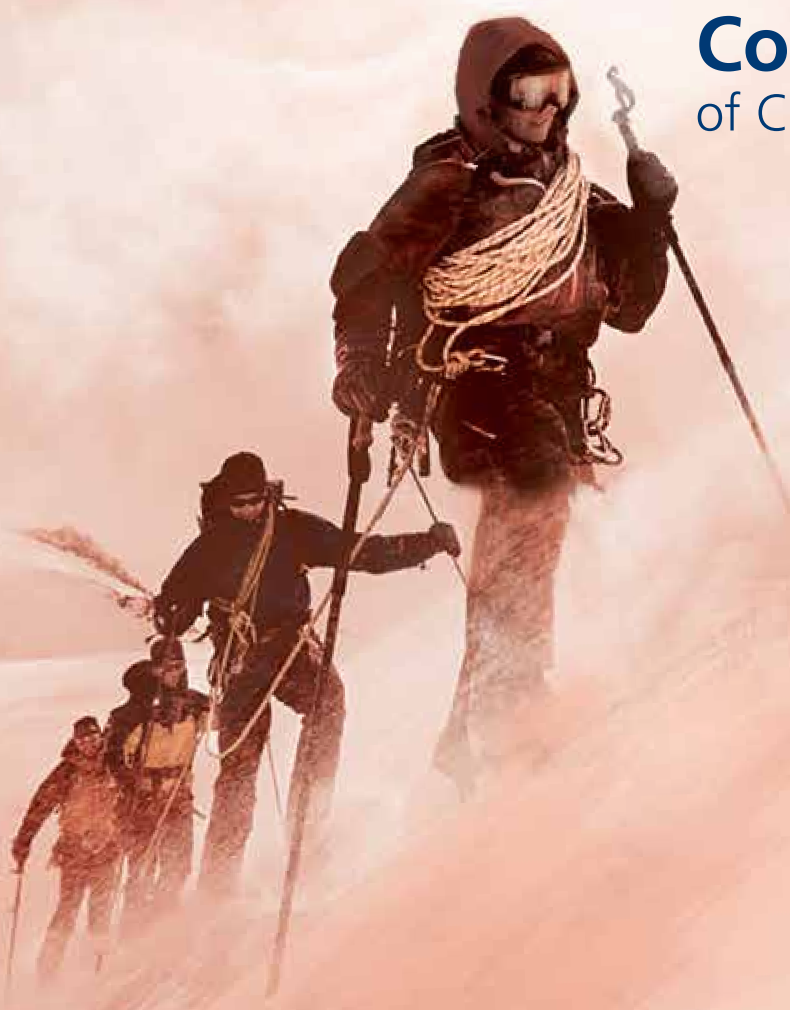
Annual Report 2018-19

kotak

# Courage
of Conviction.
# Constancy
of Change.



# Directors Report

To the Members of

**KOTAK INFRASTRUCTURE DEBT FUND LIMITED**

The Directors present their Thirty First Annual Report together with the audited accounts of the Company for the year ended 31st March 2019.

## FINANCIAL HIGHLIGHTS

(₹ in Lacs)

| | Year ended 31st March 2019 | Year ended 31st March 2018 |
|---|---|---|
| Gross income | 6,114.73 | 2,680.34 |
| Profit before tax | 2,441.41 | 1,501.65 |
| Provision for tax | NIL | NIL |
| Profit after tax | 2,441.41 | 1,501.65 |
| Total Comprehensive Income | 2,439.55 | 1,501.65 |
| Balance of Profit from previous years | 1,109.38 | (104.70) |
| Amount available for appropriation | 2,439.55 | 1,501.65 |
| Appropriations : | | |
| Special Reserve u/s 45IC of the RBI Act, 1934 | (512.94) | (287.57) |
| Net Profit after tax carried to Balance Sheet | 3,035.99 | 1,109.38 |

### DIVIDEND

Your Directors recommend a dividend on the preference shares at the coupon rate i.e. 7.50% for the financial year ended 31st March 2019. (Previous Year: 7.50%).

With a view to conserve the Company's resources for future growth, your Directors do not recommend any dividend on equity shares (Previous Year: Nil).

### DEBENTURES

The Company has issued debentures aggregating to ₹ 400 crore on private placement basis under Information Memorandum issued by the Company from time to time. The Company has appointed IDBI Trusteeship Services Limited, Asian Building,Ground Floor, 17 R. Kamani Marg, Ballard Estate, Mumbai 400 001 as Debenture Trustees to the issue.

### CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of the Company as on 31st March 2019 was at 46.80%(Tier I – 46.45%).

### CREDIT RATING

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

**Business Activity**

The Company is registered as a Non-Banking Financial Company (IDF) with Reserve Bank of India and is engaged in providing finance for infrastructure projects. The Company is entirely held by Kotak Mahindra Bank Ltd and its subsidiaries.

**Operations**

Your Company is into long term lending to infrastructure projects which have completed one year of satisfactory operations. In its first full year of operations, your Company has been able to forge relationships with marquee clients and build a robust asset book diversified across various Infrastructure sub-sectors. Credit norms, systems and processes have been set up to ensure strong growth while maintaining impeccable credit quality.

During the year Customer assets has increased from ₹ 429 crore to ₹ 672 crore.

In the coming year, your Company will continue to focus on growing revenue and asset book while maintaining sectoral diversification and adhering to prudent credit norms. Your Company will endeavour towards further broadening the clientele and on boarding high quality corporates across sectors.

Infrastructure is the key to economic growth of the country, statutory and regulatory efforts have been ongoing to ensure the same. During the past year, we have witnessed important developments across various Infrastructure sub sectors.

**Roads & Transportation**

Two key macro developments took place during the year, with announcement of Bharatmala program and completion of auction process of first tranche Toll Operate Transfer projects. There has been considerable pick up in awarding of contracts in Roads sector, especially under Hybrid Annuity model. Overall, the sector seems to have moved past struggles and promises to play role of a key growth driver going forward.

**Renewable Energy**

The country continues to push towards achieving target capacity of 175 GW in Renewable Energy by 2022. During the year, Wind Energy has largely moved to auction model from earlier Feed in Tariff model. Record low tariffs have been discovered in both Solar and Wind Energy projects, potentially making them commercially more viable than even Thermal Power. However, some concerns remain on regulatory aspects like imposition of Anti-Dumping / Safeguard Duty, viability of low tariff projects in view of fluctuation in equipment prices as well as probability of tariff renegotiation for earlier projects. Your Company will continue to observe the sector keenly.

**Other Infrastructure Sectors**

Your company continues its effort to broad-base asset book across various sub sectors within Infrastructure, sectors like Education, Healthcare, Power Transmission, SEZ / Industrial Parks will be key areas of interest. Also during last year, Logistics sector has been accorded with status of Infrastructure, opening new avenues of growth for the Company.

**Internal Controls**

The Internal Audit department of the holding company Kotak Mahindra Bank Limited, conducts a review to assess the financial and operating controls. Reports of the audits conducted by the Internal Audit department are presented to the Audit Committee.

**Human Resources**

Your Company is professionally managed & it follows open, transparent & meritocratic policy to nurture the human resources. Human resources function is managed by the Group Human Resources team of its holding company, Kotak Mahindra Bank Limited.

**Information Technology**

Your Company uses the technology platforms owned and managed by its holding company, Kotak Mahindra Bank Limited.

**Cautionary Note**

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

## DIRECTORS

**Changes in Directors during the year**

The Members at their Extraordinary General Meeting held on 17th September 2018 had approved the appointment of Mr. Raghunandan Maluste (DIN: 01302477) as an Independent Director of the Company for a five year term up to August 20, 2023.

**Director retiring by rotation during the year**

Mr. Dipak Gupta (DIN: 00004771), Director, retires by rotation at the Thirty First Annual General Meeting and being eligible, has offered himself for re-appointment.

**Declaration from Independent Directors**

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

**Board Evaluation**

The Nomination & Remuneration Committee of the Company has approved the tool for performance evaluation of the Board, its Committees and individual Directors.

In line with the provisions of the Companies Act 2013 and the rules made thereunder, a Board effectiveness assessment questionnaire was designed for the performance evaluation of the Board, its Committees and individual directors and in accordance with the criteria set and covering various aspects of performance including structure of the board, meetings of the board, functions of the board, role and responsibilities of the board, governance and compliance, evaluation of risks, grievance redressal for investors, conflict of interest, relationship among directors, director competency, board procedures, processes, functioning and effectiveness. The said questionnaire was circulated to all the directors of the Company for the annual performance evaluation.

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

**Key Managerial Personnel (KMPs)**

During the year, Mr. Ankur Sharma, Company Secretary of the Company resigned with effect from September 26, 2018. Mr. Bhavesh Jadhav, was appointed as the Company Secretary with effect from November 1, 2018.

In terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Manoj Gupta, Chief Executive Officer & Chief Financial Officer, and Mr. Bhavesh Jadhav, Company Secretary, are the Key Managerial Personnel of the Company.

**Appointment & Remuneration of Directors and KMPs**

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

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

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

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

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

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

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

**Number of Board Meetings**
During the year, 10 meetings of the Board of Directors were held.

## COMMITTEES

### (a) AUDIT COMMITTEE

The Audit Committee was re-constituted during the year and presently consists of Mr. Uday Phadke, Mr. Raghunandan Maluste, and Mr. K.V.S. Manian The quorum comprises of any two members.

During the financial year ended 31st March 2019, 6 meetings of the Committee were held.

### (b) NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee was re-constituted during the year and presently consists of Mr. Raghunandan Maluste, Mr. Uday Phadke, Mr. Dipak Gupta and Mr. K.V.S. Manian. The quorum comprises of any two members.

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

### (c) RISK MANAGEMENT COMMITTEE (TIER II)

The Risk Management Committee (Tier II) was constituted during the year. The Committee consists of Mr. Dipak Gupta, Mr. K.V.S Manian and Mr. Arvind Kathpalia with any two members forming the quorum.

During the financial year ended 31st March 2019 one meeting of the Committee was held.

### (d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was constituted during the year. The Committee consists of Mr. Raghunandan Maluste, Mr. Dipak Gupta and Mr. K.V.S Manian with any two members forming the quorum.

### (e) WHISTLE BLOWER COMMITTEE

The Whistle Blower Committee was constituted during the year. The Committee consists of Mr. Uday Phadke, Mr. Dipak Gupta & Mr. K.V.S Manian with any two members forming the quorum.

## AUDITORS

The shareholders of the Company at the 29th Annual General Meeting held on 30th June 2017 had appointed M/s. S.R. Batliboi & Associates LLP (Firm Registration no. 101049W/E300004) as Statutory Auditors of the Company for a period of five years, to hold office from the conclusion of the 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting of the Company.

## INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that your Company has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively. During the year under review, Board of Directors appointed professionals to evaluate efficacy of controls and as per report submitted by them no material or serious deviation has been observed.

## INDIAN ACCOUNTING STANDARDS (IND AS)

The Company has adopted Indian Accounting Standards ("Ind AS") for the accounting period beginning on 1st April, 2018 with effective transition date 1st April, 2017 pursuant to the Companies (Indian Accounting Standard) Rules, 2015 as amended by The Companies (Indian Accounting Standard) Rules, 2016.

## RELATED PARTY TRANSACTIONS

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

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

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

All Related Party Transactions as required under Accounting Standards Ind AS24 are reported in Notes to Accounts under note no 30.

## PARTICULARS OF LOAN GUARANTEES OR INVESTMENTS

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

## WHISTLE BLOWER POLICY & VIGIL MECHANISM

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

## CORPORATE SOCIAL RESPONSIBILITY

Your Company has constituted a Board Corporate Social Responsibility Committee (CSR Committee). The CSR Committee presently consists of Mr. Raghunandan Maluste, Mr. Dipak Gupta and Mr. K.V.S. Manian.

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

- Education
- Vocational skills and livelihood
- Preventive healthcare and sanitation
- Reducing inequalities faced by socially and economically backward groups
- Sustainable development
- Relief and rehabilitation
- Clean India
- Sports

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

The average net profit u/s 198 of the Company for the last three financial years preceding 31st March, 2019 is ₹ 6.45 crore.

The prescribed CSR expenditure required u/s 135 of the Act for FY 2018-19 is ₹ 12.90 lakh.

The CSR expenditure incurred from 1st April 2018 to 31st March 2019 u/s 135 of the Companies Act, 2013 amounts to ₹ 6 lakh. The unspent amount on CSR Expenditure for FY 2018-19 is ₹ 6.90 lakh.

CSR expenditure of ₹ 6 lakh as a percentage of average net profit U/S 198 of the Company at ₹ 6.45 crore, which is 0.93%.

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

The CSR programmes undertaken is in the area of education. The Company is committed to stepping-up its CSR programmes and expenditure in the years ahead.

The Company's CSR Expenditure in FY 2018-19 is ₹ 6.00 lakh.

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

The details of CSR Programmes and Expenditure u/s 135 of the Companies Act, 2013, for FY 2018-19, are annexed to this report.

**SECRETARIAL AUDITOR**

Pursuant to Section 204 of the Companies Act, 2013, your Company has appointed RJSY & Associates, Company Secretaries, as its Secretarial Auditor. The Secretarial Audit Report for the financial year ended 31st March 2019 is annexed to this Report. Your Company is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for FY 2018-19.

**ANNUAL RETURN**

The extract of Annual Return as on 31st March 2019 in form MGT - 9 is annexed to this report.

**RISK MANAGEMENT POLICY**

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

**EMPLOYEES**

The employee strength of your Company was eight employees as of 31st March 2019.

1 employee employed throughout the year was in receipt of remuneration of ₹102 lacs or more per annum and Nil employees employed for part of the year were in receipt of remuneration of ₹ 8.5 lakhs or more per month.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has in place a Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal). No such instances were reported during the year.

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out in the annexure to the Directors' Report.

**DEPOSIT**

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

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

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

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

## ANNEXURES

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

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

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

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

## ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

| **Dipak Gupta** | **K.V.S. Manian** |
|---|---|
| Director | Director |

Place: Mumbai
Dated: 24th May 2019

Annexure - A

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**
**AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2019**

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

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| i) | CIN | U65910MH1988PLC048450 |
| ii) | Registration Date | 10th August 1988 |
| iii) | Name of the Company | Kotak Infrastructure Debt Fund Limited<br>(formerly known as Kotak Forex Brokerage Limited) |
| iv) | Category / Sub-Category of the Company | Non-Banking Financial Company |
| v) | Address of the Registered office and contact details | 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051<br>Tel No. : (022) 61660001<br>Fax No.: (022) 67132403 |
| vi) | Whether listed company Yes / No | No |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A. |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | Other Credit Granting | 64920 | 85.36% |

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

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held* | Applicable Section |
|---|---|---|---|---|---|
| | **Holding Company** | | | | |
| 1 | Kotak Mahindra Bank Ltd.<br>27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 | L65110MH1985PLC038137 | Holding | 100 * | 2(87) |

* Kotak Mahindra Bank Limited (KMBL) holds 30% of the equity share capital and 30% held by Kotak Securities Limited (KSL), 20% each by Kotak Mahindra Capital Company Limited (KMCC) and Kotak Investment Advisors Limited (KIAL). These three entities are subsidiaries of KMBL.

## IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) Individual / HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | - | 217,000,000 | 217,000,000 | 70.00 | - | 217,000,000 | 217,000,000 | 70.00 | 0.00 |
| e) Banks/FI | - | 93,000,000 | 93,000,000 | 30.00 | - | 93,000,000 | 93,000,000 | 30.00 | 0.00 |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub total (A) (1)** | **-** | **310,000,000** | **310,000,000** | **100.00** | **-** | **310,000,000** | **310,000,000** | **100.00** | **0.00** |
| 2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | | - | - | - | - | - | - |
| b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other…. | - | - | - | - | | - | - | - | |
| **Sub total (A) (2)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0.00** |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | **-** | **310,000,000** | **310,000,000** | **100.00** | **-** | **310,000,000** | **310,000,000** | **100.00** | **0.00** |
| **B. Public Shareholding as per classification given by Depository** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | - | - | | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | | - | - | - | |
| f) Insurance Companies | - | - | | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.00** |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | | - | - | - | |
| b) Individuals | - | - | | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | - | - | | - | - | - | - | - | - |
| Overseas Bodies Corporate | - | - | - | - | - | - | - | - | - |
| Foreign Bank | - | - | - | - | - | - | - | - | - |
| Foreign Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Bodies-DR | - | - | - | - | | - | - | - | |
| Trust | - | - | | - | - | - | - | - | - |
| HUF | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| **Sub-total(B)(2):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.00** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.00** |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | **-** | **310,000,000** | **310,000,000** | **100.00** | **-** | **310,000,000** | **310,000,000** | **100.00** | **0.00** |

## (ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | KOTAK MAHINDRA BANK LTD. (alongwith its nominees) | 93,000,000 | 30.00 | 0 | 93,000,000 | 30.00 | 0.00 | 0.00 |
| 2 | KOTAK SECURITIES LTD. | 93,000,000 | 30.00 | 0 | 93,000,000 | 30.00 | 0.00 | 0.00 |
| 3 | KOTAK INVESTMENT ADVISORS LTD. | 62,000,000 | 20.00 | 0 | 62,000,000 | 20.00 | 0.00 | 0.00 |
| 4 | KOTAK MAHINDRA CAPITAL COMPANY LTD. | 62,000,000 | 20.00 | 0 | 62,000,000 | 20.00 | 0.00 | 0.00 |
| | **Total** | **310,000,000** | **100.00** | **0** | **310,000,000** | **100.00** | **0.00** | **0.00** |

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

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

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

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

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

| Sl. no | Name of the Shareholder | Shareholding at the beginning of the year | | Increase/Decrease in Shareholding | | | Date of change | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of share | % of total shares of the company | No. of shares Decrease | No. of shares Increase | Reason | | No. of shares | % of total shares |
| | **DIRECTORS** | | | | | | | | |
| | (Holding shares as nominee of Kotak Mahindra Bank Ltd. jointly with Kotak Mahindra Bank Ltd.) | | | | | | | | |
| | Mr. Dipak Gupta | 10 | 0.00 | - | - | | 03/31/2018 | 10 | 0.00 |
| | | | | | | | 03/31/2019 | 10 | 0.00 |
| | Mr. K.V.S. Manian | 10 | 0.00 | - | - | | 03/31/2018 | 10 | 0.00 |
| | | | | | | | 03/31/2019 | 10 | 0.00 |
| | **KEY MANAGERIAL PERSONNEL** | | | | NIL | | | | |

### V. SHARE HOLDING PATTERN (Preference Share Capital Breakup as percentage of Total Preference)

### i) Category-wise Share Holding

| Category of Shareholders | No. of Preference Shares held at the beginning of the year | | | | No. of Preference Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) Individual / HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | - | - | - | - | - | - | - | - | - |
| e) Banks/FI | - | 14 | 14 | 100.00 | - | 14 | 14 | 100.00 | 0.00 |
| f) Any Other | - | - | - | - | - | - | - | - | |
| **Sub total (A) (1)** | **-** | **14** | **14** | **100.00** | **-** | **14** | **14** | **100.00** | **0.00** |
| 2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other…. | - | - | - | - | - | - | - | - | - |
| **Sub total (A) (2)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0.00** |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | **-** | **14** | **14** | **100.00** | **-** | **14** | **14** | **100.00** | **0.00** |
| **B. Public Shareholding as per classification given by Depository** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | | - | - | - | |
| f) Insurance Companies | - | - | | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.00** |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | | - | - | - | |
| b) Individuals | - | - | | - | - | - | - | - | - |

| Category of Shareholders | No. of Preference Shares held at the beginning of the year | | | | No. of Preference Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | - | - | | - | - | - | - | - | - |
| Overseas Bodies Corporate | - | - | - | - | - | - | - | - | - |
| Foreign Bank | - | - | - | - | - | - | - | - | - |
| Foreign Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Bodies-DR | - | - | - | - | | - | - | - | |
| Trust | - | - | | - | - | - | - | - | - |
| HUF | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| **Sub-total(B)(2):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.00** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.00** |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | **-** | **14** | **14** | **100.00** | **-** | **14** | **14** | **100.00** | **0.00** |

**(ii) Shareholding (Preference shares) of Promoters**

| Sl. N o. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Preference Shares of the company | %of Preference Shares Pledged / encumbered to total shares | No. of Shares | % of total Preference Shares of the company | %of Preference Shares Pledged / encumbered to total shares | |
| 1 | KOTAK MAHINDRA BANK LTD. | 14 | 100.00 | 0 | 14 | 100 | 0.00 | 0.00 |
| | **Total** | **14** | **100.00** | **0** | **14** | **100** | **0.00** | **0.00** |

**(iii) Change in Promoters' Shareholding (Preference Shares) (please specify, if there is no change) - No change**

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

**(v) Shareholding (Preference Shares) of Directors and Key Managerial Personnel - NIL**

## VI. INDEBTEDNESS:

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

(₹ in Lacs)

| | | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | | |
| i) | Principal Amount | 24,990.30 | - | - | 24,990.30 |
| ii) | Interest due but not paid | - | - | - | - |
| iii) | Interest accrued but not due | 486.86 | - | - | 486.86 |
| **Total (i+ii+iii)** | | **25,477.16** | **-** | **-** | **25,477.16** |
| **Change in Indebtedness during the financial year** | | | | | |
| - | Addition | 14,999.21 | - | - | 14,999.21 |
| - | Reduction | - | - | - | - |
| **Net Change** | | **14,999.21** | **-** | **-** | **14,999.21** |
| **Indebtedness at the end of the financial year** | | | | | |
| i) | Principal Amount | 39,989.51 | - | - | 39,989.51 |
| ii) | Interest due but not paid | - | - | - | - |
| iii) | Interest accrued but not due | 1,494.17 | - | - | 1,494.17 |
| **Total (i+ii+iii)** | | **41,483.68** | **-** | **-** | **41,483.68** |

**Note:**

Preference Share Capital disclosed as Subordinate Debts in the Financial Statement is not included in the statement of indebtedness.

## VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NOT APPLICABLE**

(₹ in Lacs)

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

**B. Remuneration to other directors**

(₹ in Lacs)

| SL. No. | Particulars of Remuneration | Name of Director | Name of Director | Total Amount in ₹ |
|---|---|---|---|---|
| | | Uday Phadke | Raghunandan Maluste* | |
| **1** | **Independent Directors** | | | |
| | Fee for attending board /committee meetings | 6.20 | 2.20 | 8.40 |
| | Commission** | 1.50 | - | 1.50 |
| | Others, please specify | - | - | - |
| | **Total (1)** | **7.70** | **2.20** | **9.90** |
| **2** | **Other Non-Executive Directors** | | **NIL** | |
| | Fee for attending board / committee meetings | - | - | - |
| | Commission | - | - | - |
| | Others –Please specify | - | - | - |
| | **Total (2)** | **-** | | **-** |
| | **Total (B)=(1+2)** | **7.70** | **2.20** | **9.90** |
| | **Total Managerial Remuneration** | Nil | Nil | Nil |
| | **Overall Ceiling as per the Act*** ** | - | - | - |

Notes:- * Mr. Raghunandan Maluste was appointed as an Independent Director with effect from August 21, 2018.
** Commission pertaining to FY 2017-18 paid during the FY 2018-19.
*** Remuneration payable shall not exceed 3% of the net profits of the Company.

**C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD**

(₹ in Lacs)

| Sr. no. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---|---|---|---|---|---|
| | | CEO & CFO | CS (Ankur Sharma)** | CS (Bhavesh Jadhav)*** | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 227.82 | 14.79 | 7.88 | 250.49 |
| | (b) Value of perquisites u/s17(2) Income-tax Act, 1961@ | 46.79 | - | - | 46.79 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | Cost included in 1(b) above | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | | | | |
| | - others, specify… | | | | |
| 5 | Others, please specify | - | - | - | - |
| | **Total** | **274.61** | **14.79** | **7.88** | **297.28** |

**Notes:**

@ The perquisite value towards stock options includes the difference between exercise price & market price on the date of exercise. The same amounting to ₹46.79 lakhs for CEO & CFO is not paid by the Company.* Gross salary includes Basic salary, House Rent Allowance, Professional Allowance, Reimbursement of Medical expenses, Leave Travel Allowance, Annual Incentives and cost towards Stock Appreciation Rights.

** Mr. Ankur Sharma resigned as a Company Secretary with effect from September 26, 2018.
*** Mr. Bhavesh Jadhav was appointed as the Company Secretary with effect from November 1, 2018.

### VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE

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

**ANNEXURE-B**

## FORM MR-3

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

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

To,

The Members,

**KOTAK INFRASTRUCTURE DEBT FUND LIMITED**

**(Formerly Known As KOTAK FOREX BROKERAGE LIMITED)**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kotak Infrastructure Debt Fund Limited** (hereinafter called the **"Company"**).

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **Kotak Infrastructure Debt Fund Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31$^{st}$ March, 2019 ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Kotak Infrastructure Debt Fund Limited** for the financial year ended on 31$^{st}$ March 2019, according to the provisions of, as may be applicable:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
4. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
6. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
7. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the Audit Period as the Company is not a listed entity:-
   (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   (b) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
   (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
   (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
   (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs;
9. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
10. Prevention of Money Laundering Act, 2002 and the rules made thereunder;

11. Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

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

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

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

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

**We further report that**
The Board of Directors of the Company is duly constituted in accordance with the provisions of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

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

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

1. A Special Resolution was passed at the Extra- Ordinary General Meeting of the Company held on 7th August, 2018 by the Members pursuant to section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 for approving an increase in the Borrowing limits and for creation of charge on the assets of the Company.

2. A Special Resolution was passed at the Extra- Ordinary General Meeting of the Company held on 7th August, 2018 by the Members pursuant to section 42 of the Companies Act, 2013 for approving private placement of Non Convertible Debentures up to face value of ₹ 1000 Crores on preferential basis.

**For RJSY & ASSOCIATES,**
**Company Secretaries**

**Sadhana Yadav**
**FCS No: 27559**
**Certificate of Practice No. 16932**

Place: Mumbai
Date: 23/05/2019

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

To,

The Members

**KOTAK INFRASTRUCTURE DEBT FUND LIMITED**

**(Formerly known as KOTAK FOREX BROKERAGE LIMITED)**

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

**'Annexure A'**

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

**For RJSY & ASSOCIATES,**
**Company Secretaries**

**Sadhana Yadav**
**FCS No: 27559**
**Certificate of Practice No. 16932**

Place: Mumbai
Date: 23/05/2019

| CSR project/ activity identified | Sector in which the project is covered | Area of project implementation (Name of the District / s, State / s where project / programme was undertaken | Programme / project wise budgeted amount (₹ Lakh) | Programme / project wise actual spend during the year – Direct expenditures (₹ Lakh) | Programme / project wise actual spend during the year – Overheads (₹ Lakh) | Cumulative Expenditure up to reporting period (Since FY 2014-15) (₹ Lakh) | Amount spent Direct or through implementing agency (₹ Lakh) |
|---|---|---|---|---|---|---|---|
| Promoting education | Education | Mumbai - Maharashtra | 6.00 | 4.22 | 0.80 | 6.00 (Out of ₹ 6.00 lakh, the NGO has not utilised ₹ 0.97 lakh. This will be utilised for meeting the expenses for FY 2019-20) | Implementing Agency - 6.00 |
| **TOTAL CSR SPEND U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2018-19** | | | | | | | **6.00** |

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

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

**Dipak Gupta**
Director

**Raghunandan Maluste**
Chairman - CSR Committee

# Independent Auditor's Report

**TO THE MEMBERS OF KOTAK INFRASTRUCTURE DEBT FUND LIMITED**

**Report on the Audit of the Standalone Ind AS Financial Statements**

**Opinion**

We have audited the accompanying standalone Ind AS financial statements of Kotak Infrastructure Debt Fund Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

**Basis for Opinion**

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report (which consists of the Director's report), but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS 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 Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Other Matter**

The transition date opening balance sheet as at April 01, 2017 included in these standalone Ind AS financial statements, is based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2017 dated April 25, 2017 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

**Report on Other Legal and Regulatory Requirements**

1. 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 "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

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

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Sarvesh Warty**
Partner
Membership Number: 121411

Place: Mumbai
Date: May 24, 2019

**Annexure 1 referred to under the heading "Report on other legal and regulatory requirements" of our report of even date**

**Re: Kotak Infrastructure Debt Fund Limited ('the Company')**

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.

(i) (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(i) (c) According to the information and explanation given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a),(b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanation given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.

(vii) c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, good and service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) According to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or government or debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of non-convertible debentures for the purposes for which they were raised.

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

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3 (xi) are not applicable and hence not commented upon

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3 (xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Sarvesh Warty**
Partner
Membership Number: 121411

Place: Mumbai
Date: May 24, 2019

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND-AS FINANCIAL STATEMENTS OF KOTAK INFRASTRUCTURE DEBT FUND LIMITED

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Kotak Infrastructure Debt Fund Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Sarvesh Warty**
Partner
Membership Number: 121411

Place: Mumbai
Date: May 24, 2019

# Balance Sheet
as at 31st March, 2019

(Amount in lakhs)

| Particulars | Note No. | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 2 | 1,230.40 | 950.25 | 30,925.95 |
| Bank Balance other than cash and cash equivalents | 3 | 23.08 | 23.08 | 70.65 |
| Receivables | | | | |
| (I) Other receivables | 4 | - | 9.52 | - |
| Loans | 5 | 45,395.07 | 23,438.14 | - |
| Investments | 6 | 29,486.46 | 33,576.34 | - |
| Other Financial assets | 7 | - | - | 0.56 |
| **Total Financial assets** | | **76,135.01** | **57,997.33** | **30,997.16** |
| **Non-financial assets** | | | | |
| Current Tax assets (Net) | | 498.82 | 96.78 | 1.36 |
| Property, Plant and Equipment | 8 | 76.15 | 92.99 | - |
| Goodwill | 9 | - | - | - |
| Other intangible assets | 9A | - | - | - |
| Other Non Financial assets | 10 | 39.03 | 9.68 | 1.10 |
| **Total Non-financial assets** | | **614.00** | **199.45** | **2.46** |
| **Total Assets** | | **76,749.01** | **58,196.78** | **30,999.62** |
| **LIABILITIES AND EQUITY** | | | | |
| **LIABILITIES** | | | | |
| **Financial liabilities** | | | | |
| Payables | | | | |
| (I) Trade payables | | | | |
| (i) total outstanding dues of creditors other than micro enterprises and small enterprises | | 40.84 | 37.26 | 1.75 |
| Debt securities | 11 | 41,483.68 | 25,477.16 | - |
| Subordinated Liabilities | 12 | 76.32 | 76.32 | 70.00 |
| **Total Financial liabilities** | | **41,600.84** | **25,590.74** | **71.75** |
| **Non-Financial liabilities** | | | | |
| Current tax liabilities (Net) | | 10.40 | 10.40 | 10.90 |
| Provisions | 13 | 107.11 | 94.87 | - |
| Other non-financial liabilities | 14 | 107.65 | 61.45 | 0.17 |
| **Total Non-financial liabilities** | | **225.16** | **166.72** | **11.07** |
| **EQUITY** | | | | |
| Equity Share Capital | 15 | 31,000.00 | 31,000.00 | 31,000.00 |
| Other equity | 16 | 3,923.01 | 1,439.32 | (83.20) |
| **Sub total** | | **34,923.01** | **32,439.32** | **30,916.80** |
| **Total Liabilities and equity** | | **76,749.01** | **58,196.78** | **30,999.62** |
| Significant Accounting Policies & Notes on Accounts | 1 | | | |

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

**For S R Batliboi & Associates LLP**
Firm Registration Number: 101049W/E300004
Chartered Accountants

**Per Sarvesh Warty**
Partner
Membership No: 121411

Date and Place: May 24, 2019, Mumbai

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

**Dipak Gupta**
Director
DIN: 00004771

**KVS Manian**
Director
DIN: 00031794

**Manoj Gupta**
Chief Executive Officer
& Chief Financial Officer

**Bhavesh Jadhav**
Company Secretary

# Statement of Profit And Loss

for the year ended 31st March, 2019

(Amount in lakhs)

| | Particulars | Note no. | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|---|---|
| **REVENUE FROM OPERATIONS** | | | | |
| (i) | Interest income | 17 | 5,315.95 | 1,911.36 |
| (ii) | Dividend income | 18 | - | 473.78 |
| (iii) | Net gain on financial instruments measured on fair value | 19 | 787.28 | 295.20 |
| **(I)** | **Total revenue from operations** | | **6,103.23** | **2,680.34** |
| (II) | Other income | 20 | 11.50 | - |
| **(III)** | **Total income ( I + II )** | | **6,114.73** | **2,680.34** |
| **EXPENSES** | | | | |
| (i) | Net loss on derecognition of financial instruments under amortised cost category | 21 | - | 13.75 |
| (ii) | Finance Costs | 22 | 2,990.34 | 499.73 |
| (iii) | Impairment on financial instruments | 23 | (19.00) | 200.70 |
| (iv) | Employee Benefits expenses | 24 | 425.86 | 342.25 |
| (v) | Depreciation, amortization and impairment | | 17.81 | 2.77 |
| (vi) | Other expenses | 25 | 258.31 | 119.49 |
| **(IV)** | **Total expenses** | | **3,673.32** | **1,178.69** |
| **(V)** | **Profit / (loss) before exceptional items and tax (III-IV)** | | **2,441.41** | **1,501.65** |
| **(VI)** | **Tax expense** | | | |
| | (1) Current tax | | - | - |
| | (2) Deferred tax | | - | **-** |
| | **Total tax expense (1+2)** | | **-** | **-** |
| **(VII)** | **Profit/(loss) for the period (V+VI)** | | **2,441.41** | **1,501.65** |
| **(VIII)** | **Other comprehensive income** | | | |
| | - Remeasurements of the defined benefit plans | | (1.86) | - |
| | **Other comprehensive income** | | **(1.86)** | **-** |
| **(IX)** | **Total Comprehensive Income for the period (VII+VIII)** | | **2,439.55** | **1,501.65** |
| **(X)** | **Earnings per equity share-Basic & Diluted(₹)** | **26** | **0.79** | **0.48** |

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

**For S R Batliboi & Associates LLP**
Firm Registration Number: 101049W/E300004
Chartered Accountants

**Per Sarvesh Warty**
Partner
Membership No: 121411

Date and Place: May 24, 2019, Mumbai

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

**Dipak Gupta**
Director
DIN: 00004771

**KVS Manian**
Director
DIN: 00031794

**Manoj Gupta**
Chief Executive Officer
& Chief Financial Officer

**Bhavesh Jadhav**
Company Secretary

# Statement of Cash Flow

for the year ended 31st March, 2019

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax** | **2,441.41** | **1,501.65** |
| **Adjustments to reconcile profit before tax to net cash generated from / (used in) operating activities** | | |
| Depreciation | 17.81 | 2.77 |
| Net gain/(loss) on derecognition of property, plant and equipment | (11.50) | - |
| Net realised gain on financial instruments measured on fair value | (949.95) | (128.70) |
| Net loss on derecognition of financial instruments under amortised cost category | - | 13.75 |
| Dividend Income on Investments | - | (473.78) |
| Impairment on financial instruments | (19.00) | 200.70 |
| Net unrealised gain on financial instruments measured on fair value | 162.67 | (166.50) |
| Interest expense | 2,990.34 | 499.72 |
| Employee benefit expenses | 40.37 | 23.01 |
| **Operating profit before working capital changes** | **4,672.15** | **1,472.62** |
| **Working capital adjustments** | | |
| Increase / (Decrease) in Trade Payables | 3.58 | 35.51 |
| Increase / (Decrease) in Provisions | 12.24 | 94.87 |
| Increase / (Decrease) in Other Non Financial Liabilities | 46.20 | 61.28 |
| Increase / (Decrease) in Other Non-financial assets | (29.35) | (8.58) |
| (Increase) / Decrease in Other receivables | 10.00 | (10.00) |
| (Increase) / Decrease in Financial Assets | (22,227.36) | 7,271.53 |
| | **(22,184.69)** | **7,444.61** |
| Cash used in operations | (17,512.54) | 8,917.23 |
| (Income Taxes paid) / Refund Received | (402.03) | (96.08) |
| **Net cash used in operating activities** | **(17,914.57)** | **8,821.15** |
| **Cash flow from investing activities** | | |
| Purchase of Investments | (218,283.76) | (33,366.36) |
| Sale of Investments | 223,451.83 | 114.95 |
| Purchase of Property,Plant and Equipment | (0.97) | (95.76) |
| Sale of Property, Plant and Equipment | 11.50 | - |
| Dividend Income on Investments | - | 473.78 |
| **Net cash (used in) / generated from investing activities** | **5,178.60** | **(32,873.39)** |
| **Cash flow from financing activities** | | |
| Proceed from Debt Securities | 15,000.00 | 25,000.00 |
| Interest Paid | (1,977.50) | - |
| Preference Share Dividend paid | (6.32) | - |
| **Net cash flow from financing activities** | **13,016.18** | **25,000.00** |

# Statement of Cash Flow

for the year ended 31st March, 2019

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| **Net (decrease) / increase in cash and cash equivalents** | **280.21** | **947.76** |
| Cash and cash equivalents at the beginning of the year | 950.47 | 2.71 |
| **Cash and cash equivalents at the end of the year** | **1,230.68** | **950.47** |
| **Reconciliation of cash and cash equivalents with the balance sheet** | | |
| Cash and cash equivalents as per balance sheet (refer note 2) | | |
| Cash on hand | | |
| Balances with banks in current account | 1,230.68 | 950.47 |
| Cheques, drafts on hand | - | - |
| Impairment provision | (0.28) | (0.22) |
| **Cash and cash equivalents as restated as at the year end** | **1,230.40** | **950.25** |

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

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

**For S R Batliboi & Associates LLP**
Firm Registration Number: 101049W/E300004
Chartered Accountants

**Per Sarvesh Warty**
Partner
Membership No: 121411

Date and Place: May 24, 2019, Mumbai

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

**Dipak Gupta**
Director
DIN: 00004771

**KVS Manian**
Director
DIN: 00031794

**Manoj Gupta**
Chief Executive Officer
& Chief Financial Officer

**Bhavesh Jadhav**
Company Secretary

# Statement of Changes of Equity

for the year ended 31st March, 2019

## A. EQUITY SHARE CAPITAL

(Amount in Lakhs)

| Particulars | Balance at the beginning of the period | Changes in equity share capital during the year | Balance at the end of the the period |
|---|---|---|---|
| **Equity shares of ₹ 10 each fully paid up** | | | |
| **As on 1-April-2017** | 31,000.00 | | 31,000.00 |
| **As on 31-March-2018** | 31,000.00 | | 31,000.00 |
| **As on 31-March-2019** | 31,000.00 | | 31,000.00 |

## B. OTHER EQUITY

(Amount in Lakhs)

| Particulars | Reserves and Surplus | | | | | Total |
|---|---|---|---|---|---|---|
| | Special reserve | Capital redemption reserve | General reserve | Capital contribution from parent | Retained earnings* | |
| **Opening balance as on 1-April-2017** | **-** | **19.00** | **2.50** | **-** | **(104.70)** | **(83.20)** |
| Profit for the year | | | | | 1,501.65 | 1,501.65 |
| Fair value of ESOPs | | | | 20.87 | | 20.87 |
| Transfer from Statement of Profit & Loss to Special Reserve | 287.57 | | | | (287.57) | - |
| Remeasurements of the defined benefit plans | | | | | - | - |
| **Changes during the period** | **287.57** | **-** | **-** | **20.87** | **1,214.08** | **1,522.52** |
| **Closing balance as on 31-March-2018** | 287.57 | 19.00 | 2.50 | 20.87 | 1,109.38 | 1,439.32 |
| **Opening balance as on 31-March-2018** | 287.57 | 19.00 | 2.50 | 20.87 | 1,109.38 | 1,439.32 |
| Profit for the year | | | | | 2,441.41 | 2,441.41 |
| Fair value of ESOPs | | | | 44.14 | | 44.14 |
| Transfer from Statement of Profit & Loss to Special Reserve | 512.94 | | | | (512.94) | - |
| Remeasurements of the defined benefit plans | | | | | (1.86) | (1.86) |
| **Changes during the period** | **512.94** | **-** | **-** | **44.14** | **1,926.61** | **2,483.69** |
| **Closing balance as on 31-March-2019** | **800.51** | **19.00** | **2.50** | **65.01** | **3,035.99** | **3,923.001** |

*Net of Share Issue Expenses

Nature and purpose of reserves: Refer Note 16.1

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

**For S R Batliboi & Associates LLP**
Firm Registration Number: 101049W/E300004
Chartered Accountants

**Per Sarvesh Warty**
Partner
Membership No: 121411

Date and Place: May 24, 2019, Mumbai

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

**Dipak Gupta**
Director
DIN: 00004771

**KVS Manian**
Director
DIN: 00031794

**Manoj Gupta**
Chief Executive Officer
& Chief Financial Officer

**Bhavesh Jadhav**
Company Secretary

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

## 1.1. CORPORATE INFORMATION

Kotak Infrastructure Debt Fund Limited (the Company), formerly known as Kotak Forex Brokerage Limited, is a public company domiciled in India and incorporated under the provisions of the Companies Act,1956. The Company is registered as a Non-Banking Financial Company with Reserve Bank of India. The company is engaged in providing finance for infrastructure projects. The Company is entirely held by Kotak Mahindra Bank Ltd together with its subsidiaries.

The Company was earlier engaged in the business of providing foreign exchange related services. During the year 2017-18, the Company obtained license as Infrastructure Debt Fund – Non Banking Financial Company (IDF-NBFC) from Reserve Bank of India (RBI) vide certificate of Registration No.N-13.02177 dated April 06, 2017.

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

## 1.2. SIGNIFICANT ACCOUNTING POLICIES

### A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted Ind AS from 1 April 2018 with effective transition date of 1 April 2017 and accordingly, these financial statements together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS, prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued there under and other relevant provision of the act. The transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act read with Rule 7 of Companies (Accounts) Rules 2014 (as amended), guidelines issued by the RBI and other generally accepted accounting principles in India (collectively referred to as 'the Previous GAAP'). Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2017 and the comparative previous year has been restated / reclassified.

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

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

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1 April 2017 being the 'date of transition to Ind AS'. These standalone financial statements were authorized for issue by the Company's Board of Director's on 24th May 2019.

### B. Use of estimates and judgements

The preparation of financial statements in accordance with Ind AS requires use of 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. Determination of estimated useful lives of property, plant, equipment**

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

**II. 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 32.

**III. 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.

**IV. Discounting of long-term financial assets/liabilities**

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

**V. Fair value of share-based payments**

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

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

**VI. Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 34.

**VII. Business model assessment**

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

**VIII. Effective Interest Rate (EIR) method**

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

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

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

**IX. Impairment of financial assets**

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

**C. Functional and presentation currency**

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs with two decimals, except when otherwise indicated.

## 1.3. STANDARD ISSUED BUT NOT EFFECTIVE

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

**Ind AS 116 – Leases**

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

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

## 1.4. AMENDMENTS TO EXISTING IND AS:

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

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

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

II. Amendments to Ind AS 12 Income Taxes

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

III. Amendments to Ind AS 19 Employee Benefits

This amendment requires:

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

## 1.5. SIGNIFICANT ACCOUNTING POLICIES

### A. REVENUE RECOGNITION

Interest income on financial assets is recognized on 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 stages 1 and 2 as against on amortized cost net of impairment for the assets falling under stage 3.

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

### B. Financial Instruments

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

**Financial assets**

**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.

**Initial recognition and measurement**

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

**Business model assessment**

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

— the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

— the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

— the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed

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

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

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

— reset terms

— contingent events that would change the amount and timing of cash flows;

— prepayment and extension terms; and

— features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

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

**Financial assets at amortized cost**
A financial asset is measured at amortized cost only if both of the following conditions are met:

— It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

— The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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

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

**Financial asset at fair value through profit and loss (FVTPL)**
Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

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

**Financial liabilities**
Financial liabilities are measured at fair value less transactions cost directly attributable to the issue of the financial liabilities at initial recognition and subsequently measured at amortized cost except when designated to be measured at FVTPL.

**C. Impairment of Financial Assets**

**Methodology for computation of Expected Credit Losses (ECL)**
The financial instruments covered within the scope of ECL include financial assets measured at amortized cost and FVOCI, such as loans, trade receivables, security deposit, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

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

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

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

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

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

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

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

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

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

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

PD has been computed using observed history of default for long term rated loans by leading credit rating agencies 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 ECL at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

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

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

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

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

**Stage 1: 12 month ECL**

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

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

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

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

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

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

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

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

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

**Manner in which forward looking assumptions has been incorporated in ECL estimates:**
The Company considers historical observed default rates 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.

**D. Write-offs**

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

**E. Derecognition of financial assets and financial liabilities**

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

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

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

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

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

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

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

**F. Modifications of financial assets and financial liabilities**

**Financial assets**

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

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

**Financial liabilities**

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

**G. Measurement of fair values**

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

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

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

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

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

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

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

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

**H. Offsetting of financial instruments**

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

**I. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

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

Gain or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and recognized as income or expense in the Statement of Profit and Loss.

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

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

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

Losses arising from the retirement of and gains or losses arising from disposal of Property, Plant and Equipment, which are carried at cost, are recognized in the Statement of Profit and Loss.

**J. OPERATING LEASES AS A LEASEE**

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

**K. BORROWING COST**

Borrowing costs other than those directly attributable to qualifying Property, Plant and Equipment are recognized on EIR basis

**L. TAXES ON INCOME**

The Company is an Infrastructure Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on 6$^{th}$ April 2017. Therefore, income of the Company is exempt under sections 10(47) of the Income Tax Act, 1961 (the Act). The Company has applied to CBDT to get it notified in the Official Gazette as required u/s 10(47) of the Act and are in the process of receiving approval for the same. Accordingly, no income tax is payable on the company's income from the financial year 2018-19 and therefore no provision for tax & deferred tax asset / liabilities have been recognized.

**M. EMPLOYEE BENEFITS**

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

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

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

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

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

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

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

## N. EMPLOYEE SHARE BASED PAYMENTS

**Equity-settled scheme:**

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

**Cash-settled scheme:**

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

## O. SEGMENTAL REPORTING

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

## P. EARNINGS PER SHARE

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

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

## Q. PROVISIONS AND CONTINGENT LIABILITIES

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

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

**R. Operating Leases as a Lessee**

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

**S. Cash Flow Statement**

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

**T. IMPAIRMENT OF NON FINANCIAL ASSETS**

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

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

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

**U. 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.

**V. Approach on exemptions under Ind AS 101 First Time Adoption of Indian Accounting Standards (Ind AS):**

The Company has adopted Ind AS with effect from 1st April 2018 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April 2017. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III – Division III.

The Company has elected to take the following exemption as per Ind AS 101 to facilitate transition from Indian GAAP ('previous GAAP') to Ind AS.

I. Deemed cost

The Company has elected to account for property plant and equipment and intangible assets at their previous GAAP carrying amount as on 1 April 2017 i.e. deemed cost as at the date of transition.

II. Classification of financial assets

The Company has elected to classify the financial assets outstanding on the date of transition as per requirements in Ind AS 109 based on facts and circumstances available on 1 April 2017.

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

## NOTE 2 CASH AND CASH EQUIVALENTS

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| Balances with banks: | 1,230.68 | 950.47 | 2.71 |
| In Fixed Deposits with Bank having maturity less than 3 months | - | - | 30,930.25 |
| | **1,230.68** | **950.47** | **30,932.96** |
| Less: Impairment loss allowance | (0.28) | (0.22) | (7.01) |
| | **1,230.40** | **950.25** | **30,925.95** |

## NOTE 3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| Fixed deposit with banks | 23.09 | 23.09 | 70.67 |
| Less: Impairment loss allowance | (0.01) | (0.01) | (0.02) |
| | **23.08** | **23.08** | **70.65** |

## NOTE 4 RECEIVABLES

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| **A. Other receivables** | | | |
| Secured, considered good | - | - | - |
| Unsecured, considered good | - | 10.00 | - |
| **Sub total** | **-** | **10.00** | **-** |
| Less: Impairment loss allowance | - | (0.48) | - |
| **Total (B)** | **-** | **9.52** | **-** |

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

## NOTE 5 LOANS

(Amount in lakhs)

| | Particulars | Amortised Cost | At Fair Value | | | Sub total | Total |
|---|---|---|---|---|---|---|---|
| | | | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | | |
| | | (1) | (2) | (3) | (4) | (5=2+3+4) | (6=1+5) |
| | **As at March 31, 2019** | | | | | | |
| **(A)** | (i) Term Loans | 45,528.96 | - | - | - | - | 45,528.96 |
| | (ii) Loan to employees | 0.65 | - | - | - | - | 0.65 |
| | (iii) Loans to related parties | 1.25 | - | - | - | - | 1.25 |
| | **Total Gross (A)** | **45,530.86** | **-** | **-** | **-** | **-** | **45,530.86** |
| | Less: Impairment loss allowance | (135.79) | - | - | - | - | (135.79) |
| | **Total Net (A)** | **45,395.07** | **-** | **-** | **-** | **-** | **45,395.07** |
| **(B)** | (i) Secured by tangible assets | 45,528.96 | - | - | - | - | 45,528.96 |
| | (ii) Unsecured | 1.90 | - | - | - | - | 1.90 |
| | **Total Gross (B)** | **45,530.86** | **-** | **-** | **-** | **-** | **45,530.86** |
| | Less: Impairment loss allowance | (135.79) | - | - | - | - | (135.79) |
| | **Total Net (B)** | **45,395.07** | **-** | **-** | **-** | **-** | **45,395.07** |
| **(C)(I)** | **Loans in India** | | | | | | |
| | (i) Public Sector | - | - | - | - | - | - |
| | (ii) Others | 45,530.86 | - | - | - | - | 45,530.86 |
| | **Total Gross (C) (I)** | **45,530.86** | **-** | **-** | **-** | **-** | **45,530.86** |
| | Less: Impairment loss allowance | (135.79) | - | - | - | - | (135.79) |
| | **Total Net (C) (I)** | **45,395.07** | **-** | **-** | **-** | **-** | **45,395.07** |
| **(C)(II)** | **Loans outside India** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Less: Impairment allowance | - | - | - | - | - | - |
| | **Total Net (C) (II)** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Total (C) (I) and (II)** | **45,395.07** | **-** | **-** | **-** | **-** | **45,395.07** |
| **As at March 31, 2018** | | | | | | | |
| **(A)** | (i) Term Loans | 23,585.10 | - | - | - | - | 23,585.10 |
| | (ii) Loan to employees | 1.42 | - | - | - | - | 1.42 |
| | (iii) Loans to related parties | 0.38 | - | - | - | - | 0.38 |
| | **Total Gross (A)** | **23,586.90** | **-** | **-** | **-** | **-** | **23,586.90** |
| | Less: Impairment loss allowance | (148.76) | - | - | - | - | (148.76) |
| | **Total Net (A)** | **23,438.14** | **-** | **-** | **-** | **-** | **23,438.14** |
| **(B)** | (i) Secured by tangible assets | 23,585.10 | | | | - | 23,585.10 |
| | (ii) Unsecured | 1.80 | | | | - | 1.80 |
| | **Total Gross (B)** | **23,586.90** | **-** | **-** | **-** | **-** | **23,586.90** |
| | Less: Impairment loss allowance | (148.76) | - | - | - | - | (148.76) |
| | **Total Net (B)** | **23,438.14** | **-** | **-** | **-** | **-** | **23,438.14** |

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

(Amount in lakhs)

| | Particulars | Amortised Cost | At Fair Value | | | Sub total | Total |
|---|---|---|---|---|---|---|---|
| | | | Through Other Comprehensive Income | Through profit or loss | Designated at fair value through profit or loss | | |
| | | (1) | (2) | (3) | (4) | (5=2+3+4) | (6=1+5) |
| **(C)(I)** | **Loans in India** | | | | | | |
| | (i) Public Sector | - | - | - | - | - | - |
| | (ii) Others | 23,586.90 | - | - | - | - | 23,586.90 |
| | **Total Gross (C) (I)** | **23,586.90** | **-** | **-** | **-** | **-** | **23,586.90** |
| | Less: Impairment loss allowance | (148.76) | - | - | - | - | (148.76) |
| | **Total Net (C) (I)** | **23,438.14** | **-** | **-** | **-** | **-** | **23,438.14** |
| **(C)(II)** | **Loans outside India** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Less: Impairment allowance | - | - | - | - | - | - |
| | **Total Net (C) (II)** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Total (C) (I) and (II)** | **23,438.14** | **-** | **-** | **-** | **-** | **23,438.14** |
| **As at March 31, 2017** | | | | | | | |
| **(A)** | (i) Term Loans | - | - | - | - | - | - |
| | (ii) Loan to employees | - | - | - | - | - | - |
| | (iii) Loans to related parties | - | - | - | - | - | - |
| | **Total Gross (A)** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Less: Impairment loss allowance | - | - | - | - | - | - |
| | **Total Net (A)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **(B)** | (i) Secured by tangible assets | - | - | - | - | - | - |
| | (ii) Unsecured | - | - | - | - | - | - |
| | **Total Gross (B)** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Less: Impairment loss allowance | - | - | - | - | - | - |
| | **Total Net (B)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **(C)(I)** | **Loans in India** | | | | | | |
| | (i) Public Sector | - | - | - | - | - | - |
| | (ii) Others | - | - | - | - | - | - |
| | **Total Gross (C) (I)** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Less: Impairment loss allowance | - | | | | | |
| | **Total Net (C) (I)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **(C)(II)** | **Loans outside India** | **-** | **-** | **-** | **-** | **-** | **-** |
| | Less: Impairment allowance | - | - | - | - | - | - |
| | **Total Net (C) (II)** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Total (C) (I) and (II)** | **-** | **-** | **-** | **-** | **-** | **-** |

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

## NOTE 6 INVESTMENTS

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| **Amortised Cost** | | | |
| Debt securities | 22,120.28 | 19,523.03 | - |
| **Total Gross (A)** | **22,120.28** | **19,523.03** | **-** |
| Less: Impairment allowance | (52.65) | (58.27) | - |
| **Total Net (A)** | **22,067.63** | **19,464.76** | **-** |
| **At Fair Value through Other Comprehensive Income** | **-** | **-** | **-** |
| **Total (B)** | **-** | **-** | **-** |
| **At Fair value Through profit or loss** | | | |
| Mutual funds | 7,418.83 | 14,111.58 | - |
| **Total (C)** | **7,418.83** | **14,111.58** | **-** |
| **Grand total (A+B+C)** | **29,486.46** | **33,576.34** | **-** |
| **Amortised Cost** | | | |
| (i) Investments outside India | - | - | - |
| (ii) Investments in India | 22,067.63 | 19,464.76 | - |
| **At Fair Value through Other Comprehensive Income** | | | |
| (i) Investments outside India | - | - | - |
| (ii) Investments in India | - | - | - |
| **At Fair value Through profit or loss** | **-** | **-** | **-** |
| (i) Investments outside India | - | - | - |
| (ii) Investments in India | 7,418.83 | 14,111.58 | - |
| **Total investments** | **29,486.46** | **33,576.34** | **-** |

## NOTE 7 OTHER FINANCIAL ASSETS

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| **Security deposits** | **-** | **-** | **0.56** |
| Less: Impairment loss allowance | - | - | (0.00) |
| **Total** | **-** | **-** | **0.56** |

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

## NOTE 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in lakhs)

| Particulars | Premises | Vehicles | Computers | Total |
|---|---|---|---|---|
| **Cost or deemed cost as on 1-April-2017** | **-** | **-** | **-** | **-** |
| Additions during the year | 27.23 | 68.14 | 0.39 | 95.76 |
| Disposals during the year | - | - | - | - |
| **Balance as on 31-March-2018** | **27.23** | **68.14** | **0.39** | **95.76** |
| **Accumulated depreciation and impairment losses as at April 1, 2017** | **-** | **-** | **-** | **-** |
| Depreciation for the year | 0.08 | 2.47 | 0.22 | 2.77 |
| Disposals during the year | - | - | - | - |
| **Balance as on March 31, 2018** | **0.08** | **2.47** | **0.22** | **2.77** |
| **Net carrying amount as at March 31, 2018** | **27.15** | **65.67** | **0.17** | **92.99** |
| **Balance as on 31-March-2018** | **27.23** | **68.14** | **0.39** | **95.76** |
| Additions during the year | - | - | 0.97 | 0.97 |
| Disposals during the year | - | - | - | - |
| **Balance as on 31-March-2019** | **27.23** | **68.14** | **1.36** | **96.73** |
| **Accumulated depreciation and impairment losses as at April 1, 2018** | **0.08** | **2.47** | **0.22** | **2.77** |
| Depreciation for the year | 0.47 | 16.98 | 0.36 | 17.81 |
| Disposals during the year | - | - | - | - |
| **Balance as on March 31, 2019** | **0.55** | **19.45** | **0.58** | **20.58** |
| **Net carrying amount as at March 31, 2019** | **26.68** | **48.69** | **0.78** | **76.15** |

The Company did not possess any property plant and equipment on date of transition to Ind AS i.e. 1st April 2017. Accordingly, the deemed cost exemption available as per IND AS 101 in relation to property plant and equipment is not applicable.

**Impairment loss and reversal of impairment loss**

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

## NOTE 9 GOODWILL

The Company has availed the deemed cost exemption as per IND AS 101 in relation to its intangible assets i.e. Goodwill. On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2017, measured as per previous GAAP, and use that carrying value as the deemed cost of such intangible assets. Further, during the year, there are no additions made to the intangible assets by the company. Refer note below for the gross block value and the accumulated depreciation on 1 April 2017 under the previous GAAP.

| Particulars | Goodwill | Total |
|---|---|---|
| Gross Block | 18.84 | 18.84 |
| Accumulated Depreciation | (18.84) | (18.84) |
| Net Block | - | - |

### Note 9A OTHER INTANGIBLE ASSETS

The Company has availed the deemed cost exemption as per IND AS 101 in relation to its other intangible assets i.e. Forex Broking Business Rights. On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2017, measured as per previous GAAP, and use that carrying value as the deemed cost of such intangible assets. Further, during the year, there are no additions made to the intangible assets by the company. Refer note below for the gross block value and the accumulated depreciation on 1 April 2017 under the previous GAAP.

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

| Particulars | Forex Broking Business Rights | Total |
|---|---|---|
| Gross Block | 38.30 | 38.30 |
| Accumulated Depreciation | (38.30) | (38.30) |
| Net Block | - | - |

## NOTE 10 OTHER NON-FINANCIAL ASSETS

(Amount in lakhs)

| Particulars | As at March 31$^{st}$, 2019 | As at March 31$^{st}$, 2018 | As at April 01$^{st}$, 2017 |
|---|---|---|---|
| Prepaid expenses | 31.96 | 4.88 | - |
| GST input /Service Tax receivable | 7.07 | 4.80 | 1.10 |
| **Total** | **39.03** | **9.68** | **1.10** |

## NOTE 11 DEBT SECURITIES

(Amount in lakhs)

| Particulars | At Amortised Cost | At Fair Value Through Profit or Loss | Designated at fair value through profit or loss | Total |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4 = 1+2+3) |
| **As at March 31, 2019** | | | | |
| Redeemable Non-Convertible Debentures, fully paid, privately placed | 41,483.68 | - | - | 41,483.68 |
| **Total (A)** | **41,483.68** | **-** | **-** | **41,483.68** |
| Debt securities in India | 41,483.68 | - | - | 41,483.68 |
| Debt securities outside India | - | - | - | - |
| **Total (B)** | **41,483.68** | **-** | **-** | **41,483.68** |
| **As at March 31, 2018** | | | | |
| Redeemable Non-Convertible Debentures, fully paid, privately placed | 25,477.16 | - | - | 25,477.16 |
| **Total (A)** | **25,477.16** | **-** | **-** | **25,477.16** |
| Debt securities in India | 25,477.16 | - | - | 25,477.16 |
| Debt securities outside India | - | - | - | - |
| **Total (B)** | **25,477.16** | **-** | **-** | **25,477.16** |
| **As at April 1, 2017** | | | | |
| Redeemable Non-Convertible Debentures, fully paid, privately placed | - | - | - | - |
| **Total (A)** | - | - | - | - |
| Debt securities in India | - | - | - | - |
| Debt securities outside India | - | - | - | - |
| **Total (B)** | - | - | - | - |

**Note:**

These Debenture are payable at Maturity at the end of tenure and are Secured by Mortgage of Flat and charge on loans & Advances.

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

| Redeemable Non Convertible Debentures - Debt Securities | As at 31st March, 2019 | | | As at 31st March, 2018 | | | As at 01st April, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Interest Rate (%) | Balance Outstanding | Face value | Interest Rate (%) | Balance Outstanding | Face value | Interest Rate (%) | Balance Outstanding | Face value |
| Repayable at Maturity | | | | | | | | | |
| Dec-22 | 7.85% | 10,248.55 | 10,000.00 | 7.85% | 10,247.80 | 10,000.00 | - | - | - |
| Feb-23 | 7.95% | 15,242.27 | 15,000.00 | 7.95% | 15,229.36 | 15,000.00 | - | - | - |
| Jul-23 | 8.80% | 15,992.86 | 15,000.00 | | - | - | - | - | - |
| | | **41,483.68** | **40,000.00** | | **25,477.16** | **25,000.00** | | **-** | **-** |

## NOTE 12 SUBORDINATED LIABILITIES

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| **At Amortised Cost** | | | |
| Preference shares other than those that qualify as Equity | 76.32 | 76.32 | 70.00 |
| **At Fair Value Through Profit or Loss** | | | |
| Preference shares other than those that qualify as Equity | - | - | - |
| **Designated at fair value through profit or loss** | | | |
| Preference shares other than those that qualify as Equity | - | - | - |
| **Total (A)** | **76.32** | **76.32** | **70.00** |
| Subordinated liabilities in India | 76.32 | 76.32 | 70.00 |
| Subordinated liabilities outside India | - | - | - |
| **Total (B)** | **76.32** | **76.32** | **70.00** |

*Rights, preferences and restrictions attached to Preference shares

(i) The Company has issued only one class of 7.5% preference shares of ₹5,00,000/- each fully paid up, redeemable at par at the end of 10 years with a Put / Call option to redeem them earlier, after completion of 3 years from the date of issue being 31st December 2012.

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

(iii) Each holder of the preference shares is entitled to one vote per share only on the resolution placed before the company which directly affect the rights attached to Preference Shares.

## NOTE 13 PROVISIONS

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| **(a) Provision for employee benefits** | | | |
| (i) Gratuity | 17.81 | 15.94 | - |
| (ii) Compensated absences | 19.01 | 14.05 | - |
| (iii) Stock appreciation rights (SARs) | 69.98 | 64.66 | - |
| (iv) Long Service Award | 0.31 | 0.22 | - |
| **Total** | **107.11** | **94.87** | **-** |

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

## NOTE 14 OTHER NON-FINANCIAL LIABILITIES

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| Deferred Income | 34.58 | - | - |
| Statutory dues payable | 17.21 | 11.45 | 0.17 |
| Employee Benefits accrued | 55.86 | 50.00 | - |
| **Total** | **107.65** | **61.45** | **0.17** |

## NOTE 15 EQUITY SHARE CAPITAL

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| **Authorised** | | | |
| 310,050,000 (March 31, 2018: 310,050,000, April 1, 2017 : 310,050,000) equity shares of ₹10 each with voting rights | 31,005.00 | 31,005.00 | 31,005.00 |
| 6014(March 31, 2018: 14, April 1, 2017 : 6014) 7.5% Non-Cummulative Redeemable Preference Shares of ₹ 5,00,000/- each | 30,070.00 | 30,070.00 | 70.00 |
| **Issued, subscribed and paid up** | | | |
| 310,000,000 (March 31, 2018: 310,000,000, April 1, 2017 : 310,000,000) equity shares of ₹10 each fully paid up with voting rights | 31,000.00 | 31,000.00 | 31,000.00 |

*Preference share is considered as Subordinated liability(Refer Note 12)

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

(Amount in lakhs)

| Particulars | No. of shares | Amount |
|---|---|---|
| **Equity shares of ₹ 10 each, fully paid-up** | | |
| As at April 1, 2017 | 3,100 | 31,000.00 |
| Add/(less) : Movement during the year | - | - |
| As at March 31, 2018 | 3,100 | 31,000.00 |
| Add/(less) : Movement during the year | - | - |
| **As at March 31, 2019** | **3,100** | **31,000.00** |

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

(i) The Company has only one class of equity shares having a par value of ₹ 10 per share.

(ii) Each holder of equity shares is entitled to one vote per share.

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

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

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

| Particulars | As at March 31st, 2019 | | As at March 31st, 2018 | | As at April 01st, 2017 | |
|---|---|---|---|---|---|---|
| | Number of shares | % Holding | Number of shares | % Holding | Number of shares | % Holding |
| **Equity shares with voting rights** | | | | | | |
| Kotak Mahindra Bank Limited, the Ultimate holding company w.e.f 21st October, 2016 ( Holding Company upto 20th October, 2016) | 93,000,000 | 30.00% | 93,000,000 | 30.00% | 93,000,000 | 30.00% |
| Kotak Securities Limited * | 93,000,000 | 30.00% | 93,000,000 | 30.00% | 93,000,000 | 30.00% |
| Kotak Investment Advisors Limited * | 62,000,000 | 20.00% | 62,000,000 | 20.00% | 62,000,000 | 20.00% |
| Kotak Mahindra Capital Company Limited * | 62,000,000 | 20.00% | 62,000,000 | 20.00% | 62,000,000 | 20.00% |
| | **310,000,000** | **100.00%** | **310,000,000** | **100.00%** | **310,000,000** | **100.00%** |
| *** Subsidiary of Kotak Mahindra Bank Ltd.** | | | | | | |

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

| Particulars | As at March 31st, 2019 | | As at March 31st, 2018 | | As at April 01st, 2017 | |
|---|---|---|---|---|---|---|
| | Number of shares | % Holding | Number of shares | % Holding | Number of shares | % Holding |
| **Equity shares with voting rights** | | | | | | |
| Kotak Mahindra Bank Limited | 93,000,000 | 30.00% | 93,000,000 | 30.00% | 93,000,000 | 30.00% |
| Kotak Securities Limited | 93,000,000 | 30.00% | 93,000,000 | 30.00% | 93,000,000 | 30.00% |
| Kotak Investment Advisors Limited | 62,000,000 | 20.00% | 62,000,000 | 20.00% | 62,000,000 | 20.00% |
| Kotak Mahindra Capital Company Limited | 62,000,000 | 20.00% | 62,000,000 | 20.00% | 62,000,000 | 20.00% |
| | **310,000,000** | **100.00%** | **310,000,000** | **100.00%** | **310,000,000** | **100.00%** |

## NOTE 16 OTHER EQUITY

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| Special reserve | 800.51 | 287.57 | - |
| Capital redemption reserve | 19.00 | 19.00 | 19.00 |
| General reserve | 2.50 | 2.50 | 2.50 |
| Capital contribution from parent | 65.01 | 20.87 | - |
| Retained earnings | 3,066.58 | 1,139.97 | (74.11) |
| Share issue expenses | (30.59) | (30.59) | (30.59) |
| **Total** | **3,923.01** | **1,439.32** | **(83.20)** |

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

**16.1 Note 16.1 Nature and purpose of reserve**

**Special reserve**

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

**Capital redemption reserve**

Capital redemption reserve is created on redemption/buy back of preference/equity share capital. Capital redemption reserve includes transfer from General reserve on redemption/buy back of preference / equity shares.

**General reserve**

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

**Capital contribution from parent**

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

**Retained earnings**

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

**Share Issue Expenses**

Share Issue Expenses comprises of stamp duty expense incurred by the company on issuance of share . This being transaction cost directly attributable to issuance of equity instruments is considered as other component of equity.

**Note 16.2 Other equity movement**

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 |
|---|---|---|
| **(i) Special reserve** | | |
| Opening balance | 287.57 | - |
| Addition during the year | 512.94 | 287.57 |
| **Closing balance** | **800.51** | **287.57** |
| **(ii) Capital redemption reserve** | | |
| Opening balance | 19.00 | 19.00 |
| Addition during the year | - | - |
| **Closing balance** | **19.00** | **19.00** |
| **(iii) General reserve** | | |
| Opening balance | 2.50 | 2.50 |
| Addition during the year | - | - |
| **Closing balance** | **2.50** | **2.50** |
| **(iv) Capital contribution from parent** | | |
| Opening balance | 20.87 | - |
| Addition during the year | 44.14 | 20.87 |
| **Closing balance** | **65.01** | **20.87** |
| **(v) Retained earnings** | | |
| Opening balance | 1,139.97 | (74.11) |
| Net profit for the year | 2,441.41 | 1,501.65 |
| Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934 | (512.94) | (287.57) |
| Actuarial gain/ (loss) on remeasurement of defined benefit plan | (1.86) | - |
| **Closing balance** | **3,066.58** | **1,139.97** |
| **(vi) Share Issue expenses** | | |
| Opening balance | (30.59) | (30.59) |
| Addition during the year | - | - |
| **Closing balance** | **(30.59)** | **(30.59)** |

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

## NOTE 17 INTEREST INCOME

(Amount in Lakhs)

| Particulars | For the year ended March 31st, 2019 | | | | For the year ended March 31st, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | On Financial Assets measured at fair value through OCI | On Financial Assets measured at Amortised Cost | Interest Income on Financial Assets classified at fair value through profit or loss | Total Interest Income | On Financial Assets measured at fair value through OCI | On Financial Assets measured at Amortised Cost | Interest Income on Financial Assets classified at fair value through profit or loss | Total Interest Income |
| (i) Interest on loans | - | 3,363.25 | - | 3,363.25 | - | 728.33 | - | 728.33 |
| (ii) Interest income from investments | - | 1,856.95 | - | 1,856.95 | - | 1,038.12 | - | 1,038.12 |
| (iii) Interest on deposits with banks | - | 95.75 | - | 95.75 | - | 144.91 | - | 144.91 |
| **Total** | **-** | **5,315.95** | **-** | **5,315.95** | **-** | **1,911.36** | **-** | **1,911.36** |

**Disaggregation of revenue**

The Company's operations fall into a single business segment comprising of 'financing infrastructure projects' and activities incidental thereto, and all it's operations are carried out in India. The information given in note 17, 18 ,19 and 20 meet the objective with respective to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no seperate disclosures of disaggregated revenues are reported.

## NOTE 18 DIVIDEND INCOME

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| i) Dividend income on investments | - | 473.78 |
| **Total** | **-** | **473.78** |

## NOTE 19 NET GAIN ON FINANCIAL INSTRUMENTS MEASURED ON FAIR VALUE

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| **Net gain/ (loss) on financial instruments at fair value through profit or loss** | | |
| Mutual Fund | 787.28 | 295.20 |
| **Total Net gain on financial instruments measured on fair value** | **787.28** | **295.20** |
| **Fair value changes:** | | |
| - Realised | 949.95 | 128.70 |
| - Unrealised (Net)* | (162.67) | 166.50 |
| **Total** | **787.28** | **295.20** |

*Net of unrealised gain/(loss) of previous period transferred to realised gain/(loss)

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

## NOTE 20 OTHER INCOME

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| Net gain/(loss) on Sale of property, plant and equipment | 11.50 | - |
| **Total** | **11.50** | **-** |

## NOTE 21 NET GAIN/(LOSS) ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| **(A) Net gain/(loss) on derecognition of financial instruments under amortised cost category** | | |
| (i) Debentures | - | 13.75 |
| **Total Net gain/(loss) on derecognition of financial instruments under amortised cost category** | **-** | **13.75** |
| **Fair value changes:** | | |
| - Realised | - | 13.75 |
| - Unrealised (Net)* | - | - |
| **Total Net gain/(loss) on derecognition of financial instruments under amortised cost category** | **-** | **13.75** |

*Net of unrealised gain/(loss) of previous period transferred to realised gain/(loss)

## NOTE 22 FINANCE COSTS

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| **On financial liabilities measured at amortised cost** | | |
| Interest on debt securities | 2,984.02 | 493.41 |
| Interest on subordinated liabilities | 6.32 | 6.32 |
| **Total** | **2,990.34** | **499.73** |

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

## NOTE 23 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| **On Financial instruments measured at Amortised Cost** | | |
| (i) Loans | (12.96) | 148.76 |
| (ii) Investments | (5.62) | 58.27 |
| (iii) Cash and Cash Equivalent | 0.06 | (6.80) |
| (iv) Bank balances | 0.00 | (0.01) |
| (v) Other Receivables | (0.48) | 0.48 |
| (vi) Security Deposits | - | (0.00) |
| **Total** | **(19.00)** | **200.70** |

## NOTE 24 EMPLOYEE BENEFITS EXPENSES

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| Salaries and wages | 295.66 | 259.39 |
| Contribution to provident and other funds | 13.50 | 9.67 |
| Share based payment to employees | 114.63 | 72.84 |
| Staff welfare expenses | 2.07 | 0.35 |
| **Total** | **425.86** | **342.25** |

## NOTE 25 OTHER EXPENSES

(Amount in lakhs)

| Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|
| Rent, taxes and energy costs | 62.44 | 54.29 |
| Repairs and maintenance | 2.26 | 3.92 |
| Communication Costs | 1.35 | 0.29 |
| Advertisement and business promotion expenses | 2.32 | 0.07 |
| Directors' fees, allowances and expenses | 13.73 | 4.90 |
| Auditors' fees and expenses | 7.19 | 4.54 |
| Legal and Professional charges | 26.92 | 12.70 |
| Insurance | 0.17 | - |
| Travelling and Conveyance | 4.78 | 6.50 |
| Common Establishment Expenses | 127.31 | 28.75 |
| Expenses on Corporate Social Responsibility | 6.00 | - |
| Miscellaneous Expenses | 2.78 | 3.53 |
| Membership Fees | 1.06 | - |
| **Total** | **258.31** | **119.49** |

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

## NOTE 26 EARNINGS PER EQUITY SHARE

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

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

(Amount in lakhs)

| Sr. No. | Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|---|
| A) | Net profit attributable to equity holders | 2,439.55 | 1,501.65 |
| **B)** | **Profit attributable to equity holders of the Company** | **2,439.55** | **1,501.65** |
| **C)** | **Weighted average number of ordinary shares** | | |
| | Issued ordinary shares at the beginning of the year | 3,100.00 | 3,100.00 |
| | **Weighted average number of shares at the end of the year** | **3,100.00** | **3,100.00** |
| **D)** | **Face value per share** | **10.00** | **10.00** |
| **E)** | **Basic & Diluted earnings per share** | **0.79** | **0.48** |

## NOTE 27 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in lakhs)

| Sr. No. | Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|---|
| | **Contingent liabilities:** | | | |
| a) | Contingent liability in respect of demand from IT authorities | - | - | 0.04 |
| | **Total** | **-** | **-** | **0.04** |

**Provident Fund**

The Honourable Supreme Court has recently provided a judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation 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. With regard to above Supreme Court (SC) judgement there are various interpretative issues including applicability and the impact thereof cannot be quantified however, the Company has obtained a legal advice in this matter that this judgement should be applicable from March 2019.

## NOTE 28 PAYMENT TO AUDITORS

(Amount in lakhs)

| Sr. No. | Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|---|
| | **Payment to the auditors as:** | | |
| a) | Auditors | 7.00 | 4.50 |
| B) | For reimbursement of expenses | 0.19 | 0.04 |
| | **Total** | **7.19** | **4.54** |

## NOTE 29 CORPORATE SOCIAL RESPONSIBILITY

Average net profits of the company during three financial years preceding FY2018-19 has exceeded ₹ 5 cr for first time and accordingly requirement of Section 135 of Companies Act has become applicable to the Company from FY18-19.

The Company's CSR program is associated with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its ultimate holding company. Company aims to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda. CSR programs being undertaken are in the area of education, healthcare, livelihood, vocational skill development, sports and other areas such as relief and rehabilitation and environmental sustainability etc.

As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹ 12.89 lakhs during the year on CSR activities.

**Details of corporate social responsibility expenditure**

(Amount in lakhs)

| Sr. No. | Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|---|
| a) | Amount required to be spent during the year | 12.89 | 0.00 |
| b) | Amount spent during the year | | |
| (i) | Construction/acquisition of any asset | - | - |
| (ii) | On purposes other than (i) above | 6.00 | 0.00 |
| | **Total** | **6.00** | **-** |

## NOTE 30 RELATED PARTY DISCLOSURE

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

**A. Names of Related Parties**

| Sr. No. | Particulars | Country of Incorporation | Proportion of ownership interest |
|---|---|---|---|
| **(a)** | **Holding company:** | | |
| | Kotak Mahindra Bank Limited | India | 30.00% |
| | Kotak Securities Limited | India | 30.00% |
| | Kotak Investment Advisors Limited | India | 20.00% |
| | Kotak Mahindra Capital Company Limited | India | 20.00% |
| **(b)** | **Fellow subsidiary:** | | |
| | Kotak Securities Limited | India | |
| | Kotak Mahindra Capital Company Limited | India | |
| | Kotak Investment Advisors Limited. | India | |
| | Kotak General Insurance Company Limited | India | |
| | Kotak Mahindra Prime Limited | India | |
| | Kotak Mahindra Investments Limited (KMIL) | India | |
| **(c)** | **Key Management Personnel** | | |
| | Manoj Gupta, CEO & CFO | | |
| | Mr. Dipak Gupta | | |
| | Mr.K.V.S Manian | | |
| | Mr.Arvind Kathpalia | | |
| | Mr.Uday Phadke*(Independent director as per sub section 6 of section 149 of the Companies act 2013) | | |

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

| Sr. No. | Particulars | Country of Incorporation | Proportion of ownership interest |
|---|---|---|---|
| | Ms.Sujata Guhathakurta | | |
| | Mr.Raghunandan Maluste*(Independent director as per sub section 6 of section 149 of the Companies Act, 2013) | | |
| | Chetan Desai# | | |
| | Himanshu Vasa# | | |
| | Devang Gheewalla# | | |
| **(d)** | **Others** | | |
| | Kotak Education foundation | | |

*Cateogrised as Key Management Personnel as per definition of Ind AS 24, however both the directors continue to be independent directors as defined in section 149 (6) of the Companies Act, 2013

#Resigned w.e.f 21.10.2016

**B. Transactions with related parties**

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

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

(Amount in lakhs)

| Sr. No. | Particulars | For the year ended March 31st, 2019 | For the year ended March 31st, 2018 |
|---|---|---|---|
| i. | Short-term employee benefits | 155.81 | 110.83 |
| ii. | Post-employment defined benefit | 7.25 | 5.70 |
| iii. | Share-based payments | 84.76 | 42.55 |

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

**(b) Transactions with related parties**
Note 30 above provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

**Related Party Disclosures**

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

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| **I. Holding Company** | | | |
| -Kotak Mahindra Bank Limited | - | - | - |
| Transactions during the year : | | | |
| **FINANCE** | | | |
| Interest on Term Deposits / Corporate Bond / Loan | 62.66 | 144.91 | 814.54 |
| Equity Shares | - | - | 9,300.00 |

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

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| Borrowings | 15,000.00 | 25,000.00 | - |
| Investment in Bond / Debenutre | - | 5,011.83 | - |
| Term Deposits - Placed | 68,210.00 | 125.64 | 31,094.75 |
| Term Deposits - Redeemed | 68,210.00 | 31,063.31 | 209.00 |
| Transfer of liability | - | 3.06 | - |
| Premises bought | - | 25.10 | - |
| Interest on Borrowings | 2,984.81 | 486.86 | - |
| **OTHER RECEIPTS & PAYMENTS** | | | |
| Rent expenses | 39.91 | 29.28 | - |
| Reimbursement of expenses | 119.49 | 18.56 | 0.01 |
| Referral fee income | - | - | 3.00 |
| Dividend paid | 5.25 | - | - |
| Demat charges | 0.02 | - | - |
| Service Charges received | 6.00 | - | - |
| Balance outstanding as at the year end : | | | |
| **FINANCE** | | | |
| Equity Shares | 9,300.00 | 9,300.00 | 9,300.00 |
| Term Deposits | 23.08 | 23.08 | 30,993.89 |
| Preference shares | 70.00 | 70.00 | 70.00 |
| Borrowings | 41,483.68 | 25,477.16 | - |
| Current and Savings account balances ('CASA') | 1,218.33 | 949.55 | 2.38 |
| **OTHER RECEIPTS & PAYMENTS** | | | |
| Shared services payable | 8.12 | 0.68 | - |
| **II. Fellow Subsidiaries** | | | |
| Transactions during the year : | | | |
| **FINANCE** | | | |
| **Equity shares** | | | |
| -Kotak Securities Ltd | - | - | 9,300.00 |
| -Kotak Investment Advisor Ltd | - | - | 6,200.00 |
| -Kotak Mahindra Capital Company Ltd | - | - | 6,200.00 |
| Assets transferred | | | |
| -Kotak Mahindra Investment limited | - | 0.37 | - |
| Transfer of liability | | | |
| -Kotak Mahindra Investment limited | 1.25 | 55.13 | - |
| Reimbursement of expenses | | | |
| -Kotak Mahindra Investment limited | 17.09 | 20.79 | 0.02 |
| Car Insurance Paid | | | |
| -Kotak General Insurance Company Limited | 0.02 | - | - |
| Balance outstanding as at the year end : | | | |

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

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| **FINANCE** | | | |
| **Equity shares** | | | |
| -Kotak Securities Ltd | 9,300.00 | 9,300.00 | 9,300.00 |
| -Kotak Investment Advisor Ltd | 6,200.00 | 6,200.00 | 6,200.00 |
| -Kotak Mahindra Capital Company Ltd | 6,200.00 | 6,200.00 | 6,200.00 |
| **OTHER RECEIPTS & PAYMENTS** | | | |
| Shared service receivable | | | |
| -Kotak Mahindra Investments Limited | - | 0.38 | - |
| Shared services payable | | | |
| -Kotak Mahindra Investments Limited | - | 16.20 | - |
| Interest on borrowing | | | |
| -Kotak Mahindra Investments Limited | - | - | 2.30 |
| Prepaid Insurance expenses | | | |
| -Kotak General Insurance Company Limited | 0.17 | - | - |
| Receivable from employee transfer | | | |
| -Kotak Mahindra Prime Limited | 1.25 | - | - |
| **III Others** | | | |
| Transactions during the year : | | | |
| Kotak education foundation (CSR expense) | 6.00 | - | - |

## NOTE 31 LEASE DISCLOSURES

**Operating Lease as Lessee:**
Rent payment to holding/fellow Subsidiary Company for sharing of Premises are recognized in Statement of Profit & Loss under the head "Rent, taxes and energy costs" ₹ 39.91 lakhs(PY ₹ 29.28 lakhs)

## NOTE 32 EMPLOYEE BENEFITS

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

**(i) Defined Contribution Plans:**
The Company makes Provident Fund contributions to Recognized Provident Fund for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹13.50 lakhs (Year ended 31 March, 2018 ₹ 9.67) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the Fund are at rates specified in the Rules of the Scheme.

**(ii) Defined Benefit Plan:**
The Company offers the following employee benefit schemes to its employees:

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

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

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

| Particular | Note | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|---|
| Net defined benefit liability | 13(i) | 17.81 | 15.94 | - |
| **Total employee benefit liabilities** | | **17.81** | **15.94** | **-** |

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

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

(Amount in lakhs)

| Particular | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|---|---|---|---|---|---|---|
| | As at March 31st, 2019 | As at March 31st, 2018 | As at March 31st, 2019 | As at March 31st, 2018 | As at March 31st, 2019 | As at March 31st, 2018 |
| **Opening balance** | 15.94 | - | - | - | 15.94 | - |
| Included in profit or loss | | - | - | - | - | - |
| Current service cost | 2.17 | - | - | - | 2.17 | - |
| Past service cost | - | - | - | - | - | - |
| Interest cost (income) | 1.09 | - | - | - | 1.09 | - |
| | **19.20** | **-** | **-** | **-** | **19.20** | **-** |
| **Included in OCI** | | | | | | |
| Remeasurement loss (gain): | | | | | | |
| Actuarial loss (gain) arising from: | | | | | | |
| Demographic assumptions | (0.01) | - | - | - | (0.01) | - |
| Financial assumptions | 0.84 | - | - | - | 0.84 | - |
| Experience adjustment | (2.66) | - | - | - | (2.66) | - |
| Return on plan assets excluding interest income | - | - | - | - | - | - |
| | (1.83) | - | - | - | (1.83) | - |
| **Other** | | | | | | |
| Contributions paid by the employer | | - | 0.39 | - | (0.39) | - |
| Liabilities assumed / (settled) | 0.83 | - | - | - | 0.83 | - |
| Benefits paid | (0.39) | - | (0.39) | - | - | - |
| **Closing balance** | **17.81** | **15.94** | **-** | **-** | **17.81** | **15.94** |
| **Represented by** | | | | | | |
| Net defined benefit asset | | | | | - | - |
| Net defined benefit liability | | | | | 17.81 | 15.94 |
| | | | | | **17.81** | **15.94** |

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

**C. Expenses recognised in profit & loss**

(Amount in lakhs)

| Particular | As at March 31st, 2019 | As at March 31st, 2018 |
|---|---|---|
| Current service cost | 2.17 | - |
| Past service cost | - | - |
| Administration expenses | - | - |
| Interest on net defined benefit liability / (asset) | 1.09 | - |
| (Gains) / losses on settlement | - | - |
| | **3.26** | **-** |

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

(Amount in lakhs)

| Particular | As at March 31st, 2019 | As at March 31st, 2018 |
|---|---|---|
| Actuarial loss (gain) arising from: | | |
| Demographic assumptions | (0.01) | - |
| Financial assumptions | 0.84 | - |
| Experience adjustment | (2.66) | - |
| | (1.83) | - |
| Return on plan assets excluding interest income | - | - |
| | **(1.83)** | **-** |

**E. Defined benefit obligations**

**i. Actuarial assumptions**

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

| Particular | As at March 31st, 2019 | As at March 31st, 2018 |
|---|---|---|
| Discount rate | 7.15% | 7.90% |
| Salary escalation rate | 7.00% | 7.00% |

**ii. Sensitivity analysis**

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

(Amount in lakhs)

| Particular | As at March 31st, 2019 | | As at March 31st, 2018 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5% movement) | 17.24 | 18.41 | 15.49 | 16.42 |
| Future salary growth (0.5% movement) | 18.03 | 17.60 | 16.10 | 15.79 |

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.

**F. Experience Adjustments**

(Amount in lakhs)

| Particulars | Gratuity | | | | | |
|---|---|---|---|---|---|---|
| | Year ended 31st March | | | | | |
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Defined benefit obligation | 17.81 | 15.94 | - | 9.87 | 9.91 | 6.87 |
| Plan assets | - | - | - | - | - | - |
| Surplus / (deficit) | (17.81) | (15.94) | - | (9.87) | (9.91) | (6.87) |
| Experience adjustments on plan liabilities | (2.66) | - | - | (0.04) | 0.90 | 0.34 |
| Experience adjustments on plan assets | - | - | - | - | - | - |

**G. Accumulated Compensated Absences**

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized ₹ 4.55 lakhs (Previous year. ₹ 14.05 lakh) for Compensated Absences in the Statement of Profit and Loss.

**H. Long Service Award**

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

## NOTE 33 SHARE-BASED PAYMENT ARRANGEMENTS:

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

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

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

(a) Kotak Mahindra Equity Option Scheme 2007; and

(b) Kotak Mahindra Equity Option Scheme 2015

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

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

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

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

Consequent to the above, the Bank has granted stock options to employees of the Company as under:

**As at 31st March 2019**

| Scheme Reference | Grant Date | Method of Settlement Accounting | No of Share Options | Vesting conditions / Dates | Contractual life of the options(Yrs) |
|---|---|---|---|---|---|
| **2007-47** | | | | | |
| A | 9-May-15 | Equity settled | 3,156 | 30-Sep-16 | 1.90 |
| B | 9-May-15 | Equity settled | 3,156 | 31-Jul-17 | 2.73 |
| C | 9-May-15 | Equity settled | 2,104 | 30-Jun-18 | 3.65 |
| D | 9-May-15 | Equity settled | 2,104 | 31-Dec-18 | 4.15 |

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

**As at 31st March 2019**

| Scheme Reference | Grant Date | Method of Settlement Accounting | No of Share Options | Vesting conditions / Dates | Contractual life of the options(Yrs) |
|---|---|---|---|---|---|
| **2015-02** | | | | | |
| A | 19-May-16 | Equity settled | 2,604 | 30-Sep-17 | 1.87 |
| B | 19-May-16 | Equity settled | 2,604 | 31-Jul-18 | 2.70 |
| C | 19-May-16 | Equity settled | 1,736 | 30-Jun-19 | 3.62 |
| D | 19-May-16 | Equity settled | 1,736 | 30-Nov-19 | 3.87 |
| **2015-07** | | | | | |
| A | 15-May-17 | Equity settled | 6,438 | 31-Aug-18 | 1.79 |
| B | 15-May-17 | Equity settled | 6,438 | 31-Oct-19 | 2.96 |
| C | 15-May-17 | Equity settled | 4,292 | 30-Jun-20 | 3.63 |
| D | 15-May-17 | Equity settled | 4,292 | 31-Dec-20 | 4.13 |
| **2015-14** | | | | | |
| A | 18-May-18 | Equity settled | 4,860 | 31-Jul-19 | 1.71 |
| B | 18-May-18 | Equity settled | 4,860 | 31-Oct-20 | 2.95 |
| C | 18-May-18 | Equity settled | 3,240 | 30-Jun-21 | 3.62 |
| D | 18-May-18 | Equity settled | 3,240 | 31-Dec-21 | 4.12 |

**As at 31st March 2018**

| Scheme Reference | Grant Date | Method of Settlement Accounting | No of Share Options | Vesting conditions / Dates | Contractual life of the options(Yrs) |
|---|---|---|---|---|---|
| **2007-40** | | | | | |
| A | 10-May-13 | Equity settled | 500 | 30-Sep-14 | 1.89 |
| B | 10-May-13 | Equity settled | 1,500 | 31-Aug-15 | 2.81 |
| C | 10-May-13 | Equity settled | 1,250 | 30-Jun-16 | 3.65 |
| D | 10-May-13 | Equity settled | 1,250 | 31-Dec-16 | 4.14 |
| **2007-47** | | | | | |
| A | 9-May-15 | Equity settled | 3,156 | 30-Sep-16 | 1.90 |
| B | 9-May-15 | Equity settled | 3,156 | 31-Jul-17 | 2.73 |
| C | 9-May-15 | Equity settled | 2,104 | 30-Jun-18 | 3.65 |
| D | 9-May-15 | Equity settled | 2,104 | 31-Dec-18 | 4.15 |
| **2015-02** | | | | | |
| A | 19-May-16 | Equity settled | 2,604 | 30-Sep-17 | 1.87 |
| B | 19-May-16 | Equity settled | 2,604 | 31-Jul-18 | 2.70 |
| C | 19-May-16 | Equity settled | 1,736 | 30-Jun-19 | 3.62 |
| D | 19-May-16 | Equity settled | 1,736 | 30-Nov-19 | 3.87 |
| **2015-07** | | | | | |
| A | 15-May-17 | Equity settled | 6,438 | 31-Aug-18 | 1.79 |
| B | 15-May-17 | Equity settled | 6,438 | 31-Oct-19 | 2.96 |
| C | 15-May-17 | Equity settled | 4,292 | 30-Jun-20 | 3.63 |
| D | 15-May-17 | Equity settled | 4,292 | 31-Dec-20 | 4.13 |

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

At the General Meeting of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolution on 29th June, 2015 to grant stock appreciation rights (SARs) to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 has been formulated and adopted. Subsequently, the SARs have been granted under this scheme and the existing SARs will continue. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.20 years to 3.67 years.

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 3620 SARs during FY 2018- 19. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.20 years to 3.67 years

**As at 31st March 2019**

| Scheme Reference | Grant Date | Method of Settlement Accounting | Total No of SARs | Vesting conditions / Dates | Contractual life of the options(Yrs) |
|---|---|---|---|---|---|
| **Scheme 2015, Series 17** | | | | | |
| Tranche V1-1 | 18-May-18 | Cash settled | 362 | 31-Jul-19 | 1.20 |
| Tranche V1-2 | 18-May-18 | Cash settled | 362 | 7-Aug-19 | 1.22 |
| Tranche V1-3 | 18-May-18 | Cash settled | 362 | 14-Aug-19 | 1.24 |
| Tranche V2-1 | 18-May-18 | Cash settled | 362 | 31-Oct-20 | 2.46 |
| Tranche V2-2 | 18-May-18 | Cash settled | 362 | 7-Nov-20 | 2.48 |
| Tranche V2-3 | 18-May-18 | Cash settled | 362 | 14-Nov-20 | 2.50 |
| Tranche V3-1 | 18-May-18 | Cash settled | 242 | 30-Jun-21 | 3.12 |
| Tranche V3-2 | 18-May-18 | Cash settled | 241 | 7-Jul-21 | 3.14 |
| Tranche V3-3 | 18-May-18 | Cash settled | 241 | 14-Jul-21 | 3.16 |
| Tranche V4-1 | 18-May-18 | Cash settled | 242 | 30-Dec-21 | 3.62 |
| Tranche V4-2 | 18-May-18 | Cash settled | 241 | 7-Jan-22 | 3.64 |
| Tranche V4-3 | 18-May-18 | Cash settled | 241 | 14-Jan-22 | 3.66 |
| **Scheme 2015 Series 9** | | | | | |
| Tranche V2-1 | 15-May-17 | Cash settled | 461 | 31-Oct-19 | 2.46 |
| Tranche V2-2 | 15-May-17 | Cash settled | 461 | 7-Nov-19 | 2.48 |
| Tranche V2-3 | 15-May-17 | Cash settled | 461 | 14-Nov-19 | 2.50 |
| Tranche V3-1 | 15-May-17 | Cash settled | 307 | 30-Jun-20 | 3.13 |
| Tranche V3-2 | 15-May-17 | Cash settled | 307 | 7-Jul-20 | 3.15 |
| Tranche V3-3 | 15-May-17 | Cash settled | 308 | 14-Jul-20 | 3.17 |
| Tranche V4-1 | 15-May-17 | Cash settled | 307 | 31-Dec-20 | 3.63 |
| Tranche V4-2 | 15-May-17 | Cash settled | 307 | 7-Jan-21 | 3.65 |
| Tranche V4-3 | 15-May-17 | Cash settled | 308 | 14-Jan-21 | 3.67 |
| **Scheme 2015 Series 4** | | | | | |
| Tranche V-3A | 19-May-16 | Cash settled | 319 | 30-Jun-19 | 3.12 |
| Tranche V-3B | 19-May-16 | Cash settled | 319 | 7-Jul-19 | 3.13 |
| Tranche V-3C | 19-May-16 | Cash settled | 320 | 14-Jul-19 | 3.15 |
| Tranche V-4A | 19-May-16 | Cash settled | 319 | 30-Nov-19 | 3.53 |
| Tranche V-4B | 19-May-16 | Cash settled | 319 | 7-Dec-19 | 3.55 |
| Tranche V-4C | 19-May-16 | Cash settled | 320 | 14-Dec-19 | 3.57 |

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

**As at 31st March 2018**

| Scheme Reference | Grant Date | Method of Settlement Accounting | Total No of SARs | Vesting conditions / Dates | Contractual life of the options(Yrs) |
|---|---|---|---|---|---|
| **Scheme 2015 Series 9** | | | | | |
| Tranche V1-1 | 15-May-17 | Cash settled | 461 | 31-Aug-18 | 1.30 |
| Tranche V1-2 | 15-May-17 | Cash settled | 461 | 7-Sep-18 | 1.32 |
| Tranche V1-3 | 15-May-17 | Cash settled | 461 | 14-Sep-18 | 1.33 |
| Tranche V2-1 | 15-May-17 | Cash settled | 461 | 31-Oct-19 | 2.46 |
| Tranche V2-2 | 15-May-17 | Cash settled | 461 | 7-Nov-19 | 2.48 |
| Tranche V2-3 | 15-May-17 | Cash settled | 461 | 14-Nov-19 | 2.50 |
| Tranche V3-1 | 15-May-17 | Cash settled | 307 | 30-Jun-20 | 3.13 |
| Tranche V3-2 | 15-May-17 | Cash settled | 307 | 7-Jul-20 | 3.15 |
| Tranche V3-3 | 15-May-17 | Cash settled | 308 | 14-Jul-20 | 3.17 |
| Tranche V4-1 | 15-May-17 | Cash settled | 307 | 31-Dec-20 | 3.63 |
| Tranche V4-2 | 15-May-17 | Cash settled | 307 | 7-Jan-21 | 3.65 |
| Tranche V4-3 | 15-May-17 | Cash settled | 308 | 14-Jan-21 | 3.67 |
| **Scheme 2015 Series 4** | | | | | |
| Tranche V-2A | 19-May-16 | Cash settled | 479 | 31-Jul-18 | 2.20 |
| Tranche V-2B | 19-May-16 | Cash settled | 479 | 7-Aug-18 | 2.22 |
| Tranche V-2C | 19-May-16 | Cash settled | 479 | 14-Aug-18 | 2.24 |
| Tranche V-3A | 19-May-16 | Cash settled | 319 | 30-Jun-19 | 3.12 |
| Tranche V-3B | 19-May-16 | Cash settled | 319 | 7-Jul-19 | 3.13 |
| Tranche V-3C | 19-May-16 | Cash settled | 320 | 14-Jul-19 | 3.15 |
| Tranche V-4A | 19-May-16 | Cash settled | 319 | 30-Nov-19 | 3.53 |
| Tranche V-4B | 19-May-16 | Cash settled | 319 | 7-Dec-19 | 3.55 |
| Tranche V-4C | 19-May-16 | Cash settled | 320 | 14-Dec-19 | 3.57 |
| **Series 2015/04** | | | | | |
| Tranche III | 9-May-15 | Cash settled | 1148 | 30-Jun-18 | 3.15 |
| Tranche V | 9-May-15 | Cash settled | 1148 | 31-Dec-18 | 3.65 |

## B. MEASUREMENT OF FAIR VALUES

### i. Equity-settled share-based payment arrangements

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

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

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

**As at 31st March 2019**

| Scheme | Grant Date | Vesting period (Years) | | Expected life (Years) | | Exercise Price (INR) | Market price | Risk free rate | | Annual Dividend yield | Volatility | | Fair value per ESOPs (INR) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | From | To | From | To | | | From | To | | From | To | From | To |
| 2007-47 | 9-May-15 | 1.40 | 3.65 | 1.65 | 3.90 | 1,330.00 | 1,329.50 | 7.91% | 8.07% | 0.07% | 27.61% | 29.29% | 267.02 | 473.14 |
| 2015-02 | 19-May-16 | 1.37 | 3.53 | 1.62 | 3.70 | 710.00 | 708.90 | 7.25% | 7.46% | 0.07% | 26.32% | 27.96% | 134.08 | 229.80 |
| 2015-07 | 15-May-17 | 1.30 | 3.63 | 1.54 | 3.88 | 955.00 | 954.65 | 6.64% | 6.95% | 0.06% | 20.74% | 35.44% | 145.98 | 349.84 |
| 2015-14 | 18-May-18 | 1.20 | 3.62 | 1.45 | 3.87 | 1,271.00 | 1,270.70 | 7.44% | 7.99% | 0.06% | 18.68% | 32.95% | 184.60 | 465.70 |

**As at 31st March 2018**

| Scheme | Grant Date | Vesting period (Years) | | Expected life (Years) | | Exercise Price (INR) | Market price | Risk free rate | | Annual Dividend yield | Volatility | | Fair value per ESOPs (INR) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | From | To | From | To | | | From | To | | From | To | From | To |
| 2007-40 | 10-May-13 | 1.39 | 3.65 | 1.64 | 3.89 | 724.00 | 723.35 | 7.47% | 7.52% | 0.10% | 27.68% | 31.56% | 142.10 | 259.91 |
| 2007-47 | 9-May-15 | 1.40 | 3.65 | 1.65 | 3.90 | 1,330.00 | 1,329.50 | 7.91% | 8.07% | 0.07% | 27.61% | 29.29% | 267.02 | 473.14 |
| 2015-02 | 19-May-16 | 1.37 | 3.53 | 1.62 | 3.70 | 710.00 | 708.90 | 7.25% | 7.46% | 0.07% | 26.32% | 27.96% | 134.08 | 229.80 |
| 2015-07 | 15-May-17 | 1.30 | 3.63 | 1.54 | 3.88 | 955.00 | 954.65 | 6.64% | 6.95% | 0.06% | 20.74% | 35.44% | 145.98 | 349.84 |

The following table lists the average inputs to the models used for the plans for the year ended 31 March 2019.

| 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 the Group'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. |

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

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

**31-Mar-19**

| Scheme | Grant Date | Vesting period (Years) | | Expected life (Years) | | Exercise Price (INR) | Market price | Risk free rate | | Annual Dividend yield | Volatility | | Fair value per SARs (INR) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | From | To | From | To | | | From | To | | From | To | From | To |
| Scheme 2015, Series 17 | 18-May-18 | 0.33 | 2.79 | 0.33 | 2.79 | - | 1,334.50 | 6.29% | 6.74% | 0.05% | 21.03% | 27.91% | 1,332.54 | 1,334.27 |
| Scheme 2015 Series 9 | 15-May-17 | 0.59 | 1.79 | 0.59 | 1.79 | - | 1,334.50 | 6.39% | 6.65% | 0.05% | 22.31% | 28.06% | 1,333.24 | 1,334.09 |
| Scheme 2015 Series 4 | 19-May-16 | 0.25 | 0.71 | 0.25 | 0.71 | - | 1,334.50 | 6.25% | 6.44% | 0.05% | 19.74% | 27.53% | 1,334.00 | 1,334.32 |
| Series 2015/04 | 9-May-15 | - | - | - | - | - | - | - | - | - | - | - | - | - |

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

**31-Mar-18**

| Scheme | Grant Date | Vesting period (Years) | | Expected life (Years) | | Exercise Price (INR) | Market price | Risk free rate | | Annual Dividend yield | Volatility | | Fair value per SARs (INR) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | From | To | From | To | | | From | To | | From | To | From | To |
| Scheme 2015, Series 17 | 18-May-18 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Scheme 2015 Series 9 | 15-May-17 | 0.42 | 2.79 | 0.42 | 2.79 | - | 1,047.80 | 6.27% | 7.16% | 0.06% | 16.74% | 21.03% | 1,046.12 | 1,046.12 |
| Scheme 2015 Series 4 | 19-May-16 | 0.33 | 1.71 | 0.33 | 1.71 | - | 1,047.80 | 6.21% | 6.87% | 0.06% | 17.44% | 18.35% | 1,046.78 | 1,047.60 |
| Series 2015/04 | 9-May-15 | 0.25 | 0.75 | 0.25 | 0.75 | 5.00 | 1,069.21 | 6.14% | 6.50% | 0.06% | 18.10% | 19.23% | 1,064.00 | 1,064.14 |

## C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme as at 31 March 2019

The number and actual exercise prices of share options are as follows:

| Scheme | Grant Date | 31-Mar-19 | | | | | 31-Mar-18 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Outstanding at the start of the year | Granted during the year | Exercised during the year | Lapsed/ cancelled during the year | Outstanding at the end of the year | Outstanding at the start of the year | Granted during the year | Exercised during the year | Lapsed/ cancelled during the year | Outstanding at the end of the year |
| 2007-47 | 9-May-15 | 4,208.00 | - | 2,104.00 | - | 2,104.00 | 7,364.00 | - | - | 3,156.00 | 4,208.00 |
| 2015-02 | 19-May-16 | 6,076.00 | - | 2,604.00 | - | 3,472.00 | 8,680.00 | - | 2,604.00 | - | 6,076.00 |
| 2015-07 | 15-May-17 | 21,460.00 | - | 6,438.00 | - | 15,022.00 | 21,460.00 | - | - | - | 21,460.00 |
| 2015-14 | 18-May-18 | - | 16,200.00 | - | - | 16,200.00 | - | - | - | - | - |
| 2007-40 | 10-May-13 | - | - | - | - | - | 1,250.00 | - | 1,250.00 | - | - |
| | | 31,744.00 | 16,200.00 | 11,146.00 | - | 36,798.00 | 38,754.00 | - | 3,854.00 | 3,156.00 | 31,744.00 |

## D. Reconciliation of Stock Appreciation Rights (cash-settled)

The number and actual exercise prices of share options are as follows:

| Scheme | Grant Date | 31-Mar-19 | | | | | | 31-Mar-18 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Outstanding at the start of the year | Granted during the year | Exercised during the year | Lapsed/ cancelled during the year | Other Adjustments (Transfers during the year) | Outstanding at the end of the year | Outstanding at the start of the year | Granted during the year | Exercised during the year | Lapsed/ cancelled during the year | Other Adjustments (Transfers during the year) | Outstanding at the end of the year |
| Scheme 2015, Series 17 | 18-May-18 | - | 3,620.00 | - | - | - | 3,620.00 | - | - | - | - | - | - |
| Scheme 2015 Series 9 | 15-May-17 | 4,610.00 | - | 1,383.00 | - | - | 3,227.00 | - | 4,610.00 | - | - | - | 4,610.00 |
| Scheme 2015 Series 4 | 19-May-16 | 3,353.00 | - | 1,437.00 | - | - | 1,916.00 | - | - | 1,437.00 | - | 4,790.00 | 3,353.00 |
| Series 2015/04 | 9-May-15 | 2,296.00 | - | 2,296.00 | - | - | - | - | - | 1,722.00 | - | 4,018.00 | 2,296.00 |
| | | 10,259.00 | 3,620.00 | 5,116.00 | - | - | 8,763.00 | - | 4,610.00 | 3,159.00 | - | 8,808.00 | 10,259.00 |

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

## NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

### A. Accounting classification

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

(Amount in lakhs)

| Particulars | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 01, 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amortised Cost | FVTOCI | FVTPL | Others | Amortised Cost | FVTOCI | FVTPL | Others | Amortised Cost | FVTOCI | FVTPL | Others |
| **Financial assets** | | | | | | | | | | | | |
| Cash and cash equivalents | 1,230.40 | - | - | - | 950.25 | - | - | - | 30,925.95 | - | - | - |
| Bank Balance other than cash and cash equivalent | 23.08 | - | - | - | 23.08 | - | - | - | 70.65 | - | - | - |
| Receivables: | | | | | | | | | | | | |
| Other receivables | - | - | - | - | 9.52 | - | - | - | - | - | - | - |
| Loans | 45,395.07 | - | - | - | 23,438.14 | - | - | - | - | - | - | - |
| Investments | 22,067.63 | - | 7,418.83 | - | 19,464.76 | - | 14,111.58 | - | - | - | - | - |
| Other financial assets | - | - | - | - | - | - | - | - | 0.56 | - | - | - |
| **Total** | **68,716.18** | **-** | **7,418.83** | **-** | **43,885.75** | **-** | **14,111.58** | **-** | **30,997.16** | **-** | **-** | **-** |
| **Financial liabilities** | | | | | | | | | | | | |
| Payables | | | | | | | | | | | | |
| Trade Payables | | | | | | | | | | | | |
| (i) total outstanding dues of creditors other than micro enterprises and small enterprises | 40.84 | - | - | - | 37.26 | - | - | - | 1.75 | - | - | - |
| Debt securities | 41,483.68 | - | - | - | 25,477.16 | - | - | - | - | - | - | - |
| Subordinated Liabilities | 76.32 | - | - | - | 76.32 | - | - | - | 70.00 | - | - | - |
| **Total** | **41,600.84** | **-** | **-** | **-** | **25,590.74** | **-** | **-** | **-** | **71.75** | **-** | **-** | **-** |

### B. Fair Value

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

(Amount in lakhs)

| Particulars | Fair value | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 01, 2017 | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | | | | |
| Investments in Mutual Funds | 7,418.83 | - | - | 7,418.83 | 14,111.58 | - | - | 14,111.58 | - | - | - | - |
| **Total** | **7,418.83** | **-** | **-** | **7,418.83** | **14,111.58** | **-** | **-** | **14,111.58** | **-** | **-** | **-** | **-** |

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

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

(Amount in lakhs)

| Particulars | Fair value | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2019 | | | | As at March 31, 2018 | | | | As at April 01, 2017 | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | | | | |
| Loans | - | 41,503.57 | - | 41,503.57 | - | 22,188.52 | - | 22,188.52 | - | - | - | - |
| Investments | - | 22,463.39 | - | 22,463.39 | - | 19,405.45 | - | 19,405.45 | - | - | - | - |
| **Total** | **-** | **63,966.96** | **-** | **63,966.96** | **-** | **41,593.97** | **-** | **41,593.97** | **-** | **-** | **-** | **-** |
| **Financial liabilities** | | | | | | | | | | | | |
| Debt securities | - | 41,271.83 | - | 41,271.83 | - | 25,589.72 | - | 25,589.72 | - | - | - | - |
| Subordinated Liabilities | - | 72.15 | - | 72.15 | - | 74.07 | - | 74.07 | - | 75.16 | - | 75.16 |
| **Total** | **-** | **41,343.98** | **-** | **41,343.98** | **-** | **25,663.79** | **-** | **25,663.79** | **-** | **75.16** | **-** | **75.16** |

Fair value of Statement of Financial Position is presented below:

(Amount in lakhs)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at April 01, 2017 | |
|---|---|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value | Carrying Value | Fair Value |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 1,230.40 | 1,230.40 | 950.25 | 950.25 | 30,925.95 | 30,925.95 |
| Bank Balance other than cash and cash equivalent | 23.08 | 23.08 | 23.08 | 23.08 | 70.65 | 70.65 |
| Receivables: | - | - | - | - | - | - |
| Other receivables | - | - | 9.52 | 9.52 | - | - |
| Loans | 45,395.07 | 43,503.57 | 23,438.14 | 22,188.52 | - | - |
| Investments | 29,486.46 | 29,882.22 | 33,576.34 | 33,517.03 | - | - |
| Other financial assets | - | - | - | - | 0.56 | 0.56 |
| **Total** | **76,135.01** | **74,639.27** | **57,997.33** | **56,688.40** | **30,997.16** | **30,997.16** |
| **Financial liabilities** | | | | | | |
| Payables | | | | | | |
| Trade Payables | | | | | | |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 40.84 | 40.84 | 37.26 | 37.26 | 1.75 | 1.75 |
| Other Payables | | | | | | |
| Debt securities | 41,483.68 | 41,271.83 | 25,477.16 | 25,589.72 | - | - |
| Subordinated Liabilities | 76.32 | 72.15 | 76.32 | 74.07 | 70.00 | 75.16 |
| **Total** | **41,600.84** | **41,384.82** | **25,590.74** | **25,701.05** | **71.75** | **76.91** |

The fair value of trade payables, other financial assets, other receivables, cash and cash equivalent including other current bank balances and other financial liabilities etc. are considered to be the same as their carrying amount, due to current and short term nature of such balances. The fair value of short term financial assets i.e.loans are considered to be the same as their carrying amount.

## 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 instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

**Financial instruments valued at carrying value**

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

**Valuation techniques used to determine fair value:**

**Investments in Mutual Funds**

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

**Investments in debentures**

The fair values of investments are calculated based on a discounted cash flow model.It considers the present value of expected receipts/ payments discounted using appropriate discounting rates.

**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 were based on yield curves appropriate for the remaining maturities of the Loans as published by FIBIL consequently for the purposes of level disclosures categorized under Level 2. Fair value of Level 2 loans would decrease (increase) in value depending on increase (decrease) in discount rate.

**Borrowings/Preference Share Issued**

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

## D. Financial risk management

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

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

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

**E. Risk management framework**

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those which in the opinion of the Board may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the organization.

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

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

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

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

| Risk | Exposure arising from | Management |
|---|---|---|
| Liquidity Risk | Liquidity risk is the risk that the Company is unable to meet its financial obligations when they fall due without adversely affecting its financial condition. Liquidity risk arises because of mismatches in the timing of the cash flows. | Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances.<br><br>In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the ALCO.<br><br>Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the ALCO.<br><br>Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits. |
| Credit Risk | Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. | The company adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to thorough assessment of promoters; group financial strength and leverage; operational & financial performance track record; cash flows; evaluation of collateral (projects - considering status of operations, market benchmarking / cash flows ).<br><br>The exposures are subjected to regular monitoring of (project performance, cash flows, security cover is regularly monitored). The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for Group of Counterparties and by monitoring exposures in relation to such limits. |

| Risk | Exposure arising from | Management |
|---|---|---|
| Interest rate risk | Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income. Interest rate risk arises from mismatches in re-pricing of interest rate sensitive assets (RSA) and rate sensitive liabilities (RSL). | Board of Directors (the Board) of the Company is the guiding body for management of its interest rate risk and sets the overall policy and risk limits.<br>In order to manage/mitigate interest rate risk, the Company has defined Interest Rate Sensitive Gap tolerance limits for each time bucket which is approved by the Board.<br>Treasury is entrusted with the responsibility of managing interest rate risk within the overall risk limits as approved by the Board.<br>The IRS gaps are monitored by ALCO |

## NOTE 35 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

**ii. Credit risk**

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

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

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

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

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| Loans at amortised cost | 45,530.86 | 23,586.90 | - |
| Investments | 22,120.28 | 19,523.03 | - |
| Other financial assets | 1,253.77 | 983.57 | 31,004.20 |
| | **68,904.91** | **44,093.50** | **31,004.20** |

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

**a. Credit quality analysis**

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

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| | 12-month ECL | 12-month ECL | 12-month ECL |
| **Loans at amortised cost** | | | |
| High grade (AAA to A-) | 31,868.12 | 8,042.70 | - |
| Standard grade (BBB+ to B-) | - | 3,238.20 | - |
| Sub-standard grade (CCC+ to CCC-). | - | - | - |
| Unrated | 13,662.74 | 12,306.00 | |
| Non Performing | - | - | - |
| Gross carrying value | **45,530.86** | **23,586.90** | - |
| Impairment loss allowance | (135.79) | (148.78) | - |
| **Carrying amount** | **45,395.07** | **23,438.12** | **-** |

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| | 12-month ECL | 12-month ECL | 12-month ECL |
| **Investments at amortised cost** | | | |
| High grade (AAA to A-) | 22,120.28 | 19,523.03 | - |
| Standard grade (BBB+ to B-) | - | - | - |
| Sub-standard grade (CCC+ to CCC-). | - | - | - |
| Non Performing | - | - | - |
| Gross carrying value | **22,120.28** | **19,523.03** | **-** |
| Impairment loss allowance | (52.65) | (58.27) | - |
| **Carrying amount** | **22,067.63** | **19,464.76** | **-** |

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| | 12-month ECL | 12-month ECL | 12-month ECL |
| **Other financial assets** | | | |
| Current | 1,253.77 | 983.55 | 31,004.20 |
| Gross carrying value | **1,253.77** | **983.55** | **31,004.20** |
| Impairment loss allowance | (0.28) | (0.70) | (7.03) |
| **Carrying amount** | **1,253.49** | **982.85** | **30,997.17** |

**B) Narrative disclosures of credit risk**

The amount of collateral obtained, if deemed necessary by the company upon extension of credit, is based on management's credit evaluation of the counterparty. Security primarily include Infrastructure projects which have completed more than 1 year of operation

**C) Amounts arising from ECL**

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

**<u>Inputs considered in the ECL model:</u>**

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

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

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

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

| | | | |
|---|---|---|---|
| - | Current | - | Stage 1 |
| - | 0-30 days past due | - | Stage 1 |
| - | 31- 60 days past due | - | Stage 2 |
| - | 61- 90 days past due | - | Stage 2 |
| - | More than 90 days past due | - | Stage 3 |

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

**<u>Further, company considers following factors to determine staging:</u>**

**<u>For downgrade from Stage 1 to Stage 2:</u>**

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

**ii For upgradation from higher stage to lower stage:**

If downgrade was because of deterioration in credit rating (Internal or External), Loan is moved from higher stage to lower stage as soon as rating moves back to rating at the time of initial recognition. In other cases Loan is moved from higher stage to lower stage after following cooling off period is applied:

From Stage 2 to Stage 1

- Continues in lower than 30 dpd for at least six months

From Stage 3 to Stage 2

- Continues in lower than 90 dpd for at least six months or
- Moves to Zero dpd

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

**Assumption considered in the ECL model:**

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. Company is computing Probability of default using average of 1 year long term rating cumulative default rate observed by CRISIL over last 10 years for respective rating.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs. Company is applying appropriate hair cut on the value of collateral depending on the type of collateral. All loans are secured by multiple collateral securities (Property, plant and machinery, receivable and Listed Shares). Company applies minimum LGD for secured and unsecured exposure computed after applying applicable haircut

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

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

**Forward looking information:**

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

**Assessment of significant increase in credit risk:**

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

**Credit Impaired:**

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

**Policy for write-off of Financial assets**

All loans which in the opinion of management are not recoverable are written off.

**ii. Impairment loss allowance**

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

(Amount in lakhs)

| Particulars | As at March 31st, 2019 | As at March 31st, 2018 |
|---|---|---|
| | 12-month ECL | 12-month ECL |
| **Loans at amortised cost** | | |
| Opening balance | 148.76 | - |
| Net remeasurement of loss allowance | (8.41) | - |
| New financial assets originated during the year | 68.91 | 148.76 |
| Financial assets that have been derecognied during the period | (73.47) | - |
| **Closing balance** | **135.79** | **148.76** |

(Amount in lakhs)

| Particulars | As at March 31st, 2019 12-month ECL | As at March 31st, 2018 12-month ECL |
|---|---|---|
| **Investments** | | |
| **Opening balance** | **58.27** | **-** |
| Net remeasurement of loss allowance | (10.89) | - |
| New financial assets originated during the year | 9.24 | 58.27 |
| Financial assets that have been derecognied during the period | (3.97) | - |
| **Closing balance** | **52.65** | **58.27** |

(Amount in lakhs)

| Particulars | As at March 31st, 2019 12-month ECL | As at March 31st, 2018 12-month ECL |
|---|---|---|
| **Other financial assets** | | |
| **Opening balance** | **0.70** | **7.03** |
| Addition/Reduction during the year | (0.42) | (6.33) |
| **Closing balance** | **0.28** | **0.70** |

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.

**Maturity Profile of Financial Liabilities**

The following are the remaining contractual maturities of financial Assets & liabilities at the reporting date. The Financial LIabilities amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| Particulars | Carrying amount | Up to 30 / 31 days | Over 1 month upto 2 Months | Over 2 months upto 3 Months | Over 3 months upto 6 Months | Over 6 months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at March 31st, 2019** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Cash and cash equivalents | 1,230.40 | 1,230.68 | - | - | - | - | - | - | - | 1,230.68 |
| Bank Balance other than cash and cash equivalents | 23.08 | - | - | - | - | 23.08 | - | - | - | 23.08 |
| Receivables | | - | - | - | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - | - |
| Loans | 45,395.07 | 530.15 | 163.53 | 620.24 | 1,444.04 | 2,834.84 | 12,740.93 | 6,537.28 | 20,659.85 | 45,530.86 |
| Investments | 29,486.46 | 7,418.83 | 478.05 | - | 589.55 | 850.00 | 3,113.33 | 6,716.67 | 10,372.68 | 29,539.11 |
| Other Financial assets | - | - | - | - | - | - | - | - | - | - |
| **Financial liabilities** | | | | | | | | | | - |
| Payables | - | - | - | - | - | - | - | - | - | - |
| (I) Trade payables | - | - | - | - | - | - | - | - | - | - |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 40.84 | - | 32.71 | 8.12 | - | - | - | - | - | 40.84 |
| Debt securities | 41,483.68 | - | - | 1,320.00 | - | 1,782.99 | 3,344.00 | 48,211.32 | - | 54,658.31 |
| Subordinated Liabilities | 76.32 | - | - | - | - | 6.32 | 12.64 | 76.32 | - | 95.28 |

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

| Particulars | Carrying amount | Up to 30 / 31 days | Over 1 month upto 2 Months | Over 2 months upto 3 Months | Over 3 months upto 6 Months | Over 6 months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at March 31st, 2018** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Cash and cash equivalents | 950.25 | 950.47 | - | - | - | - | - | - | - | 950.47 |
| Bank Balance other than cash and cash equivalents | 23.08 | - | - | - | - | 23.08 | - | - | - | 23.08 |
| Receivables | | - | - | - | - | - | - | - | - | - |
| Other receivables | 9.52 | - | - | 10.00 | - | - | - | - | - | 10.00 |
| Loans | 23,438.14 | 87.65 | 49.22 | 182.92 | 339.71 | 565.15 | 5,157.47 | 5,649.87 | 11,554.90 | 23,586.89 |
| Investments | 33,576.34 | 14,183.26 | - | - | 590.32 | 593.33 | 2,493.03 | 7,040.00 | 8,734.67 | 33,634.61 |
| Other Financial assets | - | - | - | - | - | - | - | - | - | - |
| **Financial liabilities** | | | | | | | | | | |
| Payables | | | | | | | | | | |
| (I) Trade payables | | | | | | | | | | |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 37.26 | - | 37.26 | - | - | - | - | | - | 37.26 |
| Debt securities | 25,477.16 | - | - | - | - | 1,977.50 | 3,955.00 | 34,982.25 | - | 40,914.75 |
| Subordinated Liabilities | 76.32 | - | - | - | - | 6.32 | 12.64 | 82.64 | - | 101.60 |

| Particulars | Carrying amount | Up to 30 / 31 days | Over 1 month upto 2 Months | Over 2 months upto 3 Months | Over 3 months upto 6 Months | Over 6 months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at April 1st, 2017** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Cash and cash equivalents | 30,925.95 | 30,932.96 | - | - | - | - | - | - | - | 30,932.96 |
| Bank Balance other than cash and cash equivalents | 70.65 | - | - | - | - | 70.67 | - | - | - | 70.67 |
| Receivables | | | | | | | | | | |
| Other receivables | - | - | - | - | - | - | - | - | - | |
| Loans | - | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - |
| Other Financial assets | 0.56 | - | - | - | - | 0.56 | - | - | - | 0.56 |
| **Financial liabilities** | | | | | | | | | | |
| Payables | | | | | | | | | | |
| (I) Trade payables | | | | | | | | | | |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 1.75 | - | 1.75 | - | - | - | - | - | - | 1.75 |
| Subordinated Liabilities | 70.00 | - | - | - | - | 6.32 | 12.64 | 88.96 | - | 107.92 |

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

**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 which primarily includes risk of change in market value of investments. Thus, exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities . Objective of Market risk management is to minimize impact of change in Market value of lending/investments.

**Currency Risk**

The Company is not exposed to currency risk.

**v. Interest Rate Risk**

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

**Exposure to interest rate risk**

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

(Amount in lakhs)

| Particular | As at March 31st, 2019 | As at March 31st, 2018 | As at April 01st, 2017 |
|---|---|---|---|
| **Fixed-rate instruments*** | | | |
| Financial assets | 37,271.39 | 26,944.57 | 31,000.93 |
| Financial liabilities | (10,324.87) | (10,324.12) | (70.00) |
| **Variable-rate instruments*** | | | |
| Financial assets | 30,401.58 | 16,188.06 | - |
| Financial liabilities | (31,235.13) | (15,229.35) | - |
| **Total Net** | **26,112.97** | **17,579.16** | **30,930.93** |

*Above amounts are gross of ECL.

**Fair value sensitivity analysis for fixed-rate instruments**

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

**Cash flow sensitivity analysis for variable-rate instruments**

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

| Particulars | As at March 31st, 2019 | | As at March 31st, 2018 | |
|---|---|---|---|---|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| Variable rate instruments | (8.34) | 8.34 | 9.59 | (9.59) |
| **Cash Flow Sensitivity** | **(8.34)** | **8.34** | **9.59** | **(9.59)** |

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

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

The following table presents the recognised financial instruments that are offset and other similar agreements but are not offset, as at March 31, 2019, March 31, 2018 and April 1, 2017.

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

| Particulars | Effect of offsetting on the balance sheet | | | | |
|---|---|---|---|---|---|
| | Gross amounts | Gross amounts set off in the balance sheet | Net amounts presented in the balance sheet | Netting potential not recognised on the balance sheet - Financial collaterals obtained[1] | Maximum exposure |
| **March 31, 2019** | | | | | |
| **Loans and advances** | | | | | |
| Loans against securities | 7,011.62 | - | 7,011.62 | (7,011.62) | - |
| | **7,011.62** | **-** | **7,011.62** | **(7,011.62)** | **-** |
| **March 31, 2018** | | | | | |
| **Loans and advances** | | | | | |
| Loans against securities | 5,050.25 | - | 5,050.25 | (5,050.25) | - |
| | **5,050.25** | **-** | **5,050.25** | **(5,050.25)** | **-** |
| **April 1, 2017** | | | | | |
| **Loans and advances** | | | | | |
| Loans against securities | - | - | - | - | - |
| | - | - | - | - | - |

1. Company obtains financial collateral from its borrowers towards, loans advanced against securities. Fair value of the financial collateral obtained is more than the underlying loans exposure. Accordingly, amounts have been capped to the extent it does not exceed the net amount of financial assets presented on the balance sheet.

## NOTE 36 CAPITAL DISCLOSURE

The primary objectives of the capital management policy is to ensure that the Company complies with capital requirements stipulated by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to fund growth or comply with regulatory capital requirement, Company depends on internal accrual or may raise additional capital. Company may adjust the amount of dividend payment to shareholders, return capital to shareholders.

(Amount in lakhs)

| Sr. No. | Particulars | March 31, 2019 | March 31, 2018 | April 1, 2017 |
|---|---|---|---|---|
| (A) | Debt | 41,560.00 | 25,553.48 | - |
| | **Total Debt** | **41,560.00** | **25,553.48** | **-** |
| (B) | **Total Equity(including all reserves)** | **34,923.01** | **32,439.32** | **30,916.80** |
| | **Debt to equity ratio** | **1.19** | **0.79** | **-** |

## NOTE 37 SEGMENT REPORTING

The main Business activity of the company is to lend/invest for Infrastructure projects. The entire business is carried out in India only. Since there is only one business activity, no segment disclosure is provided as per INDAS 108, "Operating Segments".

## NOTE 38 TRANSITION TO IND AS:

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("Previous GAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the "transition date"). In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with Previous GAAP. An explanation of how the transition from Previous GAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under Previous GAAP except where required by Ind AS.

**Optional exemptions availed and mandatory exceptions**

In preparing the first Ind AS financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

**A. Optional exemptions availed**

**Property, plant and equipment and Intangible assets**

The Company has availed the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangibles as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1 April 2017).

**B. Mandatory Exceptions**

**1. Estimates**

On assessment of the estimates made under the previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.

**2. Classification and measurement of financial assets**

As permitted under Ind AS 101, Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. In line with Ind AS 101, measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

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

**A. Reconciliation of equity as at 1 April 2017**

(Amount in lakhs)

| Particulars | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Financial assets** | | | |
| cash and cash equivalents | 30,932.97 | (7.02) | 30,925.95 |
| Bank Balance other than cash and cash equivalents | 70.67 | (0.02) | 70.65 |
| Other Financial assets | 0.56 | (0.00) | 0.56 |
| **Total financial assets** | **31,004.20** | **(7.04)** | **30,997.16** |
| **(2) Non-financial assets** | | | |
| Current Tax assets (Net) | 1.36 | - | 1.36 |
| Other Non-financial assets | 1.10 | - | 1.10 |
| **Total non-financial assets** | **2.46** | **-** | **2.46** |
| **TOTAL ASSETS** | **31,006.66** | **(7.04)** | **30,999.62** |
| **LIABILITIES AND EQUITY** | | | |
| **(1) Liabilities** | | | |
| **Financial liabilities** | | | |
| Payables | - | | - |
| (I) Trade payables | - | - | - |
| (i) total outstanding dues of creditors other than micro enterprises and small enterprises | 1.75 | - | 1.75 |
| Subordinated Liabilities | 70.00 | - | 70.00 |
| **Total financial liabilities** | **71.75** | **-** | **71.75** |
| **Non-Financial liabilities** | | | |
| Current tax liabilities (Net) | 10.90 | - | 10.90 |
| Other non-financial liabilities | 0.17 | - | 0.17 |
| **Total non-financial liabilities** | **11.07** | **-** | **11.07** |
| **(2) Equity** | | | |
| Equity Share Capital | 31,000.00 | - | 31,000.00 |
| Other equity | (76.16) | (7.04) | (83.20) |
| **Total equity** | **30,923.84** | **(7.04)** | **30,916.80** |
| **TOTAL LIABILITIES AND EQUITY** | **31,006.66** | **(7.04)** | **30,999.62** |

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

**B. Reconciliation of equity as at 31 March 2018**

(Amount in lakhs)

| Particulars | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Financial assets** | | | |
| Cash and cash equivalents | 950.46 | (0.21) | 950.25 |
| Bank Balance other than cash and cash equivalents | 23.08 | 0.00 | 23.08 |
| Receivables | - | | - |
| (I) Other receivables | 10.00 | (0.48) | 9.52 |
| Loans | 23,547.12 | (108.98) | 23,438.14 |
| Investments | 33,488.35 | 87.99 | 33,576.34 |
| Other Financial assets | - | - | - |
| **Total financial assets** | **58,019.01** | **(21.68)** | **57,997.33** |
| **(2) Non-financial assets** | | | |
| Current Tax assets (Net) | 96.78 | - | 96.78 |
| Property, Plant and Equipment | 92.99 | - | 92.99 |
| Other intangible assets | - | - | - |
| Other Non-financial assets | 5.62 | 4.06 | 9.68 |
| **Total non-financial assets** | **195.39** | **4.06** | **199.45** |
| **TOTAL ASSETS** | **58,214.40** | **(17.62)** | **58,196.78** |
| **LIABILITIES AND EQUITY** | | | |
| **(1) Liabilities** | | | |
| **Financial liabilities** | | | |
| Payables | - | | - |
| (I) Trade payables | - | - | - |
| (i) total outstanding dues of creditors other than micro enterprises and small enterprises | 37.26 | - | 37.26 |
| Debt securities | 25,486.86 | (9.70) | 25,477.16 |
| Subordinated Liabilities | 70.00 | 6.32 | 76.32 |
| Other Financial liabilities | - | - | - |
| **Total financial liabilities** | **25,594.12** | **(3.38)** | **25,590.74** |
| **Non-Financial liabilities** | | | |
| Current tax liabilities (Net) | 10.40 | - | 10.40 |
| Provisions | 186.76 | (91.89) | 94.87 |
| Other non-financial liabilities | 61.45 | - | 61.45 |
| **Total non-financial liabilities** | **258.61** | **(91.89)** | **166.72** |
| **(2) Equity** | | | |
| Equity Share Capital | 31,000.00 | - | 31,000.00 |
| Other equity | 1,361.67 | 77.65 | 1,439.32 |
| **Total equity** | **32,361.67** | **77.65** | **32,439.32** |
| **TOTAL LIABILITIES AND EQUITY** | **58,214.40** | **(17.62)** | **58,196.78** |

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

**C. Reconciliation of profit or loss for the year ended 31 March 2018**

(Amount in lakhs)

| Particulars | | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|---|
| **I.** | **REVENUE FROM OPERATIONS** | | | |
| | Interest income | 1,891.82 | 19.54 | 1,911.36 |
| | Dividend income | 473.78 | - | 473.78 |
| | Net gain on fair value changes | 128.70 | 166.50 | 295.20 |
| **Total revenue from operations** | | **2,494.30** | **186.04** | **2,680.34** |
| **II.** | **Other income** | - | - | - |
| **III.** | **Total Income (I+II)** | **2,494.30** | **186.04** | **2,680.34** |
| **IV.** | **Expenses** | | | |
| | Finance costs | 486.86 | 12.87 | 499.73 |
| | Net loss on derecognition of financial instruments under amortised cost category | 13.75 | - | 13.75 |
| | Impairment on financial instruments | - | 200.70 | 200.70 |
| | Employee Benefits expenses | 319.24 | 23.01 | 342.25 |
| | Depreciation, amortization and impairment | 2.77 | - | 2.77 |
| | Other expenses | 233.83 | (114.34) | 119.49 |
| **Total Expenses** | | **1,056.45** | **122.24** | **1,178.69** |
| **V.** | **Profit / (loss) before exceptional items and tax (III-IV)** | **1,437.85** | **63.80** | **1,501.65** |
| **VI.** | **Exceptional items** | - | - | - |
| **VII.** | **Profit/(loss) before tax (V -VI )** | **1,437.85** | **63.80** | **1,501.65** |
| **VIII.** | **Tax expense:** | | | |
| | 1. Current Tax | - | - | - |
| | 2. Deferred Tax | - | - | - |
| **IX.** | **Profit/(Loss) for the period from continuing operations** | **1,437.85** | **63.80** | **1,501.65** |
| **X.** | **Profit/(Loss) for the period** | **1,437.85** | **63.80** | **1,501.65** |
| **XI.** | **Other comprehensive income** | | | |
| | (A) (i) Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of the defined benefit plans | - | - | - |
| | Other comprehensive income (net of tax) | - | - | - |
| **XII.** | **Total comprehensive income for the year (X + XI)** | **1,437.85** | **63.80** | **1,501.65** |

**D. Cash flow statement**

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

## NOTE 39 TRANSITION TO IND AS:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101.

**(i) Reconciliation of equity**

(Amount in lakhs)

| Particulars | As on April 01, 2017 | As on March 31, 2018 |
|---|---|---|
| **Equity under previous GAAP** | **30,993.83** | **32,431.65** |
| **Summary of Ind AS adjustments** | | |
| Expected credit losses (loans, investments and off balance sheet items) | (7.03) | (113.70) |
| SARS Treatment | - | (2.13) |
| Amortization of Upfront processing fee/Transcation cost amortised on Borrowings | - | 13.77 |
| EIR impact on investments | - | (20.24) |
| Amortization of Upfront processing fee/cost amortised on Advances | - | 39.79 |
| Revaluation of mutual fund | - | 166.50 |
| Reclassification of preference share | (70.00) | (70.00) |
| Reclassification of share issue expense to reserves | - | - |
| Preference dividend accrued | - | (6.32) |
| Deferred tax (liabilities) on above adjustments (net) | - | - |
| **Total Ind AS adjustments** | **(77.03)** | **7.67** |
| **Equity under Ind AS** | **30,916.80** | **32,439.32** |

**(ii) Reconciliation of total comprehensive income**

(Amount in lakhs)

| Particulars | For the year ended March 31, 2018 |
|---|---|
| **Net profit after tax for the year as per Previous GAAP** | **1,437.85** |
| Impact of ESOPs | (20.87) |
| Expected credit losses (loans, investments and off balance sheet items) | (106.70) |
| SARS Treatment | (2.13) |
| Amortization of Upfront processing fee/cost amortised on Borrowings | 13.77 |
| EIR impact on investments | (20.24) |
| Amortization of Upfront processing fee/cost amortised on Advances | 39.79 |
| Revaluation of mutual fund | 166.50 |
| Preference dividend accrued | (6.32) |
| **Total Ind AS adjustments** | **63.80** |
| **Total Comprehensive income for the year as per Ind AS** | **1,501.65** |

**Notes to the reconciliation:**

1. **Impact on provisioning due to ECL methodology :**
Under Previous GAAP, loan loss provision is made against assets classified as standard, sub-standard, doubtful and loss assets in accordance with RBI guidelines. Expected credit losses on financial assests is computed in accordance with Ind AS 109.

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

2. **Borrowings - Transaction cost:**
   Ind AS 109 requires transaction costs incurred towards origination of borrowings to be dedcuted from the carrying amount of borrowings on initial recognition. These costs are recognised in the statement of profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under Previous GAAP, these transaction costs were charged to profit or loss as and when incurred.

3. **Fair value measurement of investments classified as FVTPL**
   Under Ind AS specified type of financial assets are measured at Fair value and the changes in fair value is recognised in statement of profit and loss.

4. **Fair valuation of SAR'S**
   Under Previous GAAP, the intrinsic value of SAR's is amortised on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the settlement date with changes in intrinsic value recognised in the statement of profit and loss in 'Provision for Stock Appreciation Rights' under the head Employee Benefit Expense.

5. **Actuarial gain / loss transferred to OCI (Defined benefit liabilities):**
   Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined, benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, Remeasurements are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

## NOTE 40 MATURITY DISCLOSURE

| Particulars | As at March 31st, 2019 | | | As at March 31st, 2018 | | | As at April 01st, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **ASSETS** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 1,230.40 | - | 1,230.40 | 950.25 | - | 950.25 | 30,925.95 | - | 30,925.95 |
| Bank Balance other than cash and cash equivalents | 23.08 | - | 23.08 | 23.08 | - | 23.08 | 70.65 | - | 70.65 |
| Receivables | - | - | - | - | - | - | - | - | - |
| (I) Trade receivables | - | - | - | - | - | - | - | - | - |
| (II) Other receivables | - | - | - | 9.52 | - | 9.52 | - | - | - |
| Loans | 5,596.34 | 39,798.73 | 45,395.07 | 1,176.93 | 22,261.19 | 23,438.14 | - | - | - |
| Investments | 8,932.52 | 20,553.94 | 29,486.46 | 15,239.22 | 18,337.12 | 33,576.34 | - | - | - |
| Other Financial assets | - | - | - | - | - | - | 0.56 | - | 0.56 |
| **Sub total** | **15,782.34** | **60,352.67** | **76,135.01** | **17,399.00** | **40,598.31** | **57,997.33** | **30,997.16** | **-** | **30,997.16** |
| **Non-financial assets** | | | | | | | | | |
| Current Tax assets (Net) | 498.82 | - | 498.82 | 96.78 | - | 96.78 | 1.36 | - | 1.36 |
| Deferred Tax assets (Net) | - | - | - | - | - | - | - | - | - |
| Property, Plant and Equipment | - | 76.15 | 76.15 | - | 92.99 | 92.99 | - | - | - |
| Goodwill | - | - | - | - | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - | - | - | - | - |
| Other Non-financial assets | 31.96 | 7.07 | 39.03 | 4.88 | 4.79 | 9.68 | - | 1.10 | 1.10 |
| **Sub total** | **530.78** | **83.22** | **614.00** | **101.66** | **97.78** | **199.45** | **1.36** | **1.10** | **2.46** |
| **Total Assets** | **16,313.12** | **60,435.89** | **76,749.01** | **17,500.66** | **40,696.09** | **58,196.78** | **30,998.52** | **1.10** | **30,999.62** |

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

| Particulars | As at March 31st, 2019 | | | As at March 31st, 2018 | | | As at April 01st, 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| **LIABILITIES** | | | | | | | | | |
| **Financial liabilities** | | | | | | | | | |
| Payables | | | | - | - | - | - | - | - |
| (I) Trade payables | - | - | - | - | - | - | - | - | - |
| (i) total outstanding dues of creditors other than micro enterprises and small enterprises | 40.84 | - | 40.84 | 37.26 | - | 37.26 | 1.75 | - | 1.75 |
| Debt securities | 1,494.17 | 39,989.51 | 41,483.68 | 486.86 | 24,990.30 | 25,477.16 | - | - | - |
| Subordinated Liabilities | 6.32 | 70.00 | 76.32 | 6.32 | 70.00 | 76.32 | - | 70.00 | 70.00 |
| **Sub total** | **1,541.33** | **40,059.51** | **41,600.84** | **530.44** | **25,060.30** | **25,590.74** | **1.75** | **70.00** | **71.75** |
| **Non-Financial liabilities** | | | | | | | | | |
| Current tax liabilities (Net) | 10.40 | 0.00 | 10.40 | 10.40 | - | 10.40 | 10.90 | - | 10.90 |
| Provisions | 56.67 | 50.44 | 107.11 | 53.15 | 41.72 | 94.87 | | - | - |
| Deferred tax liabilities (Net) | - | - | - | - | - | - | | - | - |
| Other non-financial liabilities | 107.65 | - | 107.65 | 61.45 | - | 61.45 | 0.17 | - | 0.17 |
| **Sub total** | **174.72** | **50.44** | **225.16** | **125.00** | **41.72** | **166.72** | **11.07** | **-** | **11.07** |
| **Total Liabilities** | **1,716.05** | **40,109.95** | **41,826.00** | **655.44** | **25,102.02** | **25,757.47** | **12.82** | **70.00** | **82.82** |

## 41 NOTE 41 LITIGATION

The Company does not have any pending litigations as at March 31, 2019 and 31st March, 2018 which would impact its financial position.

## DISCLOSURES UNDER NON-BANKING FINANCIAL COMPANIES - CORPORATE GOVERNANCE (RESERVE BANK) DIRECTIONS, 2015:

## 42. CAPITAL TO RISK WEIGHTED ASSETS RATIO (CRAR)

| | Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|---|
| i) | CRAR (%) | 46.82% | 56.99% |
| ii) | CRAR - Tier I Capital (%) | 46.47% | 56.70% |
| iii) | CRAR - Tier II Capital (%) | 0.35% | 0.29% |
| iv) | Amount of subordinated debt raised as Tier-II capital | Nil | Nil |
| v) | Amount raised by issue of Perpetual Debt Instruments | Nil | Nil |

**Note:**

I. The Company has adopted Indian Accounting Standards ("Ind AS") for the accounting period beginning on 1st April 2018 with effective transition date 1st April 2017 pursuant to the Companies (Indian Accounting Standard) Rules, 2015 as amended by The Companies (Indian Accounting Standard) Rules, 2016.

CRAR as on March 31, 2018 is not recomputed as per Ind AS and it is shown as per Previous GAAP.

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

## 43. INVESTMENTS

(Amount in ₹ lakhs)

| | | | | 31st March 2019 | 31st March 2018 |
|---|---|---|---|---|---|
| | **Particulars** | | | | |
| (1) | Value of Investments | | | | |
| | (i) | Gross Value of Investments | | 29,539.11 | 33,634.61 |
| | | (a) | In India | 29,539.11 | 33,634.61 |
| | | (b) | Outside India, | Nil | Nil |
| | (ii) | Provisions for Depreciation | | 52.65 | 58.27 |
| | | (a) | In India | 52.65 | 58.27 |
| | | (b) | Outside India, | Nil | Nil |
| | (iii) | Net Value of Investments | | 29,486.46 | 33,576.34 |
| | | (a) | In India | 29,486.46 | 33,576.34 |
| | | (b) | Outside India. | Nil | Nil |
| (2) | Movement of provisions held towards depreciation on investments | | | Nil | |
| | **(i)** | **Opening balance** | | **58.27** | **Nil** |
| | (ii) | Add : Provisions made during the year | | 9.24 | 58.27 |
| | (iii) | Less : Write-off / write-back of excess provisions during the year | | (14.86) | Nil |
| | **(iv)** | **Closing balance** | | **52.65** | **58.27** |

## 44. DERIVATIVES

i. Forward Rate Agreement / Interest Rate Swap

(Amount in ₹ lakhs)

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---|---|---|---|
| i) | The notional principal of swap agreements | NIL | NIL |
| ii) | Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements | NIL | NIL |
| iii) | Collateral required by the NBFC upon entering into swaps | NIL | NIL |
| iv) | Concentration of credit risk arising from the swaps $ | NIL | NIL |
| v) | The fair value of the swap book @ | NIL | NIL |

ii. Exchange Traded Interest Rate (IR) Derivatives

(Amount in ₹ lakhs)

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---|---|---|---|
| i) | Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise) | NIL | NIL |
| ii) | Notional principal amount of exchange traded IR derivatives outstanding | NIL | NIL |
| iii) | Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise) | N.A | N.A |
| iv) | Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise) | N.A | N.A |

iii. Disclosures on Risk Exposure in Derivatives

The Company did not have any open interest in derivative contracts during the current year.

Quantitative Disclosures

(Amount in ₹ lakhs)

| Sr. No. | Particulars | Currency Derivatives | Interest Rate Derivatives |
|---|---|---|---|
| (i) | Derivatives (Notional Principal Amount) | | |
| | For hedging | NIL | NIL |
| (ii) | Marked to Market Positions | | |
| | a) Asset (+) | NIL | NIL |
| | b) Liability (-) | NIL | NIL |
| (iii) | Credit Exposure | NIL | NIL |
| (iv) | Unhedged Exposures | NIL | NIL |

## 45. DISCLOSURES RELATING TO SECURITISATION

i. Outstanding amount of securitized assets as per books of SPVs sponsored by NBFC and amount of exposures retained by the NBFC as on the date of balance sheet to comply with the Minimum Retention Requirements (MRR).

| Sr. No. | Particulars | No. / Amount in lakhs |
|---|---|---|
| 1 | No of SPVs sponsored by the NBFC for securitization transactions* | NIL |
| 2 | Total amount of securitized assets as per books of the SPVs sponsored | NIL |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | |
| | a) Off-balance sheet exposures | |
| | First loss | NIL |
| | Others | NIL |
| | b) On-balance sheet exposures | |
| | First loss | NIL |
| | Others | NIL |
| 4 | Amount of exposures to securitization transactions other than MRR | |
| | a) Off-balance sheet exposures | |
| | i) Exposure to own securitizations | |
| | First loss | NIL |
| | Others | NIL |
| | ii) Exposure to third party securitizations | |
| | First loss | NIL |
| | Others | NIL |
| | b) On-balance sheet exposures | |
| | i) Exposure to own securitizations | |
| | First loss | NIL |
| | Others | NIL |
| | ii) Exposure to third party securitizations | |
| | First loss | NIL |
| | Others | NIL |

* Only the SPVs relating to outstanding securitization transactions may be reported here

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

ii. Disclosures on Risk Exposure in Derivatives
The Company did not have any open interest in derivative contracts during the current year.
Quantitative Disclosures

(Amount in ₹ lakhs)

| Sr. No. | Particulars | Currency Derivatives | Interest Rate Derivatives |
|---|---|---|---|
| (i) | Derivatives (Notional Principal Amount) | | |
| | For hedging | NIL | NIL |
| (ii) | Marked to Market Positions | | |
| | a)Asset (+) | NIL | NIL |
| | b)Liability (-) | NIL | NIL |
| (iii) | Credit Exposure | NIL | NIL |
| (iv) | Unhedged Exposures | NIL | NIL |

## 46. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES :

**31st March 2019**

(Amount in ₹ lakhs)

| Particulars | Upto 1 month | Over 1 month & upto 2 Months | Over 2 months & upto 3 months | Over 3 months & upto 6 months | Over 6 Months & upto 1 year | Over 1 year & upto 3 years | Over 3 years & upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | - | - | - | - | - | - | - | - | - |
| Advances | 530.15 | 163.53 | 620.24 | 1,444.04 | 2,834.84 | 12,740.93 | 6,537.28 | 20,524.06 | 45,395.07 |
| Investments | 7,418.83 | 478.05 | 0.00 | 589.55 | 850.00 | 3,113.33 | 6,716.67 | 10,320.04 | 29,486.46 |
| Borrowings* | - | - | 1,004.46 | - | 496.04 | - | 40,059.60 | - | 41,560.00 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

**31st March 2018**

(Amount in ₹ lakhs)

| Particulars | Upto 1 month | Over 1 month & upto 2 Months | Over 2 months & upto 3 months | Over 3 months & upto 6 months | Over 6 Months & upto 1 year | Over 1 year & upto 3 years | Over 3 years & upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Deposits | - | - | - | - | - | - | - | - | - |
| Advances | 87.65 | 49.22 | 182.92 | 339.71 | 565.15 | 5,157.47 | 5,649.87 | 11,406.15 | 23,438.14 |
| Investments | 14,183.26 | - | - | 590.32 | 593.33 | 2,493.33 | 7,040.00 | 8,676.10 | 33,576.34 |
| Borrowings* | - | - | 6.32 | - | 486.18 | - | 25,060.03 | - | 25,553.48 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

Interest accrued on loans and NCDs to be added as per due date/s into the bucket while diminution/reduction to be adjusted into with last bucket of Over 5 Years

Note: In computing the above information, the management has made certain estimates, assumptions and adjustments, which are used for regulatory submission

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

## 47. EXPOSURES

A. Exposure to Real Estate Sector:

| | Categery | 31st March 2019 | 31st March 2018 |
|---|---|---|---|
| A | Direct Exposure | | |
| | i. Residential Mortgages | Nil | Nil |
| | ii. Infrastructure Real Estate (SEZs, Industrial Parks, IT Parks) | Nil | Nil |
| | iii. Commercial Real Estate | Nil | Nil |
| | iv. Investment in Mortgage Backed Securities (MBS) and other securitised exposures | Nil | Nil |
| B | Indirect Exposure | | |
| | i. Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | Nil | Nil |
| | ii. Investment in Real Estate Venture Funds | Nil | Nil |
| | **TOTAL** | **Nil** | **Nil** |

B. Exposure to Capital Market:

| | Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|---|
| A | Direct Exposure | | |
| | i. direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt | Nil | Nil |
| | ii. advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds | 7,000 | 5,000 |
| | iii. advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security | Nil | Nil |
| | iv. advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds does not fully cover the advances | Nil | Nil |
| | v. secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers | Nil | Nil |
| | vi. loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources | Nil | Nil |
| | vii. bridge loans to companies against expected equity flows / issues | Nil | Nil |
| | viii. all exposures to Venture Capital Funds (both registered and unregistered) | Nil | Nil |
| | TOTAL | Nil | Nil |

C. Financing of parent company products : Nil (Previous year Nil)

D. Disclosure in respect of exposure where details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) has exceeded : Nil (Previous year Nil)

E. Unsecured Advances: Nil (Previous year Nil)

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

**48. REGISTRATION OBTAINED FROM OTHER FINANCIAL SECTOR REGULATORS: NIL**

**49. DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATORS: NIL (PREVIOUS YEAR NIL)**

**50. RELATED PARTY TRANSACTIONS :**

a. Details of all material transactions with the related parties: Refer note no. 30

b. Disclosure of Policy on dealing with Related Party transactions :

The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like Directors and Key Managerial Personnel (KMP). The Directors and KMP's are also required to inform the Company of any changes to such declaration during the year. All related party transactions are reported and referred for approval to the Audit Committee as per section 177 of the Companies Act, 2013. The Audit committee may grant general approval for repetitive related party transactions. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

As per section 188 of the Companies Act, 2013, the consent of the Board/Shareholders' approval is required, by a special resolution in a general meeting, for entering into the specified transactions with a related party, if they are not in ordinary course of business of the Company or at arm's length and exceeds the threshold limits as specified in the Act.

**51. RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR :**

| Rating Agency | Instrument | Rating | Effective Date | Valid Upto |
|---|---|---|---|---|
| CRISIL | Long Term Rating for Non-Convertible Debentures aggregating ₹ 500 Cr | "CRISIL AAA/stable" | 28-01-2019 | Upto the maturity of the NCD's issued under the same |
| CRISIL | Short Term Debt Programmed (including Commercial Paper) for ₹ 30 Cr | "CRISIL A1+" | 28-01-2019 | 27-07-2019 |
| ICRA | Long Term Rating for Non-Convertible Debentures aggregating ₹ 500 Cr | ICRA AAA/stable" | 01-02-2019 | Upto the maturity of the NCD's issued under the same |
| ICRA | Short Term Debt Programmed (including Commercial Paper) for ₹ 30 Cr. | "ICRA A1+" | 01-02-2019 | 01-05-2019 |

**52. REMUNERATION OF DIRECTORS : The details of transaction with non-executive independent directors are as below:**

(Amount in ₹ lakhs)

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| Directors' Sitting Fees | 8.48 | 3.40 |
| Commission to Directors | 5.25 | 1.50 |

**53. PROVISIONS AND CONTINGENCIES:**

Break up of 'Provisions and Contingencies' (including write – offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account.

(Amount in ₹ lakhs)

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| Provisions / (write back) for depreciation on Investment | (5.62) | 58.27 |
| Provision / (write back) for NPA | Nil | Nil |
| Provision made towards Income tax | Nil | Nil |
| Other Provision and Contingencies (with details) | Nil | Nil |
| Provision for Standard Assets/Stage 1 and 2 cases | (13.38) | 142.43 |

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

**54. DRAW DOWN FROM RESERVES: There was no draw down from reserves during the financial year. (Previous year Nil)**

**55. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS**

A. Concentration of Deposits (for deposit taking NBFCs): Not Applicable

B. Concentration

(Amount in ₹ lakhs)

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| Total Advances to twenty largest borrowers | 67,649.24 | 43,108.13 |
| Percentage of Advances to twenty largest borrowers to Total (Gross) Advances of the company | 100% | 100% |

C. Concentration of Exposures**

(Amount in ₹ lakhs)

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| Total Exposure to twenty largest borrowers / customers | 77,335.04 | 43,108.13 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers | 100% | 100% |

** Exposures in this case refer to higher of sanctioned limits or outstanding. It may be noted that the sanctioned limits are unconditionally cancellable at any time by the company without prior notice.

D. Concentration of NPAs

(Amount in ₹ lakhs)

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| Total Exposure to top four NPA accounts | Nil | Nil |

E. Sector-wise NPAs

(Amount in ₹ lakhs)

| Sr. No | Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|---|
| 1 | Agriculture & allied activities | Nil | Nil |
| 2 | MSME | Nil | Nil |
| 3 | Corporate borrowers | Nil | Nil |
| 4 | Services | Nil | Nil |
| 5 | Unsecured personal loans | Nil | Nil |
| 6 | Auto loans | Nil | Nil |
| 7 | Other personal loans | Nil | Nil |

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

F. Movement of NPAs

(Amount in ₹ lakhs)

| Sr. No. | Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|---|
| i) | Net NPAs to Net Advances (%) | Nil | Nil |
| ii) | Movement of NPAs (Gross) | | |
| | a) Opening balance | Nil | Nil |
| | b) Additions during the year | Nil | Nil |
| | c) Reductions during the year | Nil | Nil |
| | d) Closing balance | Nil | Nil |
| iii) | Movement of Net NPAs | | |
| | a) Opening balance | Nil | Nil |
| | b) Additions during the year | Nil | Nil |
| | c) Reductions during the year | Nil | Nil |
| | d) Closing balance | Nil | Nil |
| iv) | Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| | a) Opening balance | Nil | Nil |
| | b) Provisions made during the year | Nil | Nil |
| | c) Write-off / write-back of excess provisions | Nil | Nil |
| | d) Closing balance | Nil | Nil |

G. Overseas Assets: Nil

H. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms): Nil

## 56. CUSTOMER COMPLAINTS:

| | | |
|---|---|---|
| a) | No. of complaints pending at the beginning of the year | Nil |
| b) | No. of complaints received during the year | Nil |
| c) | No. of complaints redressed during the year | Nil |
| d) | No. of complaints pending at the end of the year | Nil |

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

## 57. SCHEDULE IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 1998.

| Sr. No | Particulars | | | Amount Outstanding Amount (₹ in lakhs) | Amount Overdue Amount (₹ in lakhs) |
|---|---|---|---|---|---|
| **Liabilities Side** | | | | | |
| 1 | Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid: | | | | |
| | (a) | Debentures: | Secured # | 41483.68 | NIL |
| | | | Unsecured | NIL | NIL |
| | | | (other than falling within the meaning of public deposits *) | | |
| | (b) | Deferred Credits | | NIL | NIL |
| | (c) | Terms Loans | | NIL | NIL |
| | (d) | Inter-corporate loans and borrowing | | NIL | NIL |
| | (e) | Commercial Paper | | NIL | NIL |
| | (f) | Other Loans – Secured Overdfraft facility from Bank | | NIL | NIL |

* Please see Note a) below

# These Debenture are payable at Maturity at the end of tenure and are Secured by Mortgage of Flat and charge on loans & Advances.

| Sr. No | Particulars | | | Amount Outstanding (Amount ₹ in lakhs) |
|---|---|---|---|---|
| **Assets Side** | | | | |
| 2 | Break-up of Loans and Advances including bills receivables (other than those included in (4) below: | | | |
| | (a) | Secured | | 45,528.96 |
| | (b) | Unsecured | | 1.90 |
| 3 | Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities | | | |
| | (i) | Leased Assets including lease rentals under sundry debtors | | |
| | | (a) | Financial Lease | NIL |
| | | (b) | Operating Lease | NIL |
| | (ii) | Stock on hire including hire charges under sundry debtors | | |
| | | (a) | Assets on hire | NIL |
| | | (b) | Repossessed Assets | NIL |
| | (iii) | Other loans counting towards AFC activities | | |
| | | (a) | Loans where assets have been repossessed | NIL |
| | | (b) | Loans other than (a) above | NIL |

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

| Sr. No | Particulars | Amount Outstanding (Amount ₹ in lakhs) |
|---|---|---|
| 4 | Break-up of Investments: | |
| | Current Investments: | |
| | 1 Quoted: | |
| | (i) Shares: | NIL |
| | (a) Equity | NIL |
| | (b) Preference | |
| | (ii) Debentures and Bonds | 1243.16 |
| | (iii) Units of Mutual Funds | 7,418.84 |
| | (iv) Government Securities | NIL |
| | (v) Others (please specify) | NIL |
| | 2 Unquoted: | |
| | (i) Shares: | |
| | (a) Equity | NIL |
| | (b) Preference | NIL |
| | (ii) Debentures and Bonds | 283.41 |
| | (iii) Units of Mutual Funds | NIL |
| | (iv) Government Securities | NIL |
| | (v) Others – Units of Venture Capital Fund | NIL |
| | Long Term Investments: | |
| | 1 Quoted: | |
| | (i) Shares: | NIL |
| | (a) Equity | NIL |
| | (b) Preference | NIL |
| | (ii) Debentures and Bonds | 11066.39 |
| | (iii) Units of Mutual Funds | NIL |
| | (iv) Government Securities | NIL |
| | (v) Others (please specify) | NIL |
| | 2 Unquoted: | |
| | (i) Shares: | |
| | (a) Equity | NIL |
| | (b) Preference | NIL |
| | (ii) Debentures and Bonds | 9527.31 |
| | (iii) Units of Mutual Funds | NIL |
| | (iv) Government Securities | NIL |
| | (v) Others – Units of Venture Capital Fund | NIL |

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

5 Borrower group-wise classification of assets financed as in (2) and (3) above :

(Amount in ₹ lakhs)

| SR No | Category | Amount Net of provisions | | |
|---|---|---|---|---|
| | | Secured | Unsecured | Total |
| 1 | **Related Parties **** | | | |
| | (a) Subsidiaries | NIL | NIL | NIL |
| | (b) Companies in the same group | NIL | NIL | NIL |
| | (c) Other related parties | NIL | NIL | NIL |
| 2 | **Other Than Related Parties** | 41,483.68 | NIL | 41,483.68 |
| **Total** | | **41,483.68** | **NIL** | **41,483.68** |

6 Investor group-wise classification of all investments (current and long term) in the shares and securities (both quoted and unquoted):

**Please see Note c) below**

(Amount in ₹ lakhs)

| SR No | Category | Amount Net of provisions | |
|---|---|---|---|
| | | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1 | **Related Parties **** | | |
| | (a) Subsidiaries | NIL | NIL |
| | (b) Companies in the same group | NIL | NIL |
| | (c) Other related parties | NIL | NIL |
| 2 | **Other than related Parties** | 7418.83 | 7418.83 |
| | **Total** | 7418.83 | 7418.83 |

**** As per Accounting Standard of ICAI (Please see Note b)**

7 Other information:

| SR No | Particulars | Amount |
|---|---|---|
| **(i)** | **Gross Non-Performing Assets** | |
| | (a) Related parties | NIL |
| | (b) Other than related parties | NIL |
| **(ii)** | **Net Non-Performing Assets** | |
| | (a) Related parties | NIL |
| | (b) Other than related parties | NIL |
| **(iii)** | **Assets acquired in satisfaction of debt** | NIL |

**Notes:**

a) As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

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

b) All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

**58.** Previous year's figures have been regrouped / reclassified wherever necessary to conform to figures of the current period. The figures for April 2017 were audited by a firm other than S.R.Batliboi and Associates LLP and only the transition adjustments to Ind-As were audited by S.R.Batliboi and Associates LLP.

**As per our attached report of even date**

**For S R Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**Per Sarvesh Warty**
Partner
Membership No: 121411

Date and Place: May 24, 2019, Mumbai

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

**Dipak Gupta**
Director
DIN: 00004771

**KVS Manian**
Director
DIN: 00031794

**Manoj Gupta**
Chief Executive Officer
& Chief Financial Officer

**Bhavesh Jadhav**
Company Secretary

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