

Deutsche Investments India Private Limited

Financial statements together with the Auditors' Report for the six months
period ended September 30, 2019

Deutsche Investments India Private Limited

Financial statements together with Auditors' Report

For the six months period ended September 30, 2019

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Price Waterhouse Chartered Accountants LLP

The Board of Directors
Deutsche Investments India Private Limited
Block B-1, Nirlon Knowledge Park,
Western Express Highway
Goregaon (East),
Mumbai – 400 063

Report on special purpose financial statements

1. This report is issued in accordance with the terms of our agreement dated December 26, 2019.
2. We have audited the accompanying special purpose financial statements of Deutsche Investments India Private Limited (the "Company") which comprise the Balance Sheet as at September 30, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the half year ended on that date and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

3. Management is responsible for the preparation of these special purpose financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared (the "accounting principles generally accepted in India"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no. LLPIN AAG-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/IN500016 (ICAI registration number before conversion was 012754N).

Price Waterhouse Chartered Accountants LLP

To the Members of Deutsche Investments India Private Limited

Report on audit of the special purpose financial statements for half year ended September 30, 2019

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Opinion

7. Based on our audit, we report that:
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - The Balance Sheet, Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of account;
 - In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements, together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, the state of affairs of the Company as at September 30, 2019;
 - in the case of the Statement of Profit and Loss (including Other Comprehensive Income), the profit for the half year ended on that date;
 - in the case of the Statement of Changes in Equity, changes in equity for the half year ended on that date; and
 - in the case of the Statement of Cash Flows, of the cash flows for the half year ended on that date.

Emphasis of Matter – Basis of Preparation

8. We draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of its preparation. The special purpose financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are considered irrelevant by the Management and the intended users of the special purpose financial statements for the purposes for which those have been prepared. Our opinion is not modified in respect of this matter.

Other Matter

9. The special purpose financial statements dealt with by this report, have been prepared for the express purpose of the Company's application to be made for listing of its Commercial Papers, in line with applicable regulatory guidelines.
10. The corresponding figures in the special purpose financial statements of the Company in the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows are unaudited.

Our opinion is not modified in respect of the above matters.



Price Waterhouse Chartered Accountants LLP

To the Members of Deutsche Investments India Private Limited

Report on audit of the special purpose financial statements for half year ended September 30, 2019

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Restriction on Use

11. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
12. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 9 above. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Price Waterhouse Chartered Accountants LLP neither accepts nor assumes any duty, responsibility or liability to any other party or for any other purpose.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016



Sharad Agarwal
Partner

Place: SUNNYVALE, USA

Date: JANUARY 3, 2020

Membership No. 118522

UDIN: 20118522 AAAA B2933

Deutsche Investments India Private Limited **Balance Sheet**

As at September 30, 2019

(Currency: Indian Rupees in Millions)

Particulars	Note No.	As at September 30, 2019	As at March 31, 2019
ASSETS			
I. Financial Assets			
(a) Cash and cash equivalents	4	70.43	258.16
(b) Loans	5	15,741.43	15,518.78
(c) Investments	6	2,193.44	3,067.38
(d) Other financial assets	7	17.57	17.60
Total Financial Assets		18,022.87	18,861.92
II. Non-Financial Assets			
(a) Current tax assets (Net)	8	278.35	276.38
(b) Deferred tax assets (Net)	29.5	96.22	105.29
(c) Property, plant and equipment	9	0.17	0.06
(d) Intangible assets	10	-	-
(e) Other non financial assets	11	13.38	9.65
Total Non-Financial Assets		388.12	391.38
Total Assets		18,410.99	19,253.30
LIABILITIES AND EQUITY			
LIABILITIES			
I. Financial Liabilities			
(a) Payables			
(i) Trade payables	12		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		51.45	39.72
(II) Other payables	13		
(i) total outstanding dues of micro enterprises and small enterprises		-	0.02
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3.26	2.84
(b) Debt securities	14	9,295.40	10,190.32
(c) Other financial liabilities	15	7.51	0.49
Total Financial Liabilities		9,357.62	10,233.39
II. Non-Financial Liabilities			
(a) Current tax liabilities (Net)	16	9.86	9.86
(b) Provisions	17	4.73	0.71
(c) Other non-financial liabilities	18	1.04	2.05
Total Non-financial Liabilities		15.63	12.62
III. EQUITY			
(a) Equity share capital	19	528.85	528.85
(b) Other equity	29.8	8,508.89	8,478.44
Total equity		9,037.74	9,007.29
Total Liabilities and Equity		18,410.99	19,253.30

Significant accounting policies and notes to the financial statements

2 - 29

The accompanying notes form an integral part of these financial statements

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

For Price Waterhouse Chartered Accountants LLP
Firm's Registration No. 012754/N/500016

Sharad Agarwal
Partner
Membership No. 118522

Place: Sunnyvale, USA
Date: January 9, 2020



Director
DIN: 00101962

Director
DIN: 08522330

For Deutsche Investments India Private Limited

Company Secretary
ACS: A17943

Place: Mumbai
Date: January 9, 2020

Deutsche Investments India Private Limited

Statement of Profit and Loss

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

	Note No.	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
I. Revenues from operations			
(a) Interest income	20	1,106.59	760.40
(b) Revenue from contracts with customers	22	19.91	14.05
(c) Net gain/(loss) on fair value changes	21	(45.13)	17.29
Total revenues from operations		1,081.37	791.74
II. Other income	23	0.08	(1.01)
III. Total income		1,081.45	790.73
Expenses			
(a) Finance costs	28	586.79	357.92
(b) Fees and commission expense	24	12.75	7.42
(c) Employee benefits expense	25	56.41	40.68
(d) Depreciation, amortization and impairment	10, 1	0.05	0.06
(e) Other expenses	26	72.40	60.84
(f) Impairment on financial instruments	27	(24.52)	(8.82)
IV. Total expenses		703.88	458.10
V. Profit/(loss) before tax		377.57	332.63
VI. Tax expenses			
(a) Current tax		102.09	88.27
(b) Deferred tax		8.45	8.13
		110.54	96.40
VII. Profit/(loss) for the period		267.03	236.23
VIII. Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
- Remeasurement of post employment benefits		0.06	0.08
(b) Income tax relating to items that will not be reclassified to profit or loss		(0.01)	(0.02)
(c) Items that will be reclassified to profit or loss			
- Changes in fair value of debt instruments measured at FVOCI		2.43	0.64
(d) Income tax relating to items that will be reclassified to profit or loss		(0.61)	(0.19)
Total other comprehensive income		1.87	0.51
IX. Total comprehensive income for the period		268.90	236.74
X. Earnings per equity share (face value Rs.10 per share):	29, 4		
Basic & diluted (Rupees)		5.05	4.47

Significant accounting policies and notes to the financial statements

2 - 29

The accompanying notes form an integral part of these financial statements

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

For Price Waterhouse Chartered Accountants LLP
Firm's Registration No. 012754N/IN500016

For Deutsche Investments India Private Limited


Sharad Agarwal
Partner
Membership No. 118522

Place
Date:

Sunnyvale, CA
January 3, 2020




Director
DIN: 00901962


Director
DIN: 08532330


Company Secretary
ACS: A17943

Place: Mumbai
Date: January 3, 2020

Deutsche Investments India Private Limited
Statement of Changes in Equity
For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

Particulars	Equity share capital	Reserves and surplus			Debt instruments through other comprehensive income	Total Other Equity	Total Equity
		Statutory Reserve	Retained earnings	Securities premium			
Balance as of April 1, 2018	456.88	926.76	213.88	7,195.80	0.14	8,335.88	8,792.76
Issued during the period							
Total Comprehensive Income for the period			0.00		0.43	0.44	0.44
Transfer to retained earnings			236.72			236.72	236.72
Transactions with owners in their capacity as owners							
Interim Equity Dividend Paid			1,177.46			1,177.46	1,177.46
Tax paid on Interim Equity Dividend			0.06			0.06	0.06
Balance as of September 30, 2018 (I mandli)	528.88	926.76	246.29	7,195.80	0.14	8,358.99	8,387.81

Particulars	Equity share capital	Reserves and surplus			Debt instruments through other comprehensive income	Total Other Equity	Total Equity
		Statutory Reserve	Retained earnings	Securities premium			
Balance as of April 1, 2019	528.88	997.76	242.40	7,195.80	0.63	8,478.44	9,007.59
Issued during the period							
Total Comprehensive Income for the period			0.00		1.32	1.32	1.32
Transfer to retained earnings			26.74			26.74	26.74
Transfer to Statutory Reserve, transfer pursuant to RCI (Amendment) Act, 2018							
Transactions with owners in their capacity as owners							
Interim Equity Dividend Paid			1,197.79			1,197.79	1,197.79
Tax paid on Interim Equity Dividend			0.06			0.06	0.06
Balance as of September 30, 2019	528.88	997.76	312.68	7,195.80	2.65	8,508.89	9,037.71

- It represents reserve created under section 45C of the RBI Act, when by every Non Banking Financial Company is required to transfer a sum of not less than 20% of its net profit after tax as disclosed in the Statement of Profit and Loss before any dividend is declared
- The Company can utilize it as per Companies Act 2013
- The Company has paid Interim Equity Dividend of Rs. 3.74 (Previous period Rs. 3.35) per share. This has resulted in cash outflow of Rs. 238.45 (Previous period Rs. 213.58) including Dividend Distribution Tax of Rs. 10.66 (Previous period Rs. 76.42)

The accompanying notes form an integral part of these financial statements
This is the Statement of Changes in Equity referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm's Registration No. 012754/N/S00016

Shurud Agrwal
Partner
Membership No. 118522

Place: Sunnyvale, USA
Date: January 3, 2020



For Deutsche Investments India Private Limited

(Signature)
Director
DIN 06901962

(Signature)
Director
DIN 08532330

(Signature)
Company Secretary
117943

Place: Mumbai
Date: January 3, 2020

Deutsche Investments India Private Limited

Statement of Cash Flow

For the six months period ended September 30, 2019
(Currency: Indian Rupees in Millions)

For the six months period ended
September 30, 2019

For the six months period ended
September 30, 2018
(Unaudited)

A Cash Flow from operating activities	377.57	332.63
Net Profit before tax		
<u>Adjustments for:</u>	<u>0.05</u>	<u>0.06</u>
Depreciation and amortization expenses	(17.36)	(37.43)
Interest income on bank deposit	(0.22)	1.02
Net unrealised (gain) / loss on foreign currency translation	45.13	(17.29)
Net (gain) / loss on fair value changes	(24.52)	(8.82)
Impairment on financial instruments	380.65	270.17
Operating profit before working capital changes		
<u>Adjustments for:</u>	<u>(221.64)</u>	<u>1,766.70</u>
Decrease / (increase) in loans	0.03	(60.65)
Decrease / (increase) in other financial assets	(3.73)	(0.87)
Decrease / (increase) in other non financial assets	11.95	(1.36)
Increase / (decrease) in trade payables	0.40	11.41
Increase / (decrease) in other payables	6.01	8.54
Increase / (decrease) in other financial liabilities	4.08	(0.05)
Increase / (decrease) in provisions	177.75	1,993.89
Cash generated / (used in) from operations	(104.06)	(81.72)
Income taxes paid (includes tax deducted at source)	73.69	1,912.17
Net cash flow from / (used in) operating activities		
B Cash flow from investing activities	(943.20)	(1,250.00)
Purchase of investment	1,797.95	443.30
Sale of investments	17.36	45.00
Interest income of bank deposit	(0.16)	(0.03)
Purchase of fixed assets	871.95	(761.73)
Net cash flow from / (used in) investing activities		
C Cash flow from financing activities	(894.92)	(4,676.45)
Proceeds from / (Repayment of) Debt Securities (net)	(197.79)	(177.16)
Interim dividend paid	(40.66)	(36.42)
Tax paid on interim dividend	(1,133.37)	(4,891.03)
Net cash flow from / (used in) financing activities	(187.73)	(3,739.59)
Net Increase / (decrease) in cash and cash equivalents	(187.73)	(3,739.59)
Cash and cash equivalents as at beginning of the period (refer note 4)	258.16	3,813.35
Cash and cash equivalents as at end of the period (refer note 4)	70.43	73.76

Notes to Statement of Cash Flow:

- Cash and cash equivalents includes the following:
 - Balance in current accounts
 - Bank deposit with original maturity of 3 months or less
- The above Statement of cash flow has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS) 7 - Statement of cash flows prescribed by Companies (Indian Accounting Standard) Rules, 2015.
- Figures in bracket indicate cash outflow.
- Change in liabilities arising from financing activities

Particulars	April 1, 2019	Cash flows	Non-cash changes*	September 30, 2019
Commercial paper	10,190.32	(1,109.35)	214.43	9,295.40
Particulars	April 1, 2018	Cash flows	Non-cash changes*	September 30, 2018
Commercial paper	10,570.95	(4,745.66)	69.21	5,894.50

* Non-cash changes includes the effect of recording financial liability at amortized cost.

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

For Price Waterhouse Chartered Accountants LLP
Firm's Registration No: 012754N/IN500016

Sharad Agarwal

Partner

Membership No: 118522

Place: Sunay 2020

Date: January 3, 2020

January 3, 2020



For Deutsche Investments India Private Limited

[Signature]
Director

DIN: 06901962

Place: Mumbai

Date: January 3, 2020

[Signature]
Director

DIN: 08532330

[Signature]
Company Secretary

ACS: A17943

Deutsche Investments India Private Limited

Notes to financial statements

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

1 Background

Deutsche Investments India Private Limited ('DIIP' or 'the Company') was incorporated on May 24, 2005 as a private limited company under the Companies Act, 1956.

The Company has been issued a registration certificate no. N-13.01875 dated August 2, 2007 by the Reserve Bank of India ('RBI') to operate as a Non-Banking Financial Company - Investment and Credit Company ('NBFC-ICC').

The Company has also been granted a certificate of registration no. INP000002825 as "Portfolio Manager" by Securities Exchange Board of India ('SEBI').

The principal shareholder of the Company is Deutsche Asia Pacific Holdings Pte Limited (80.95%), a private limited company incorporated in Singapore and the balance (19.05%) is held by Deutsche India Holdings Private Limited, a private limited company incorporated in India.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared for the express purpose of the Company's application to be made for listing of its commercial papers to be issued in future, in line with regulatory guidelines applicable.

These financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

Statement of compliance

The Ind AS compliant financials statements have been prepared in the format prescribed by Division III of Companies (Indian Accounting Standards) Rule, 2015 - Financial Statements for a Non-Banking Financial Company (NBFC) vide notification dated October 11, 2018.

Historical cost convention

These financial statements have been prepared on the historical cost basis except for the following material assets and liabilities:

- (i) Certain financial assets and liabilities measured at fair value;
- (ii) Defined benefit obligations measured in accordance with Ind AS 19

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Use of estimates

The preparation of the financial statements is in conformity with Ind AS, which require the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, revenues, expenses and disclosure of contingent liabilities on the date of financial statements. The estimates, judgements and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates used in preparing the accompanying financial statements. Adjustments, if any, are recognised prospectively.

The areas involving critical estimates or judgments are:

Note 2.4 & 2.5 - Useful life of Tangible / Intangible assets

Note 2.12.2 - Subsequent measurement of financial instrument

Note 2.14 - Expected credit loss

Note 29.1 - Measurement of defined benefit obligations: key actuarial assumptions

Note 29.5 - Recognition of deferred tax assets / liabilities

Note 29.5 - Provision for tax payable and current tax



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

2 Summary of Significant accounting policies (Continued)

2.3 Revenue recognition

The company applies Indian accounting standard 115, "Revenue from Contracts with Customers" five-step revenue recognition model to the recognition of Commissions and Fee Income, under which income must be recognized when control of goods and services is transferred, hence the contractual performance obligations to the customer has been satisfied.

Accordingly, after a contract with a customer has been identified in the first step, the second step is to identify the performance obligation – or a series of distinct performance obligations – provided to the customer. The Company must examine whether the service is capable of being distinct and is actually distinct within the context of the contract. A promised service is distinct if the customer can benefit from the service either on its own or together with other resources that are readily available to the customer, and the promise to transfer the service to the customer is separately identifiable from other promises in the contract. The amount of income is measured on the basis of the contractually agreed transaction price for the performance obligation defined in the contract. If a contract includes variable consideration, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. Income is recognized in profit and loss when the identified performance obligation has been satisfied.

The Fee Income on Portfolio management services is predominantly earned from services that are received and consumed by the customer over time.

2.4 Property, plant and equipment, depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation. The historical cost of Property, plant and equipment comprise of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. In line with requirement of Accounting Standard estimated present value of the dismantling /restoration cost, where likely, are considered are part of the property, plant and equipment.

Class of asset	Useful Life
Office equipment	5 Years
Furniture and fixtures	10 Years
Computer (hardware) servers and networks*	4 Years
Computer (hardware) end user devices*	4 Years

* Useful life is different than Schedule II. The Company believes that the rates determined above based on useful lives best represent the period over which the company expects to use these assets.

The company believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Schedule II of the Companies Act, 2013.

Leasehold improvements are depreciated over the residual period of the lease or over a period of 10 years or over the useful life of the leased assets, whichever is shorter.

Depreciation for the entire month is charged in the month of sale if the asset is sold after 15th day of the month.

Depreciation is not provided for the month of sale if the asset is sold on or before 15th of the month.

Depreciation for the entire month is charged in the month in which the asset is purchased.

Property, Plant and Equipment individually costing up to Rs. 0.03 are fully charged in the Statement of Profit and Loss. However, such assets are capitalised when it forms a part of a project / expansion.



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

2 Summary of Significant accounting policies (Continued)

2.5 Intangible assets - computer software

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets that are externally purchased are depreciated over period of 3 years. Intangibles which are developed in house are amortised over period of 3 years from the date they are put to use.

Intangible assets individually costing up to Rs. 0.03 are fully charged in the Statement of Profit and Loss.

2.6 Foreign currency transactions

(i) Functional and Presentation Currency

The financial statements are presented in Indian Rupee (INR) which is the Company's Functional and Presentation Currency.

(ii) Transactions and translations

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

2.7 Staff benefits

(i) Short term

Provident fund

Provident fund benefit is classified as a defined contribution plan, which is a post – employment benefit plan under which the entity contributes 12% of basic salary as employer's contribution towards Provident Fund maintained with Employees Provident Fund Organisation. The Company's contribution is recognised as an expense and charged to Statement of Profit and Loss during the period in which the employee renders the related service.

Other benefits

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the financial year are treated as short term benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(ii) Long term

Long service awards

Provision for long service awards are made based on independent actuarial valuation conducted by a qualified actuary at year-end. Effective October 01, 2019 Company has discontinued the long service awards.



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

2 Summary of Significant accounting policies (Continued)

2.7 Staff benefits (continued)

(iii) Post employment

Gratuity

The Company pays gratuity to employees as per provisions of the Payment of Gratuity Act, 1972. Gratuity Scheme is treated as defined benefit plan and provision for gratuity expenses are made based on independent actuarial valuation conducted by a qualified actuary at year-end. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income and presented in equity.

2.8 Taxation

Income tax expense comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the deferred tax charge or credit reflecting the tax effects of timing differences between accounting income and taxable income for the year.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternative Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as a deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period for which the MAT credit can be carried forward for set-off against normal tax liability. MAT credit recognised as a deferred tax asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

2 Summary of Significant accounting policies (Continued)

2.9 Operating Leases

Lease of assets under which all risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.10 Provisions and contingencies

The Company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. Provisions are determined using best estimates and without discounting the future cash flow as Company expects the settlement to be done within a period of one year immediately following the balance sheet date.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

2.11 Financial instruments

2.11.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

2.11.2 Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income ('FVOCI')

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values are disclosed. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments, which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

2 Summary of Significant accounting policies (Continued)

2.11 Financial instruments (Continued)

2.11.2 Subsequent measurement (continued)

(iii) Financial asset at fair value through Statement of Profit or Loss ('FVPL')

A financial asset, which is not classified in any of the above categories, is subsequently fair valued through Statement of Profit or Loss.

The carrying amounts of Trade receivables, Trade payables, deposits (other than security deposits placed with Landlord), other receivables, cash and cash equivalents and other bank balances and other liabilities including margin money received from clients are considered to be same as their fair values due to current and short term nature of such balances.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low. Accordingly, our provision for expected credit loss on trade receivables is not material.

- Interest income is recognised using Effective Interest Method
- Interest income for financial assets in Stage 3 is calculated by applying the EIR to the amortised cost (i.e., the gross carrying amount less the credit loss allowance).
- Dividend income is recognised when the right to receive dividend is established.
- Profit/loss on sale of investments is recognised on trade date basis.

(iv) Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination, which is subsequently measured at fair value through Statement of Profit and Loss. For trade and other payables maturing within one year from the Balance Sheet date the carrying amounts approximate fair value due to the short maturity of these instruments.

2.11.3 Derecognition

(i) Financial assets

A financial asset is derecognised only when

- The company has transferred the rights to receive cash flows from the financial assets or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the management evaluates whether it has transferred substantially all risks and rewards of ownership of financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the entity has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(ii) Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.12 Impairment

Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets are calculated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

2 Summary of Significant accounting policies (Continued)

2.13 Expected credit loss

The impairment requirements apply to all credit exposures that are measured at amortized cost or FVOCI. For purposes of the impairment policy below, these instruments are referred to as ("Financial Assets"). The determination of impairment losses are where allowances are taken upon initial recognition of the Financial Asset, based on expectations of potential credit losses at the time of initial recognition.

A three stage approach is adopted to impairment for Financial Assets that are not credit-impaired at the date of origination or purchase. This approach is summarized as follows:

– Stage 1: The Company recognizes a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.

– Stage 2: The Company recognizes a credit loss allowance at an amount equal to lifetime expected credit losses for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on lifetime probability of default, lifetime loss given default and lifetime exposure at default that represents the probability of default occurring over the remaining lifetime of the Financial Asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

– Stage 3: The Company recognizes a loss allowance at an amount equal to lifetime expected credit losses, reflecting a Probability of Default of 100 %, via the expected recoverable cash flows for the asset, for those Financial Assets that are credit-impaired. Financial Assets that are credit impaired upon initial recognition are categorized within Stage 3 with a carrying value already reflecting the lifetime expected credit losses.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected credit losses are the estimated based on the probability-weighted present value of the difference between 1) the contractual cash flows that are due to the Company under the contract; and 2) the cash flows that the Company expects to receive.

Significant Increase in Credit Risk

When determining whether the credit risk (i.e., risk of default) of a Financial Asset 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 quantitative and qualitative information based on the Company's historical experience, credit risk assessment and forward-looking information (including macro-economic factors). The assessment of significant credit deterioration is key in determining when to move from measuring an allowance based on 12-month ECLs to one that is based on lifetime ECLs (i.e., transfer from Stage 1 to Stage 2).

Credit-impaired Financial Assets in Stage 3

The determination of whether a Financial Asset is credit-impaired and therefore in Stage 3 focusses exclusively on default risk, without taking into consideration the effects of credit risk mitigants such as collateral or guarantees. Specifically, a Financial Asset is credit-impaired and in Stage 3 when:

- The Company considers the obligor is unlikely to pay its credit obligations to the Company. Determination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that are qualitative indicators of credit impairment; or
- Contractual payments of either principal or interest by the obligor are past due by more than 90 days.

For Financial Assets considered to be credit-impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case-by-case basis for non-homogeneous portfolios, or by applying portfolio based parameters to individual Financial Assets in these portfolios via the Company's ECL model for homogeneous portfolios. This estimate includes the use of discounted cash flows that are adjusted for scenarios.

Forecasts of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability-weighted present value of the difference between the contractual cash flows that are due to the Company under the contract; and the cash flows that the Company expects to receive.

A Financial Asset can be classified as credit-impaired in Stage 3 but without an allowance for credit losses (i.e., no impairment loss is expected). This may be due to the value of collateral. The Company's engine based ECL calculation is conducted on a monthly basis, whereas the case-by-case assessment of ECL in Stage 3 for non-homogeneous portfolio has to be performed at least on a quarterly basis.

Collateral for Financial Assets Considered in the Impairment Analysis

Cash flows expected from collateral and other credit enhancement is reflected in the ECL calculation. The following are key aspects with respect to collateral and guarantees:

- Eligibility of collateral, i.e. which collateral should be considered in the ECL calculation;
- Collateral evaluation, i.e. what collateral (liquidation) value should be used; and
- Projection of the available collateral amount over the life of a transaction.



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

2 Summary of Significant accounting policies (Continued)

2.14 Cash and Cash Equivalents

Cash is cash on hand and demand deposit. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

2.15 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing :

- The profit attributable to owners of The Company
- By weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.16 Contributed equity

Equity shares are classified as equity.

2.17 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

3 Notes to the financial statements

3.3 Financial Instruments

3.3.1 Financial Instruments by category

Financial instruments by category	As at September 30, 2019				As at March 31, 2019			
	Amortised Cost	FVPL	FVOCI	Total carrying value	Amortised Cost	FVPL	FVOCI	Total carrying value
FINANCIAL ASSETS								
Cash and cash equivalents	70.43	-	-	70.43	258.16	-	-	258.16
Loans	15,281.43	-	460.00	15,741.43	15,518.78	-	-	15,518.78
Investments	699.48	535.44	958.52	2,193.44	699.48	1,378.06	989.84	3,067.38
Other financial assets	17.57	-	-	17.57	17.60	-	-	17.60
Total Financial Assets	16,068.91	535.44	1,418.52	18,022.87	16,494.02	1,378.06	989.84	18,861.92
FINANCIAL LIABILITIES								
Trade payables	51.45	-	-	51.45	39.72	-	-	39.72
Other payables	3.26	-	-	3.26	2.86	-	-	2.86
Debt securities	9,295.40	-	-	9,295.40	10,190.32	-	-	10,190.32
Other financial liabilities	7.51	-	-	7.51	0.49	-	-	0.49
Total Financial Liabilities	9,357.62	-	-	9,357.62	10,233.39	-	-	10,233.39



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

3 Notes to the financial statements (Continued)

3.3 Financial Instruments

3.3.2 Fair value hierarchy

Fair value of the Company's financial instruments, other than those with carrying value amounts that are reasonable approximations of fair values are disclosed. The fair values of financial instruments as referred to in note 3.3.1 above have been classified into the 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 : quoted prices for identical instruments in an active market
- Level 2 : directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3 : inputs which are not based on observable market data

As at September 30, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
- Investments	959.39	535.44	-	1,494.83
- Loans	-	460.00	-	460.00
As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
- Investments	989.98	1,378.06	-	2,368.04
- Loans	-	-	-	-

Fair value of financial assets and liabilities measured at amortised cost

	As at September 30, 2019		As at March 31, 2019	
	Carrying amount	Fair value*	Carrying amount	Fair value*
Financial assets				
Investments	699.48	699.48	699.48	699.48

* The fair value of investments is considered to be same as its carrying amount.

The carrying amounts of loans, cash and cash equivalents, other liabilities, security deposits, trade payables other payables, debt securities, margins from clients - loans and other liabilities are considered to be same as their fair values due to current and short term nature of such balances.

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at September 30, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
- Investments	-	-	699.48	699.48
As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
- Investments	-	-	699.48	699.48



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

3 Notes to the financial statements (Continued)

3.3.2 Fair value hierarchy (Continued)

a) Valuation Technique used to determine fair value

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced or liquidation sale. The valuation techniques used to determine the fair values of financial assets classified as level 2 include use of quoted market prices or dealer quotes for similar instruments and generally accepted pricing models based on a discounted cash flow analysis using rates currently available for debt on similar terms, credit risk and remaining maturities.

b) Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Investment	Marked to Market Valuation as per FIMMDA / FBIL guidelines / and other market factor.	None
Loans	Marked to Market Valuation as per trader mark.	None

*There were no significant interrelationships between unobservable inputs that materially affect fair value.

3.3.3 Financial risk management

Financial Risk factors: The Company's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It includes interest rate risk and foreign currency risk. The Company's exposure to, and management of these risks is explained below.

Interest Rate Risk

Risk arising from the change in value of an investment due to changes relating to Interest Rates. This includes a) Interest Rate Curve (risk arising from changes in Interest Rate Curves), b) Interest Rate Vega (risk arising from changes in the implied volatilities of Interest Rates), c) Interest rate Basis (risk arising from relative changes between Interest rates), and d) Interest Rate Cross Risk (risk arising from valuation dependency on multiple underlying Interest rates).

The majority of the interest rate risk arising from non-trading asset and liability positions, has been transferred through internal transactions to the Treasury Pool Management, subject to banking book value at risk limits. Treasury Pool Management manages the net banking book risk within the approved limits.

The Company is mainly exposed to the interest rate risk due to its investment in government securities, bonds, loan and borrowings essentially in commercial paper. The interest rate risk arises due to uncertainties about the future market interest rate of these instruments.

The exposure to interest rate risk are as follows:

Particulars	As at September 30, 2019	As at March 31, 2019
Assets		
Loans	15,802.40	15,580.76
Investments	2,393.58	3,291.03
Liabilities		
Debt Securities	9,295.40	10,190.32
Total	8,900.58	8,681.47



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

3 Notes to the financial statements (Continued)

3.3.3 Financial risk management (Continued)

Interest Rate Risk (Continued)

Value at Risk (VaR) is a one of the key risk management metrics used to monitor and limit the risk of losses that might otherwise be incurred by the entity.

The VaR approach derives a quantitative measure for trading book market risks under normal market conditions, estimating the potential future loss (in terms of market value) that will not be exceeded in a defined period of time and with a defined confidence level.

VaR calculated daily using Monte Carlo simulation model with 99% confidence level and holding period of 1 day.

Particulars	VaR	Sensitivity (PV01)
As at September 30, 2019	3.52	(0.13)
As at March 31, 2019	7.92	(0.04)

Foreign Currency Risk

The company is a part of DB Group (headquartered in Germany), there are certain expenses that are payable in foreign currencies. This creates foreign exchange risk. However the quantum of exposure is minimal and thus they are unhedged.

The foreign currency risks from trade payables as at September 30, 2019 are as follows:

Particulars	EUR	USD	Other Currencies	Total
Trade payables	52.05	0.77	1.56	54.38
Total Financial Liabilities	52.05	0.77	1.56	54.38

The foreign currency risks from trade payables as at March 31, 2019 are as follows:

Particulars	EUR	USD	Other Currencies	Total
Trade payables	48.34	0.75	0.42	49.51
Total Financial Liabilities	48.34	0.75	0.42	49.51

Exchange Rates

Period end rates are considered as below

Currency	As at September 30, 2019	As at March 31, 2019
EUR	77.32	77.67
USD	70.88	69.16

Sensitivity

	As at September 30, 2019	As at March 31, 2019
EUR Sensitivity		
INR/EUR -Increase by 4% - Foreign Exchange Gain/ (Loss)	(2.08)	(1.93)
INR/EUR -Decrease by 4% - Foreign Exchange Gain/ (Loss)	2.08	1.93
USD Sensitivity		
INR/USD -Increase by 1% - Foreign Exchange Gain/ (Loss)	(0.01)	(0.01)
INR/USD -Decrease by 1% - Foreign Exchange Gain/ (Loss)	0.01	0.01



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

3 Notes to the financial statements (Continued)

3.3.3 Financial risk management (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its payment obligations associated with its financial liabilities. The Company manages and monitors its daily liquidity position by ensuring it maintains sufficient liquidity buffers in the form of overnight repo/ reverse repos, Fixed deposits, T-bills & Cash. In addition, the Company manages its short term liquidity risk through the use of liquidity stress testing, which is quantified by the potential amount of liquidity outflows and inflows that may materialize in a stress scenario in accordance with the risk management practices of the Company. The firm defines its stressed Net Liquidity Position ("sNLP") as: Liquidity Reserves – Outflows + Inflows, and models sNLP over an 8-week horizon, under 3 different liquidity stress scenarios. The Company maintains a positive "sNLP" throughout an 8 week liquidity stress under the most severe scenario. In addition, the Company also reports external liquidity metrics in its Structural Liquidity Statement as prescribed by the RBI. The liquidity management of the Company is monitored by the Company's ALCO.

The details of the contractual maturities of significant financial assets and liabilities as at September 30, 2019 are as follows:

Particulars	Less than 1 Year	1-2 Years	More than 2 Years	Total
Cash and cash equivalents	70.43	-	-	70.43
Loans	15,120.18	400.17	119.23	15,639.58
Investments	1,653.59	118.15	967.50	2,739.24
Other financial assets	17.57	-	-	17.57
Total financial assets	16,861.77	518.32	1,086.73	18,466.82
Trade payables	51.45	-	-	51.45
Other payables	3.26	-	-	3.26
Debt securities	9,500.00	-	-	9,500.00
Other financial liabilities	7.51	-	-	7.51
Total financial liabilities	9,562.22	-	-	9,562.22

The details of the contractual maturities of significant financial assets and liabilities as at March 31, 2019 are as follows:

Particulars	Less than 1 Year	1-2 Years	More than 2 Years	Total
Cash and cash equivalents	258.16	-	-	258.16
Loans	15,379.23	40.50	499.31	15,919.04
Investments	2,413.14	118.15	1,026.74	3,558.03
Other financial assets	17.60	-	-	17.60
Total financial assets	18,068.13	158.65	1,526.05	19,752.83
Trade payables	39.72	-	-	39.72
Other payables	2.86	-	-	2.86
Debt securities	10,500.00	-	-	10,500.00
Other financial liabilities	0.49	-	-	0.49
Total financial liabilities	10,543.07	-	-	10,543.07

Borrowing limit from Bank

Particulars	As at September 30, 2019	As at March 31, 2019
Drawn	-	-
Undrawn	2,000.00	2,000.00

Collateral

Fair value of collateral held by the company which can be sold or repledged

Particulars	As at September 30, 2019	As at March 31, 2019
Debt securities received in reverse repo transaction	447.68	-



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

3 Notes to the financial statements (Continued)

3.3.3 Financial risk management (Continued)

Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss.

Trade receivables

Trade receivables represents recoverables from customers of portfolio management services. These balances are recoverable from the portfolio balances of the such customers. Based on historical experience of collecting receivables, supported by the level of default, our assessment of credit risk is minimal. Accordingly, there is no provision made for expected credit loss on trade receivable.

Loans

Loans balances represents commercial lending business. Company follows the expected credit loss model to assess the expected losses. The company is also subjected to guidelines as contained in Master Direction applicable to NBFC's. The Company considers the conservative approach while accounting for the credit losses.

Investments

The Company generally invests in government securities including treasury bills, debentures, bonds and others. The credit risk is accounted for on the basis of business model associated with such investments. Basis business model, impairment loss or fair valuation changes as prescribed by FIMMDA / FBIL guidelines are considered by the Company.

Other financial assets

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

Credit risk exposure

The details of the credit risk of significant financial assets as at September 30, 2019 are as follows

Particulars	Less than 1 Year	1-2 Years	More than 2 Years	Total
Cash and cash equivalents	70.43	-	-	70.43
Loans	15,442.40	360.00	-	15,802.40
Investments	1,494.83	-	898.75	2,393.58
Other financial assets	17.57	-	-	17.57

The details of the credit risk of significant financial assets as at March 31, 2019 are as follows

Particulars	Less than 1 Year	1-2 Years	More than 2 Years	Total
Cash and cash equivalents	258.16	-	-	258.16
Loans	15,220.76	-	360.00	15,580.76
Investments	2,368.04	-	922.99	3,291.03
Other financial assets	17.60	-	-	17.60



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

3 Notes to the financial statements (Continued)

3.3.3 Financial risk management (Continued)

Concentration of Deposits, Advances, Exposures and NPAs

Concentration of Deposits (for deposit taking NBFCs)

Total Deposits of twenty largest depositors	NA
Percentage of Deposits of twenty largest depositors to the Total Deposits of the NBFC	NA

Concentration of Advances

Total Advances to twenty largest borrowers	14,168.00
Percentage of Advances to twenty largest borrowers	92.22

Concentration of Exposures

Total Exposure to twenty largest borrowers / customers	22,682.00
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	57.75

Concentration of NPAs

Total Exposure to top four NPA accounts	119.23
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Sector-wise NPAs

S.No.	Sector	Percentage of NPA's to total advances in that sector
1	Agriculture & allied activities	-
2	MSME	-
3	Corporate borrowers	1.04
4	Services	-
5	Unsecured personal loans	-
6	Auto loans	-
7	Other personal loans	-



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

3 Notes to the financial statements (Continued)

3.3.3 Financial risk management (Continued)

Expected credit loss for loans and investments

Particulars		Asset Group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Investments at amortised cost	-	-	-	-
		Investments at FVOCI	959.39	0.09%	0.87	958.52
		Loans	15,342.40	0.40%	60.97	15,281.43
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has not increased significantly since initial	Investments at amortised cost	898.75	22.17%	199.27	699.48
		Loans	NA	-	-	-

Expected credit loss for loans and investments - (Previous Period)

Particulars		Asset Group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Investments at amortised cost	-	-	-	-
		Investments at FVOCI	989.98	0.01%	0.14	989.84
		Loans	15,580.76	0.40%	61.98	15,518.78
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has not increased significantly since initial	Investments at amortised cost	922.99	24.22%	223.51	699.48
		Loans	NA	-	-	-

Reconciliation of loss allowance provision- Loans and investments

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Financial assets for which credit risk has increased significantly and not credit impaired	Financial assets for which credit risk has increased significantly and credit impaired
Loss allowance on 1 April 2018	55.26	-	-
Add (Less): Changes in loss allowances due to Assets originated or purchased	10.62	-	-
Modification of contractual cash flows that did not result in derecognition	-	-	-
Write – offs	-	-	-
Recoveries	(3.36)	-	-
Changes in risk parameters	-	-	-
Change in measurement from 12-month to life-time expected losses or vice-versa	(0.40)	-	223.51
Loss allowance on 31 March 2019	62.12	-	223.51
Add (Less): Changes in loss allowances due to Assets originated or purchased	-	-	-
Modification of contractual cash flows that did not result in derecognition	-	-	-
Write – offs	-	-	-
Recoveries	-	-	-
Changes in risk parameters	-	-	-
Change in measurement from 12-month to life-time expected losses or vice-versa	(0.27)	-	(24.24)
Loss allowance on 30 September 2019	61.84	-	199.27



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

3 Notes to the financial statements (Continued)

3.3.4 Capital Management

- i) The Company considers the following components of its Balance Sheet to be managed capital
- Equity Shares
 - Retained Profits
 - Securities premium reserve
 - Statutory reserve
- ii) The Company's capital management objectives are to hold capital sufficient to :
- Operate in compliance with regulatory requirements.
 - Retain flexibility to take advantage of future growth opportunities.
 - Be well capitalized and funded to meet strategic objectives & support underlying risks of business.
- iii) Compliance with externally imposed capital requirements
- As per the Reserve Bank of India Act, 1934, the Company shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. During the period, the same has been maintained above the regulatory requirement by the Company.
- iv) Dividend
- The Company has paid Interim Equity Dividend of Rs. 3.74 (Previous period Rs. 3.35) per share. This has resulted in cash outflow of Rs. 238.45 (Previous period Rs. 213.58) including Dividend Distribution Tax of Rs. 40.66 (Previous period Rs.36.42).

4. Cash and cash equivalents

Cash and cash equivalents

- Balances in current accounts

Total

	As at September 30, 2019	As at March 31, 2019
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	70.43	258.16
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	<u>70.43</u>	<u>258.16</u>
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Deutsche Investments India Private Limited
Notes to the financial statements (Continued)

As at September 30, 2019

(Currency: Indian Rupees in Millions)

5. Loans

	As at September 30, 2019				As at March 31, 2019					
	Amortised cost	Through other comprehensive income	At Fair Value Through profit or loss*	Subtotal	Total	Amortised cost	Through other comprehensive income	At Fair Value Through profit or loss*	Subtotal	Total
	(1)	(2)	(3)	(4=2+3)	(5=1+4)	(6)	(7)	(8)	(9=7+8)	(10=6+9)
Loans										
(A)										
(i) Term loans	15,342.40	-	-	-	15,342.40	15,580.76	-	-	-	15,580.76
(ii) Collateralised lending obligation	-	460.00	-	460.00	460.00	-	-	-	-	-
Total (A) -Gross	15,342.40	460.00	-	460.00	15,802.40	15,580.76	-	-	-	15,580.76
Less:Impairment loss allowance	60.97	-	-	-	60.97	61.98	-	-	-	61.98
Total (A) - Net	15,281.43	460.00	-	460.00	15,741.43	15,518.78	-	-	-	15,518.78
(B)										
(i) Secured by tangible assets	15,342.40	-	-	-	15,342.40	15,580.76	-	-	-	15,580.76
(ii) Secured by intangible assets	-	-	-	-	-	-	-	-	-	-
(iii) Covered by Bank/Government Guarantees	-	460.00	-	460.00	460.00	-	-	-	-	-
(iv) Unsecured	-	-	-	-	-	-	-	-	-	-
Total (B)-Gross	15,342.40	460.00	-	460.00	15,802.40	15,580.76	-	-	-	15,580.76
Less: Impairment loss allowance	60.97	-	-	-	60.97	61.98	-	-	-	61.98
Total (B)-Net	15,281.43	460.00	-	460.00	15,741.43	15,518.78	-	-	-	15,518.78
(C)										
(i) Loans in India										
(i) Public Sector	-	-	-	-	-	-	-	-	-	-
(ii) Others	15,342.40	460.00	-	460.00	15,802.40	15,580.76	-	-	-	15,580.76
Total (C)- Gross	15,342.40	460.00	-	460.00	15,802.40	15,580.76	-	-	-	15,580.76
Less: Impairment loss allowance	60.97	-	-	-	60.97	61.98	-	-	-	61.98
Total(C) (D)-Net	15,281.43	460.00	-	460.00	15,741.43	15,518.78	-	-	-	15,518.78
(II)Loans outside India										
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-
Total (C) (II)- Net	-	-	-	-	-	-	-	-	-	-
Total C(I) and C(II)	15,281.43	460.00	-	460.00	15,741.43	15,518.78	-	-	-	15,518.78

* Loans at fair value through profit and loss includes loans which have been marked down upto 100%. Gross value of such loans outstanding as at September 30, 2019 is INR 119.23 (March 31, 2019 - INR 119.23)



Deutsche Investments India Private Limited

Notes to the financial statements (Continued)

As at September 30, 2019

(Currency: Indian Rupees in Millions)

6. Investments

	As at September 30, 2019				As at March 31, 2019			
	Amortised cost	At fair value			Amortised cost	At fair value		Total
		Through other comprehensive income	Through profit or loss	Subtotal		Through other comprehensive income	Through profit or loss	
	(1)	(2)	(3)	(4=2+3)	(6)	(7)	(8)	(10=6+9)
Debt securities	898.75	959.39	535.44	1,494.83	922.99	989.98	1,378.06	2,368.04
Total – Gross (A)	898.75	959.39	535.44	1,494.83	922.99	989.98	1,378.06	3,291.03
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	898.75	959.39	535.44	1,494.83	922.99	989.98	1,378.06	2,368.04
Total (B)	898.75	959.39	535.44	1,494.83	922.99	989.98	1,378.06	3,291.03
Less: Allowance for Impairment loss (C)	199.27	0.87	-	0.87	223.51	0.14	-	223.65
Total – Net D= (A)-(C)	699.48	958.52	535.44	1,493.96	699.48	989.84	1,378.06	3,067.38



Deutsche Investments India Private Limited

Notes to the financial statements (*Continued*)

As at September 30, 2019

(Currency: Indian Rupees in Millions)

	As at September 30, 2019	As at March 31, 2019
7. Other financial assets		
Security deposits	17.46	17.54
Interest accrued on deposits with CCIL	0.11	0.06
Total	17.57	17.60
8. Current tax assets (Net)		
Advance tax and tax deducted at source [net of provision for tax Rs. 2,537.24 (March 31, 2019 Rs. 2,435.16)]	278.35	276.38
Total	278.35	276.38



Deutsche Investments India Private Limited

Notes to the financial statements (Continued)

As at September 30, 2019

(Currency: Indian Rupees in Millions)

9. Property, plant and equipment

Description	As at April 01, 2019	Gross block		As at September 30, 2019	As at April 01, 2019	Depreciation		As at September 30, 2019	Net block As at September 30, 2019
		Additions	Deductions			For the period	Deductions		
Furniture and fixtures	0.18	-	-	0.18	0.18	-	-	0.18	-
Office equipments	0.14	-	-	0.14	0.14	-	-	0.14	-
Computer hardware - end user devices	1.05	0.16	-	1.21	0.99	0.05	-	1.04	0.17
Total	1.37	0.16	-	1.53	1.31	0.05	-	1.36	0.17

10. Intangible assets

Description	As at April 01, 2019	Gross block		As at September 30, 2019	As at April 01, 2019	Amortization		As at September 30, 2019	Net block As at September 30, 2019
		Additions	Deductions			For the period	Deductions		
Computer software	0.13	-	-	0.13	0.13	-	-	0.13	-
Total	0.13	-	-	0.13	0.13	-	-	0.13	-

10.1 Depreciation and amortisation expense

Particulars	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
Property, plant and equipment	0.05	0.06
Intangible assets	-	-
Total	0.05	0.06



Deutsche Investments India Private Limited

Notes to the financial statements (Continued)

As at September 30, 2019

(Currency: Indian Rupees in Millions)

9. Property, plant and equipment (Previous period)

Description	April 1, 2018	Gross block		As at March 31, 2019	As at April 1, 2018	Depreciation		As at March 31, 2019	Net block As at March 31, 2019
		Additions	Deductions			For the year	Deductions		
Furniture and fixtures	0.18	-	-	0.18	0.18	-	-	0.18	-
Office equipments	0.14	-	-	0.14	0.14	-	-	0.14	-
Computer hardware - end user devices	2.14	-	1.09	1.05	2.02	0.06	1.09	0.99	0.06
Total	2.46	-	1.09	1.37	2.34	0.06	1.09	1.31	0.06

10. Intangible assets (Previous period)

Description	April 1, 2018	Gross block		As at March 31, 2019	As at April 1, 2018	Amortization		As at March 31, 2019	Net block As at March 31, 2019
		Additions	Deductions			For the year	Deductions		
Computer software	0.13	-	-	0.13	0.13	-	-	0.13	-
Total	0.13	-	-	0.13	0.13	-	-	0.13	-



Deutsche Investments India Private Limited

Notes to the financial statements (Continued)

As at September 30, 2019

(Currency: Indian Rupees in Millions)

	As at September 30, 2019	As at March 31, 2019
11. Other non-financial assets		
Contract assets	12.44	8.37
GST / Service tax credit receivable	0.08	0.08
Prepaid expenses	0.65	0.96
Other receivables	0.21	0.24
Total	13.38	9.65
12. Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Payable to group companies	51.45	39.72
Total	51.45	39.72
13. Other payables		
Total outstanding dues of micro enterprises and small enterprises	-	0.02
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Others	3.26	2.84
Total	3.26	2.86
14. Debt Securities		
Commercial papers* (valued at amortized cost)	9,295.40	10,190.32
Total	9,295.40	10,190.32
Debt securities in India	9,295.40	10,190.32
Debt securities outside India	-	-
Total	9,295.40	10,190.32

* Commercial papers are issued at interest rate between 7.53% to 9.5% having maturity of less than one year.



Deutsche Investments India Private Limited

Notes to the financial statements (Continued)

As at September 30, 2019

(Currency: Indian Rupees in Millions)

	As at September 30, 2019	As at March 31, 2019
15. Other financial liabilities		
Margins from clients - loan	7.24	0.24
Other liabilities	0.27	0.25
Total	7.51	0.49
16. Current tax liabilities (Net)		
Provision for income tax [net of advance tax and tax deducted at source Rs. 258.14 (March 31, 2019 Rs. 258.14)]	9.86	9.86
Total	9.86	9.86
17. Provisions		
Provisions for employee benefits		
- Gratuity (refer note 29.1)	0.40	0.37
- Compensated absences	-	0.22
- Long service award	-	0.08
- Bonus	4.33	0.04
Total	4.73	0.71
18. Other non-financial liabilities		
Statutory dues	1.04	2.05
Total	1.04	2.05



Deutsche Investments India Private Limited

Notes to the financial statements (Continued)

As at September 30, 2019

(Currency: Indian Rupees in Millions)

	As at September 30, 2019	As at March 31, 2019
19. Share capital		
Authorised		
55,000,000 (March 31, 2019: 55,000,000) equity shares of Rs 10 each	550.00	550.00
Total	<u>550.00</u>	<u>550.00</u>
Issued, subscribed and paid up		
52,885,000 (March 31, 2018: 52,885,000) equity shares of Rs 10 each fully paid up	528.85	528.85
Total	<u>528.85</u>	<u>528.85</u>
52,885,000 (March 31, 2018: 52,885,000) equity shares of Rs 10 each fully paid up		
80.95% (March 31, 2019: 80.95%) 42,812,500 shares of the issued, subscribed and paid up capital is held by Deutsche Asia Pacific Holding Pte Limited, the holding company.		
19.05% (March 31, 2019: 19.05%) 10,072,500 shares of the issued, subscribed and paid up capital is held by Deutsche India Holdings Private Limited. Deutsche Asia Pacific Holding Pte Limited is the holding company of Deutsche India Holdings Private Limited and Deutsche Bank AG is the ultimate holding company.		
a) Reconciliation of the number of shares		
Number of shares outstanding at the beginning of the period	52,885,000	52,885,000
Number of shares outstanding at the end of the period	<u>52,885,000</u>	<u>52,885,000</u>
Reconciliation for the share capital		
Share capital outstanding at the beginning of the period	528.85	528.85
Share capital outstanding at the end of the period	<u>528.85</u>	<u>528.85</u>
b) Terms / rights attached to Equity Shares		
The Company has only one class of equity shares having face value of Rs. 10 each, each holder of an equity share is entitled to one vote per share.		
The holders of Equity Shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting, except in case of Interim dividends.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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.		



Deutsche Investments India Private Limited

Notes to the financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

20. Interest Income

Particulars	For the six months period ended September 30, 2019				For the six months period ended September 30, 2018 (Unaudited)			
	On Financial Assets measured at fair value through OCI (at Effective Interest Rate)	On Financial Assets measured at Amortised Cost (at Effective Interest Rate)	Interest Income on Financial Assets classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI (at Effective Interest Rate)	On Financial Assets measured at Amortised Cost (at Effective Interest Rate)	Interest Income on Financial Assets classified at fair value through profit or loss	Total
Interest on Loans	-	864.05	-	864.05	-	534.84	-	534.84
Interest income from investments	23.97	69.17	77.29	170.43	-	76.57	51.41	127.98
Interest on deposits with Banks	-	17.36	-	17.36	-	37.43	-	37.43
Interest on collateralised lending obligation	54.49	-	-	54.49	59.77	-	-	59.77
Other interest Income	-	0.26	-	0.26	-	0.38	-	0.38
Total	78.46	950.84	77.29	1,106.59	59.77	649.22	51.41	760.40

21. Net gain/ (loss) on fair value changes*

Particulars	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	(45.13)	17.29
- Derivatives	-	-
- Others	-	-
(ii) On financial instruments designated at fair value through profit or loss		
(B) Others		
Total Net gain/(loss) on fair value changes (C)	(45.13)	17.29
Fair Value changes:		
- Realised	(27.15)	-
- Unrealised	(17.98)	17.29
Total Net gain/(loss) on fair value changes (D) to tally with (C)	(45.13)	17.29

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



Deutsche Investments India Private Limited

Notes to the financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
22. Revenue from contracts with customers		
Portfolio management services fees	19.91	14.05
Total	19.91	14.05
23. Other income		
Net gain/(loss) on foreign currency transaction and translation (other than considered as finance cost)	0.08	(1.01)
Total	0.08	(1.01)
24. Fees and commission expense		
Brokerage & other transaction charges	3.40	1.95
Referral fees paid	9.35	5.47
Total	12.75	7.42
25. Employee benefits expenses		
Salaries and wages	55.11	39.58
Contribution to provident and other funds	1.23	0.96
Staff welfare expenses	0.07	0.14
Total	56.41	40.68
Payments made to Deutsche Bank AG, India branches and other group companies towards salaries, provident fund / gratuity / pension / compensated absences and other benefits of the employees, whose services are rendered to the Company on deputation basis, are regarded as Company's Employee benefits expenses.		
Payments received by the Company from Deutsche Bank AG, India branches and other group companies towards salaries, provident fund / gratuity / pension / compensated absences and other benefits of such employees are adjusted to Company's Employee benefits expenses.		
26. Other expenses		
Rent, taxes and energy costs *	7.49	5.70
Repairs and maintenance	0.34	0.47
Communication costs	1.50	1.40
Insurance	0.31	0.14
Global management charges	14.03	9.34
System and infrastructure support cost	16.34	12.47
Corporate social responsibility	6.00	7.28
Sales and marketing	3.62	-
Legal and professional charges	9.94	9.11
Payments to the auditor		
As Auditor		
Statutory audit	0.72	0.25
Tax audit	0.05	0.05
For other services	-	0.04
Reimbursement of expenses	0.03	0.02
GST / Service tax expenses	11.62	14.12
Other expenditure	0.41	0.45
Total	72.40	60.84

* The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company incurred Rs. 6.95 for the six month ended September 30, 2019 towards expense relating to short-term lease and leases of low value assets.

Lease contracts entered by the Company majorly pertains for office space taken on lease to conduct its business in the ordinary course by using the existing infrastructure and utilities provided in the building. The Company does not have any lease restrictions and commitments towards variable rent as per the contract.



Deutsche Investments India Private Limited

Notes to the financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

27. Impairment on financial instruments

Particulars	For the six months period ended September 30, 2019			For the six months period ended September 30, 2018 (Unaudited)		
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost	Total
Loans	-	(1.01)	(1.01)	-	(5.07)	(5.07)
Investments	0.73	(24.24)	(23.51)	-	(3.75)	(3.75)
Total	0.73	(25.25)	(24.52)	-	(8.82)	(8.82)

28. Finance costs

Particulars	For the six months period ended September 30, 2019			For the six months period ended September 30, 2018 (Unaudited)		
	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost	Total	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost	Total
Interest on borrowings	-	27.21	27.21	-	0.50	0.50
Interest on debt securities	-	559.54	559.54	-	357.26	357.26
Interest on bank overdraft	-	-	-	-	0.16	0.16
Interest on collateralised borrowing obligation	-	0.04	0.04	-	-	-
Total	-	586.79	586.79	-	357.92	357.92



Deutsche Investments India Private Limited
Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

29. Notes to accounts

29.1 Employee Benefits

The following disclosures have been set out in accordance with the requirements of Indian Accounting Standard 19 on "Employee Benefits" prescribed by the Companies (Indian Accounting Standards (Ind AS)) Rules, 2015.

Employee benefits, included under the head employee benefits Expenses, are given below:

	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
Provident fund	1.12	1.03
Long-term award*	(0.08)	-

* Long service awards has been discontinued effective October 01, 2019

Gratuity

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:

Change in the present value of defined benefit obligations	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
Defined benefit obligation at beginning of the period	0.37	0.27
Current service cost	0.08	0.07
Interest cost	0.01	0.01
Actuarial (gain)/loss - experience	(0.09)	(0.08)
Actuarial (gain)/loss - financial assumptions	0.03	(0.01)
Past service cost - plan amendments	-	-
Benefits paid directly by the Company	-	-
Defined Benefit Obligation at end of current period	0.40	0.26

Details of Net Balance Sheet Position	As at September 30, 2019	As at March 31, 2019
Fair value of plan assets at beginning of the period	-	-
Interest Income on planned assets	-	-
Benefit paid	-	-
Employer contributions	-	-
Actuarial gain / (loss) on plan assets	-	-
Fair value of plan assets at end of the period	-	-

Details of amounts booked to profit and loss account and other comprehensive income during the period

Net gratuity expenses (recognized in employee benefit expenses)	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
Current service cost	0.08	0.07
Past service cost - plan amendments	-	-
Net interest on net defined benefit liability / (asset)	0.01	0.01
Net actuarial gain (loss) recognized in the period	-	-
Expenses recognized in the statement of profit and loss	0.09	0.08
Actuarial (gain)/loss due to DBO experience	(0.09)	(0.07)
Actuarial (gain)/loss due to DBO assumption changes	0.03	(0.01)
Actuarial (gain)/loss arising during period	(0.06)	(0.08)
Return on plan assets (greater)/less than discount rate	-	-
Actuarial (gains)/ losses recognized in OCI	(0.06)	(0.08)



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

29. Notes to accounts (Continued)

29.1 Employee Benefits (Continued)

The expected maturity profile of defined benefit obligation as follows:

Particulars	As at September 30, 2019	As at March 31, 2019
Within 1 year	0.06	0.04
1-2 year	0.06	0.06
2-3 years	0.07	0.06
3-4 years	0.11	0.10
4-5 years	0.08	0.10
5-10 years	1.06	0.62

Assumptions	As at September 30, 2019	As at March 31, 2019
	Projected Unit Credit	Projected Unit Credit
Valuation Method		
Discount rate	6.90% p.a.	7.60% p.a.
Salary escalation	10% p.a.	10% p.a.
Normal Retirement Age	62 years	62 years
Weighted average duration of defined benefit obligation	9 years	10 years
Attrition rate		
0 – 5 years	20.00%	20.00%
6 – 10 years	15.00%	15.00%
Above 10 years	5.00%	5.00%
Mortality (India Assured Lives)	Mortality (2006-08) (modified) Ult	Mortality (2006-08) (modified) Ult
Amortisation of Actuarial Loss (Gain)	Immediate	Immediate

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

Gratuity	As at September 30, 2019		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(0.02)	0.02	(0.02)	0.02
Salary Escalation rate (0.5% movement)	0.01	(0.01)	0.01	(0.01)
Attrition rate (5% movement)	(0.04)	0.06	(0.03)	0.03

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.

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

29. Notes to accounts (Continued)

29.2 Segment Information

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Indian Accounting Standard 108 'Operation Segments' prescribed by Companies (Indian Accounting Standard) Rules, 2015. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company.

The Company has identified the following segments as reporting segments based on the information reviewed by CODM :

Global Market : Encompasses all the activities pertaining to Global Markets Business of the Company including loan to corporate clients and dealing in corporate bonds, government securities, derivatives, placement of corporate debentures / loans, etc.

Wealth Management : Encompasses all the activities pertaining to clients of Wealth Management business including Loans / PMS.

Others : Includes revenue earned on account of the notional capital charge and expenses incurred.

(a) Segment Revenue

The segment revenue is measured in the same way as in the statement of profit or loss. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as Unallocable. Transactions between segments are eliminated. The CODM primarily uses a measure of profit before tax to assess the performance of the operating segments.

The following table gives information on the segment revenue and results for the period ended:

Particulars	Global market		Wealth management		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Segment Revenue (Net)	112.90	111.45	685.50	405.88	283.05	273.40	1,081.45	790.73
Inter Segment Revenue	(22.19)	(47.48)	(260.86)	(225.93)	283.05	273.40	-	-
Segment Revenue from Operations	135.09	106.58	946.36	631.80	-	-	1,081.45	738.38
Segment Results (PBT)	12.08	4.87	95.05	15.27	270.44	312.49	377.57	332.63
Provision for Tax							102.09	88.27
Deferred Tax							8.45	8.13
Profit after tax							267.03	236.23
Other Information								
Segment Assets	1,804.61	2,614.70	16,231.39	16,255.81	-	-	18,036.00	18,870.51
Unallocated Assets							374.99	382.79
Total Assets							18,410.99	19,253.30
Segment Liabilities	1,307.99	1,428.17	8,026.08	8,771.86	9,067.06	9,043.41	18,401.13	19,243.44
Unallocated Liabilities							9.86	9.86
Total Liabilities							18,410.99	19,253.30
Assets purchased / capitalized during the period	-	0.03	0.16	-	-	-	0.16	0.03
Depreciation / amortization on assets	0.03	0.06	0.02	-	-	-	0.05	0.06
Significant non-cash items included in segment expenses	(23.51)	(21.03)	(1.01)	(5.07)	-	-	(24.51)	(26.11)



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

29. Notes to accounts (Continued)

29.3 Related parties

The disclosures regarding related parties as required by Indian Accounting Standard 24 "Related Party Disclosures" prescribed by the Companies (Indian Accounting Standards) Rules, 2015 are as under:

- (A) **Names of related parties by whom control is exercised**
 Deutsche Bank AG (and its branches) Ultimate Holding company
 Deutsche Asia Pacific Holding Pte Limited Holding Company
- (B) **Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual**
 None
- (C) **Key Management Personnel**
 Yogesh Rungta (Chief executive officer)
 Siddhartha Chopra
 Atin Kumar Saha
 Ramaswami Krishnakumar
 Rajeev Radhakrishnan
 Sumit Gupta (w.e.f. September 26, 2019)
- (D) **Fellow subsidiaries with whom transactions/balances have taken place during the period:**
 Deutsche Bank Trust Company, National Association
 Deutsche Bank Luxembourg S.A.
 Deutsche Securities Inc.
 Deutsche Bank (Suisse) SA
 Deutsche Equities India Private Limited
 Deutsche Bank Securities Inc.
 Deutsche Group Services Pty Limited
 DB USA Core Corporation
 DB Group Services (EURO)
 Deutsche Knowledge Services Pte. Ltd., Manila Branch
 DBOI Global Services Private Limited
 Deutsche Investor Services Private Limited
 Deutsche CIB Centre Private Limited
 DBOI Global Services (UK) Limited
 Deutsche India Holding Private Limited

(E) Transactions with related parties

Nature of Related Party Transaction	For the six months period ended September 30, 2019		For the six months period ended September 30, 2018 (Unaudited)	
	Controlling Entities	Fellow Subsidiaries	Controlling Entities	Fellow Subsidiaries
A) Revenue				
Interest income on bank deposit	17.36	-	37.43	-
B) Expenses				
Global management charges	14.03	-	9.34	-
Employee benefit expenses	33.84	8.68	20.56	2.80
System and infrastructure support	13.11	3.03	10.66	1.79
Bank charges	0.03	-	0.02	-
Interest on borrowings	27.21	-	0.50	-
Rent	3.57	3.26	0.36	5.27
Portfolio management services	9.35	-	5.47	-
Interest on bank overdraft	-	-	0.16	-
Sales and marketing	3.62	-	-	-
Custody charges	0.22	-	0.12	-
Other expenses	0.20	-	0.16	-
C) Other transactions				
Dividend paid	160.12	17.05	143.42	33.74
Bank deposit placed	603.50	-	5,455.00	-
Bank deposit matured	603.50	-	9,165.00	-
Purchase of investments	943.20	-	-	-



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

29. Notes to accounts (Continued)

29.3 Related parties (Continued)

(F) Transactions with Key Management Personnel

Nature of Related Party Transaction	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
Short-term employee benefits		
Post-employment benefits	3.20	3.25
Other long-term benefits	0.16	0.16
Termination benefits	-	-
Share-based payment	0.25	0.26
	-	-

(G) Balances with related parties

Particulars	As at September 30, 2019		As at March 31, 2019	
	Controlling Entities	Fellow Subsidiary	Controlling Entities	Fellow Subsidiary
A) Receivables				
Bank balance	69.23	-	257.15	-
B) Payables				
Payable to group companies*	59.04	6.70	50.11	7.78
Portfolio management services fees payable	6.36		2.91	-

*Payable to group companies are gross amount before Tax deducted at source (TDS) and considering effect of forex revaluation at period end.

(H) Particulars of Terms of arrangements/contracts with Related parties

The transactions with related parties are made in the ordinary course of business and the same is at arm's length. Outstanding balances at the period- end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment for receivables from group companies.

29.4 Earning per share ('EPS')

In accordance with Indian Accounting Standard (Ind AS) 33 notified under the Companies (Indian Accounting Standards) Rules, 2015, the computation of EPS is set out below:

Particulars	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
a) Shareholders earnings (profit after tax as per statement of profit and loss) (A)	267.03	236.23
b) Weighted average number of equity shares outstanding during the period (B)	52,885,000	52,885,000
c) Basic and diluted earnings per share (in rupees) (A/B)	5.05	4.47



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

29. Notes to accounts (Continued)

29.5 Income Taxes

Reconciliation of the income tax provision to the amount computed by applying statutory income tax rate to the income before income taxes is summarised as follows:

Particulars	For the six months period ended September 30, 2019	For the six months period ended September 30, 2018 (Unaudited)
Profit before income tax	377.57	332.63
Enacted tax rates in India (%)	25.17%	29.12%
Computed expected tax expenses	95.03	96.86
Corporate Social Responsibility Expenditure	0.76	1.06
Others	14.75	(1.51)
Income tax expense	110.54	96.40

Deferred tax

The primary components that gave rise to deferred tax liabilities and assets are as follows:

	As at September 30, 2019	As at March 31, 2019
Deferred tax asset	0.10	0.27
Provision for Gratuity and compensated absences	65.68	83.13
Expected credit loss	0.08	0.09
Provision for expenses	1.09	0.01
Provision for Bonus	0.12	0.17
Difference in WDV of fixed assets as per tax and accounting books	29.15	21.62
Unrealized loss on debt/other instruments (net)	96.22	105.29
Net Deferred tax assets		

Particulars	Provision for Gratuity and compensated absences	Unrealized loss on debt/other instruments (net)	Expected credit loss	Provision for expenses	Provision for Bonus	Written down value of fixed assets	Total
Balance as at April 01, 2019	0.27	21.62	83.13	0.09	0.01	0.17	105.29
(charged)/credited:							
- to Profit or Loss	(0.16)	8.14	(17.45)	(0.01)	1.08	(0.05)	(8.45)
- to Other Comprehensive Income	(0.01)	(0.61)	-	-	-	-	(0.62)
Balance as at September 30, 2019	0.10	29.15	65.68	0.08	1.09	0.12	96.22

29.6 Contingent liabilities and capital commitment

The Company has outstanding contingent liability towards Income tax demands as at September 30, 2019 amounting to Rs. 762.99 (March 31, 2019: Rs. 762.98).

The capital commitment outstanding as on September 30, 2019 is Rs Nil (March 31, 2019 is Nil)

The Company is of the view that outflows on account of the above matters are not probable accordingly no provision has been made towards these matters in the financials.



Deutsche Investments India Private Limited

Notes to financial statements (Continued)

For the six months period ended September 30, 2019

(Currency: Indian Rupees in Millions)

29. Notes to accounts (Continued)

29.7 Foreign currency exposure

Foreign currency exposure not covered by forward contracts:

		As at September 30, 2019		As at March 31, 2019	
		FCY Amount	INR Amount (in thousands)	FCY Amount	INR Amount (in thousands)
Payables	AUD	0.06	0.00	0.06	0.00
	EUR	673.16	52.05	622.40	48.34
	HKD	(8.05)	(0.07)	(8.05)	(0.07)
	SGD	11.82	1.61	9.67	0.49
	USD	10.80	0.77	10.80	0.75

29.8 Other Equity

Please refer Statement of Changes in Equity.

29.9 Previous comparatives

Previous period figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosure.

As per our report of even date attached

For Price Waterhouse Chartered Accountants LLP
Firm's Registration No. 012754/N/S/00016

Sharat Agarwal
Partner

Membership No: 118522

Place:

Date:

SUNNYVALE, USA
2020
JANUARY 3, 2020



AKTALP
Director
DIN: 06901962

Place: Mumbai
Date: January 3, 2020

For Deutsche Investments India Private Limited

Director

DIN: 08532330

ACS

A17943

Company Secretary

