

Kotak Mahindra Prime Limited  
 Regd Office: 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051  
 CIN: U67200MH1996PLC097730  
 Website: www.kotak.com Telephone: 91 22 61660000  
**Statement of Unaudited Financial Results for the half year ended September 30, 2020**

Statement of Profit and Loss		(Rs. In lakhs)		
		Half year ended		Year ended March 31, 2020
Particulars	September 30, 2020	September 30, 2019		
		Unaudited	Unaudited	Audited
<b>REVENUE FROM OPERATIONS</b>				
Interest Income on financial instruments measured at:				
- Amortised Cost	1,25,712.61	1,53,778.78	2,99,558.65	
- Fair Value Through Other Comprehensive Income	759.88	1,390.01	2,373.18	
Dividend income	-	500.00	1,000.00	
Rental income	269.01	294.77	589.53	
Fees and commission income	2,805.86	5,744.11	11,012.07	
Net gain on fair value changes	2,055.56	2,781.22	5,476.71	
Net gain on derecognition of financial instruments under amortised cost category	-	-	35.04	
<b>I Total revenue from operations</b>	<b>1,31,602.92</b>	<b>1,64,488.89</b>	<b>3,20,045.18</b>	
<b>II Other income</b>	<b>236.04</b>	<b>76.03</b>	<b>107.05</b>	
<b>III Total income (I + II)</b>	<b>1,31,838.96</b>	<b>1,64,564.92</b>	<b>3,20,152.23</b>	
<b>IV EXPENSES</b>				
Finance costs	67,264.30	95,514.24	1,80,179.90	
Fees and commission expense	3.67	0.65	3.23	
Net loss on fair value changes	231.60	203.01	258.19	
Impairment on financial instruments	36,247.57	6,616.60	27,548.52	
Employee Benefits expenses	6,957.91	7,296.68	14,269.55	
Depreciation, amortization and impairment	385.29	392.34	802.19	
Other expenses	5,818.34	7,265.50	15,769.94	
<b>Total expenses (IV)</b>	<b>1,16,908.68</b>	<b>1,17,289.02</b>	<b>2,38,831.52</b>	
<b>V Profit/(loss) before tax (III - IV)</b>	<b>14,930.28</b>	<b>47,275.90</b>	<b>81,320.71</b>	
<b>VI Tax expense</b>				
(1) Current tax	12,437.00	13,121.00	25,794.20	
(2) Deferred tax	(8,459.42)	1,701.92	(2,995.01)	
<b>Total tax expense (1+2)</b>	<b>3,977.58</b>	<b>14,822.92</b>	<b>22,799.19</b>	
<b>VII Profit/(loss) for the period (V-VI)</b>	<b>10,952.70</b>	<b>32,452.98</b>	<b>58,521.52</b>	
<b>VIII Other Comprehensive Income</b>				
<b>A Items that will not be reclassified to profit or loss</b>				
- Remeasurements of the defined benefit plans	-	-	(41.96)	
- Equity instruments through other comprehensive income	20,994.18	18,228.62	37,285.35	
<b>Income tax relating to items that will not be reclassified to profit or loss</b>				
- Remeasurements of the defined benefit plans	-	(3.38)	7.18	
- Equity instruments through other comprehensive income	(4,618.02)	(3,468.92)	(7,829.10)	
<b>Sub-total A</b>	<b>16,376.16</b>	<b>14,756.32</b>	<b>29,421.47</b>	
<b>B Items that will be reclassified to profit or loss</b>				
- Debt instruments through other comprehensive income	(159.38)	(351.93)	(393.01)	
<b>Income tax relating to items that will be reclassified to profit or loss</b>				
- Debt instruments through other comprehensive income	40.11	172.92	183.25	
<b>Sub-total B</b>	<b>(119.27)</b>	<b>(179.01)</b>	<b>(209.76)</b>	
<b>Other comprehensive income for the year, net of tax (A + B)</b>	<b>16,256.89</b>	<b>14,577.31</b>	<b>29,211.71</b>	
<b>IX Total Comprehensive Income for the period (VII+VIII)</b>	<b>27,209.59</b>	<b>47,030.29</b>	<b>87,733.23</b>	
<b>X Paid-up equity share capital (face value of Rs. 10 per share)</b>	<b>349.52</b>	<b>349.52</b>	<b>349.52</b>	
<b>XI Earnings per equity share (not annualised):</b>				
Basic & Diluted	313.36	928.50	1,674.34	

See accompanying notes to the financial results

**Balance Sheet**

Sr. No.	Particulars	(Rs. In lakhs)	
		As at September 30, 2020 (Unaudited)	As at March 31, 2020 (Audited)
	<b>ASSETS</b>		
1	<b>Financial assets</b>		
a	Cash and cash equivalents		
b	Bank Balance other than cash and cash equivalents	2,591.83	41,345.65
c	Derivative financial instruments	15,469.11	65,222.13
d	Receivables		
	Trade receivables		
	Other receivables	12.42	6.48
e	Loans		
f	Investments	21,64,863.90	25,39,472.03
g	Other financial assets	3,79,823.77	3,23,081.46
	<b>Sub total</b>	865.09	4,292.33
		<b>25,63,626.12</b>	<b>29,73,420.08</b>
2	<b>Non-financial assets</b>		
a	Current tax assets (Net)		2,521.04
b	Deferred tax assets (Net)	3,710.93	13,459.26
c	Property, plant and equipment	21,958.80	3,857.48
d	Other intangible assets	3,454.98	156.23
e	Other non-financial assets	131.45	3,760.05
	<b>Sub total</b>	3,541.46	3,760.05
	<b>Total assets</b>	32,797.62	23,754.06
		<b>25,96,423.74</b>	<b>29,97,174.14</b>
	<b>LIABILITIES AND EQUITY</b>		
	<b>LIABILITIES</b>		
3	<b>Financial liabilities</b>		
a	Derivative financial instruments		8,135.24
b	Payables	3,606.37	
	(i) Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises		
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	27,142.99	15,823.21
c	Debt securities	11,55,887.26	12,57,280.79
d	Borrowings (other than debt securities)	5,31,865.78	8,75,033.69
e	Deposits	152.81	165.84
f	Subordinated liabilities	51,252.52	50,659.06
g	Other financial liabilities	5,369.61	3,575.61
	<b>Sub total</b>	17,75,277.34	22,10,673.44
4	<b>Non-Financial liabilities</b>		
a	Current tax liabilities (Net)	5,771.47	3,011.83
b	Provisions	942.88	882.99
c	Deferred Tax Liabilities (Net)	43,958.65	39,340.63
d	Other non-financial liabilities	920.05	925.15
	<b>Sub total</b>	51,593.05	44,160.60
5	<b>EQUITY</b>		
a	Equity share capital	349.52	349.52
b	Other equity	7,69,203.83	7,41,990.58
	<b>Sub total</b>	7,69,553.35	7,42,340.10
	<b>Total Liabilities and Equity</b>	25,96,423.74	29,97,174.14

See accompanying notes to the financial results

Statement of Unaudited Financial Results as at September 30, 2020

Notes:

- The Statement of Unaudited Financial Results (the 'Statement' or 'Results') have been prepared in accordance with recognition and measurement principles laid down in accordance with the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the other accounting principles generally accepted in India. Any application guidance / clarification / directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued or applicable. The accounting policies followed by the Company for preparation of unaudited financial information for half year ended, are consistent with the accounting policies followed for the financial year ended March 31, 2020.
- The above results were reviewed by the Audit Committee and approved and taken on record by the Board of Directors at their respective meetings held on November 12, 2020.
- Transfer to Special Reserve u/s 45 IC as per RBI Act, 1934 will be done at the year end.
- Reserve Bank of India ("RBI") issued guidelines relating to 'COVID-19 Regulatory Package' dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020. The Company has adopted the policy for offering the moratorium and offered the same in accordance with its policy to the eligible customers during the period March 01, 2020 to August 31, 2020.

The disclosure as required by RBI circular date April 17, 2020 on Covid-19 regulatory package - asset classification and provisioning for the six months ended September 30, 2020 is given below:

Particulars	As at September 30, 2020	As at March 31, 2020
Amounts in SMA/overdue categories (As on 29th February 2020), where the moratorium/deferment was extended*	99,814.79	99,803.80
Amount where asset classification benefits is extended	16,695.14	17,668.26
Provisions created*	16,033.16	11,992.63
Less: Provisions adjusted during the period against slippages*	-	-
Residual provisions*	16,033.16	11,992.63

\* Balance is reported as at respective reporting date.

- COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which continues to be unascertainable. In March 2020, post declaration of Covid-19 outbreak a global pandemic by the World Health Organization, Indian Government announced strict lockdown to contain the spread of virus. Starting June 2020 various State Governments started the process of unlocking in a calibrated manner depending on the situation prevailing in their respective jurisdictions.

The Company, being NBFC, is in the business of providing car loans, inventory funding to car dealers, loans to real estate developers, loans against securities, general-purpose corporate loans and makes investments. While there is some improvement in the economic activity, the continued partial lockdown has impacted lending business, fee income generation and collection efficiency which in turn may result into increase in customer defaults and consequently impairment loss allowance. There is still an uncertainty regarding the time required for life and business to get back to normal. The extent to which COVID-19 pandemic will impact the Company's operations and financial results is dependent on future developments, which are highly uncertain, including among other things, the severity of the pandemic and any action to contain its spread or mitigate its impact. The Company continues to meet its operating and financial obligations, maintain the required capital adequacy ratio and has adequate financial resources to run its business.

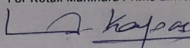
In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, and clarification issued by the RBI, the Company granted moratorium on the payment of installments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. In accordance with the additional Regulatory Package guidelines dated May 23, 2020, the Company granted a second moratorium on installments and/or interest, as applicable, due between June 1, 2020 and August 31, 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. The Company has incorporated estimates, assumptions and judgements with regards to the impact of the COVID-19 pandemic in the measurement of impairment loss allowance.

The Honourable Supreme Court of India, in a public interest litigation, vide an interim order dated 3 September 2020 has directed that borrower accounts which were not declared as Non-Performing Assets (NPA) till 31 August 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company has not classified any borrower account (whether granted moratorium or not) as NPA after 31 August 2020. Pending disposal of the case, the Company as a matter of prudence has created adequate impairment loss allowance on such borrower accounts.

The Company has also assessed the recoverability and carrying value of its assets comprising Loans and advances, Property, Plant and Equipment, Intangible assets and Investments as at reporting date, and has concluded that there are no material adjustments required in the financial results, other than those already considered. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company continues to monitor any material changes to future economic conditions.

- Figures for the previous period/year have been regrouped wherever necessary to conform to current period's presentation.

For Kotak Mahindra Prime Limited

  
 Vyomesh Kapasi  
 Managing Director

Date and Place: 12 November, 2020, Mumbai