scheme 2015 - Series 28 V2-2	August 7, 2020	Cash settled	908	December 7, 2022	2.33
Scheme 2015 - Series 28 V2-3	August 7, 2020	Cash settled	908	December 14, 2022	2.35
Scheme 2015 - Series 28 V3-1	August 7, 2020	Cash settled	600	June 30, 2023	2.90
Scheme 2015 - Series 28 V3-2	August 7, 2020	Cash settled	609	July 7, 2023	2.92
Scheme 2015 - Series 28 V3-3	August 7, 2020	Cash settled	607	July 14, 2023	2.93
Scheme 2015 - Series 28 V4-1	August 7, 2020	Cash settled	600	December 31, 2023	3.40
Scheme 2015 - Series 28 V4-2	August 7, 2020	Cash settled	609	January 7, 2024	3.42
Scheme 2015 - Series 28 V4-3	August 7, 2020	Cash settled	607	January 14, 2024	3.44
Scheme 2015 - Series 31 -V1-1	August 7, 2020	Cash settled	372	August 31, 2023	3.07
Scheme 2015 - Series 31 -V1-2	August 7, 2020	Cash settled	372	September 7, 2023	3.08
Scheme 2015 - Series 31 -V1-3	August 7, 2020	Cash settled	372	September 14, 2023	3.10
Scheme 2015 - Series 31 -V2-1	August 7, 2020	Cash settled	247	August 31, 2024	4.07
Scheme 2015 - Series 31 -V2-2	August 7, 2020	Cash settled	247	September 7, 2024	4.09
Scheme 2015 - Series 31 -V2-3	August 7, 2020	Cash settled	250	September 14, 2024	4.11
			37,711		

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Notes to the Financial Statements for the year ended 31st March, 2021

As at 31st March, 2020

Scheme reference	Grant Date	Mode of settlement accounting	No. of Options	Vesting conditions/ dates	Contractual Life (In Yrs)
Scheme 2015 - Series 09 V3-1	May 15, 2017	Cash settled	490	June 30, 2020	3.13
Scheme 2015 - Series 09 V3-2	May 15, 2017	Cash settled	490	July 7, 2020	3.15
Scheme 2015 - Series 09 V3-3	May 15, 2017	Cash settled	496	July 14, 2020	3.17
Scheme 2015 - Series 09 V4-1	May 15, 2017	Cash settled	490	December 31, 2020	3.63
Scheme 2015 - Series 09 V4-2	May 15, 2017	Cash settled	490	January 7, 2021	3.65
Scheme 2015 - Series 09 V4-3	May 15, 2017	Cash settled	496	January 14, 2021	3.67
Scheme 2015 - Series 17 V2-1	May 18, 2018	Cash settled	561	October 31, 2020	2.46
Scheme 2015 - Series 17 V2-2	May 18, 2018	Cash settled	561	November 7, 2020	2.48
Scheme 2015 - Series 17 V2-3	May 18, 2018	Cash settled	561	November 14, 2020	2.50
Scheme 2015 - Series 17 V3-1	May 18, 2018	Cash settled	373	June 30, 2021	3.12
Scheme 2015 - Series 17 V3-2	May 18, 2018	Cash settled	373	July 7, 2021	3.14
Scheme 2015 - Series 17 V3-3	May 18, 2018	Cash settled	376	July 14, 2021	3.16
Scheme 2015 - Series 17 V4-1	May 18, 2018	Cash settled	373	December 30, 2021	3.62
Scheme 2015 - Series 17 V4-2	May 18, 2018	Cash settled	373	January 7, 2022	3.64
Scheme 2015 - Series 17 V4-3	May 18, 2018	Cash settled	376	January 14, 2022	3.66
Scheme 2015 - Series 20 V2-1	December 27, 2018	Cash settled	360	January 31, 2021	2.10
Scheme 2015 - Series 20 V2-2	December 27, 2018	Cash settled	361	February 7, 2021	2.12
Scheme 2015 - Series 20 V2-3	December 27, 2018	Cash settled	361	February 14, 2021	2.14
Scheme 2015 - Series 20 V3-1	December 27, 2018	Cash settled	240	January 31, 2022	3.10
Scheme 2015 - Series 20 V3-2	December 27, 2018	Cash settled	240	February 7, 2022	3.12
Scheme 2015 - Series 20 V3-3	December 27, 2018	Cash settled	240	February 14, 2022	3.14
Scheme 2015 - Series 20 V4-1	December 27, 2018	Cash settled	240	July 31, 2022	3.59
Scheme 2015 - Series 20 V4-2	December 27, 2018	Cash settled	240	August 7, 2022	3.61
Scheme 2015 - Series 20 V4-3	December 27, 2018	Cash settled	241	August 14, 2022	3.63
Scheme 2015 - Series 22 V1-1	May 20, 2019	Cash settled	1,799	July 31, 2020	1.20
Scheme 2015 - Series 22 V1-2	May 20, 2019	Cash settled	1,799	August 7, 2020	1.22
Scheme 2015 - Series 22 V1-3	May 20, 2019	Cash settled	1,799	August 14, 2020	1.24
Scheme 2015 - Series 22 V2-1	May 20, 2019	Cash settled	1,799	October 31, 2021	2.45
Scheme 2015 - Series 22 V2-2	May 20, 2019	Cash settled	1,799	November 7, 2021	2.47
Scheme 2015 - Series 22 V2-3	May 20, 2019	Cash settled	1,799	November 14, 2021	2.49
Scheme 2015 - Series 22 V3-1	May 20, 2019	Cash settled	1,200	June 30, 2022	3.12
Scheme 2015 - Series 22 V3-2	May 20, 2019	Cash settled	1,199	July 7, 2022	3.13
Scheme 2015 - Series 22 V3-3	May 20, 2019	Cash settled	1,199	July 14, 2022	3.15
Scheme 2015 - Series 22 V4-1	May 20, 2019	Cash settled	1,200	December 31, 2022	3.62
Scheme 2015 - Series 22 V4-2	May 20, 2019	Cash settled	1,199	January 7, 2023	3.64
Scheme 2015 - Series 22 V4-3	May 20, 2019	Cash settled	1,199	January 14, 2023	3.66
			27,392		

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

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 (₹)
Scheme 2015 - Series 17 V3-1	May 18, 2018	June 30, 2021	0.25	0	1781.25	3.45%	0.04%	30.03%	1,781.05
Scheme 2015 - Series 17 V3-2	May 18, 2018	July 7, 2021	0.27	0	1781.25	3.46%	0.04%	29.69%	1,781.03
Scheme 2015 - Series 17 V3-3	May 18, 2018	July 14, 2021	0.29	0	1781.25	3.47%	0.04%	28.84%	1,781.02
Scheme 2015 - Series 17 V4-1	May 18, 2018	December 30, 2021	0.75	0	1781.25	3.75%	0.04%	31.29%	1,780.65
Scheme 2015 - Series 17 V4-2	May 18, 2018	January 7, 2022	0.77	0	1781.25	3.76%	0.04%	31.90%	1,780.63
Scheme 2015 - Series 17 V4-3	May 18, 2018	January 14, 2022	0.79	0	1781.25	3.77%	0.04%	32.27%	1,780.62
Scheme 2015 - Series 22 V2-1	May 20, 2019	October 31, 2021	0.59	0	1781.25	3.66%	0.04%	32.26%	1,780.78
Scheme 2015 - Series 22 V2-2	May 20, 2019	November 7, 2021	0.61	0	1781.25	3.67%	0.04%	32.22%	1,780.76
Scheme 2015 - Series 22 V2-3	May 20, 2019	November 14, 2021	0.62	0	1781.25	3.68%	0.04%	32.18%	1,780.75
Scheme 2015 - Series 22 V3-1	May 20, 2019	June 30, 2022	1.25	0	1781.25	3.96%	0.04%	43.26%	1,780.25
Scheme 2015 - Series 22 V3-2	May 20, 2019	July 7, 2022	1.27	0	1781.25	3.96%	0.04%	43.01%	1,780.23
Scheme 2015 - Series 22 V3-3	May 20, 2019	July 14, 2022	1.29	0	1781.25	3.97%	0.04%	42.73%	1,780.22
Scheme 2015 - Series 22 V4-1	May 20, 2019	December 31, 2022	1.75	0	1781.25	4.14%	0.04%	38.90%	1,779.85
Scheme 2015 - Series 22 V4-2	May 20, 2019	January 7, 2023	1.77	0	1781.25	4.15%	0.04%	38.70%	1,779.83
Scheme 2015 - Series 22 V4-3	May 20, 2019	January 14, 2023	1.79	0	1781.25	4.16%	0.04%	38.57%	1,779.82
Scheme 2015 - Series 20 V3-1	December 27, 2018	January 31, 2022	0.84	0	1781.25	3.79%	0.04%	33.19%	1,780.58
Scheme 2015 - Series 20 V3-2	December 27, 2018	February 7, 2022	0.86	0	1781.25	3.80%	0.04%	33.40%	1,780.56
Scheme 2015 - Series 20 V3-3	December 27, 2018	February 14, 2022	0.88	0	1781.25	3.81%	0.04%	33.75%	1,780.55
Scheme 2015 - Series 20 V4-1	December 27, 2018	July 31, 2022	1.33	0	1781.25	3.99%	0.04%	42.12%	1,780.18
Scheme 2015 - Series 20 V4-2	December 27, 2018	August 7, 2022	1.35	0	1781.25	3.99%	0.04%	41.88%	1,780.17
Scheme 2015 - Series 20 V4-3	December 27, 2018	August 14, 2022	1.37	0	1781.25	4.00%	0.04%	41.62%	1,780.15
Scheme 2015 - Series 28 V1-1	August 7, 2020	August 31, 2021	0.42	0	1781.25	3.56%	0.04%	29.09%	1,780.91
Scheme 2015 - Series 28 V1-2	August 7, 2020	September 7, 2021	0.44	0	1781.25	3.57%	0.04%	33.39%	1,780.90
Scheme 2015 - Series 28 V1-3	August 7, 2020	September 14, 2021	0.46	0	1781.25	3.58%	0.04%	33.44%	1,780.88
Scheme 2015 - Series 28 V2-1	August 7, 2020	November 30, 2022	1.67	0	1781.25	4.11%	0.04%	39.50%	1,779.91
Scheme 2015 - Series 28 V2-2	August 7, 2020	December 7, 2022	1.69	0	1781.25	4.11%	0.04%	39.34%	1,779.90
Scheme 2015 - Series 28 V2-3	August 7, 2020	December 14, 2022	1.71	0	1781.25	4.12%	0.04%	39.27%	1,779.88
Scheme 2015 - Series 28 V3-1	August 7, 2020	June 30, 2023	2.25	0	1781.25	4.43%	0.04%	35.47%	1,779.45
Scheme 2015 - Series 28 V3-2	August 7, 2020	July 7, 2023	2.27	0	1781.25	4.45%	0.04%	35.35%	1,779.44
Scheme 2015 - Series 28 V3-3	August 7, 2020	July 14, 2023	2.29	0	1781.25	4.47%	0.04%	35.27%	1,779.42
Scheme 2015 - Series 28 V4-1	August 7, 2020	December 31, 2023	2.75	0	1781.25	4.97%	0.04%	34.44%	1,779.05
Scheme 2015 - Series 28 V4-2	August 7, 2020	January 7, 2024	2.77	0	1781.25	5.00%	0.04%	34.32%	1,779.03
Scheme 2015 - Series 28 V4-3	August 7, 2020	January 14, 2024	2.79	0	1781.25	5.02%	0.04%	34.24%	1,779.02
Scheme 2015 - Series 31 -V1-1	August 7, 2020	August 31, 2023	2.42	0	1781.25	4.59%	0.04%	35.38%	1,779.31
Scheme 2015 - Series 31 -V1-2	August 7, 2020	September 7, 2023	2.44	0	1781.25	4.61%	0.04%	35.33%	1,779.30
Scheme 2015 - Series 31 -V1-3	August 7, 2020	September 14, 2023	2.46	0	1781.25	4.63%	0.04%	35.24%	1,779.28
Scheme 2015 - Series 31 -V2-1	August 7, 2020	August 31, 2024	3.42	0	1781.25	5.49%	0.04%	31.93%	1,778.51
Scheme 2015 - Series 31 -V2-2	August 7, 2020	September 7, 2024	3.44	0	1781.25	5.50%	0.04%	31.98%	1,778.50
Scheme 2015 - Series 31 -V2-3	August 7, 2020	September 14, 2024	3.46	0	1781.25	5.51%	0.04%	31.93%	1,778.48

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Notes to the Financial Statements for the year ended 31st March, 2021

As at 31st March, 2020

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (INR)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (₹)
Scheme 2015 - Series 09 V3-1	May 15, 2017	June 30, 2020	0.25	0	1334.5	4.31%	0.06%	58.10%	1,293.50
Scheme 2015 - Series 09 V3-2	May 15, 2017	July 7, 2020	0.27	0	1334.5	4.33%	0.06%	56.44%	1,293.48
Scheme 2015 - Series 09 V3-3	May 15, 2017	July 14, 2020	0.29	0	1334.5	4.35%	0.06%	54.68%	1,293.47
Scheme 2015 - Series 09 V4-1	May 15, 2017	December 31, 2020	0.75	0	1334.5	4.71%	0.06%	39.55%	1,293.10
Scheme 2015 - Series 09 V4-2	May 15, 2017	January 7, 2021	0.77	0	1334.5	4.73%	0.06%	39.08%	1,293.08
Scheme 2015 - Series 09 V4-3	May 15, 2017	January 14, 2021	0.79	0	1334.5	4.74%	0.06%	38.78%	1,293.07
Scheme 2015 - Series 17 V2-1	May 18, 2018	October 31, 2020	0.59	0	1334.5	4.59%	0.06%	42.98%	1,293.23
Scheme 2015 - Series 17 V2-2	May 18, 2018	November 7, 2020	0.61	0	1334.5	4.60%	0.06%	42.52%	1,293.21
Scheme 2015 - Series 17 V2-3	May 18, 2018	November 14, 2020	0.62	0	1334.5	4.62%	0.06%	41.98%	1,293.20
Scheme 2015 - Series 17 V3-1	May 18, 2018	June 30, 2021	1.25	0	1334.5	5.01%	0.06%	32.93%	1,292.70
Scheme 2015 - Series 17 V3-2	May 18, 2018	July 7, 2021	1.27	0	1334.5	5.02%	0.06%	32.74%	1,292.68
Scheme 2015 - Series 17 V3-3	May 18, 2018	July 14, 2021	1.29	0	1334.5	5.03%	0.06%	32.62%	1,292.67
Scheme 2015 - Series 17 V4-1	May 18, 2018	December 30, 2021	1.75	0	1334.5	5.18%	0.06%	31.96%	1,292.30
Scheme 2015 - Series 17 V4-2	May 18, 2018	January 7, 2022	1.77	0	1334.5	5.18%	0.06%	31.76%	1,292.28
Scheme 2015 - Series 17 V4-3	May 18, 2018	January 14, 2022	1.79	0	1334.5	5.18%	0.06%	31.65%	1,292.27
Scheme 2015 - Series 20 V2-1	December 27, 2018	January 31, 2021	0.84	0	1334.5	4.77%	0.06%	37.85%	1,293.03
Scheme 2015 - Series 20 V2-2	December 27, 2018	February 7, 2021	0.86	0	1334.5	4.78%	0.06%	37.46%	1,293.01
Scheme 2015 - Series 20 V2-3	December 27, 2018	February 14, 2021	0.88	0	1334.5	4.80%	0.06%	37.38%	1,293.00
Scheme 2015 - Series 20 V3-1	December 27, 2018	January 31, 2022	1.84	0	1334.5	5.19%	0.06%	31.31%	1,292.23
Scheme 2015 - Series 20 V3-2	December 27, 2018	February 7, 2022	1.86	0	1334.5	5.20%	0.06%	31.20%	1,292.21
Scheme 2015 - Series 20 V3-3	December 27, 2018	February 14, 2022	1.88	0	1334.5	5.20%	0.06%	31.09%	1,292.20
Scheme 2015 - Series 20 V4-1	December 27, 2018	July 31, 2022	2.33	0	1334.5	5.28%	0.06%	29.28%	1,291.83
Scheme 2015 - Series 20 V4-2	December 27, 2018	August 7, 2022	2.35	0	1334.5	5.29%	0.06%	29.17%	1,291.82
Scheme 2015 - Series 20 V4-3	December 27, 2018	August 14, 2022	2.37	0	1334.5	5.29%	0.06%	29.09%	1,291.80
Scheme 2015 - Series 22 V1-1	May 20, 2019	July 31, 2020	0.33	0	1334.5	4.38%	0.06%	51.43%	1,293.43
Scheme 2015 - Series 22 V1-2	May 20, 2019	August 7, 2020	0.35	0	1334.5	4.40%	0.06%	50.22%	1,293.42
Scheme 2015 - Series 22 V1-3	May 20, 2019	August 14, 2020	0.37	0	1334.5	4.42%	0.06%	49.01%	1,293.40
Scheme 2015 - Series 22 V2-1	May 20, 2019	October 31, 2021	1.59	0	1334.5	5.13%	0.06%	32.93%	1,292.43
Scheme 2015 - Series 22 V2-2	May 20, 2019	November 7, 2021	1.61	0	1334.5	5.14%	0.06%	32.81%	1,292.42
Scheme 2015 - Series 22 V2-3	May 20, 2019	November 14, 2021	1.62	0	1334.5	5.14%	0.06%	32.82%	1,292.40
Scheme 2015 - Series 22 V3-1	May 20, 2019	June 30, 2022	2.25	0	1334.5	5.27%	0.06%	29.75%	1,291.90
Scheme 2015 - Series 22 V3-2	May 20, 2019	July 7, 2022	2.27	0	1334.5	5.27%	0.06%	29.65%	1,291.89
Scheme 2015 - Series 22 V3-3	May 20, 2019	July 14, 2022	2.29	0	1334.5	5.28%	0.06%	29.53%	1,291.87
Scheme 2015 - Series 22 V4-1	May 20, 2019	December 31, 2022	2.75	0	1334.5	5.39%	0.06%	27.87%	1,291.50
Scheme 2015 - Series 22 V4-2	May 20, 2019	January 7, 2023	2.77	0	1334.5	5.40%	0.06%	27.81%	1,291.48
Scheme 2015 - Series 22 V4-3	May 20, 2019	January 14, 2023	2.79	0	1334.5	5.40%	0.06%	27.74%	1,291.47

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2021.

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.

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Notes to the Financial Statements for the year ended 31st March, 2021

Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme reference	Grant Date	Balance as at April 01, 2020	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Transfer in / (out)* during the year	Balance as at 31 st March, 2021
Scheme 2015 - Series 09 V3-1	May 15, 2017	490.00	-	(490.00)	-	-	-
Scheme 2015 - Series 09 V3-2	May 15, 2017	490.00	-	(490.00)	-	-	-
Scheme 2015 - Series 09 V3-3	May 15, 2017	496.00	-	(496.00)	-	-	-
Scheme 2015 - Series 09 V4-1	May 15, 2017	490.00	-	(1,740.00)	(226.00)	1,476.00	-
Scheme 2015 - Series 09 V4-2	May 15, 2017	490.00	-	(1,740.00)	(226.00)	1,476.00	-
Scheme 2015 - Series 09 V4-3	May 15, 2017	496.00	-	(1,754.00)	(226.00)	1,484.00	-
Scheme 2015 - Series 17 V2-1	May 18, 2018	561.00	-	(2,274.00)	(354.00)	2,067.00	-
Scheme 2015 - Series 17 V2-2	May 18, 2018	561.00	-	(2,274.00)	(354.00)	2,067.00	-
Scheme 2015 - Series 17 V2-3	May 18, 2018	561.00	-	(2,274.00)	(354.00)	2,067.00	-
Scheme 2015 - Series 17 V3-1	May 18, 2018	373.00	-	-	(370.00)	1,378.00	1,381.00
Scheme 2015 - Series 17 V3-2	May 18, 2018	373.00	-	-	(370.00)	1,378.00	1,381.00
Scheme 2015 - Series 17 V3-3	May 18, 2018	376.00	-	-	(370.00)	1,378.00	1,384.00
Scheme 2015 - Series 17 V4-1	May 18, 2018	373.00	-	-	(370.00)	1,378.00	1,381.00
Scheme 2015 - Series 17 V4-2	May 18, 2018	373.00	-	-	(370.00)	1,378.00	1,381.00
Scheme 2015 - Series 17 V4-3	May 18, 2018	376.00	-	-	(370.00)	1,378.00	1,384.00
Scheme 2015 - Series 20 V2-1	December 27, 2018	360.00	-	(360.00)	-	-	-
Scheme 2015 - Series 20 V2-2	December 27, 2018	361.00	-	(361.00)	-	-	-
Scheme 2015 - Series 20 V2-3	December 27, 2018	361.00	-	(361.00)	-	-	-
Scheme 2015 - Series 20 V3-1	December 27, 2018	240.00	-	-	-	-	240.00
Scheme 2015 - Series 20 V3-2	December 27, 2018	240.00	-	-	-	-	240.00
Scheme 2015 - Series 20 V3-3	December 27, 2018	240.00	-	-	-	-	240.00
Scheme 2015 - Series 20 V4-1	December 27, 2018	240.00	-	-	-	-	240.00
Scheme 2015 - Series 20 V4-2	December 27, 2018	240.00	-	-	-	-	240.00
Scheme 2015 - Series 20 V4-3	December 27, 2018	241.00	-	-	-	-	241.00
Scheme 2015 - Series 22 V1-1	May 20, 2019	1,799.00	-	(1,799.00)	-	-	-
Scheme 2015 - Series 22 V1-2	May 20, 2019	1,799.00	-	(1,799.00)	-	-	-
Scheme 2015 - Series 22 V1-3	May 20, 2019	1,799.00	-	(1,799.00)	-	-	-
Scheme 2015 - Series 22 V2-1	May 20, 2019	1,799.00	-	-	(123.00)	758.00	2,434.00
Scheme 2015 - Series 22 V2-2	May 20, 2019	1,799.00	-	-	(123.00)	758.00	2,434.00
Scheme 2015 - Series 22 V2-3	May 20, 2019	1,799.00	-	-	(123.00)	758.00	2,434.00
Scheme 2015 - Series 22 V3-1	May 20, 2019	1,200.00	-	-	(82.00)	504.00	1,622.00
Scheme 2015 - Series 22 V3-2	May 20, 2019	1,199.00	-	-	(82.00)	506.00	1,623.00
Scheme 2015 - Series 22 V3-3	May 20, 2019	1,199.00	-	-	(82.00)	506.00	1,623.00
Scheme 2015 - Series 22 V4-1	May 20, 2019	1,200.00	-	-	(82.00)	504.00	1,622.00
Scheme 2015 - Series 22 V4-2	May 20, 2019	1,199.00	-	-	(82.00)	506.00	1,623.00
Scheme 2015 - Series 22 V4-3	May 20, 2019	1,199.00	-	-	(82.00)	506.00	1,623.00
Scheme 2015 - Series 28 V1-1	August 7, 2020	-	905.00	-	-	3.00	908.00
Scheme 2015 - Series 28 V1-2	August 7, 2020	-	905.00	-	-	3.00	908.00
Scheme 2015 - Series 28 V1-3	August 7, 2020	-	905.00	-	-	3.00	908.00
Scheme 2015 - Series 28 V2-1	August 7, 2020	-	905.00	-	-	3.00	908.00
Scheme 2015 - Series 28 V2-2	August 7, 2020	-	905.00	-	-	3.00	908.00
Scheme 2015 - Series 28 V2-3	August 7, 2020	-	905.00	-	-	3.00	908.00
Scheme 2015 - Series 28 V3-1	August 7, 2020	-	598.00	-	-	2.00	600.00
Scheme 2015 - Series 28 V3-2	August 7, 2020	-	607.00	-	-	2.00	609.00
Scheme 2015 - Series 28 V3-3	August 7, 2020	-	605.00	-	-	2.00	607.00

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Notes to the Financial Statements for the year ended 31st March, 2021

Scheme reference	Grant Date	Balance as at April 01, 2020	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Transfer in / (out)* during the year	Balance as at 31 st March, 2021
Scheme 2015 – Series 28 V4-1	August 7, 2020	-	598.00	-	-	2.00	600.00
Scheme 2015 – Series 28 V4-2	August 7, 2020	-	607.00	-	-	2.00	609.00
Scheme 2015 – Series 28 V4-3	August 7, 2020	-	605.00	-	-	2.00	607.00
Scheme 2015 – Series 31 -V1-1	August 7, 2020	-	372.00	-	-	-	372.00
Scheme 2015 – Series 31 -V1-2	August 7, 2020	-	372.00	-	-	-	372.00
Scheme 2015 – Series 31 -V1-3	August 7, 2020	-	372.00	-	-	-	372.00
Scheme 2015 – Series 31 -V2-1	August 7, 2020	-	247.00	-	-	-	247.00
Scheme 2015 – Series 31 -V2-2	August 7, 2020	-	247.00	-	-	-	247.00
Scheme 2015 – Series 31 -V2-3	August 7, 2020	-	250.00	-	-	-	250.00
		27,392.00	10,910.00	(20,011.00)	(4,821.00)	24,241.00	37,711.00

Scheme reference	Grant Date	Balance as at 01 st April, 2019	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Transfer in / (out)* during the year	Balance as at 31 st March, 2020
Series 2015/04 V7	May 19, 2016	505.00	-	(824.00)	-	319.00	-
Series 2015/04 V8	May 19, 2016	505.00	-	(824.00)	-	319.00	-
Series 2015/04 V9	May 19, 2016	514.00	-	(834.00)	-	320.00	-
Series 2015/04 V10	May 19, 2016	505.00	-	(459.00)	(46.00)	-	-
Series 2015/04 V11	May 19, 2016	505.00	-	(459.00)	(46.00)	-	-
Series 2015/04 V12	May 19, 2016	514.00	-	(468.00)	(46.00)	-	-
Series 2015/06 V7	May 19, 2016	102.00	-	(102.00)	-	-	-
Series 2015/06 V8	May 19, 2016	102.00	-	(102.00)	-	-	-
Series 2015/06 V9	May 19, 2016	102.00	-	(102.00)	-	-	-
Scheme 2015 - Series 08	September 26, 2016	-	-	(2,528.00)	-	2,528.00	-
Scheme 2015 - Series 09 V2-1	May 15, 2017	731.00	-	(1,077.00)	-	346.00	-
Scheme 2015 - Series 09 V2-2	May 15, 2017	731.00	-	(1,077.00)	-	346.00	-
Scheme 2015 - Series 09 V2-3	May 15, 2017	731.00	-	(1,077.00)	-	346.00	-
Scheme 2015 - Series 09 V3-1	May 15, 2017	486.00	-	-	-	4.00	490.00
Scheme 2015 - Series 09 V3-2	May 15, 2017	486.00	-	-	-	4.00	490.00
Scheme 2015 - Series 09 V3-3	May 15, 2017	490.00	-	-	-	6.00	496.00
Scheme 2015 - Series 09 V4-1	May 15, 2017	486.00	-	-	-	4.00	490.00
Scheme 2015 - Series 09 V4-2	May 15, 2017	486.00	-	-	-	4.00	490.00
Scheme 2015 - Series 09 V4-3	May 15, 2017	490.00	-	-	-	6.00	496.00
Scheme 2015 - Series 17 V1-1	May 18, 2018	555.00	-	(915.00)	-	360.00	-
Scheme 2015 - Series 17 V1-2	May 18, 2018	555.00	-	(915.00)	-	360.00	-
Scheme 2015 - Series 17 V1-3	May 18, 2018	555.00	-	(915.00)	-	360.00	-
Scheme 2015 - Series 17 V2-1	May 18, 2018	555.00	-	-	-	6.00	561.00
Scheme 2015 - Series 17 V2-2	May 18, 2018	555.00	-	-	-	6.00	561.00
Scheme 2015 - Series 17 V2-3	May 18, 2018	555.00	-	-	-	6.00	561.00
Scheme 2015 - Series 17 V3-1	May 18, 2018	369.00	-	-	-	4.00	373.00

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Notes to the Financial Statements for the year ended 31st March, 2021

Scheme reference	Grant Date	Balance as at 01 st April, 2019	Granted during the year	Exercised during the year	Lapsed/cancelled during the year	Transfer in / (out)* during the year	Balance as at 31 st March, 2020
Scheme 2015 - Series 17 V3-2	May 18, 2018	369.00	-	-	-	4.00	373.00
Scheme 2015 - Series 17 V3-3	May 18, 2018	372.00	-	-	-	4.00	376.00
Scheme 2015 - Series 17 V4-1	May 18, 2018	369.00	-	-	-	4.00	373.00
Scheme 2015 - Series 17 V4-2	May 18, 2018	369.00	-	-	-	4.00	373.00
Scheme 2015 - Series 17 V4-3	May 18, 2018	372.00	-	-	-	4.00	376.00
Scheme 2015 - Series 20 V1-1	December 27, 2018	-	-	(360.00)	-	360.00	-
Scheme 2015 - Series 20 V1-2	December 27, 2018	-	-	(361.00)	-	361.00	-
Scheme 2015 - Series 20 V1-3	December 27, 2018	-	-	(361.00)	-	361.00	-
Scheme 2015 - Series 20 V2-1	December 27, 2018	-	-	-	-	360.00	360.00
Scheme 2015 - Series 20 V2-2	December 27, 2018	-	-	-	-	361.00	361.00
Scheme 2015 - Series 20 V2-3	December 27, 2018	-	-	-	-	361.00	361.00
Scheme 2015 - Series 20 V3-1	December 27, 2018	-	-	-	-	240.00	240.00
Scheme 2015 - Series 20 V3-2	December 27, 2018	-	-	-	-	240.00	240.00
Scheme 2015 - Series 20 V3-3	December 27, 2018	-	-	-	-	240.00	240.00
Scheme 2015 - Series 20 V4-1	December 27, 2018	-	-	-	-	240.00	240.00
Scheme 2015 - Series 20 V4-2	December 27, 2018	-	-	-	-	240.00	240.00
Scheme 2015 - Series 20 V4-3	December 27, 2018	-	-	-	-	241.00	241.00
Scheme 2015 - Series 22 V1-1	May 20, 2019	-	1,910.00	-	-	(111.00)	1,799.00
Scheme 2015 - Series 22 V1-2	May 20, 2019	-	1,910.00	-	-	(111.00)	1,799.00
Scheme 2015 - Series 22 V1-3	May 20, 2019	-	1,910.00	-	-	(111.00)	1,799.00
Scheme 2015 - Series 22 V2-1	May 20, 2019	-	1,910.00	-	-	(111.00)	1,799.00
Scheme 2015 - Series 22 V2-2	May 20, 2019	-	1,910.00	-	-	(111.00)	1,799.00
Scheme 2015 - Series 22 V2-3	May 20, 2019	-	1,910.00	-	-	(111.00)	1,799.00
Scheme 2015 - Series 22 V3-1	May 20, 2019	-	1,274.00	-	-	(74.00)	1,200.00
Scheme 2015 - Series 22 V3-2	May 20, 2019	-	1,273.00	-	-	(74.00)	1,199.00
Scheme 2015 - Series 22 V3-3	May 20, 2019	-	1,273.00	-	-	(74.00)	1,199.00
Scheme 2015 - Series 22 V4-1	May 20, 2019	-	1,274.00	-	-	(74.00)	1,200.00
Scheme 2015 - Series 22 V4-2	May 20, 2019	-	1,273.00	-	-	(74.00)	1,199.00
Scheme 2015 - Series 22 V4-3	May 20, 2019	-	1,273.00	-	-	(74.00)	1,199.00
		14,021.00	19,100.00	(13,760.00)	(138.00)	8,169.00	27,392.00

* 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:

Statement of profit and loss

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Employee Stock Option Plan	215.81	227.64
Stock Appreciation Rights	313.04	235.71
Total employee share-based payment expenses	528.85	463.35

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

Balance sheet

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Contribution from parent	631.71	415.92
SARs Liability	399.39	178.48
Intrinsic value of liability	399.56	178.60

NOTE 39 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Classification of financial assets and financial liabilities:

Carrying amounts and fair values of financial assets and financial liabilities, 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 whose carrying amount is a reasonable approximation of fair value.

Particulars	As at 31 st March, 2021				As at 31 st March, 2020			
	FVTPL	FVOCI	Amortised cost	Cost	FVTPL	FVOCI	Amortised cost	Cost
Financial Assets								
Non-current assets								
(i) Investments	47,471.20	-	-	6,200.00	21,156.09	-	-	6,200.00
(ii) Trade receivables	-	-	-	-	-	-	-	-
(iii) Loans	-	-	0.43	-	-	-	-	-
(iv) Other non-current financial assets	-	-	0.45	-	-	-	0.45	-
Current assets								
(i) Investments	2,234.22	-	-	-	7,606.81	-	-	-
(ii) Trade receivables	-	-	88.57	-	-	-	1,138.05	-
(iii) Cash and cash equivalents	-	-	976.43	-	-	-	201.99	-
(iv) Bank balance other than (iii) above	-	-	1,044.13	-	-	-	2,979.07	-
(v) Loans	-	-	1.22	-	-	-	0.66	-
(vi) Other current financial assets	-	-	371.46	-	-	-	220.56	-
Total financial assets	49,705.42	-	2,482.68	6,200.00	28,762.90	-	4,540.78	6,200.00
Financial liabilities								
Non-current liabilities								
(i) Borrowings	-	-	15,299.22	-	-	-	3,427.28	-
(ii) Other non-current financial liabilities	-	-	10.06	-	-	-	-	-
Current liabilities								
(i) Trade payables	-	-	408.92	-	-	-	416.80	-
(ii) Other current financial liabilities	-	-	804.62	-	-	-	1,894.60	-
Total financial liabilities	-	-	16,522.82	-	-	-	5,738.68	-

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

B. Fair value

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

Particulars	31 st March, 2021				31 st March, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Non-current assets								
(i) Investments	-	4,883.29	42,587.91	47,471.20	-	7,307.50	13,848.59	21,156.09
Current assets								
(i) Investments	-	-	2,234.22	2,234.21	35.49	-	7,571.32	7,606.81
Total financial assets	-	4,883.29	44,822.13	49,705.42	35.49	7,307.50	21,419.91	28,762.90
Financial liabilities	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	-	-	-

B. Fair value

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

(₹ in lakh)

Particulars	As at 31 st March, 2021		As at 31 st March, 2020	
	Level 3	Total	Level 3	Total
Financial Assets				
Non-current assets				
(i) Investments	-	-	-	-
(ii) Loans	0.43	0.43	-	-
(iii) Other non-current financial assets	0.45	0.45	0.45	0.45
Total financial assets	0.87	0.87	0.45	0.45
Financial liabilities				
Non-Current liabilities				
(i) Borrowings	15,299.22	15,299.22	3,427.28	3,427.28
(ii) Other non-current financial liabilities	10.06	10.06	-	-
Current liabilities				
(i) Trade payables	408.92	408.92	416.80	416.80
(ii) Other current financial liabilities	804.62	804.62	1,894.60	1,894.60
Total financial liabilities	16,522.82	16,522.82	5,738.68	5,738.68

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

B. Fair value

Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31 st March, 2021		As at 31 st March, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Non-current assets				
(i) Non-Current Investments	-	-	-	-
(ii) Non-Current Trade receivables	-	-	-	-
(iii) Loans	0.43	0.43	-	-
(iv) Other non-current financial assets	0.45	0.45	0.45	0.45
Current assets				
(i) Current Investments	-	-	-	-
(ii) Trade receivables	88.57	88.57	1,138.05	1,138.05
(iii) Cash and cash equivalents	976.43	976.43	201.99	201.99
(iv) Bank balance other than (iii) above	1,044.13	1,044.13	2,979.07	2,979.07
(v) Loans	1.22	1.22	0.66	0.66
(vi) Other current financial assets	371.46	371.46	220.56	220.56
Total financial assets	2,482.68	2,482.68	4,540.78	4,540.78
Financial liabilities				
Non-Current liabilities				
(i) Borrowings	15,299.22	15,299.22	3,427.28	3,427.28
(ii) Other non-current financial liabilities	10.06	10.06	-	-
Current liabilities				
(i) Trade payables	408.92	408.92	416.80	416.80
(ii) Other current financial liabilities	804.62	804.62	1,894.60	1,894.60
Total financial liabilities	16,522.82	16,522.82	5,738.68	5,738.68

C. Measurement of fair values

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

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

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Notes to the Financial Statements for the year ended 31st March, 2021

Valuation techniques used to determine fair value

Investment in debt securities

Securities classified as, either fair value through other comprehensive income or fair value through profit or loss, are carried at fair value based on quoted market prices. If quoted market prices were not available, fair values were estimated using market yield on balance period to maturity on similar instruments and similar credit risk.

Investment in equity shares

Investment in equity shares classified as, either fair value through other comprehensive income or fair value through profit or loss, are carried at fair value based on quoted market prices. If quoted market prices are not available or if the securities were unlisted, the fair values were estimated using valuation techniques such as market comparison method etc.

Investment in venture funds

Investment in venture funds classified as fair value through profit or loss, are carried at fair value based on net asset value.

Investment in preference shares

Investment in preference shares classified as fair value through profit or loss, are carried at fair value estimated using valuation techniques such as market comparison method etc.

Fair value of financial instruments carried at amortised cost

Loans

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are determined by management based on market rates for similar rated loans and consequently for the purposes of level disclosures categorized under Level 3. The Level 3 loans would decrease / (increase) in value based upon an increase / (decrease) in discount rate.

Level 3 fair values

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

(₹ in lakh)

Particulars	As at 1 st April, 2020	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfer In from Level 2 #	Transfer Out to Level 2 #	As at 3 1 st March, 2021
Investments	21,419.91	4,380.43	24,025.52	5,884.47	1,105.73	225.00	44,822.13

(₹ in lakh)

Particulars	As at 1 st April, 2019	Total gains/ (losses) recorded in profit or loss	Purchases	Sales/ Settlements	Transfer Out to Level 2 #	As at 31 st March, 2020
Investments	16,517.48	2,467.52	13,276.93	9,501.45	1,340.57	21,419.91

During the year ended 31st March, 2021, the company transferred one investment (P.Y. three investments) from Level 3 to Level 2, as the progress against set milestone were assessed to arrive at the fair valuation of these investments. Thus, there were no unobservable inputs used for the valuation of these investments and hence the movement were made from Level 3 to Level 2.

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Name of the fund/investment	Fair value as on (₹ in Lakhs)		Valuation technique(s) and key input(s)	Unobservable inputs	Input values considered	
	As at 31 st March, 2021	As at 31 st March, 2020			As at 31 st March, 2021	As at 31 st March, 2020
Investment into Units of Venture Funds and Alternate Investment Funds	41,619.08	19,755.70	DCF under Income Approach, Net recovery and NAV Method	Weighted Average Cost of Capital (WACC) whose underlying inputs are:		
				(a) Company Specific Risk Premium (CSRP)	1.00% to 6.00%	2.00% to 18.5%
				(b) Long Term Growth Rate (LTGR)	-	1.00% to 6.00%
				(c) Discount Rate (DR)	15.00% to 19.5%	12.49% to 20.6%
				(d) Sale Price	2,970 to 75,000	2,100 to 76,000
				(e) EBDITA Margin	24.30% to 53.00%	-
				(f) Illiquidity Discount	10.00%	-
				(g) Cost	2,970 to 6,534	-
				(h) EBDITA Metric	5.00% to 10.00%	-
				(i) EBDITA Multiple	0.25 to 0.50	-

Relationship of unobservable inputs to fair value		Sensitivity analysis	
		As at 31 st March, 2021	As at 31 st March, 2020
Weighted Average Cost of Capital (WACC) whose underlying inputs are:	A higher WACC leads to a lower fair value		
(a) Company Specific Risk Premium (CSRP)	Higher CSRP leads to lower value in the Income Approach Lower CSRP leads to higher value in the Income Approach	- 100 bps increase in CSRP leads to a 0.07 % decrease in the concluded fair value . '- 100 bps decrease in CSRP leads to a 0.08 % increase in the concluded fair value	- 100 bps increase in CSRP leads to a 0.20 % decrease in the concluded fair value . '- 100 bps decrease in CSRP leads to a 0.17 % increase in the concluded fair value
(b) Long Term Growth Rate (LTGR)	Higher LTGR leads to higher value in most of the scenarios, however in some cases it has downward impact due to working capital and capex assumptions. Lower LTGR leads to decrease in value in most of the scenarios.	-	- 100 bps increase in LTGR leads to an increase of 0.05 % in the concluded fair value - 100 bps decrease in LTGR leads to 0.04 % decrease in the concluded fair value
(c) Discount Rate	A higher Discount Rate leads to a lower fair value A lower Discount Rate leads to a higher fair value	- 100 bps increase in Discount Rate leads to an 0.78% decrease in the concluded fair value of the asset - 100 bps decrease in Discount Rate leads to an 0.80% increase in the concluded fair value of the asset	- 100 bps increase in Discount Rate leads to an 1.07% decrease in the concluded fair value of the asset - 100 bps decrease in Discount Rate leads to an 1.10% increase in the concluded fair value of the asset
(d) Sale Price	Higher Sale Price leads to a higher value in the Income Approach Lower Sale Price leads to lower value in the Income Approach	- 100 bps increase in Sale Price leads to an 0.66% .increase in the concluded fair value of the asset - 100 bps decrease in Sale Price leads to an 0.64% decrease in the concluded fair value of the asset	- 100 bps increase in Sale Price leads to an 1.05% .increase in the concluded fair value of the asset - 100 bps decrease in Sale Price leads to an 1.12% decrease in the concluded fair value of the asset

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Notes to the Financial Statements for the year ended 31st March, 2021

(e) EBDITA Margin	Increase in the EBITDA margins would result in increase in value	- 100 bps increase in EBDITA Margin leads to an 0.26% .increase in the concluded fair value of the asset	-
	Decrease in the EBITDA margins would result in decrease in value	- 100 bps decrease in EBDITA Margin leads to an 0.29% decrease in the concluded fair value of the asset	
(f) Illiquidity Discount	Higher discount leads to a lower value	- 100 bps increase in Discount leads an decrease of 0.06 % in the concluded fair value	-
	Lower discount leads to a higher value	- 100 bps decrease in Discount leads to 0.06 % increase in the concluded fair value	
(g) Cost	Higher cost leads to a lower value	- 100 bps increase in Cost leads to decrease of 0.42% in the concluded fair value.	-
	Lower cost leads to a higher value	- 100 bps decrease in Cost leads to increase of 0.49% in the concluded fair value.	
(h) EBDITA Metric	Increase in the EBITDA margins would result in increase in value	- 5% Increase in EBDITA Metric leads to increase of 0.03% in the concluded fair value.	-
	Decrease in the EBITDA margins would result in decrease in value	- 10% Decrease in EBDITA Multiple leads to decrease of 0.06% in the concluded fair value	
(i) EBDITA Multiple	Increase in the EBITDA multiple would result in increase in value	- 5% Increase in EBDITA Multiple leads to increase of 1.07% in the concluded fair value.	-
	Decrease in the EBITDA multiple would result in decrease in value	- 5% Decrease in EBDITA Multiple leads to decrease of 1.07% in the concluded fair value	

Name of the fund/investment	Fair value as on (₹ in Lakhs)		Valuation technique(s) and key input(s)	Unobservable inputs	Input values considered	
	As at 31 st March, 2021	As at 31 st March, 2020			As at 31 st March, 2021	As at 31 st March, 2020
Investment in other unquoted securities	3,203.05	1,664.20	DCF under Income Approach, Net recovery and NAV Method	Weighted Average Cost of Capital (WACC) whose underlying inputs are:		
				(a) Company Specific Risk Premium (CSRP)	1.00% to 6%	2.00% to 18.5%
				(b) Long Term Growth Rate (LTGR)	-	1.00% to 6.00%
				(c) EBITDA Margin	24.30% to 53.00%	15.00% to 51.00%
				(d) Illiquidity Discount	10.00%	10.00%
				(e) Perpetual sales growth	4.00% to 5.00%	2.00% to 4.00%
				(f) Probability	2.50% to 5.00%	2.00% to 4.00%

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

Relationship of unobservable inputs to fair value		Sensitivity analysis	
		As at 31 st March, 2021	As at 31 st March, 2020
Weighted Average Cost of Capital (WACC) whose underlying inputs are:	A higher WACC leads to a lower fair value		
(a) Company Specific Risk Premium (CSRP)	Higher CSRP leads to lower value in the Income Approach Lower CSRP leads to higher value in the Income Approach	100 bps increase in CSRP leads to a 0.08 % decrease in the concluded fair value 100 bps decrease in CSRP leads to a 0.08% increase in the concluded fair value	100 bps increase in CSRP leads to a 1.98 % decrease in the concluded fair value . 100 bps decrease in CSRP leads to a 2.08% increase in the concluded fair value
(b) Long Term Growth Rate (LTGR)	Higher LTGR leads to higher value in most of the scenarios, however in some cases it has downward impact due to working capital and capex assumptions. Lower LTGR leads to decrease in value in most of the scenarios.	-	100 bps increase in LTGR leads an increase of 0.17 % in the concluded fair value 100 bps decrease in LTGR leads to 0.15 % decrease in the concluded fair value
(c) EBITDA Margin (Margin)	Higher Margin leads to higher value Lower Margin leads to a lower value	100 bps increase in Margin leads an increase of 0.04 % in the concluded fair value. 100 bps decrease in Margin leads to 0.04% decrease in the concluded fair value	100 bps increase in Margin leads an increase of 0.52 % in the concluded fair value 100 bps decrease in Margin leads to 0.54 % decrease in the concluded fair value
(d) Illiquidity Discount (Discount)	Higher discount leads to a lower value. Lower discount leads to a higher value	100 bps increase in Discount leads an decrease of 0.10 % in the concluded fair value 100 bps decrease in Discount leads to 0.10 % increase in the concluded fair value	100 bps increase in Discount leads an decrease of 1.28 % in the concluded fair value 100 bps decrease in Discount leads to 1.28 % increase in the concluded fair value
(e) Perpetual sales growth (PSG)	Higher Perpetual sales growth leads to higher value . Lower Perpetual sales growth leads to a lower value	100 bps increase in PSG leads an increase of 0.17 % in the concluded fair value 100 bps decrease in PSG leads to 0.14 % decrease in the concluded fair value	100 bps increase in PSG leads an increase of 1.79 % in the concluded fair value 100 bps decrease in PSG leads to 1.48 % decrease in the concluded fair value
(f) Probability	Higher probability growth leads to higher value Lower probability growth leads to a lower value	250 bps increase in Probability leads an increase of 10.35 % in the concluded fair value 250 bps decrease in Probability leads to 10.83 % decrease in the concluded fair value	-

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

D. Financial risk management

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

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

i. Risk management framework

The 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, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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

ii. Credit risk

Credit risk is the risk of actual or probably 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, investments, loans and other financial assets. The gross carrying amounts of following financial assets represent the maximum credit risk exposure:

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Trade receivables	90.48	1,161.21
Loans	1.70	0.69
Bank Balance	2,021.37	3,183.07
Other current assets (Contract Assets)	2,347.66	1,815.83
Other financial assets	379.08	222.92
Total	4,840.29	6,383.72

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

a. Credit quality analysis

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

(₹ in lakhs)

Particulars	Lifetime ECL (simplified approach)	
	As at 31 st March, 2021	As at 31 st March, 2020
Trade Receivables		
0-30 days	70.26	9.83
Past due 31-90 days	0.03	85.65
Past due 90 days	20.19	1,065.73
Sub-total	90.48	1,161.21
Less: Impairment Allowance	(1.91)	(23.16)
Carrying amount	88.57	1,138.05
Other Current Assets (Contract Assets)		
0-30 days	2,347.66	1,815.83
Past due 31-90 days	-	-
Past due 90 days	-	-
Sub-total	2,347.66	1,815.83
Less: Impairment Allowance	(43.77)	(14.53)
Carrying amount	2,303.89	1,801.31

(₹ in lakh)

Particulars	As at 31 st March, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans				
0-30 days	1.70	-	-	1.70
Past due 31-90 days	-	-	-	-
Past due 90 days	-	-	-	-
Sub-total	1.70	-	-	1.70
Less: Impairment Allowance	(0.06)	-	-	(0.06)
Carrying amount	1.64	-	-	1.64
Other Financial assets				
0-30 days	379.08	-	-	379.08
Past due 31-90 days	-	-	-	-
Past due 90 days	-	-	-	-
Sub-total	379.08	-	-	379.08
Less: Impairment Allowance	(7.17)	-	-	(7.17)
Carrying amount	371.91	-	-	371.91
Bank Balance				
0-30 days	2,021.36	-	-	2,021.36
Past due 31-90 days	-	-	-	-
Past due 90 days	-	-	-	-
Sub-total	2,021.36	-	-	2,021.36
Less: Impairment Allowance	(0.81)	-	-	(0.81)
Carrying amount	2,020.55	-	-	2,020.55

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in lakh)

Particulars	As at 31 st March, 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Loans				
0-30 days	0.69	-	-	0.69
Past due 31-90 days	-	-	-	-
Past due 90 days	-	-	-	-
Sub-total	0.69	-	-	0.69
Less: Impairment Allowance	(0.03)	-	-	(0.03)
Carrying amount	0.66	-	-	0.66
Other Financial assets				
0-30 days	222.92	-	-	222.92
Past due 31-90 days	-	-	-	-
Past due 90 days	-	-	-	-
Sub-total	222.92	-	-	222.92
Less: Impairment Allowance	(1.91)	-	-	(1.91)
Carrying amount	221.01	-	-	221.01
Bank Balance				
0-30 days	3,183.07	-	-	3,183.07
Past due 31-90 days	-	-	-	-
Past due 90 days	-	-	-	-
Sub-total	3,183.07	-	-	3,183.07
Less: Impairment Allowance	(2.00)	-	-	(2.00)
Carrying amount	3,181.07	-	-	3,181.07

b. Concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from Clients and debt securities. Credit risk arises from cash held with banks and financial institutions and on account of accounts receivable from the client advised or managed by the company. While there is minimal credit risk in terms of Accounts receivable, there is a credit risk emanating from Company's exposure to Fund investments as a Sponsor.

c. Amounts arising from ECL

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

Inputs considered in the ECL model:

The Company has used simplified approach to provide expected credit loss on trade receivables and contract assets as prescribed by Ind AS 109 which permits use of lifetime expected credit loss. The Company has historic credit loss data to compute ECL. The Company uses days past due information and forecasts the information to assess deterioration in credit quality of a financial asset.

To measure the expected credit loss, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The Contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore concluded that the expected credit loss rates of trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of the investment management and advisory services provided over the historic period before the reporting date and the corresponding historic credit losses experienced within this period.

With respect to trade receivables / unbilled revenue, the Company has to review the receivables on a periodic basis and to take necessary mitigations, wherever required

Credit risk from investment in debt instruments, balances with bank and financial institutions is managed in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

Forward looking information:

The Company incorporates forward looking information into measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as Gross domestic product, change in gross fixed investments 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.

ii. Impairment loss allowance

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

(₹ in lakh)

Particulars	Past due 0–30 days	Past due 31–90 days	Past due more than 90 days
Trade receivables			0.00 *
Balance as at April 01, 2019	0.03	-	-
Net remeasurement of loss allowance *	-	-	-
New financial assets originated during the year	0.08	0.85	22.24
Financial assets that have been derecognised during the period	(0.03)	-	(0.00)
Balance as at 31st March, 2020	0.08	0.85	22.24
Net remeasurement of loss allowance	-	-	0.04
New financial assets originated during the year	1.31	0.00 *	0.55
Financial assets that have been derecognised during the period	(0.08)	(0.85)	(22.22)
Balance as at 31st March, 2021	1.31	0.00	0.60

*Denotes amount less than ₹ 500

(₹ in lakh)

Particulars	Past due 0–30 days	Past due 31–90 days	Past due more than 90 days
Loans			
Balance as at April 01, 2019	0.05	-	(0.00) *
Net remeasurement of loss allowance	0.03	-	0.00 *
New financial assets originated during the year	-	-	-
Financial assets that have been derecognised during the period	(0.05)	-	-
Balance as at 31st March, 2020	0.03	-	-
Net remeasurement of loss allowance	-	-	-
New financial assets originated during the year	0.06	-	-
Financial assets that have been derecognised during the period	(0.03)	-	-
Balance as at 31st March, 2021	0.06	-	-

*Denotes amount less than ₹ 500

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

Particulars	(₹ in lakh)		
	Past due 0–30 days	Past due 31–90 days	Past due more than 90 days
Other Financial Assets			
Balance as at 01st April 2019	0.70	-	-
Net remeasurement of loss allowance	0.18	-	-
New financial assets originated during the year	1.70	-	-
Financial assets that have been derecognised during the period	(0.67)	-	-
Balance as at 31st March, 2020	1.91	-	-
Net remeasurement of loss allowance	0.54	-	-
New financial assets originated during the year	6.08	-	-
Financial assets that have been derecognised during the period	(1.36)	-	-
Balance as at 31st March, 2021	7.17	-	-

The following table shows reconciliations from the opening to the closing balance of the loss allowances for Bank Balance and Contract Assets:

Particulars	(₹ in lakh)	
	Bank Balance	Contract Assets
Balance as at April 01, 2019	2.98	1.23
Net remeasurement of loss allowance	(0.97)	13.30
Balance as at 31st March, 2020	2.01	14.53
Net remeasurement of loss allowance	(1.20)	29.24
Balance as at 31st March, 2021	0.81	43.77

iii. Liquidity Risk

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

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.

Sr. No.	Particulars	(₹ in lakh)						
		Carrying amount	Total	Upto 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
As at 31st March, 2021								
Non-derivative financial liabilities								
1	Borrowings	15,299.22	(15,299.22)			(99.22)	(15,200.00)	-
2	Trade and other Payables	408.92	(408.92)	-	(408.92)	-	-	-
3	Other Financial Liabilities	814.69	(814.69)	(8.29)	(225.00)	(571.34)	(10.06)	-
Carrying Amount		16,522.81	(16,522.81)	(8.29)	(633.92)	(670.56)	(15,210.06)	-

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

(₹ in lakh)

Sr. No.	Particulars	Carrying amount	Total	Upto 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
	As at 31st March, 2020							
	Non-derivative financial liabilities							
1	Borrowings	3,427.28	(3,427.28)			(27.28)	(3,400.00)	-
2	Trade and other Payables	416.80	(416.80)	-	(416.80)	-	-	-
3	Book Overdraft	0.07	(0.07)	(0.07)	-	-	-	-
4	Other Financial Liabilities	1,894.53	(1,894.53)	(5.33)	(1,889.20)	-	-	-
	Carrying Amount	5,738.68	(5,738.68)	(5.40)	(2,306.00)	(27.28)	(3,400.00)	-

iv. Market risk

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

a) Currency risk

The Company is exposed to currency risk on account of its trade receivables in foreign currency. The foreign currency exposure in functional currency of the Company is not material and hence no sensitivity is considered.

b) Price risk

Price risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to financial instrument of its issuer, or factors affecting similar financial instruments traded in the market.

The Company is also exposed more generally to market price risk related to assets held at fair value through profit or loss.

Equity price risk is the risk that the fair values of equities increase / decrease as a result of changes in the corresponding value of equity indices or the value of individual equity stocks.

Exposure to Unquoted investments price risk

Investment in unquoted investments as at 31st March, 2021 and 31st March, 2020 are as below:

(₹ in lakh)

Particulars	31 st March, 2021	31 st March, 2020
Financial assets		
Unquoted investments (excluding investment in associates, carried at cost)	49,705.41	28,691.92
Total	49,705.41	28,691.92

Sensitivity analysis

Whilst these unquoted investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 5% is the sensitivity rate used which represents management's assessment of the possible net change in underlying prices. The effect of such change in underlying prices, with all other variables held constant, is as follows:

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

Particulars	Impact on Profit and loss	
	Strengthening	Weakening
(₹ in lakh)		
For the year ended 31st March, 2021		
Price - 5% Movement	2,485.27	(2,485.27)
For the year ended 31st March, 2020		
Price - 5% Movement	1,434.60	(1,434.60)

Exposure to Equity price risk

Investment in quoted equity shares as at 31st March, 2021 and 31st March, 2020 are as below:

Particulars	31 st March, 2021		31 st March, 2020	
(₹ in lakh)				
Financial assets				
Investment in quoted equity shares	-			35.49

Sensitivity analysis

The effect on profit and loss (as a result of a change in the fair value of equity instruments measured at fair value) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Particulars	Impact on Profit and loss	
	Strengthening	Weakening
(₹ in lakh)		
For the year ended 31st March, 2021		
NSE Index - 1% Movement	-	-
For the year ended 31st March, 2020		
NSE Index - 1% Movement	0.35	(0.35)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates would adversely affect the Company's financial conditions. The same typically involves looking at a gap or mismatch over different time intervals as at a given date.

The Company has only fixed rate borrowings during the year.

Fair value sensitivity analysis for fixed-rate instruments

The Company has accounted for fixed-rate financial assets at fair value through profit or loss. However it does not account for fixed-rate financial liabilities at fair value through profit or loss. A change in interest rates at the reporting date would not materially affect profit or loss and hence no sensitivity is considered.

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

NOTE 40 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to maximise shareholders' value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

NOTE 41 DISCLOSURE AMOUNTS DUE TO MSME UNDERTAKING

Particulars	(₹ in lakh)	
	As at 31 st March 2021	As at 31 st March 2020
Principal amount remaining unpaid to any supplier	8.34	84.85
Interest due thereon	-	-
Amount of interest paid in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSME Act	-	-
Amount of interest accrued and remaining unpaid	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

NOTE 42 SEGMENT INFORMATION

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

All operating segments' results are regularly reviewed by the Board of Directors, which have been identified as the Chief Operating Decision Maker ('CODM') of the Group inter-Company revenues and expenses, for which discrete financial information is available. The Board of Directors, which have been identified as the CODM, regularly review the performance reports and make decisions about allocation of resources.

The Company has identified the following reportable segments, performance reports of which is regularly reviewed by the Board of Directors.

Reportable segments	Principal Activity
Investment Management & Advisory	Providing investment management and advisory services to various private equity, venture capital, alternative investment funds and companies. It also offers investment advisory services to High Networth Individual (HNI) Clients. Further the company is required to make co-investments with the funds in certain companies in its role as an investment manager. Therefore in the opinion of the management, the risks and rewards associated with the investments are similar to the investment management / advisory activities.
Investments	Investments other than Investments under Investment Management and Advisory

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

A. Information about reportable segments

For the year ended 31st March, 2021

(₹ in lakh)

Particulars	Reportable segments				
	Investment Management & Advisory	Investments	Total Segments	Unallocated	Total
	(A)	(B)	C = (A) + (B)	(D)	(C) + (D)
Revenue					
External Revenue	18,197.89	(43.84)	18,154.05	40.97	18,195.03
Total Revenue	18,197.89	(43.84)	18,154.05	40.97	18,195.03
Segment profit / (loss) before tax	8,739.28	(327.79)	8,411.49	31.86	8,443.35
Tax Income					(2,067.83)
Profit for the year					6,375.52
Segment assets	50,916.42	10,619.06	61,535.48	1,335.85	62,871.33
Segment liabilities	17,564.75	-	17,564.75	589.23	18,153.98
Other disclosures					
Investment in an associate	-	6,200.00	6,200.00	-	6,200.00
Interest Income	125.09	9.06	134.15	31.89	166.03
Finance Costs	485.37	-	485.37	-	485.37
Depreciation and amortisations	165.92	-	165.92	9.11	175.03
Net gain/ (loss) on fair value changes- current investment	(229.22)	(93.14)	(322.36)	-	(322.36)
Net gain/ (loss) on fair value changes- non current investment	4,199.44	40.25	4,239.69	-	4,239.69
Capital expenditure	295.90	-	295.90	-	295.90

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

For the year ended 31st March, 2020

Particulars	Reportable segments				
	Investment Management & Advisory	Investments	Total Segments	Unallocated	Total
	(A)	(B)	C = (A) + (B)	(D)	(C) + (D)
Revenue					
Income	9,627.24	(83.00)	9,544.24	3.37	9,547.61
Total Revenue	9,627.24	(83.00)	9,544.24	3.37	9,547.61
Segment profit / (loss) before tax	(978.48)	(271.40)	(1,249.88)	(12.93)	(1,262.82)
Tax Income					407.67
Profit for the year					(855.15)
Segment assets	33,575.12	9,320.26	42,895.40	2,015.13	44,910.52
Segment liabilities	6,723.91	-	6,723.91	62.80	6,786.71
Other disclosures					
Investment in an associate and a Joint venture	-	6,200.00	6,200.00	-	6,200.00
Interest Income	319.94	-	319.94	-	319.94
Finance Costs	31.34	-	31.34	-	31.34
Depreciation and amortisations	125.66	-	125.66	16.30	141.96
Net gain/ (loss) on fair value changes- current investment	(1,409.73)	(13.08)	(1,422.81)	-	(1,422.81)
Net gain/ (loss) on fair value changes- non current investment	(445.29)	(72.57)	(517.86)	-	(517.86)
Capital expenditure	317.32	-	317.32	-	317.32

B. Information about major customers

The details of aggregate of revenue from transactions with more than single external customer or counterparty amounting to 10% or more of the company's total revenue are as below :

Particulars	₹ in lakh	
	31 st March, 2021	31 st March, 2020
Investment Management & Advisory	6,457.59	8,463.30

NOTE 43 REVENUE FROM CONTRACTS WITH CUSTOMERS

a) The Company has recognised following amounts relating to revenue in the Statement of profit and loss:

Particulars	₹ in lakh	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Revenue from contracts with customers	9,591.47	7,869.96
Total	9,591.47	7,869.96
Revenue from other sources	8,603.56	1,677.65
Revenue as per Statement of Profit and Loss	18,195.03	9,547.61
Impairment loss on receivables	(21.25)	23.13
Impairment loss on contract assets	29.24	13.30

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

b) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition:

(₹ in lakh)

Particulars	(A) Investment Management and Advisory		(B) Investments	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Primary Geographical Market				
India	9,121.47	7,069.96	-	-
Outside India	470.00	800.00	-	-
Total	9,591.47	7,869.96	-	-
Major products/service lines				
Investment Management / Advisory	9,591.47	7,869.96	-	-
Total	9,591.47	7,869.96	-	-
Timing of revenue recognition				
At a point in time	-	-	-	-
Over a period of time	9,591.47	7,869.96	-	-
Total	9,591.47	7,869.96	-	-

(₹ in lakh)

Particulars	(C) Unallocated		(A + B + C) Total	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Primary Geographical Market				
India	-	-	9,121.47	7,069.96
Outside India	-	-	470.00	800.00
Total	-	-	9,591.47	7,869.96
Major products/service lines				
Investment Management / Advisory	-	-	9,591.47	7,869.96
Total	-	-	9,591.47	7,869.96
Timing of revenue recognition				
At a point in time	-	-	-	-
Over a period of time	-	-	9,591.47	7,869.96
Total	-	-	9,591.47	7,869.96

Considering the nature of services rendered by the Company, output method is used to recognise revenue.

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

c) Contract Balances

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

Particulars	(₹ in lakh)	
	As at 31 st March, 2021	As at 31 st March, 2020
Receivables	88.57	1,138.05
Contracts assets	2,303.89	1,801.30
Contracts liabilities	48.63	313.89

The contract assets primarily relate to the Company's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the fund. The contract liabilities primarily relate to the management fee received in advance from the fund.

ii. Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

Particulars	(₹ in lakh)			
	Contract assets		Contract liabilities	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
At the beginning of the reporting period	1,801.31	468.23	313.89	457.15
Add : Revenue recognised/ liabilities during the year	2,347.66	1,815.82	48.63	120.27
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	-	(313.89)	(263.54)
Impairment of contract asset	(29.24)	(13.30)	-	-
Contract asset reclassified to a receivable	(1,815.82)	(469.45)	-	-
At the end of the reporting period	2,303.90	1,801.31	48.63	313.89

Contract assets amounting to ₹ 2347.66 lakhs, outstanding as at 31st March, 2021, would be billed and reclassified to trade receivables within the next 12 months.

d) Transaction price allocated to the remaining performance obligation

As of 31st March, 2021, the amount of transaction price allocated to remaining performance obligation are as follows. The Company will recognise the revenue as and when management services are rendered.

Particulars	(₹ in lakh)	
	31 st March, 2022	31 st March, 2023
Contract Liability	48.63	-

e) Assets recognised from the costs to obtain or fulfil a contract with a customer

i. Judgements made in determining the amount of the costs incurred to obtain or fulfil a contract with a customer and details of method of amortisation

The Company has recognised an asset in relation to costs incurred for setting up of the fund and bringing the investors to the fund as management expects that such costs are incremental cost of obtaining contract with customers and are recoverable. The asset is amortised on a straight-line basis over the tenure of the fund which is consistent with the pattern of recognition of the associated revenue.

Notes

Notes to the Financial Statements for the year ended 31st March, 2021

ii. The following table discloses the movement of cost to obtain a contract with customers:

(₹ in lakh)

Particulars	Referral Fees		Set-up costs	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Opening Balance	805.02	1,689.52	248.29	212.93
Add : Cost during the current year	-	-	126.39	94.21
Less: Amortisation	(805.02)	(884.50)	(38.17)	(58.84)
Closing Balance	-	805.02	336.51	248.29

As of 31st March, 2021, the Company will amortise the referral fees and set up cost over the remaining period as follows:

(₹ in lakh)

Particulars	Upto 1 year	1 - 3 year	3 - 5 years	More than 5 year
Set-up costs	43.11	95.74	95.62	102.04

Contract cost incurred for close ended funds are amortised over the life of the fund. The contract cost on open ended fund have been expensed off during the year when they incur.

In terms of our report attached

For **Price Waterhouse LLP**
Firms Registration Number : 301112E/E300264
Chartered Accountants

Sharad Vasant
Partner
Membership No. 101119

Place : Mumbai
Dated: 24th June 2021

For and on Behalf of the Board of Directors

S Srinivasan
Managing Director
DIN: 00382697

Rajeev Saptarshi
Chief Operating Officer

Place : Mumbai
Dated: 21st June 2021

Jaimin Bhatt
Director
DIN: 00003657

Pinky Dutta
Company Secretary



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