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Director's Report

To The Members of

Kotak Mahindra Asset Management Company Limited

Your Directors present their Twenty Eight Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2022.

1. FINANCIAL HIGHLIGHTS

(₹ in Lakh)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Gross income	82,367	64,531
Profit before Depreciation and Tax	51,169	43,866
Depreciation and Amortization	1,158	1,090
Profit before Tax	50,011	42,776
Profit after Tax	37,958	32,327
Other Comprehensive Income	29	31
Balance of Profit from previous years	101,084	68,725
Amount available for appropriation	139,071	101,084
Appropriations		
Less: Dividend paid	5,960	-
Surplus carried forward to the Balance Sheet	133,111	101,084

2. DIVIDEND

Your Directors recommend a dividend of ₹ 25 (previous year: ₹ 20) per share, aggregating ₹ 7450 Lakh (previous year: ₹ 5960 Lakh)

Transfer to reserves:

Your Directors have not recommended transfer of profits to the General Reserves of the Company.

SHARE CAPITAL

The issued, subscribed and paid-up share capital of the Company is ₹ 29,80,00,000/- divided into 2,98,00,000 Equity Shares of ₹ 10/- each. There has been no change in the share capital during the year.

3. REVIEW OF OPERATIONS OF THE COMPANY

The Company is a wholly-owned subsidiary of Kotak Mahindra Bank Limited (KMBL) and is the Asset Manager for Kotak Mahindra Mutual Fund (KMMF) which is a trust set up under the provisions of the Indian Trusts Act, 1882.

The industry registered a growth of 20% YOY in Q4FY22 over Q4FY21 with the Quarterly Average Assets under Management (QAAUM) for Q4FY22 of ₹ 38.84 lakh crore.

The QAAUM which stood at ₹ 286,414 crore for Jan-Mar 2022 has seen growth of around 22% in Q4FY22 over Q4FY21. KMAMC is now the 5th largest Fund House in the country in terms of QAAUM as on 31st March, 2022.

KMAMC has 40 lakh unique investors basis the RTA data, with a market share of around 11%.

KMAMC ended the year with discretionary AUM under the portfolio management business of Discretionary Portfolio Management Services (DPMS) – ₹ 1,226.81 crores as on 31st March, 2022 against ₹ 1,645.06 crores as on 31st March, 2021 and that under Non-Discretionary Portfolio Management Services (NDPMS) was ₹ 352.64 crores as on 31st March, 2022, and was Nil as on 31st March, 2021 since NDPMS was launched on 9th March, 2021.

There is an increase in revenue from operations from ₹ 599.0 crores to ₹ 768 crores. The overall costs increased to ₹ 323 crores in FY22 against ₹ 218 crores in FY 21. Hence, the overall Profit Before Tax has increased to ₹ 500 crores in FY 22 compared to ₹ 428 crores in FY 21.

The Company launched its maiden AIF - Kotak India Renaissance Fund - I AIF on 16th February, 2022 and corpus on 31st March, 2022 was ₹ 204.44 crores.

New Schemes Launched in FY 2021-22

- The first NFO of FY 2021-22 was launched in June 2021 Kotak Nifty 50 Index Fund which collected ₹ 92.87 crores.
- Kotak Global Innovation Fund of Fund was launched in July 2021, which garnered a total of ₹ 1,612.862 crores.
- Kotak FMP Series 292 was launched in August 2021 which NFO collection was ₹ 365.52 crores.

- Kotak Multicap Fund was launched in September 2021, which collected ₹ 3,509.68 crores in NFO.
- Kotak Nifty Alpha 50 ETF was launched in December 2021 which collected ₹ 13 crores.
- Kotak Midcap 50 ETF was launched in January 2022 which collected ₹ 14.41 crores.
- Kotak Nifty SDL Apr 2027 Top 12 Equal Weight Index Fund was launched in February 2022 which collected ₹ 249.68 crores.
- Kotak Nifty SDL Apr 2032 Top 12 Equal Weight Index Fund was launched in February 2022 which collected ₹ 85.80 crores.
- Kotak FMP Series 292 was launched in March 2022 which NFO collection was ₹ 201.98 crores.
- Kotak Nifty 100 Low Vol 30 ETF was launched in March 2022 which collected ₹ 10.58 crores.

Digitization initiatives:

Investor Related Key Developments

- Launched new website with upgraded tech stack to handle scale.
- Upgraded UI/UX of Business Hub, our distributor application, which caters to more than 20,000 distributors.
- Enhanced usage of conversational bot - handled 2lac + queries significantly higher than in the previous financial year.

Market influences:

Equity market overview

The year FY21-22 saw the Indian equity markets outperforming the rest of the Emerging Markets (EM) and world indices. During the year, the domestic Large Cap Nifty 50 Index rose by 14.6 % while the MSCI EM and MSCI World Index rose by 13.3% and 8.6% respectively (all in USD terms). The outperformance of the Indian markets was despite net selling by Foreign Institutional Investors (FIIs) to the tune of USD 17.1 Bn. On the other hand, FY22 saw a sharp rise in retail participation in equity markets, both direct and through mutual funds. Hence, Domestic Institutional Investors (DIIs) were net buyers of Indian equities to the tune of USD 29.2 enduring the year, lending stability to the markets.

During the year, India and the world battled multiple waves and variants of COVID. However, now with a large proportion of the Indian population being vaccinated against the virus, it does appear that the memories of a strict lockdown are possibly fading away. Just as the economy was appearing to slowly mend, came geo-political instability with the Russia – Ukraine turmoil, which has shifted the policy focus firmly towards managing inflationary risks.

The consequent rise in commodity prices has put monetary policy normalization on the centre stage in India and the world over. Due to historic rise of inflation in the US on the back of prolonged covid disruptions, supply side pressures and rising input costs, the US Federal Reserve has already hiked interest rates with the firm possibility of further rise in near term along with tapering of liquidity. In India too, inflation as measured by the CPI Index rose to 6.95% in March 2022, which is above the upper limit of RBI's tolerance band at 4% (+/-2%).

On the brighter side, despite the ongoing global unrest, the domestic economy has been able to maintain its tempo of growth due to appropriate fiscal and monetary policies, backed with the implementation rigour to speed up the revival of the economy. Further, with strong forex reserves, the RBI has been able to contain currency volatility. Most of the high frequency economic activity continued to improve through the year led by a broad-based rise across mobility, power demand and labour force participation rate, etc. Domestic reopening is aiding a fast catch-up in services as well. The GST (Goods and Services Tax) collections during FY22 stood at ₹ 14.87 trillion with collections breaching ₹ 1.1 trillion per month since July 2021.

The rebound of investment cycle and capex thrust in the Union Budget is slowly visible with new projects coming up. According to the Centre for Monitoring Indian Economy (CMIE) data, the value of new projects in March 2022 amounted to ₹ 5.1 trillion compared to ₹ 2.45 trillion recorded in March 2021. However, the latest number of new projects is still lower than the pre-pandemic period but the entry of new projects has definitely started to look up. We are hopeful that the activation of 'GatiShakti' mode of monitoring projects can create the synergy for further ramp up.

The other key standout factor of FY22 has been the corporate earnings cycle and improvement in balance sheets. While corporates in India could likely face some near term margin headwinds with rise in commodity costs as an outcome of the war in Ukraine, we expect that the disruption in earnings, if any, could be temporary, with the medium term outlook remaining fairly healthy. It is noteworthy that many corporate sector entities have deleveraged their balance sheets in the last two years and strengthened them, leading to improvement in their credit rating.

While the times are challenging and as we navigate near term volatility, we continue with our disciplined approach to investing and follow our investment philosophy of Growth at a Reasonable Price (GARP). Our investment approach remains bottom up stock picking with a top down thematic overlay. We advise investors to keep investing through mutual funds in a systematic and disciplined manner for the medium to long-term, keeping in mind individual risk profile, asset allocation and return expectations.

Debt Market Overview

Two years ago, in March 2020, COVID-19, one of the worst pandemics in the century, challenged humanity. FY22 started with the pandemic being at its worst. However, with collective efforts, humanity survived one of the worst pandemics.

From economic perspective, 1HFY22 had one predominant theme – prioritizing growth. There were downside risks to the growth with 2nd wave of covid and associated lockdowns, which prompted the RBI to retain its accommodative stance for most part of FY22. There were upside risks to the inflation and though it remained elevated, it was within the tolerance limits of the RBI.

The fiscal situation was grim as revenue plummeted due to lockdowns while expenditure shot up. This led to large fiscal gap, effectively meaning higher bond supply. Given the supply, yields would inevitably inch up, potentially impacting growth. Hence, to keep the rates anchored, the RBI committed to buy ₹ 1 lakh crores and ₹ 1.2 lakh crores worth government bonds respectively in Q1 and Q2 FY22 through G-Sec Acquisition Programme (GSAP). This ensured adequate liquidity and stabilised bond markets. The RBI injected ₹ 2.37 lakh crores in 1H FY22 through open market operations (OMOs), including G-SAP.

The markets started expecting a gradual move towards ‘normalisation’ of the RBI monetary policy assuming economic recovery and elevated inflation risks. The markets were expecting a hike in reverse repo rate by the RBI as a step towards normalisation. Instead, the RBI halted its bond buying under the GSAP in October 2021 policy and continued with other liquidity management operations, including simultaneous purchase of long bonds and sale of short bonds (Operation Twist) and regular open market operations (OMOs).

Before the growth recovery could gain momentum in Q3, Omicron variant (3rd wave) again put the concerns on the economic recovery, making FY22 even a tougher year than FY21. Inflation became a concern worldwide with global supply-chain bottlenecks, higher oil prices, raw materials costs and transportation costs. India’s inflation numbers also crossed the RBI tolerance level of 6% for Jan-Mar22 ranging from 6.01% to 6.95%.

FY22 also witnessed one of the worst geopolitical events with Russia-Ukraine war which had the potential to create a world war kind of scenario. The war which seemed like ending quickly, still continues. This led to increased volatility in the markets and worsened inflation concerns. Commodity prices shot up further with crude oil crossing \$100/barrel.

This made the job of Central Bankers worldwide very tough as they had to address both growth and inflation concerns. Globally, markets witnessed monetary tightening with the Fed turning hawkish (increasing Fed funds rate by 0.25% in Mar 22) and indicating multiple rate hikes in 2022. BOE also raised rates three times to 0.75% in FY22.

Given the global backdrop and domestic inflation woes, the RBI tried to manage well the multiple conflicting objectives. Despite adversities, India’s foreign exchange reserves hit record high of \$642.45 billion in September 2021. The sovereign yield curve steepened with the benchmark 10-year GOI bond starting the year at 6.12% levels and traded ~ 72 bps higher at 6.84% by the end of the year. Volatility remained throughout the year as the 10-year Gilt yields traded in the range of 5.97% and 6.90%. Liquidity remained in surplus mode throughout the year, in the range of ₹ 4-10 lakh crores, though the RBI started draining out excess liquidity through multiple VRRR (Variable rate reverse repo) window auctions in later part of the FY22. The year ended with heightened geopolitical tensions which seem to be reflecting in higher commodity prices and continued market volatility.

Scheme Performance:

The snapshot of the performance for FY-2021-22 of the key schemes is as under:

EQUITY

Equity Scheme Name	Scheme Performance (%)	Tier 1 Benchmark Name	Tier 1 Benchmark	Tier 1 Alpha	Tier 2 Benchmark Name	Tier 2 Benchmark	Tier 2 Alpha
Kotak Smallcap Fund - Growth	36.44%	NIFTY Smallcap 250 TRI	37.02%	-0.58%	NIFTY Smallcap 100 TRI	29.83%	6.61%
Kotak Infrastructure and Economic Reform Fund - Growth	28.48%	Nifty Infrastructure TRI	24.69%	3.79%	India Infrastructure Index (Customised Index by IISL)	21.20%	7.28%
Kotak India Growth Fund - Series IV	26.38%	Nifty 200 TRI	21.37%	5.01%	-	-	-
Kotak Emerging Equity Fund - Growth	24.43%	NIFTY Midcap 150 TRI	25.05%	-0.62%	Nifty Midcap 100 TRI	26.65%	-2.23%
Kotak Tax Saver Fund - Growth	22.40%	Nifty 500 TRI	22.29%	0.11%	-	-	-
Kotak Nifty Next 50 Index Fund - Growth	20.33%	Nifty Next 50 TRI	21.58%	-1.26%	-	-	-
Kotak Equity Opportunities Fund - Growth	20.06%	NIFTY Large Midcap 250 TRI	22.90%	-2.85%	Nifty 200 TRI	21.37%	-1.31%
Kotak Focused Equity Fund	20.01%	Nifty 500 TRI	22.29%	-2.28%	Nifty 200 TRI	21.37%	-1.36%
Kotak India EQ Contra Fund - Growth	18.56%	Nifty 500 TRI	22.29%	-3.73%	Nifty 100 TRI	20.63%	-2.07%
Kotak Pioneer Fund - Growth	18.14%	85% IISL Kotak India Pioneering Innovations + 15% MSCI ACWI Information Technology Index TRI	23.05%	-4.91%	-	-	-
Kotak Equity Hybrid Fund - Growth	17.50%	NIFTY 50 Hybrid Composite Debt 65:35 Index	14.93%	2.57%	-	-	-

Equity Scheme Name	Scheme Performance (%)	Tier 1 Benchmark Name	Tier 1 Benchmark	Tier 1 Alpha	Tier 2 Benchmark Name	Tier 2 Benchmark	Tier 2 Alpha
Kotak Bluechip Fund - Growth	17.33%	Nifty 100 TRI	20.63%	-3.29%	Nifty 50 TRI	20.26%	-2.93%
Kotak ESG Opportunities Fund - Growth	16.40%	Nifty 100 ESG Index TRI	21.10%	-4.69%	-	-	-
Kotak Flexi Cap Fund - Growth	15.59%	Nifty 500 TRI	22.29%	-6.70%	Nifty 200 TRI	21.37%	-5.78%
Kotak Equity Savings Fund - Growth	10.87%	NIFTY Equity Savings	9.95%	0.92%	75% NIFTY 50 ARBITRAGE + 25% Nifty 50 TRI	7.96%	2.91%
Kotak Balanced Advantage Fund - Growth	9.33%	NIFTY 50 Hybrid Composite Debt 50:50 Index	12.66%	-3.32%	-	-	-
Kotak Equity Arbitrage Fund - Growth	3.98%	Nifty 50 Arbitrage Index	3.82%	0.16%	-	-	-

DEBT

Debt Scheme Name	Scheme Performance (%)	Benchmark Name	Benchmark Returns (%)	Alpha (%)
Kotak Debt Hybrid Fund - Growth	11.44%	CRISIL Hybrid 85+15 - Conservative Index	6.94%	4.50%
Kotak Medium Term Fund - Growth	6.04%	NIFTY Medium Duration Debt Index	5.68%	0.35%
Kotak Credit Risk Fund - Growth	5.89%	NIFTY Credit Risk Bond Index	8.16%	-2.27%
Kotak Floating Rate Fund - Growth	5.65%	NIFTY Short Duration Debt Index	4.92%	0.73%
Kotak Banking and PSU Debt Fund - Growth	4.93%	CRISIL Banking and PSU Debt Index	5.14%	-0.22%
Kotak Dynamic Bond Fund - Growth	4.67%	NIFTY Composite Debt Index	5.12%	-0.45%
Kotak Corporate Bond Fund - Growth	4.59%	CRISIL Corporate Bond Composite Index	5.47%	-0.88%
Kotak Bond Fund - Growth	4.28%	NIFTY Medium to Long Duration Debt Index	5.23%	-0.95%
Kotak Bond Short Term Fund - Growth	4.24%	NIFTY Short Duration Debt Index	4.92%	-0.68%
Kotak Gilt Fund - Growth	3.92%	NIFTY All Duration G-Sec Index	4.03%	-0.11%
Kotak Money Market Fund - Growth	3.85%	NIFTY Money Market Index	3.76%	0.09%
Kotak Low Duration Fund - Growth	3.82%	NIFTY Low Duration Debt Index	4.14%	-0.32%
Kotak Savings Fund - Growth	3.44%	NIFTY Ultra Short Duration Debt Index	4.05%	-0.61%
Kotak Liquid Fund - Growth	3.34%	NIFTY Liquid Index	3.61%	-0.27%
Kotak Overnight Fund - Growth	3.16%	NIFTY 1D Rate Index	3.36%	-0.19%

FOF

FOF Scheme Name	Scheme Performance (%)	Benchmark Name	Benchmark Returns (%)	Alpha (%)
Kotak Multi Asset Allocator Fund of Fund - Dynamic - Growth	18.56%	90% Nifty 50 Hybrid Composite Debt 50:50 Index + 5% price of Physical Gold + 5% MSCI World Index	13.11%	5.45%
Kotak NASDAQ 100 Fund of Fund - Growth	17.45%	NASDAQ 100 TRI	18.43%	-0.98%
Kotak Gold Fund - Growth	14.42%	Price of Gold	18.11%	-3.69%
Kotak International REIT FOF - Growth	6.97%	S&P Asia Pacific ex Japan REIT TRI	14.55%	-7.57%
Kotak Global Emerging Market Fund - Growth	-9.00%	MSCI Emerging Market index	-7.73%	-1.27%

ETF

ETF Scheme Name	Scheme Performance (%)	Benchmark Name	Benchmark Returns (%)	Alpha (%)
Kotak IT ETF	42.48%	Nifty IT TRI	42.96%	-0.48%
Kotak PSU Bank ETF	25.89%	Nifty PSU Bank TRI	26.71%	-0.81%
Kotak NV20 ETF	25.07%	Nifty 50 Value 20 TRI	25.35%	-0.28%
Kotak Nifty ETF	20.10%	Nifty 50 TRI	20.26%	-0.16%
Kotak Sensex ETF	19.15%	S&P BSE SENSEX TRI	19.50%	-0.34%
Kotak Gold ETF	17.04%	Price of Gold	18.11%	-1.08%
Kotak Banking ETF	9.34%	Nifty Bank TRI	9.61%	-0.27%

SCHEME LESS THAN 1 YEAR

Scheme Name	Scheme Performance (%)	Benchmark Name	Benchmark Returns (%)	Alpha (%)	Inception Date
Kotak NIFTY 50 Index Fund - Growth	14.29%	Nifty 50 TRI	15.13%	-0.84%	21/06/2021
Kotak Global Innovation Fund of Fund - Growth	-26.96%	MSCI All Country World Index TRI	2.93%	-29.89%	29/07/2021
Kotak Multicap Fund - Growth	-8.14%	Nifty 500 Multicap 50:25:25 TRI	-0.51%	-7.63%	29/09/2021

Awards:

During FY 2021-22, the Company has won Refinitive Lipper Fund Awards 2021 – Indian Group – Mixed Asset

Impact of Covid-19 on operations

The Covid-19 pandemic has had an extraordinary impact on macro-economic conditions in India and around the world during the previous financial year. Although government had started vaccination drive in January 2021, cases have significantly increased due to outbreak of a new variant as compared to earlier levels in India. Various state governments had again announced localized/regional restrictions to contain this spread. Due to our technology and digitally enabled business model, the Company has not faced any difficulty in running the business with minimal staff in the office during this period. Looking at the various factors prevailing at this point in time, the Company does not expect any material uncertainty which can affect its liquidity or financial position and its ability to continue as a going concern. However, the Company will keep a close watch on the pandemic and monitor the situation for any change in economic and business conditions.

Investor Awareness Program:

KMAMC has been conducting Investor Awareness Programs across India in an effort to educate and make prospective investors aware about Mutual Funds. During the year ended 31st March, 2022, Investor Awareness Programs were conducted at 113 venues virtually, which approximately 5,045 participants attended. During these webinars, the attendees were educated about mutual funds and how they can benefit from them in their life. The Company had conducted such programs in adopted cities as Bhagalpur, Solapur, Kullu, Agra, Rohtak, Panipat, Gwalior, Kangra, Mandi and Gorakhpur.

Further, to increase awareness about investing in mutual funds, Kotak Mahindra Mutual Fund launched Season 2 of the "Investmentor" campaign in association with MoneyControl.com and Network 18 television channel to educate the audience about financial planning and the different aspects of investing in mutual funds, their types and categories.

Additionally, Kotak Mutual Fund launched a TV lead campaign, #GoAutomatic with Balanced Advantage Funds, which was an initiative to highlight and educate those waiting for the right moment to invest their hard-earned money without worrying about the ups & downs of the market. The campaign was led by a TVC film which was aired in more than ten languages across India with a digital campaign across OTT platforms, Social Media pages, Google Display Network, etc. to reach out to the younger audiences.

4. SUBSIDIARY

Kotak Mahindra Pension Fund Limited (KMPFL), a subsidiary of Kotak Mahindra Asset Management Co. Ltd. (KMAMC) was appointed as a Pension Fund Manager (PFM) by the Pension Fund Regulatory and Development Authority (PFRDA), on 30th April, 2009.

PFRDA has, vide their letter dated 19th April, 2021 on an application made by Kotak Mahindra Bank Ltd. (KMBL), approved the transfer of 46.7% of equity shareholding of the company held by KMAMC. Pursuant to the acquisition of shares on 17th May, 2021:

- KMBL has become a co-sponsor of Kotak Pension Fund along with KMAMC.
- The equity shareholding of KMBL and KMAMC in Kotak Pension Fund is 51% and 49% respectively. Thus, Kotak Pension Fund has become a direct subsidiary of KMBL.

Further, in response to Request for Proposal (RFP) dated 23rd December, 2020 issued by Pension Fund Regulatory and Development Authority (PFRDA), a proposal was submitted by KMBL and KMAMC as co-sponsors on January 20, 2021 for managing NPS Corpus through existing Pension Fund Company –KMPFL. PFRDA has approved the sponsors vide letter of appointment dated 19th May, 2021 and issued a Certificate of registration no. PFRDA/PF/2021/006 dated 1st June, 2021 which shall remain valid unless suspended or cancelled by the Authority.

Under the terms of the RFP, the revised Investment Management Fees as applicable w.e.f. 1st June, 2021 are as follows:

Slabs of AUM	Investment Management Fees
Upto 10,000 Cr	0.09%
10,001-50,000 Cr	0.06%
50,001- 150,000 Cr	0.05%
Above 1,50,000 Cr	0.03%

The Company manages nine schemes under the National Pension System. The Company had total assets under management (AUM) of ₹ 2,230 crores as at the end of the financial year, a growth of 42% over the previous year (₹ 1,572 crores). The Company was the best performing Government debt fund (NPS Tier 1) for the financial year 2021-22, and among the top two best performing Equity funds (NPS Tier 1) for the financial year. Besides, it was the top performing equity fund (NPS Tier 1) over 10-year period, and among the top two the best performing equity funds (NPS Tier 1) over 3 and 7-year periods as on 31st March, 2022.

The overall pension fund industry AUM (including the private and public sector) has grown by over 27% year-on-year to ₹ 7,36,593 crores. as on 31st March, 2022. Growth of NPS in the country continues to be strong, aided by favourable demographics, increased awareness, product improvements, and licensing of new market participants i.e. points of presence (distributors) and pension fund management companies.

At the current stage of pension fund business, considering the low rates of management fees, loss before tax, including revenue generated from the investment management activity for 31st March, 2022 is ₹ 211.18 lakh (Previous year – loss ₹ 116.19 lakh).

5 KEY SEBI CIRCULARS

- 28th April, 2021 on Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the Unit holders of the Mutual Fund Schemes.
- 29th April, 2021 on Disclosure of risk-o-meter of scheme and benchmark and relevant portfolio by mutual funds.
- 07th June, 2021 on Potential Risk Class Matrix for debt schemes based on Interest Rate Risk and Credit Risk
- 25th June, 2021 on Prudential norms for liquidity risk management for open ended debt schemes.
- 02nd September, 2021 on Alignment of interest of Asset Management Companies ('AMCs') with the Unitholders of the Mutual Fund Schemes
- 29th September, 2021 on Swing pricing framework for mutual fund schemes
- 27th October, 2021 on Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes
- 10th December, 2021 on Circular on Mutual Funds
 1. Usage of Pool accounts by Mutual Funds
 2. Norms for investment in Bills Re Discounting scheme (BRDS)
 3. Risk Management Framework for Mutual Funds
 4. Guiding principles for bringing uniformity in Benchmarks of Mutual Fund Schemes
- 03rd February, 2022 on Fast track processing of domestic ETF/Index Funds and for Fund of Funds having one underlying domestic ETF
- 04th February, 2022 on Guidelines on Accounting with respect to Indian Accounting Standards (IND AS)
- 15th March, 2022 on Discontinuation of usage of pool accounts for transactions in the units of Mutual Funds
- 30th March, 2022 on Timelines for Rebalancing of Portfolios of Mutual Fund Schemes
- 31st March, 2022 on Discontinuation of usage of pool accounts for transactions in the units of Mutual Funds, Two Factor Authentication ('2FA') for redemption and other related requirements: Extension of timeline

6. UPDATES ON KEY EVENTS:

Kotak Mahindra Asset Management Company Limited (AMC) has been served a Show Cause Notice (SCN) by SEBI, vide its letter No. SEBI/HO/IMD/DF2/OW/P/2019/11854/1 dated 10th May, 2019, and Supplementary Show Cause Notice vide SEBI's letter No. SEBI/HO/IMD/DF2/OW/P/2019/014772/1 dated 12th June, 2019, issued under Section 11(1), 11B and 11B (2) of the Securities and Exchange Board of India Act, 1992 read with provisions of the SEBI (Mutual Fund) Regulations, 1996, in the matter of Kotak Mahindra Asset Management Co. Ltd. The alleged charge is that on maturity date of Kotak FMP Series 127 and 183, close ended debt schemes, investors were not paid full proceeds on the declared NAV due to pending recovery of dues from Essel Group of companies. The AMC vide its letter dated 29th August, 2019, had filed its reply to the aforesaid show cause notice and supplementary show cause notice.

Kotak Mahindra Asset Management Company Limited (AMC) has been served a Show Cause Notice (SCN) by SEBI, vide its letter No. SEBI/HO/IMD/DF2/OW/P/2020/13217/1 dated 13th August, 2020, issued under Section 11(1), 11B and 11B(2) of the Securities and Exchange Board of India Act, 1992 read rule 4 (1) of the SEBI (Procedure for holding Inquiry and imposing Penalties) Rules, 1995 for inquiry and imposing penalty under sections 15D (b) and 15 HB of the Act, read with the provisions of the SEBI (Mutual Fund) Regulations, 1996, in the matter of Kotak Mahindra Asset Management Co. Ltd. Reply to the Show Cause notice dated 13th August, 2020 was filed with SEBI on 17th December, 2020.

Further, in reference to the aforesaid Show Cause Notice (SCNs) dated 10th May, 2019, 12th June, 2019 and 13th August, 2020 served to Kotak Mahindra Asset Management Company Limited, SEBI vide its order no. WTM/SM/IMD/IMD-I DOF2/13158/2021-22 dated 27th August, 2021 has issued the following directions and imposed penalty on Kotak Mahindra Asset Management Company Limited (KMAMC):

- a. KMAMC shall refund a part of the investment management and advisory fees collected from the unitholders of the aforesaid six FMP schemes, equivalent to the percentage of exposure to the ZCNCDs of the Issuers in the respective schemes as on the date of maturity of the six FMP schemes, along with a simple interest at the rate of 15% per annum from the date of maturity of such schemes till the date of actual payment to the respective unitholders of the said Schemes.
- b. SEBI has imposed a monetary penalty of ₹ 50,00,000 on KMAMC under the provisions of Sections 15D(b) and 15 HB for the violations of the provisions of the SEBI Act, 1992, MF Regulations, 1996 as well as various circulars.
- c. KMAMC has been also restrained from launching any new FMP scheme for a period of six months from the date of the SEBI order.

The Company had filed an appeal before the Securities Appellate Tribunal against the SEBI order dated 27th August, 2021. The SAT hearing was held on 21st October, 2021 and has granted the following interim relief on the SEBI order dated 27th August, 2021 passed on Kotak AMC.

1. Stay on direction issued to refund a part of the investment management and advisory fees collected by the appellant from the unit holders. Undertaking to be submitted to SEBI that in case of an adverse order at SAT, the refund of above mentioned fees shall be made by Kotak AMC within 2 months from the date of the SAT order.
2. Deposit ₹ 20 lakhs with SEBI in an interest bearing account till outcome of the final SAT order.
3. The Company informed SAT that it will adhere to the SEBI order restraining from launching any new FMP scheme for a period of six months from the date of the SEBI order.
4. Undertaking was submitted by Kotak AMC to SEBI on 17th November, 2021 and Deposit of ₹ 20 lakhs was made with SEBI on 16th November, 2021.

The SAT hearing for SEBI order dated 27th August, 2021 is scheduled on 8th July, 2022.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors retiring by rotation

Mr. Gaurang Shah (DIN 00016660) would retire by rotation at the Twenty Eight Annual General Meeting (AGM) and, being eligible, has offered himself for re-appointment.

The Board of Directors recommend re-appointment of Mr. Gaurang Shah (DIN 00016660), as Director at the ensuing AGM.

Directors appointed during the year

No new Director was appointed during the year.

Board Evaluation

A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out for the year 2021-22. The evaluation was done using individual questionnaires, covering various aspect of performance, including composition, relationship among Directors, director competency, contribution to risk management compliance roles and responsibilities, board procedures, processes, functioning and effectiveness.

As part of the evaluation process, the performance of non-independent Directors, the Chairman and the Board was done by the independent Directors. The performance evaluation of the respective Committees and that of independent and non-independent Directors was done by the Board, excluding the Director being evaluated. Based on the Board evaluation summary, the Directors were satisfied with the results of the performance evaluation of the Board and its Committees, the Chairman and the individual Directors.

An external agency was appointed for evaluating the functioning of the Board, Board Committees and Directors and detailed evaluation report was presented by them.

Key Managerial Personnel (KMPs)

In terms of the provisions of Section 203 of the Companies Act, 2013, read with Rule 8 of the Companies (Appointment of Remuneration of Managerial Personnel) Rules, 2014, Mr. Nilesh Shah – Managing Director, Mr. Krishnan Ramachandran – Chief Financial Officer (CFO) and Ms. Jolly Bhatt – Company Secretary, are the Key Managerial Personnel of the Company.

Appointment and Remuneration Policy for Directors and Key Managerial Personnel

The Nomination and Remuneration Committee of the Board of Directors has formulated criteria for appointment of Key Managerial Personnel and Senior Management personnel and all other employees. Based on the criteria set, it recommends to the Board the appointment of Key Managerial Personnel and Senior Management personnel. The Committee considers the qualifications, positive attributes as per the suitability of the role and independent status as may be required of the nominee before such appointment.

The Board has adopted a Remuneration Policy for Managerial Personnel and Senior Management personnel and all other employees. The policy is in line with the Compensation Policy of Kotak Mahindra Bank Ltd., the holding company, which is based on the Guidelines issued by the Reserve Bank of India. The salient features of the Remuneration Policy are as follows:

- Objective is to maintain fair, consistent and equitable compensation practices in alignment with Kotak's core values and strategic business goals.
- Applicable to all employees of the Company. Employees classified into 3 groups:
 - Key Managerial Personnel
 - Senior Management i.e. (personnel of the Company who are members of its core management team, excluding the Board of Directors, comprising all members of management one level below the executive directors, including the functional heads)
 - All other employees
- Compensation structure is broadly divided into Fixed, Variable and ESOPs
 - Fixed Pay – Total cost to the Company i.e. Salary, Retrials and Other Benefits
 - Variable Pay – Linked to assessment of performance and potential based on Balanced Key Result Areas (KRAs), Standards of Performance and achievement of targets with overall linkage to Bank budgets and business objectives. The main form of incentive compensation includes – Cash, Deferred Cash/Incentive Plan and Stock Appreciation Rights.
 - Stock Appreciation Rights (SARs) : These are structured, variable incentives, linked to Kotak Mahindra Bank Stock price, payable over a period of time.

- ESOPs– Employee Stock Options (ESOP) of Kotak Mahindra Bank Ltd. granted on a discretionary basis to employees based on their performance and potential with the objective of retaining the employee.
- Compensation Composition–The ratio of Variable Pay to Fixed Pay and the ratio of Cash v/s Non-Cash within Variable pay outlined for each category of employee classification.
- Any variation in the Policy to be with approval of the Nomination & Remuneration Committee.
- Claw back clauses applicable on Deferred Variable Pay.
- The criteria for payment of commission to Independent Directors have been included in the Remuneration Policy.

Approval of the shareholders for payment of profit-based commission to Independent Directors and Non-Executive Director (i.e. directors who are not in employment of Kotak Bank or its subsidiaries and associates) of the Company for FY 2021-22 is being sought at the ensuing Annual General Meeting of the Company.

Remuneration to KMPs is as per the terms of their employment.

8. NUMBER OF BOARD MEETINGS

Board Meetings

During the year ended 31st March, 2022, 7 meetings of the Board of Directors were held. Details are as follows:

S No.	Date of Meeting
1.	29 th April, 2021
2.	24 th June, 2021
3.	16 th July, 2021
4.	23 rd September, 2021
5.	18 th October, 2021
6.	18 th January, 2022
7.	23 rd March, 2022

Declaration from Independent Directors

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

Independent Directors have registered themselves on Independent Director's Databank and have complied with sub rule 1 and sub rule 2 of rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time.

9. COMMITTEES

(A) AUDIT COMMITTEE

In terms of the requirement of Section 177 of Companies Act, 2013, the Audit Committee presently consists of Mr. Nalin M. Shah – Chairman, Mr. Sanjiv Malhotra and Mr. C. Jayaram with any two members forming the quorum.

During the year ended 31st March, 2022, 6 meetings of the Committee were held. There was no case where recommendation of the Audit Committee was not accepted by the Board of Directors.

Details of meetings are as follows:

S No.	Date of Meeting
1.	29 th April, 2021
2.	24 th June, 2021
3.	16 th July, 2021
4.	18 th October, 2021
5.	18 th January, 2022
6.	23 rd March, 2022

(B) NOMINATION AND REMUNERATION COMMITTEE

In terms of the requirement of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee presently consists of Ms. Anjali Bansal - Chairperson, Mr. Sanjiv Malhotra, Mr. C. Jayaram and Mr. Gaurang Shah, with any two members forming the quorum.

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

(C) CSR COMMITTEE

In terms of the requirement of Section 135 of the Companies Act, 2013, the CSR Committee presently consists of Mr. Sanjiv Malhotra - Chairman, Mr. Krishnakumar Natarajan, Ms. Anjali Bansal, Mr. C. Jayaram, and Mr. Gaurang Shah, with any two members forming the quorum.

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

S no.	Date of Meeting
1.	27 th December, 2021

(D) INFORMATION TECHNOLOGY STRATEGY COMMITTEE

The Company has constituted Board level "Information Technology Strategy Committee in accordance with *SEBI Circular SEBI/HO/IMD/DF2/CIR/P/2019/57 dated 11th April, 2019, the Technology Committee* presently consists of, Mr. Krishnakumar Natarajan (Chairman), Ms. Anjali Bansal and Mr. Nilesh Shah with any two members forming the quorum..

During the year ended 31st March, 2022, 2 meetings of the Committee were held.

S no.	Date of Meetings
1.	13 th October, 2021
2.	18 th March, 2022

(E) RISK MANAGEMENT COMMITTEE

The Company has constituted Board level "Risk Management Committee, presently consists of Mr. Sanjiv Malhotra (Chairman), Mr. Nalin M. Shah, Mr. Gaurang Shah and Mr. Nilesh Shah with any two members forming the quorum.

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

S no.	Date of Meetings
1.	25 th June, 2021
2.	4 th October, 2021
3.	27 th December, 2021
4.	22 nd March, 2022

10. AUDITORS

Statutory Auditors

In terms of Section 139 of the Companies Act, 2013, M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016), were appointed as the Statutory Auditors of your Company for a period of five years from the conclusion of the Annual General Meeting of FY 2019-20 until the conclusion of the Annual General Meeting of FY 2024-25 of the Company. Pursuant to Section 40 of the Companies (Amendment) Act, 2017 (i.e. Section 139 of the Companies Act, 2013) which was notified with effect from 7th May, 2018, ratification of the appointment of the Statutory Auditors by the members at every Annual General Meeting is no longer required. Accordingly, ratification resolution is not being taken up at the ensuing Annual General Meeting.

The Statutory Auditors' report does not contain any qualifications, reservations or adverse remarks.

Further, no frauds have been reported by the Auditors under Section 143(12) of the Companies Act, 2013.

Secretarial Auditors

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

The Secretarial Auditors' report does not contain any qualifications, reservations or adverse remark.

11. INTERNAL FINANCIAL CONTROLS

The Board of Directors confirm that there are internal financial controls with reference to Financial Statements in place and that such controls are operating effectively. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

12. RELATED PARTY TRANSACTIONS

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

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

All Related Party Transactions as required under Accounting Standard 18 are reported in Notes to the Financial Statements.

13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the Company has not given any loan, guarantee or made investment which attract the provisions of Section 186 of the Companies Act, 2013.

14. WHISTLE BLOWER POLICY

The Company has also put in place a Whistle Blower Policy to raise concerns internally and to disclose information which the individual believes shows malpractice, serious irregularities, fraud, unethical business conduct, abuse or wrong doing or violation of any law. The said policy is applicable to Employees, Directors and any other person. During the year, no person was denied access to the Audit Committee. The policy is also placed on our website.

15. CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time Kotak Mahindra Asset Management Company Limited ("Company"), has constituted a Board Corporate Social Responsibility Committee (CSR Committee) which consists of the following Directors:

Mr. Sanjiv Malhotra (Chairman of the CSR Committee)

Mr. Krishnakumar Natarajan

Mr. Chengalath Jayaram

Mr. Gaurang Shah

Ms. Anjali Bansal

Your Company's CSR Committee is responsible to identify, execute and monitor CSR projects, to assist the Board in fulfilling its CSR objectives, to ensure compliance of CSR regulations and to oversee reporting and disclosure of CSR activity. Further, your Company's CSR Committee makes recommendations to the Board to review and approve the CSR Policy, Annual Action Plan, CSR Projects including its budget, design, scope, expenditure payments and related matters

Your Company's CSR policy sets out your Company's vision, mission, governance and CSR focus areas to fulfill its inclusive agenda across many geographies of India. The CSR Policy also highlights your Company's intent to contribute towards the economic, environmental and social growth of the nation and also reflects the Company's commitment to contribute towards United Nation's ("UN") Sustainable Development Goals ("SDGs"). Your Company has enhanced its CSR footprint in FY2021-22, in accordance with the guidelines led out in the CSR Policy, by focusing on sustainable, scalable and perceptible CSR Projects, spreading in focused geographies and aligning to SDGs and the national narrative.

The Company's CSR policy is available on the Company's website viz. URL: https://www.kotakmf.com/Information/corporate-disclosure/KMAMC_CSR_Policy/KMAMC_CSR_Policy_24.04.2020.pdf

Your Company's CSR, Projects and CSR Project Expenditure are compliant with the CSR mandate as specified under Section 134, Section 135 read with schedule VII of the Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time

The average net profit under Section 198 of the Act for the last three financial years preceding 31st March, 2022 is ₹ 394.31 crores. 2% of Average net profits of the Company under section 135 of the Act for FY 2021-22 is ₹ 7,88,61,924/- The actual CSR Expenditure for the period 1st April, 2021 to 31st March, 2022 as required under Section 135 of the Act, and the Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time to time is ₹ 7,89,00,000/-. Of this amount, the Company's spend on CSR Project Expenditure is ₹ 2,49,17,733/- for FY 2021-22, and the balance ₹ 5,39,82,267/- is on account of the unutilised CSR Project Expenditure of Ongoing CSR Projects of FY 2021-22, which has been transferred to the Kotak Mahindra Asset Management Company Limited Unspent CSR Account FY 2021-22 in April 2022. Your Company is committed to utilise the unutilised CSR Project Expenditure of Ongoing CSR Projects Expenditure FY 2021-22 of ₹ 5,39,82,267/- within the stipulated three years i.e. from 1st April, 2022 to 31st March, 2025, which is towards completion of the Board approved Ongoing CSR Projects which have been initiated in FY 2021-22 and continue to be under implementation as on 31st March, 2022.

The excess CSR spend of ₹ 38,076/- for FY 2021-22 is being carried forward to succeeding financial year(s) and would be available for set-off in those financial year(s). The details are more particularly described in section on Annual Report on CSR activities for FY 2021-22.

Some of the CSR projects that your Company has undertaken, in FY 2021-22, through its implementing partner organisations include interventions in 'Healthcare' by deployment of ambulances and conducting vision restoration camps for tribal population; 'Livelihood Enhancement' for disadvantaged communities; 'Education' by providing financial assistance to students who have lost a parent/ parents and/or a primary earning family member to COVID-19, for the purposes of completing their education and 'Environmental and Sustainable Development' by implementation of waste management system in rural areas.

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

Risk Management

SEBI circular MFID/CIR/15/19133/2002 dated 30th September, 2002 governs Mutual Funds on Risk Management. The said circular details guidelines in the areas of Fund Management, Operations, Customer Service, Marketing and Distribution and other business risks. These practices are being audited by the Internal Auditors and their audit report on risk management is presented to the Boards of the Company and Kotak Mahindra Trustee Company Limited, every six months. Over and above this, SEBI has mandated a system audit and cyber security audit for mutual funds to be conducted every year, by an independent auditor. The same has been implemented by the Company.

Risk Management function is operational at two levels. The first level is an integral part of the concerned functions like Fund Management, Information Technology, Operations and Treasury; while the internal operational and regulatory functions like the investment positions are managed at the floor level.

The Investment / Credit and Liquidity risks related to schemes are managed by the Investment Committee which is appointed by the Board, System and cyber related risks are managed by Board appointed Information Technology Strategy Committee whereas, the Risk Management Committee oversees the operational risk function.

The Company has robust risk management policy and practices in all the above related areas of functioning to check the adequacy of the risk management systems.

The Company has in place, Cyber Security and Cyber Resilience framework in accordance with SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/12 dated 10th January, 2019.

During the financial year, SEBI has issued a revised circular on Risk Management Framework for Mutual Fund effective 1st April 22 by rescinding the 30th September, 2002 circular. In accordance with the said circular, the Company has revised its risk management policy, defined the roles and responsibilities of CEO, CRO, CIO, FM and CXOs for the risks applicable to them, defined the delegation of power, defined the Key Result Area for CEO and one level below CEO, defined the risk metric at Scheme Level, defined the Risk Appetite at Scheme and AMC Level, etc.

Liquidity Management

The RBI in its Circular No. DBOD.BP.NO.56/21.04.098/2012-13 dated 7th November, 2012 had stipulated that Banks need to put in place a framework for monitoring institution-wide liquidity risk and for overseeing operating subsidiaries and foreign branches. Further, the RBI, in its Annual Financial Inspection Report has directed the Bank to implement a Group wide Liquidity Risk management framework.

Based on the above, Kotak Mahindra Bank Ltd. and its group companies have adopted a Liquidity Risk Management Policy. The Board of Directors has adopted Liquidity Risk Management Policy which is line with the Kotak Bank Policy.

The Company invests its surplus funds in predominantly Liquid / Overnight/money market/arbitrage schemes of the Kotak Mahindra Mutual Fund, which have minimal duration risk and are liquid. The Company also invests in certain schemes launched, other than the statutory stipulated amounts, basis specific approval of the Board. The Company's surplus funds were invested by the authorized personnel of the Company as per the mandate of the Board of Directors. The Company also has Manual of Policies and Procedures for expenditure management (including capital and revenue). All expenses during the year were in accordance with the policy. Additionally, the Company has invested in the growth option of all its open ended schemes in accordance with the guidelines as specified under SEBI (Mutual Fund) Regulations, 1996.

16. EMPLOYEES

The employee strength of your Company was 550 as on 31st March, 2022.

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

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

In accordance with the provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are set out in the Annexure to the Directors' Report. In terms of the proviso to Section 136(1) of the Companies Act, 2013, the Directors' Report is being sent excluding the aforesaid annexure. The Annexure is available for inspection at the Registered Office of the Company during the business hours on working days.

17. DEPOSITS

The Company neither invited nor accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year. Also, there are no deposits due and outstanding as on 31st March, 2022.

18. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since, the Company does not undertake any manufacturing facility, the provisions pertaining to Section 134(3) (m) of the Companies Act, 2013 regarding conservation of energy and technological absorption are not applicable to the Company.

During the year ended 31st March, 2022 the Company's foreign exchange income was ₹ 7.4 crores (Previous year ₹ 6.08 crores), while the outgo was ₹ 0.63 crore (Previous year ₹ 0.36 crore).

19. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

As per 134(3) (l) of the Companies Act, 2013, there have been no material change and commitment affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report:

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNAL

There have been no orders passed by the Regulators / Courts/Tribunal, which would impact the going concern status of your Company and its future operations, during the financial year.

21. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. The Company has, in the preparation of the annual financial statements for the financial year ended 31st March, 2021, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2022 and of the Profit of the Company for the year ended 31st March, 2022;

- iii. The Directors had taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual financial statements on a going concern basis; and
- v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

22. SECRETARIAL STANDARDS

The Company complies with the applicable Secretarial Standards issued by the 'Institute of Company Secretaries of India'.

23. CHANGE IN THE NATURE OF BUSINESS

The Company has not undergone any changes in the nature of the business during the Financial Year. During the year, the Company commenced with providing investment management activity for Kotak India Renaissance Fund - I AIF.

24. ANNUAL RETURN

The copy of the Annual Return (MGT-7) is available on the Company's website viz. URL: <https://kotakmf.com/Information/forms-and-downloads>.

ANNEXURES

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

- (a) Report on CSR activities pursuant to the provisions of Section 135(4)(a) of the Companies Act, 2013, read with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (Annexure – A).
- (b) Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013 (Annexure B)

ACKNOWLEDGEMENT

The Board would like to place on record its gratitude for the valuable guidance received from the Government of India, the Securities and Exchange Board of India, the Reserve Bank of India, the Association of Mutual Funds of India and other Government and Regulatory agencies, investors in the mutual fund schemes and to the shareholders for their continued support extended to the Company. The Board expresses its sincere appreciation to all the employees for the commendable teamwork, outstanding performance, enthusiastic contribution and dedication of the Company's employees at all levels.

The Directors also express their gratitude for the unstinted support and guidance received from Kotak Bank and other group companies.

For and on behalf of the Board of Directors

Nilesh Shah
Managing Director
(DIN 01711720)

Gaurang Shah
Director
(DIN 00016660)

Mumbai

Dated: 25th May, 2022

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022**

(Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not applicable to the Company during the audit period)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (Not applicable to the Company during the audit period)
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
- (iv) Other Regulations applicable specifically to the Company namely:-
 - a) The Securities and Exchange Board of India (Mutual funds) Regulations, 1996 as amended;
 - b) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;
 - c) The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above. The Company has spent an amount of ₹ 249.18 lacs towards Corporate Social Responsibility as against an amount of ₹ 789 lacs to be spent during the year. There is an unspent amount of ₹ 539.82 lacs during the year which has been transferred to unspent CSR Account within the prescribed time.

Pursuant to the Show Cause Notice issued in May 2019 with respect to certain FMP's of Kotak Mahindra Mutual Fund, an order dated 27th August, 2021 has been passed by the SEBI, imposing certain penalties, reimbursement of proportionate management fees to unit holders earned and restraint on launching new FMP's for certain period of time. The Company has filed an appeal against it with the appellate authorities for which stay order has been received on 21st October, 2021.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

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

We further report that during the audit period there were no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards, guidelines etc.

For Parikh & Associates
Company Secretaries

Signature
Jigyasa N. Ved

Partner

FCS No: 6488 CP No: 6018

UDIN: F006488D000385526

PR No.: 1129/2021

Place : Mumbai

Date : 25.05.2022

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

'Annexure A'

To,

The Members

KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED

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

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

For Parikh & Associates
Company Secretaries

Signature
Jigyasa N. Ved

Partner

FCS No: 6488 CP No: 6018

UDIN: F006488D000385526

PR No.: 1129/2021

Place : Mumbai

Date : 25.05.2022

ANNEXURE - A

ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

1. Brief outline on CSR Policy of the Company:

Kotak Mahindra Asset Management Company Ltd. (KMAMC) recognizes its responsibility to bring about a positive change in the lives of the communities through its business operations and Corporate Social Responsibility ("CSR") initiatives.

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

While ensuring that its CSR Policy, projects and programmes are compliant with the CSR mandate as specified under section 134, section 135 read with schedule VII of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time, KMAMC also endeavours to align its CSR projects and programmes with government initiated social development programmes and interventions and last but not the least, United Nation's Sustainable Development Goals (SDGs).

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Sanjiv Malhotra	Chairman of the CSR Committee	1	1
2	Mr. Chengalath Jayaram	Director	1	1
3	Mr. Krishnakumar Natarajan	Director	1	1
4	Mr. Gaurang Shah	Director	1	-
5	Ms. Anjali Bansal	Director	1	1

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: https://www.kotakmf.com/Information/corporate-disclosure/KMAMC_CSR_Policy/KMAMC_CSR_Policy_24.04.2020.pdf

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: **The impact assessment is not mandatory for the Company as its CSR obligation is less than ₹ 10 crore (limit for mandatory Impact assessment prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time)**

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1	2020-21	Nil	Nil
2			
3			
TOTAL		Nil	Nil

6. Average net profit of the company as per section 135(5): ₹ 394.31 crore

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 7,88,61,924/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not applicable

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c): ₹ 7,88,61,924/-

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)			
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).	
	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
2,49,17,733/-	5,39,82,267/-		25 th April 2022	Not applicable

The excess CSR spent of ₹ 38,076/- is carried forward in subsequent financial year(s) as detailed in 8(f) below.

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9) (10)		(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	Location of the project District	Project duration (in months)	Amount allocated for the project (in ₹) lakh	Amount spent in the current financial Year (in ₹) lakh	Amount transferred to Unspent CSR Account Direct for the project as per Section 135(6) (in ₹)	Mode of Implementation - Through Implementing Agency	Name	CSR Registration number
1	KMAMC- "Kotak Shiksha Nidhi" Project	Promoting education	Yes	PAN India	PAN India	48	2,92,00,000	64,19,035	2,27,80,965	No	Kotak Education Foundation	CSR00001785
2	KMAMC-Miraclefeet Foundation Healthcare Project	Promoting health care including preventive health care	Yes	Uttar Pradesh	Multiple Districts	15	1,42,00,000	4,48,698	1,37,51,302	No	Miraclefeet Foundation for Elimination of Clubfoot	CSR00002321
3	KMAMC-Parivaar Education Society: Healthcare project	Promoting health care including preventive health care	Yes	Madhya Pradesh	Multiple Districts	15	2,50,00,000	1,03,00,000	1,47,00,000	No	Parivaar Education Society	CSR00000052
4	KMAMC-SWRC Environment & Sustainable Development Project	Ensuring environmental sustainability, ecological balance	Yes	Rajasthan	Ajmer	27	30,00,000	2,50,000	27,50,000	No	Social Work and Research Centre	CSR00003410
TOTAL							7,14,00,000	1,74,17,733	5,39,82,267			

Notes :

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

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)		
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	State.	Location of the project. District.	Amount spent for the project (in ₹). lakh	Mode of implementation on - Direct (Yes/No).	Name.	Mode of implementation - Through implementing agency. CSR Registration number.	
1.	KMAMC-Pratham Entrepreneurship Development Project	Livelihood enhancement projects	Yes	Chhattisgarh, Madhya Pradesh and Maharashtra	Raipur, Bhopal, Nagpur, Ahmednagar & Kolhapur	53,00,000	No	Pratham Education Foundation	CSR00000258	
2	KMAMC-RCNCT Healthcare Project	Promoting health care including preventive health care	Yes	Tamilnadu	Coonoor	22,00,000	No	Rotary Club of Nilgiris Charitable Trust	CSR00003496	
Total						75,00,000				

- (d) Amount spent in Administrative Overheads – **NIL**
- (e) Amount spent on Impact Assessment, if applicable - **N.A**
- (f) Total amount spent for the Financial Year

(8b+8c+8d+8e) – ₹ 2,49,17,733/-*

* Excludes unutilised CSR Project budget amount of ₹ 5,39,82,267 transferred to Kotak Mahindra Prime Ltd Unspent CSR Account FY 2021-22

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	7,88,61,924
(ii)	Total amount spent for the Financial Year	7,89,00,000*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	38,076
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	38,076

* Includes unutilised CSR Project budget amount transferred to Kotak Mahindra Asset Management Co. Ltd Unspent CSR Account FY 2021-22

(a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹) lakh	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2020-21	2,67,00,000	56,46,385	Nil	Nil	Nil	2,10,53,615
	TOTAL	2,67,00,000	56,46,385	Nil	Nil	Nil	2,10,53,615

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) (9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration (in months)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative Status of the amount spent project - at the end of reporting Financial Year. (in ₹)
1.	05	CSR Programme On Education Project Excel	2020-21	48	2,96,00,000	2,46,385	85,46,385 Ongoing
2.	04	Healthcare – Clubfoot treatment	2020-21	12 (Ongoing for two financial years)	1,24,00,000	54,00,000	1,24,00,000 Completed
	TOTAL				4,20,00,000	56,46,385	2,09,46,385

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

S. No	CSR Focus Area	Partner NGO/Direct Implementation	Amount of CSR spent for creation or acquisition of asset (in ₹)	Date of creation of assets	Details of assets	Project Location and complete address	Address of Implementing Agency / Asset Owner	Ownership of Asset
1	Promoting health care including preventive health care	Rotary Club of Nilgiris Charitable Trust	22,00,000	FY 2021-22	One (1) Ambulance	Coonoor, Tamilnadu	No. 1, Sprinlen, Hatherly Road, Upper Coonoor, Tamilnadu -643101	Rotary Club of Nilgiris Charitable Trust
2	Livelihood Enhancement Projects	Pratham Education Foundation	4,37,091	FY 2021-22	Computers , Furniture and office equipments.	Raipur, Bhopal, Nagpur, Ahmednagar& Kolhapur	Y B Chavan Centre , 4 th Floor, Gen.J. Bhosale Marg, Nariman Point, Mumbai – 400021	Pratham Education Foundation

S. No	CSR Focus Area	Partner NGO/Direct Implementation	Amount of CSR spent for creation or acquisition of asset (in ₹)	Date of creation of assets	Details of assets	Project Location and complete address	Address of Implementing Agency / Asset Owner	Ownership of Asset
3	Promoting health care including preventive health care	Parivaar Education Society	88,09,990	FY 2021-22	10 Ambulances Mahindra Supro LX Model	5 Districts in Madhya Pradesh 1. Khargone - 4 Ambulances 2. Betul District - 2 Ambulances 3. Seoni District - 2 Ambulances 4. Ratlam District - 1 Ambulance 5. Harda District - 1 Ambulance	Bonogram, Bakhrahat Road, Kolkata - 700104	Parivaar Education Society
4	Promoting health care including preventive health care	Miraclefeet Foundation For Eliminating Clubfoot	49,200	FY 2021-22	Four (4) Mobile Phones	Multiple Districts	A-401, Business Square, Solitaire Corporate Park, Chakala, Andheri (East), Mumbai - 400 093	Miraclefeet Foundation For Eliminating Clubfoot
Total			1,14,96,281					

10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). NOT APPLICABLE

Sd/-
Managing Director

Sd/-
Chairperson, CSR Committee

Independent Auditor's Report

To the Members of
Kotak Mahindra Asset Management Company Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying standalone financial statements of Kotak Mahindra Asset Management Company Limited ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2022, and the standalone Statement of Profit and Loss (including Other Comprehensive Income), the standalone Statement of Changes in Equity and the standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

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

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

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

We have nothing to report in this regard.

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

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

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

7. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 44 to the standalone financial statements;
 - (ii) The Company has made provision as at March 31, 2022, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any derivative contracts as at March 31, 2022.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.

- (iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 43 to the standalone financial statements);
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 43 to the standalone financial statements); and
- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- (v) The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.
13. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountant LLP**
Firm Registration Number: 012754N/N500016

Alpa Kedia
Partner

Membership Number: 100681
UDIN: 22100681AJOKRI9635

Mumbai
May 25, 2022

Annexure “A” to Independent Auditors’ Report

Referred to in paragraph 12(f) of the Independent Auditor’s Report of even date to the members of Kotak Mahindra Asset Management Company Limited on the standalone financial statements for the year ended March 31, 2022

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

1. We have audited the internal financial controls with reference to financial statements of Kotak Mahindra Asset Management Company Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR’S RESPONSIBILITY

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

OPINION

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

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Alpa Kedia

Partner

Membership Number: 100681

UDIN: 22100681AJOKRI9635

Mumbai
May 25, 2022

Annexure “B” to Independent Auditors’ Report

Referred to in paragraph 11 of the Independent Auditors’ Report of even date to the members of Kotak Mahindra Asset Management Company Limited on the standalone financial statements as of and for the year ended March 31, 2022

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) (Refer Note 43 to the standalone financial statements). Therefore, the provisions of clause 3(i)(c) of the Order are not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year (Refer Note 43 to the standalone financial statements). Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder (Refer Note 43 to the standalone financial statements), and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its standalone financial statements does not arise.
- ii. (a) The Company is in the business of rendering services and, consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.
- (b) During the year, the Company has not been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- iii. (a) During the year, the Company has made investments in 2 companies, 13 Mutual Fund schemes and 1 Alternate Investment Fund and granted unsecured loans to 16 other parties (employee loans) (Refer Note 4 to the standalone financial statements). During the year, the Company has not granted secured/ unsecured advances in nature of loans, to companies / firms / Limited Liability Partnerships/ other parties, or stood guarantee, or provided security to companies / firms / Limited Liability Partnerships/ other parties. The Company does not have any joint venture. During the year, the Company has not granted any secured loans to companies / firms / Limited Liability Partnerships/ other parties.

The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to unsecured loans to parties other than subsidiary and associate are as per the table given below:

Particulars	Unsecured Loans
Aggregate amount granted during the year - Other Parties	₹ 52.33 Lakhs
Balance outstanding as a balance sheet date in respect of the above case - Other Parties	₹ 27.02 Lakhs

- (b) In respect of the aforesaid investments and loans, the terms and conditions under which such loans were granted and investments were made are not prejudicial to the Company's interest.
- (c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- (e) There were no loans which fell due during the year and were renewed/extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans.
- (f) The loans granted during the year, had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand. During the year, there were no loans granted to promoters/ related parties as defined in section 2(69) and section 2(76) respectively of the Act (Also refer Note 42 to the standalone financial statements).
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans or investments made, or guarantees or security provided by it. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act and accordingly, the provisions of Clause 3(iv) of the said Order, to this extent, are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services provided by the Company. Therefore, the provisions of clause 3(vi) of the Order are not applicable to the Company.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account (Refer Note 43 to the standalone financial statements).
- ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority (Refer Note 43 to the standalone financial statements).
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, the Company has not raised funds on short term basis.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary and associate. The Company does not have any joint venture.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary and associate. The Company does not have any joint venture.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received a whistle-blower complaint during the year, which have been considered by us for any bearing on our audit and reporting.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

- (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause 3(xviii) is not applicable.
- xix. The financial ratios prescribed under Division III of Schedule III of the Act are not applicable to the Company. (Refer Note 43 to the standalone financial statements). Further, according to the information and explanations given to us and on the basis of ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.
- (b) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub-section (5) of Section 135 of the Act pursuant to ongoing projects to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act. (Also refer Note 28 to the standalone financial statements).
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Alpa Kedia

Partner

Membership Number: 100681

UDIN: 22100681AJOKR19635

Mumbai
May 25, 2022

Balance Sheet

as at 31st March 2022

Particulars	Note No.	(₹ in Lakhs)	
		As at 31 st March, 2022	As at 31 st March, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	2(a)	258.62	366.55
Bank balance other than cash and cash equivalents above	2(b)	210.49	-
Receivables			
(I) Trade receivables	3	5,000.06	3,700.49
(II) Other receivables	3	32.77	19.45
Loans	4	27.02	41.80
Investments	5	151,551.39	113,623.21
Other Financial assets	6	114.56	88.24
Sub total		157,194.91	117,839.74
Non-financial assets			
Current Tax assets (Net)	38 (d)	365.32	339.34
Deferred Tax assets (Net)	38 (e)	1,180.33	863.57
Property, Plant and Equipment	7	1,099.80	856.15
Intangible assets	8	392.44	299.19
Right of use asset	37	1,680.84	1,749.96
Intangible assets under development	9	115.46	189.68
Other Non-financial assets	10	398.28	432.10
Sub total		5,232.47	4,729.99
Total Assets		162,427.38	122,569.73
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11	2,727.55	1,847.60
Lease liabilities	37	1,996.21	2,020.71
Other Financial liabilities	12	9,753.66	4,161.10
Sub total		14,477.42	8,029.41
Non-Financial liabilities			
Current tax liabilities (Net)	38 (d)	426.00	664.84
Provisions	13	1,715.74	1,626.98
Deferred tax liabilities (Net)	38 (e)	2,087.42	1,674.27
Other non-financial liabilities	14	2,360.84	1,947.18
Sub total		6,590.00	5,913.27
EQUITY			
Equity Share Capital	15	2,980.00	2,980.00
Other equity	16	138,379.96	105,647.05
Sub total		141,359.96	108,627.05
Total Liabilities and Equity		162,427.38	122,569.73

The significant accounting policies and accompanying notes are an integral part of these standalone financial statements

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

For and on behalf of the Board of Directors

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

Alpa Kedia
Partner
Membership No.:100681

Mumbai
Dated: 25th May, 2022

Nilesh Shah
Managing Director

Krishnan Ramchandran
Chief Financial Officer

Gaurang Shah
Director

Jolly Bhatt
Company Secretary

Statement of Profit and Loss

for the year ended 31st March 2022

(₹ in Lakhs)

Sr no.	Particulars	Note No.	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
REVENUE FROM OPERATIONS				
(i)	Interest income	17	7.69	12.04
(ii)	Fees income	18	76,841.38	59,929.76
(iii)	Net gain on fair value changes	19	5,475.96	4,438.90
(I)	Total revenue from operations		82,325.03	64,380.70
(II)	Other income	20	42.18	150.00
(III)	Total income (I + II)		82,367.21	64,530.70
EXPENSES				
(i)	Finance costs	21	197.24	172.28
(ii)	Impairment on financial instruments	22	(0.92)	(27.67)
(iii)	Employee Benefits expenses	23	18,595.30	11,695.04
(iv)	Depreciation, amortisation and impairment	24	1,157.67	1,089.76
(v)	Other expenses	25	12,406.84	8,825.56
(IV)	Total expenses		32,356.13	21,754.97
(V)	Profit before tax (III - IV)		50,011.08	42,775.73
(VI)	Tax expense			
(1)	Current tax		12,108.23	10,342.79
(2)	Current tax pertaining to prior periods		(141.67)	-
(3)	Deferred tax		86.51	105.82
	Total tax expense (1+2+3)		12,053.07	10,448.61
(VII)	Profit for the year (V-VI)		37,958.01	32,327.12
(VIII)	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		39.29	41.97
	-Income tax relating to items that will not be reclassified to profit or loss		(9.89)	(10.56)
	Other comprehensive income		29.40	31.41
(IX)	Total Comprehensive Income for the year (VII+VIII)		37,987.41	32,358.53
(X)	Earnings per share (Nominal value of ₹10 per share (31 March 2021: ₹ 10 per share))			
	Basic and Diluted (₹)	26	127.38	108.48

The significant accounting policies and accompanying notes are an integral part of these standalone financial statements

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

For and on behalf of the Board of Directors

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

Alpa Kedia
Partner
Membership No.:100681

Mumbai
Dated: 25th May, 2022

Nilesh Shah
Managing Director

Gaurang Shah
Director

Krishnan Ramchandran
Chief Financial Officer

Jolly Bhatt
Company Secretary

Cash Flow Statement

for the year ended 31st March 2022

	(₹ in Lakhs)	
	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	50,011.08	42,775.73
Add / (Less) Adjustments for:		
Depreciation, amortization and impairment	1,157.67	1,089.76
Net (gain)/loss on derecognition of property, plant and equipment	(25.22)	(31.91)
Remeasurements of the defined benefit plans	39.29	41.97
Other income - discount on rent	(16.96)	(27.39)
Interest on lease liability	151.64	162.19
Interest income on security deposits	(5.07)	(4.17)
Interest on Income tax refund	-	(90.70)
Interest Expenses on income tax	36.63	-
Fair valuation of ESOP / SARS	702.86	1,040.15
Realised Net (gain)/loss on financial instruments at fair value through profit or loss	(243.67)	(169.00)
Unrealised Net (gain)/loss on financial instruments at fair value through profit or loss	(5,232.30)	(4,269.90)
Loss on sale of non current investments (Net)	36.62	-
Impairment on financial instruments	(0.92)	(27.67)
Amortisation of prepaid rent	5.50	4.63
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	46,617.15	40,493.69
Movements in working capital :		
Increase/ (decrease) in trade payables	879.95	(346.01)
Increase / (decrease) in provisions	91.39	394.47
Increase / (decrease) in other financial liabilities	5,592.56	823.90
Increase / (decrease) in other non-financial liabilities	413.66	(10.00)
Decrease / (increase) in bank balance other than cash and cash equivalents	(210.54)	-
Decrease / (increase) in trade receivables	(1,299.03)	384.30
Decrease / (increase) in other receivables	(13.32)	25.73
Decrease / (increase) in loans	15.13	115.91
Decrease / (increase) in other non financial assets	33.83	544.96
Decrease / (increase) in other financial assets	(23.97)	(1.73)
CASH GENERATED FROM OPERATIONS	52,096.81	42,425.22
Payment of Taxes (Net of refund)	(12,268.02)	(9,211.74)
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	39,828.79	33,213.48
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipments	(804.17)	(501.76)
Proceeds from Sale of Property, plant and equipments	25.40	39.68
Purchase of Intangible assets under development	(284.14)	(102.46)
Proceeds from Sale of Investment	44,567.71	28,807.00
Purchase of Investments	(77,056.56)	(61,425.00)
NET CASH OUTFLOW FROM INVESTMENT ACTIVITIES (B)	(33,551.76)	(33,182.52)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(5,960.00)	-
Lease Liabilities:		
Interest	(151.64)	(162.19)
Principal	(273.34)	(212.40)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES (C)	(6,384.98)	(374.59)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(107.95)	(343.63)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	366.64	710.27
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	258.69	366.64
CASH & CASH EQUIVALENTS BEFORE IMPAIRMENT PROVISION	258.69	366.64
IMPAIRMENT LOSS ALLOWANCES	(0.07)	(0.09)
CASH & CASH EQUIVALENTS AS PER STANDALONE BALANCE SHEET	258.62	366.55

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7 "Statement of Cash Flows"

The Company has liabilities arising only from leases accounted under Ind AS 116 at present value of lease payments and corresponding addition of right-of-use-assets. (Refer Note 37)

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

For and on behalf of the Board of Directors

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

Alpa Kedia
Partner
Membership No.:100681

Mumbai
Dated: 25th May, 2022

Annual Report 2021-22

Nilesh Shah
Managing Director

Krishnan Ramchandran
Chief Financial Officer

Gaurang Shah
Director

Jolly Bhatt
Company Secretary

Statement Of Changes In Equity

for the year ended 31st March 2022

A. Equity share capital

(₹ in Lakhs)

Particulars	Balance at the beginning of the period	Changes in equity share capital during the year	Balance at the end of the period
Equity shares of ₹ 10 each fully paid up			
As on 1st April, 2020	2,980.00	-	2,980.00
As on 31st March, 2021	2,980.00	-	2,980.00
As on 31st March, 2022	2,980.00	-	2,980.00

B. Other equity

(₹ in Lakhs)

Particulars	Reserves and Surplus				Total
	Capital redemption reserve	Capital Contribution by parent	General Reserve	Retained earnings	
Opening balance as on 1st April, 2020	1,270.00	1,080.21	1,169.25	68,725.31	72,244.77
Profit for the year	-	-	-	32,327.12	32,327.12
Share Based Payments to employees	-	1,043.75	-	-	1,043.75
Share Based Payment to employees transferred to General Reserve due to options lapsed	-	(34.87)	34.87	-	-
Remeasurments of defined benefit plans	-	-	-	31.41	31.41
Changes during the year	-	1,008.88	34.87	32,358.53	33,402.28
Closing balance as at 31st March, 2021	1,270.00	2,089.09	1,204.12	101,083.84	105,647.05
Profit for the year	-	-	-	37,958.01	37,958.01
Share Based Payments to employees	-	705.50	-	-	705.50
Share Based Payment to employees transferred to General Reserve due to options lapsed	-	(17.56)	17.56	-	-
Remeasurments of defined benefit plans	-	-	-	29.40	29.40
Dividend paid	-	-	-	(5,960.00)	(5,960.00)
Changes during the year	-	687.94	17.56	32,027.41	32,732.91
Closing balance as at 31st March, 2022	1,270.00	2,777.03	1,221.68	133,111.25	138,379.96

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

For and on behalf of the Board of Directors

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

Alpa Kedia
Partner
Membership No.:100681

Mumbai
Dated: 25th May, 2022

Nilesh Shah
Managing Director

Gaurang Shah
Director

Krishnan Ramchandran
Chief Financial Officer

Jolly Bhatt
Company Secretary

Notes

To The Financial Statement For The Year Ended 31st March, 2022

1.1 Corporate information

Kotak Mahindra Asset Management Company Limited ('the Company') is a Company domiciled in India and incorporated on 2nd August 1994 with its registered office situated at 27 BKC C-27, G Block, Bandra-Kurla Complex, Bandra East, Mumbai. The Company is incorporated to carry on the business of providing management and administrative services to the Kotak Mahindra Mutual Fund and to deploy the funds raised by the Kotak Mahindra Mutual Fund under its various Schemes. The Company also provides portfolio management services, portfolio advisory services and alternative investment funds services.

1.2 Summary of significant accounting policies

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

A. Basis of Preparation

a) Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Companies Act, 2013 ('the Act').

The standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the standalone financial statements.

b) Basis of measurement

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

- Certain financial assets and liabilities - measured at fair value.
- Defined benefit plans - plan assets are measured at fair value.
- Share-based payments.

B. Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

C. Use of estimates and judgements

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

Judgment, estimates and assumptions are required in particular for:

I. Revenue

Identifying performance obligation in the contract:

The Company provides asset management services, portfolio management services and portfolio advisory services. The Company has determined that all the above services are capable of being distinct because the Company can provide those services on stand-alone basis and customer can benefit from those services on its own.

Recognition of revenue over time or at a point in time:

The Company recognizes revenue from all the services over time because the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

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

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

III. Recognition and Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation include discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is

Notes

To The Financial Statement For The Year Ended 31st March, 2022

determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in Note 30.

IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases,

unabsorbed depreciation and unabsorbed of business losses. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, depreciation carry-forwards and unused tax credits could be utilized.

V. Recognition and measurement of provisions and contingencies

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

VI. Discounting of long-term financial assets/liabilities

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

VII. Fair value of share-based payments

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

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

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 31.

VIII. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the

measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the Standalone Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please refer Note 32.

IX. Impairment of financial assets

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

X. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

XI. Determination of lease term

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

XI. a. Discount rate for lease liability

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

XII. Interest in other entities

The Company acts as the fund manager for several investment vehicles, and through its rights as a manager, has a significant involvement in decision-making over the funds' operations and activities. However, fund managers are subject to substantial restrictions under local laws and regulations including regulator's and trustees' oversight. The Company considers its decision-making powers as a fund manager to be held in an 'agent' capacity. The accounting framework provides guidance to apply the agency concept only while assessing whether the fund is a subsidiary of the fund manager. Ind AS 28 does not provide guidance on how to apply the agency concept, while assessing significant influence. Accordingly, the Company assesses significant influence over managed funds by considering voting rights, restrictions etc., as required by Ind AS 28, but excluding decision-making powers held in its capacity as an 'agent' from such assessment, depending on facts and circumstances of each case.

D. New standards and amendments to existing Ind AS:

The Company has applied the following amendments to Ind AS for the first time for its annual reporting period commencing 1st April, 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23rd March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1st April, 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

1.3 Significant accounting policies

A. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

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

Notes

To The Financial Statement For The Year Ended 31st March, 2022

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets. As disclosed in table below, based on technical evaluation done by management's expert, the estimated useful life of fixed assets of the Company is different from useful life prescribed in Schedule II of the Companies Act, 2013. Based on the nature of fixed assets used by the Company and past experience of its usage, the Company considers that the useful life for respective assets to be appropriate. Estimated useful lives of assets based on technical evaluation by the management are as follows:

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

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

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

B. Intangible assets

i. Recognition and Measurement

Intangible assets are recognized when they are separately identifiable, under control of the Company, and from which future economic benefits are expected to flow to the entity. Intangible assets including computer software are measured at cost. Such other intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the Standalone Statement of Profit and Loss as incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortization in the Standalone Statement of Profit and Loss. Computer Software is being amortized over a period of 3 years. Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if required.

Derecognition Intangible assets are derecognized on disposal or when no future economic benefits are expected to arise from its continuous use, and the resultant gains or losses are recognized in the Standalone Statement of Profit and Loss.

ii. Amortization

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

Software (including development)	3 years
Asset Management Rights	5 years

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

Asset management rights acquired are amortized over a period of 5 years from the date of acquisition of the schemes from which future economic benefits are expected to flow to the entity.

C. Leases

Company as lessee

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

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

Notes

To The Financial Statement For The Year Ended 31st March, 2022

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

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

The lease liability is presented as a separate line in the Standalone Balance Sheet.

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

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

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

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

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

Non-lease component are recognized separately from lease component, unless non-lease component is not significant.

D. Revenue recognition

The Company recognizes revenue from contracts with customers based on a five step model as set out in Ind AS 115, Revenue from Contracts with Customers to determine when to recognize revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customer. Revenue from contracts with customer is recognized when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

Nature of services - Asset Management Services

Investment management fees which are accounted for on an accrual basis are recognized on rendering services and are dependent on the net asset value and expenses as recorded by the schemes of the funds.

Portfolio management fees and other advisory services fees

Fees from Portfolio Management Services are recognized net of Goods and service tax on an accrual basis in accordance with the terms of agreement between the Company and the respective clients.

Fees from rendering investment management services to Alternate Investment Fund Services (Category III)

Fees from Investment management services are recognized net of taxes on an accrual basis as a percentage of the net assets of the AIF schemes, in accordance with the Private Placement Memorandum (PPM) and Contribution Agreement (CA) signed by the contributors.

Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Purchase and sale of investments are recorded on trade date. The profit / loss on sale of investments is recognized in the Standalone Statement of Profit and Loss on the trade date, using the weighted average cost method.

Interest income on financial assets is recognized on an accrual basis using the effective interest method.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

E. Income Tax

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

Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax 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. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

F. Employee benefits

1. Post-employment obligations

Defined Contribution Plan

Provident Fund/Employee State Insurance Scheme

The Company's contribution to government provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no further obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Superannuation Fund

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

New Pension Scheme

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

Defined Benefit Plan

Gratuity

The Company has a defined benefit plan for post-employment benefits in the form of gratuity. The Company has formed a Trust "Kotak Mahindra Asset Management Company Ltd Employees Gratuity Fund" which has taken group gratuity policy with an insurance Company which is funded.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

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

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

The net present value of the Company's obligation towards the same is actuarially determined based on the Projected Unit Credit method as at the Standalone Balance Sheet date. Remeasurement of all defined benefit plans, which comprise actuarial gains and losses and the effect of asset ceiling, if applicable are recognized immediately in other comprehensive income in the year they are incurred.

Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in Standalone Statement of Profit and Loss.

2. Other employee benefits

Compensated Absences

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

The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in Standalone Statement of Profit and Loss.

Long Term Incentive Plan

Certain employees are eligible for long term incentives plans basis various parameters linked to the performance of the Company from time to time which will be payable in a staggered manner. The obligation is measured as at the Standalone Balance Sheet date based on actuarial valuation calculated using the Projected Unit Credit method.

Long Service Award

The employees of the Company are eligible for a long service award after completion of a specified number of years of service with the Company. The obligation is measured at the Standalone Balance Sheet date as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period based on actuarial valuation calculated by the fellow subsidiary of the Company using the Projected Unit Credit method.

Deferred Incentive Plan

Certain employees are eligible for deferred incentives at a fixed amount as approved by the Company from time to time payable in a staggered manner. The obligation is measured as at the Standalone Balance Sheet date on an accrual basis.

3. Short-term obligations

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentives.

G. Foreign Currency transactions

Transactions in foreign currencies are translated into functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction and are not retranslated.

All foreign exchange gains and losses are presented in the Standalone Statement of Profit and Loss.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

H. Earnings per share

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

share split, and reverse share split (consolidation of shares), if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

I. Impairment of non-financial assets

The carrying values of assets (including Right of Use Assets)/cash generating units at each Standalone Balance Sheet date are reviewed for impairment if any indication of impairment exists. If any such indication exists and the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognized for such excess amount in the Standalone Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less costs of disposal and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

J. Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. These are reviewed at each Standalone balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed and disclosed as contingent liability.

K. Scheme Expenses

New fund offer expenses, and other expenses not chargeable to schemes, in accordance with applicable circulars and guidelines issued by SEBI and Association of Mutual Funds in India (AMFI), are

borne by the Company and are part of Business promotion, distribution and mutual fund expenses in Standalone Statement of Profit and Loss account. Brokerage paid for close ended schemes before

22nd October, 2018 circular issued by SEBI in relation to upfront brokerage is amortized by the Company over the tenor of each scheme on a straight line basis.

L. Referral Fees

The referral fees relating to Portfolio Management Services are charged to the Standalone Statement of Profit and Loss net of Goods and services tax on an accrual basis in the year in which it is incurred as per the terms of the contract with each distributor.

The upfront referral fees relating to Alternate Investment Fund (AIF) Services are charged fully to the Standalone Statement of Profit and Loss net of Goods and services tax in the year in which AIF is launched.

M. Share based payments

Employees Stock Options Plans ("ESOPs") - Equity settled

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

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The cost of equity-settled transactions with employees and directors for grants is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions is recognized on a straight-line basis in the Standalone Statement of Profit or Loss, together with a corresponding increase in reserves, representing contribution received from the ultimate holding Company, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Standalone Statement of Profit or Loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Stock Appreciation Rights ("SARs") - Cash Settled

The fair value of the amount payable to employees in respect of SARs, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period the employees unconditionally become entitled to payment. The liability is measured at the end of each reporting

date up to and including settlement date, with changes in the fair value recognized in the Standalone Statement of Profit and Loss under the head Employee Benefit Expense.

N. Segment reporting

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as

defined in Ind AS 108- 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account the nature of products and services, the differing risks and returns and the internal business reporting systems. Basis of such evaluation, the Company concluded it operates in a single reportable segment.

O. Financial Instruments

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

Financial assets

Recognition and Initial measurement

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

Classification

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

Subsequent measurement

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

Financial assets at amortized cost

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

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest (EIR) method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of

interest income in the Standalone Statement of Profit and Loss. The losses, if any, arising from impairment are recognized in the Standalone Statement of Profit and Loss.

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To The Financial Statement For The Year Ended 31st March, 2022

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

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

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

After initial measurement, such financial assets are subsequently measured at fair value. Interest income is recognized using the effective interest (EIR) method. The impairment losses, if any, are recognized through Standalone Statement of Profit and Loss. The loss allowance is recognized in OCI and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to the Standalone Statement of Profit and Loss.

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

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

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

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

Equity instruments at FVOCI

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

Gains and losses on these equity instruments are never recycled to the Standalone Statement of Profit and Loss. Dividends are recognized in the Standalone Statement of Profit and Loss as dividend

income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial liabilities

i. Classification as debt or equity –

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

ii. Initial recognition and measurement –

All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at FVTPL. Liabilities which are classified at FVTPL, including derivatives that are liabilities, shall be subsequently measured at fair value.

P. Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)

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

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

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

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To The Financial Statement For The Year Ended 31st March, 2022

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

ECL is probability weighted estimate of credit losses estimated by determining the probability of default ('PD'), Exposure at Default ('EAD') and loss given default ('LGD').

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

Q. Derecognition of financial assets and financial liabilities

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

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred substantially all the risks and rewards of the asset, or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets), the difference between the carrying amount (measured at the date of derecognition) allocated to financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the Standalone Statement of Profit and Loss.

Financial liabilities –

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

R. Offsetting financial instruments

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

S. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as financial liabilities. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

T. Equity

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

U. Modifications of financial assets and financial liabilities

Financial assets

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

Financial liabilities

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different.

V. Measurement of fair values

The Company's accounting policies and disclosures require fair value measurement of financial instruments such as investment in unquoted equity instruments, mutual fund, etc.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

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

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

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

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

W. Cash and cash equivalents

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

X. Rounding of amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest "Lakhs" as per the requirement of Schedule III, unless otherwise stated. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these standalone financial statements.

Y. Investments in subsidiaries, associates and joint venture

The investments in subsidiaries, associates and joint ventures are measured at historical 'cost' less impairment.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 2(A) CASH AND CASH EQUIVALENTS :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Balances with banks	258.69	366.64
Sub total	258.69	366.64
Less: Impairment loss allowance	(0.07)	(0.09)
Total	258.62	366.55

NOTE 2(B) BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Earmarked balances with banks (Represents CSR unspent account)	210.54	-
Sub total	210.54	-
Less: Impairment loss allowance	(0.05)	-
Total	210.49	-

NOTE 3 RECEIVABLES :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Trade receivables:		
Unsecured, considered good	5,004.75	3,705.72
Sub total	5,004.75	3,705.72
Less: Impairment loss allowance	(4.69)	(5.23)
Total	5,000.06	3,700.49
(Refer Note 41)		
Other receivables:		
Unsecured, considered good	32.77	19.45
Sub total	32.77	19.45
Less: Impairment loss allowance	-	-
Total	32.77	19.45

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 4 LOANS :

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
(A)		
(i) Employee Loans	27.73	42.85
Total Gross (A)	27.73	42.85
Less: Impairment loss allowance	(0.71)	(1.05)
Total Net (A) (Refer Note 42)	27.02	41.80
(B)		
(i) Unsecured	27.73	42.85
Total Gross (B)	27.73	42.85
Less: Impairment loss allowance	(0.71)	(1.05)
Total Net (B)	27.02	41.80
(C)		
(I) Loans in India		
(i) Public Sector	-	-
(ii) Others	27.73	42.85
Total Gross (C) (I)	27.73	42.85
Less: Impairment loss allowance	(0.71)	(1.05)
Total Net (C) (I)	27.02	41.80
(II) Loans outside India	-	-
Less: Impairment allowance	-	-
Total Net (C) (II)	-	-
Total (C) (I) and (II)	27.02	41.80

NOTE 5 INVESTMENTS :

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
At fair value through profit or loss		
Mutual funds	146,321.12	110,938.21
Equity instruments	1,257.56	5.00
Alternate Investments Funds	1,032.71	-
Others		
Subsidiary	-	2,680.00
Associate	2,940.00	-
Total Gross (A)	151,551.39	113,623.21
(i) Investments outside India	-	-
(ii) Investments in India	151,551.39	113,623.21
Total (B)	151,551.39	113,623.21
Less: Impairment allowance	-	-
Total Net	151,551.39	113,623.21

NOTE 6 OTHER FINANCIAL ASSETS :

Particulars	(₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
Security Deposits	93.60	87.35
Other Deposits	21.09	1.09
Sub total	114.69	88.44
Less: Impairment loss allowance	(0.13)	(0.20)
Total	114.56	88.24

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Improvements to leasehold premises	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Gross carrying amount as at 31st March, 2020	532.98	40.06	606.78	184.50	674.74	2,039.07
Additions during the year	24.57	1.82	155.96	16.76	150.80	349.91
Disposals during the year	-	(0.29)	(172.30)	(3.05)	(54.38)	(230.02)
Gross carrying amount as at 31st March, 2021	557.55	41.59	590.44	198.21	771.16	2,158.96
Accumulated depreciation as at 31st March, 2020	214.32	31.78	310.23	78.20	425.67	1,060.20
Depreciation for the year	92.09	3.60	147.34	41.54	180.29	464.86
Disposals during the year	-	(0.29)	(166.55)	(3.05)	(52.36)	(222.25)
Accumulated depreciation as at 31st March, 2021	306.42	35.09	291.01	116.69	553.61	1,302.81
Net carrying amount as at 31st March, 2021	251.13	6.50	299.43	81.53	217.55	856.15
Gross carrying amount as at 31st March, 2021	557.55	41.59	590.44	198.21	771.16	2,158.96
Additions during the year	63.10	4.76	169.07	19.60	482.81	739.34
Disposals during the year	(15.80)	(2.36)	(92.60)	(5.13)	(57.15)	(173.04)
Gross carrying amount as at 31st March, 2022	604.85	43.99	666.91	212.68	1,196.82	2,725.25
Accumulated depreciation as at 31st March, 2021	306.42	35.09	291.01	116.69	553.61	1,302.81
Depreciation for the year	84.72	5.83	147.96	35.81	221.16	495.48
Disposals during the year	(15.74)	(2.35)	(92.60)	(5.13)	(57.02)	(172.84)
Accumulated depreciation as at 31st March, 2022	375.40	38.57	346.37	147.37	717.75	1,625.45
Net carrying amount as at 31st March, 2022	229.45	5.42	320.54	65.31	479.07	1,099.80

NOTE 8 INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Software	Asset Management Rights*	Total
Gross carrying amount as at 31st March, 2020	1,090.08	901.77	1,991.85
Additions during the year	249.47	-	249.47
Gross carrying amount as at 31st March, 2021	1,339.55	901.77	2,241.32
Accumulated amortisation as at 31st March, 2020	735.32	901.77	1,637.09
Amortisation for the year	305.04	-	305.04
Accumulated amortisation as at 31st March, 2021	1,040.36	901.77	1,942.13
Net carrying amount as at 31st March, 2021	299.19	-	299.19
Gross carrying amount as at 31st March, 2021	1,339.55	901.77	2,241.32
Additions during the year	423.19	-	423.19
Gross carrying amount as at 31st March, 2022	1,762.74	901.77	2,664.51
Accumulated amortisation as at 31st March, 2021	1,040.36	901.77	1,942.13
Amortisation for the year	329.94	-	329.94
Accumulated amortisation as at 31st March, 2022	1,370.30	901.77	2,272.07
Net carrying amount as at 31st March, 2022	392.44	-	392.44

* This contains Copyrights, patents, other intellectual property rights, services and operating rights.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

Intangible assets under development aging schedule

As on 31st March 2022

(₹ in Lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	39.46	76.00	-	-	115.46
Projects temporarily suspended	-	-	-	-	-

As on 31st March 2021

(₹ in Lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	89.95	87.78	11.95	-	189.68
Projects temporarily suspended	-	-	-	-	-

NOTE 9 INTANGIBLE ASSETS UNDER DEVELOPMENT :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Software under development	115.46	189.68
Total	115.46	189.68

NOTE 10 OTHER NON FINANCIAL ASSETS :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Advances recoverable in cash or in kind	204.22	84.99
Prepaid Expenses	194.06	347.11
Total	398.28	432.10

NOTE 11 PAYABLES :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,727.55	1,847.60
Total	2,727.55	1,847.60

(Refer Note 36 and 40)

There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act 2013 as at the year end.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 12 OTHER FINANCIAL LIABILITIES :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Employee Benefits Payable	6,833.30	1,724.10
Liability towards corporate social responsibility (Refer note 28)	750.36	267.00
Other payables	2,170.00	2,170.00
Total	9,753.66	4,161.10

NOTE 13 PROVISIONS :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Provision for employee benefits	406.84	328.57
Provision for gratuity (Refer note 30)	8.76	-
Provision for stock appreciation rights (Refer note 31)	1,300.14	1,298.41
Total	1,715.74	1,626.98

NOTE 14 OTHER NON-FINANCIAL LIABILITIES :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Statutory dues payable	2,360.84	1,947.18
Total	2,360.84	1,947.18

NOTE 15 SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Authorized		
3,00,00,000 (31 st March, 2021 : 3,00,00,000) equity shares of ₹ 10/- each	3,000.00	3,000.00
1,00,00,000 (31 st March, 2021 : 1,00,00,000) preference shares of ₹ 10/- each	1,000.00	1,000.00
Issued, subscribed and paid-up		
2,98,00,000 equity shares (31 st March, 2021 : 2,98,00,000) of ₹ 10/- each, fully paid up	2,980.00	2,980.00
	-	-

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

Particulars	No. of shares	Rupees in Lakhs
Equity shares of ₹ 10 each, fully paid-up		
As at 1 st April, 2020	29,800,000	2,980
Add : Issued during the year	-	-
As at 31 st March, 2021	29,800,000	2,980
Add : Issued during the year	-	-
As at 31st March, 2022	29,800,000	2,980

b. Rights, preferences and restrictions attached to equity shares

Equity Shares: The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholder.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

c. Shares held by holding company

Particulars	As at 31-Mar-22		As at 31-Mar-21	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Bank Limited (including nominees)	29,800,000	100	29,800,000	100
	29,800,000	100	29,800,000	100

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

Particulars	As at 31-Mar-22		As at 31-Mar-21	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Bank Limited (including nominees)	29,800,000	100	29,800,000	100
	29,800,000	100	29,800,000	100

e. Shareholding of Promoters

Shares held by promoters at the end of the year 31st March, 2022

Promoter name	Number of Shares	% of total shares	% Change during the year
Kotak Mahindra Bank Limited (including nominees)	29,800,000	100%	Nil
Total	29,800,000	100%	

Shares held by promoters at the end of the year 31st March, 2021

Promoter name	Number of Shares	% of total shares	% Change during the year
Kotak Mahindra Bank Limited (including nominees)	29,800,000	100%	Nil
Total	29,800,000	100%	

f. Dividend:

The Board of Directors recommended a final dividend of ₹ 25 per equity share for the financial year ended 31st March, 2022 (31st March, 2021, ₹ 20 per equity share). The payment is subject to approval of the shareholders in the ensuing Annual General Meeting of the company, and if approved would result in a cash outflow of ₹ 7450 Lakhs. (31st March, 2021, ₹ 5960.00 Lakhs) Dividends on equity shares are recorded as a liability on the date of approval by the shareholders.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

16 NOTE 15 OTHER EQUITY :

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Capital redemption reserve	1,270.00	1,270.00
Capital Contribution from parent	2,777.03	2,089.09
General Reserve	1,221.68	1,204.12
Retained earnings	133,111.25	101,083.84
Total	138,379.96	105,647.05

16.1 Nature and purpose of reserve

Capital redemption reserve

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

Capital Contribution from parent

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

General reserve

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

Retained earnings

Retained earnings represents surplus/deficit of the company and is available for distribution to the shareholders.

16.2 Other equity movement

(₹ in Lakhs)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Capital redemption reserve		
Opening balance	1,270.00	1,270.00
Addition during the year	-	-
Closing balance	1,270.00	1,270.00
Capital Contribution from parent		
Opening balance	2,089.09	1,080.21
Addition during the year (Net)	687.94	1,008.88
Closing balance	2,777.03	2,089.09
General Reserve		
Opening balance	1,204.12	1,169.25
Addition during the year	17.56	34.87
Closing balance	1,221.68	1,204.12
Retained earnings		
Opening balance	101,083.84	68,725.31
Profit for the year	37,958.01	32,327.12
Remeasurments of defined benefit plans	29.40	31.41
Dividend paid	(5,960.00)	-
Closing balance	133,111.25	101,083.84

Notes

To The Financial Statement For The Year Ended 31st March, 2022

REVENUE FROM OPERATIONS

NOTE 17 INTEREST INCOME :

(₹ in Lakhs)

Particulars	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
On Financial Assets measured at Amortised Cost		
Interest on Staff Loans	2.62	7.87
Other interest income	5.07	4.17
Total	7.69	12.04

NOTE 18 FEES INCOME

(₹ in Lakhs)

Particulars	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Management fees	72,482.07	55,000.38
Portfolio management fee and other advisory services fees	4,359.31	4,929.38
Total	76,841.38	59,929.76

NOTE 19 NET GAIN ON FAIR VALUE CHANGES :

(₹ in Lakhs)

Particulars	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Net gain on financial instruments at fair value through profit or loss		
- Investments	5,475.96	4,438.90
Total Net gain on fair value changes	5,475.96	4,438.90
Fair value changes:		
Realised	243.67	169.00
Unrealised	5,232.29	4,269.90
Total Net gain on fair value changes	5,475.96	4,438.90

NOTE 20 OTHER INCOME :

(₹ in Lakhs)

Particulars	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Net gain on derecognition of property, plant and equipment	25.22	31.91
Interest on Income Tax Refund	-	90.70
Other income (Refer Note 37 (7))	16.96	27.39
Total	42.18	150.00

Notes

To The Financial Statement For The Year Ended 31st March, 2022

EXPENSES

NOTE 21 FINANCE COSTS :

Particulars	(₹ in Lakhs)	
	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Interest on lease liabilities (Refer note 37)	151.64	162.19
Other interest expense	45.60	10.09
Total	197.24	172.28

NOTE 22 IMPAIRMENT ON FINANCIAL INSTRUMENTS :

Particulars	(₹ in Lakhs)	
	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
On Financial instruments measured at Amortised Cost		
Loans	(0.34)	(6.79)
Trade Receivables	(0.54)	(19.87)
Bank Balances	0.03	(0.35)
Deposit	(0.07)	(0.66)
Total	(0.92)	(27.67)

NOTE 23 EMPLOYEE BENEFITS EXPENSES :

Particulars	(₹ in Lakhs)	
	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Salaries and wages	16,065.52	8,906.48
Contribution to provident and other funds (Refer note 30)	405.20	343.31
Gratuity (Refer note 30)	89.27	89.57
Share Based Payments to employees (Refer note 31)	2,011.49	2,309.80
Staff welfare expenses	23.82	45.88
Total	18,595.30	11,695.04

NOTE 24 DEPRECIATION, AMORTISATION AND IMPAIRMENT

Particulars	(₹ in Lakhs)	
	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Depreciation of property, plant and equipment	495.49	464.86
Depreciation on Right of use asset (Refer note 37)	332.24	319.86
Amortisation of intangible assets	329.94	305.04
Total	1,157.67	1,089.76

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 25 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Rent, taxes and energy costs	911.78	839.27
Repairs and maintenance	52.94	51.40
Communication Costs	290.35	298.81
Computer related expenses	823.19	553.31
Travel	113.12	44.45
Net loss on foreign currency transaction and translation	1.62	1.88
Loss on sale of non current investments (Net)	36.62	-
Printing and stationery	39.67	19.11
Business promotion, Distribution and Mutual Fund expenses	3,487.59	2,080.55
Referral fees for portfolio management services	2,220.89	1,324.81
Membership subscription	850.42	711.40
Reimbursement of common administrative cost	474.41	440.98
Outsourcing Costs	519.95	490.45
Directors fees, allowances and expenses	70.80	58.32
Auditor's fees and expenses	33.11	23.00
Legal and Professional charges	694.25	471.56
Royalty expenses	160.96	157.51
Insurance	180.69	164.84
Contribution towards corporate social responsibility (Refer note 28)	789.00	589.26
Other expenditure	655.48	504.65
Total	12,406.84	8,825.56
Details of Auditors' fees and expenses		
(a) As Statutory auditors	33.00	23.00
(b) Reimbursement of expenses	0.11	-
Total	33.11	23.00

NOTE 26 EARNINGS PER SHARE

(₹ in Lakhs)

Sr. No.	Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
A)	Net profit from continued operation attributable to equity holders	37,958.01	32,327.12
B)	Weighted average number of ordinary shares (Basic and Diluted)		
	Issued ordinary shares at 1 st April (nos.)	29,800,000	29,800,000
	Effect of shares bought back during the year (nos.)		
	Weighted average number of shares at 31st March adjusted for the effect of dilution (nos.)	29,800,000	29,800,000
C)	Face value per share (INR)	10.00	10.00
D)	Basic and Diluted earnings per share (INR)	127.38	108.48

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 27 COMMITMENTS

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Commitments:			
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	339.01	161.77
Total		339.01	161.77

NOTE 28 CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹ 789.00 Lakhs (Previous year 589.26 Lakhs) during the year on CSR activities.

Details of Corporate Social Responsibility expenditure

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Contribution to :		
Kotak Education Foundation	64.19	150.00
Miraclefeet Foundation For Eliminating Clubfoot	4.49	70.00
Pratham Education Foundation	53.00	20.26
Baroda Young Turks Round Table 201 Charitable Trust	-	18.00
Foundation For Environment Medicine	-	10.00
Nayi Disha Resource Centre	-	25.00
Sanjivni Society For Mental Health	-	24.00
Sri Sathya Sai Trust Karnataka	-	5.00
Parivaar Education Society	103.00	-
Rotary Club Of The Nilgiris Charitable Trust	22.00	-
Social Work And Research Centre	2.50	-
Accrual towards unspent obligations in relation to:		
Ongoing project	539.82	267.00
Other than ongoing project	-	-
Total	789.00	589.26
Amount required to be spent as per Section 135 of the Act	789.00	589.26
Amount of cumulative shortfall at the end of the year	750.36	267.00
Amount spent during the year on		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	249.18	322.26

Notes

To The Financial Statement For The Year Ended 31st March, 2022

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

(₹ in Lakhs)

Balance as at 1 st April 2021		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 st March, 2022	
With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
Nil	267.00	789.00	249.18	56.46	539.82	210.54

Balance as at 1 st April 2020		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 st March, 2021	
With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
Nil	-	589.26	322.26	-	267.00	-

Subsequent to year end the Company has transferred the funds to separate CSR unspent account within 30 days.

(₹ in Lakhs)

Particulars	31-Mar-22	31-Mar-21
Amount required to be spent by the company during the year	789.00	589.26
Amount of expenditure incurred	249.18	322.26
Shortfall at the end of the year	539.82	267.00
Total of previous years shortfall	210.54	-
Reason for shortfall	pertains to ongoing projects	pertains to ongoing projects
Nature of CSR activities		
Education & Livelihood	345.00	401.26
Relief & Rehabilitation – COVID 19	-	5.00
Environment & Sust. Dev/Education	30.00	-
Healthcare	414.00	183.00
Total	789.00	589.26

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 29 RELATED PARTY DISCLOSURES

A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
1	Holding Company : Kotak Mahindra Bank Limited (Uday S. Kotak along with his relatives and enterprises in which he has beneficial interest holds 25.98% of the equity share capital and 17.27 % of the paid-up share capital of Kotak Mahindra Bank Limited as on 31 st March, 2022)	India	
2	Subsidiary Company : Kotak Mahindra Pension Fund Limited till 17 th May, 2021	India	95.71%
3	Fellow subsidiaries with whom transactions have taken place during the year: Kotak Mahindra Trustee Company Limited Kotak Securities Limited Kotak Mahindra Prime Limited Kotak Mahindra Life Insurance Company Limited Kotak Mahindra General Insurance Company Limited Kotak Investment Advisors Limited Kotak Mahindra (International) Limited Kotak Mahindra Asset Management (Singapore) PTE. Limited	India India India India India India Mauritius Singapore	
4	Associates with whom transactions have taken place during the year: Kotak Mahindra Pension Fund Limited from 18 th May, 2021	India	49%
5	Enterprises over which Mr. Uday S Kotak along with its relatives have significant influence Aero Agencies Limited ^	India	
6	Post Employment Benefits Plan Kotak Mahindra Asset Management Company Limited Employees Gratuity Fund	India	
7	Key Management Personnel Managing Director Nilesh Shah		
8	Non-Executive Directors with whom transactions have taken place during the year: Anjali Bansal - Independent Director C Jayaram - Non Independent - Non Executive Director Krishnakumar Natarajan - Independent Director Nalin M. Shah - Independent Director Sanjiv Malhotra - Independent Director		

^ No transaction during the current year

B. Transactions with Related party

i. Key Management Personnel compensation

Sr. No.	Particulars	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
		(₹ in Lakhs)	
	Managing Director*		
i.	Short-term employee benefits	413.68	279.69
ii.	Other contribution to fund	13.44	10.84
iii.	Share-based payments	569.69	484.79
iv.	Loan repayment received during the year	12.97	29.79
v.	Outstanding Loan at year end	-	12.97
	Directors		
i.	Sitting Fees	33.30	28.32
ii.	Commission	37.50	30.00

Note: * The remuneration to the key managerial personnel does not include the provisions made for gratuity, leave encashment and incentives which are provided for group of employees on an overall basis. The Deferred Cash and SARs are considered on payment basis.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

ii. Transaction with other related party

(₹ in Lakhs)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Pension Fund Limited - Subsidiary	Kotak Mahindra Pension Fund Limited - Associate
Balance Outstanding at the year end					
Cash and cash equivalents	188.95	-	-	-	-
	(347.56)	-	-	-	-
Bank balance other than cash and cash equivalents above	210.49	-	-	-	-
Trade Receivables					
Kotak Mahindra International Limited	-	-	-	-	-
	-	(29.58)	-	-	-
Kotak Mahindra Asset Management (Singapore) PTE. Limited	-	-	-	-	-
	-	(21.08)	-	-	-
Other Receivables	5.12	-	-	-	-
	-	-	-	(0.19)	-
Kotak Mahindra Trustee Company Limited	-	-	-	-	-
	-	(4.26)	-	-	-
Kotak Investment Advisors Limited	-	-	-	-	-
	-	(3.70)	-	-	-
Equity Investments as at year end					
Investments of Equity Shares - Kotak Mahindra Pension Fund Limited	-	-	-	-	2,940.00
	-	-	-	(2,680.00)	-
Prepaid Expenses					
Kotak Mahindra Life Insurance Company Limited	-	34.24	-	-	-
	-	6.55	-	-	-
Kotak Mahindra General Insurance Company Limited	-	(5.70)	-	-	-
Trade Payables	953.50	-	-	-	-
	(422.54)	-	-	-	-
Kotak Securities Limited	-	-	-	-	-
	-	(6.17)	-	-	-
Kotak Mahindra Trustee Company Limited	-	-	-	-	-
	-	(1.42)	-	-	-
Kotak Mahindra Prime Limited	-	0.66	-	-	-
	-	(0.95)	-	-	-
Kotak Mahindra Life Insurance Company Limited	-	1.26	-	-	-
	-	(1.11)	-	-	-
Kotak Investment Advisors Limited	-	-	-	-	-
	-	(0.04)	-	-	-
Equity Share Capital	2,980.00	-	-	-	-
	(2,980.00)	-	-	-	-
Investments					
Sale of equity shares of Kotak Mahindra Pension Fund Limited	1,271.38	-	-	-	-
	-	-	-	-	-

Notes

To The Financial Statement For The Year Ended 31st March, 2022

(₹ in Lakhs)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Pension Fund Limited - Subsidiary	Kotak Mahindra Pension Fund Limited - Associate
Subscription of Right issue of Equity Shares in Kotak Mahindra Pension Fund Limited	-	-	-	-	1,568.00
	-	-	-	-	-
Loss on Sale of Equity Shares	36.62	-	-	-	-
	-	-	-	-	-
Equity Dividend Paid	5,960.00	-	-	-	-
	-	-	-	-	-
Revenue From Operations					
Portfolio advisory services					
Kotak Mahindra (International) Limited	-	390.00	-	-	-
	-	(355.00)	-	-	-
Kotak Mahindra Asset Management (Singapore) PTE. Limited	-	350.00	-	-	-
	-	(253.00)	-	-	-
Finance Cost					
Other Interest Expenses (Bank charges)	3.38	-	-	-	-
	(2.02)	-	-	-	-
Recovery of employee expenses					
	-	-	-	(6.00)	-
Kotak Mahindra Trustee Company Limited	-	94.98	-	-	-
	-	(73.17)	-	-	-
Other Expenses					
Rent expenses					
	739.89	-	-	-	-
	(668.07)	-	-	-	-
Kotak Mahindra Prime Limited	-	2.76	-	-	-
	-	(2.45)	-	-	-
Computer related expenses					
Kotak Securities Limited	-	16.20	-	-	-
	-	(16.95)	-	-	-
Travel					
	-	-	(1.41)	-	-
Referral Fees					
	1,340.73	-	-	-	-
	(808.48)	-	-	-	-
Kotak Securities Limited	-	17.05	-	-	-
	-	(3.39)	-	-	-
Reimbursement of Common administrative cost					
	462.26	-	-	-	-
	(430.77)	-	-	-	-
Kotak Mahindra Life Insurance Company Limited	-	16.87	-	-	-
	-	(14.48)	-	-	-
Recovery of Common administrative cost					
Kotak Mahindra Trustee Company Limited	-	4.72	-	-	-
	-	(4.27)	-	-	-
Royalty Expenses					
	160.96	-	-	-	-
	(157.51)	-	-	-	-

Notes

To The Financial Statement For The Year Ended 31st March, 2022

(₹ in Lakhs)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Pension Fund Limited - Subsidiary	Kotak Mahindra Pension Fund Limited - Associate
Insurance expenses					
Kotak Mahindra General Insurance Company Limited	-	8.55	-	-	-
	-	(9.73)	-	-	-
Kotak Mahindra Life Insurance Company Limited	-	15.27	-	-	-
	-	(10.15)	-	-	-
Miscellaneous Receipts	38.64	-	-	-	0.25
	(0.14)	-	-	(1.62)	-
Kotak Mahindra Life Insurance Company Limited	-	0.21	-	-	-
	-	(7.65)	-	-	-
Kotak Securities Limited	-	1.00	-	-	-
	-	(0.46)	-	-	-
Kotak Mahindra Investment Limited	-	0.36	-	-	-
	-	-	-	-	-
Kotak Investment Advisors Limited	-	3.00	-	-	-
	-	-	-	-	-
Miscellaneous Payments	463.35	-	-	-	10.33
	(802.31)	-	-	(9.77)	-
Kotak Securities Limited	-	8.00	-	-	-
	-	-	-	-	-
Kotak Mahindra General Insurance Company Limited	-	-	-	-	-
	-	(1.56)	-	-	-
Kotak Mahindra Life Insurance Company Limited	-	0.18	-	-	-
	-	-	-	-	-
Kotak Mahindra Trustee Company Limited	-	6.78	-	-	-
	-	(1.42)	-	-	-
Kotak Mahindra Prime Limited	-	1.03	-	-	-
	-	(1.03)	-	-	-
Kotak Mahindra Asset Management Company Limited Employees Gratuity Fund (Kindly refer note 30 for details)					

Note: Previous year figures are in brackets

(c) Terms and conditions of transactions with related parties

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

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 30 EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans:

- The Company makes Provident Fund contributions to Recognized Provident Fund and employee state insurance scheme for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 379.56 Lakh (Previous year ₹ 323.90 Lakh) and ₹ 0.10 Lakh (Previous year ₹ 0.16 Lakh) for Provident Fund contributions and employee state insurance scheme respectively in the Standalone Statement of Profit and Loss. The contributions payable to the Fund are at rates specified in the Rules of the Scheme.
- The Company contributes a sum equivalent to 15% of basic subject to a maximum of ₹ 1 Lakh per annum per employee, of eligible employees' eligible salary to a Superannuation Fund administered by trustees and managed by a fellow subsidiary. The Company recognizes ₹ 1 Lakh (Previous year ₹ 1 Lakh) for such contributions as an expense in the year they are incurred. The Company has no obligation beyond its contribution to the Fund.
- The Company contributes up to 10% of eligible employees' salary per annum, to the New Pension Fund administered by PFRDA appointed pension fund manager. The Company recognized ₹ 24.48 Lakhs (Previous year ₹ 17.85 Lakhs) for such contributions as an expense in the year they are incurred.
- The Company contributes to labour welfare funds of eligible employees' salary per annum. The Company recognizes ₹ 0.06 Lakh (Previous year ₹ 0.40 Lakh) for such contributions as an expense in the year they are incurred.

(ii) Defined Benefit Plan:

Gratuity :-

The Company accounts for the liability for future gratuity benefits based on an independent actuarial valuation. The gratuity obligation is funded. The net present value of the Company's obligation towards the same is determined based on the Projected Unit Credit method as at the Balance Sheet date.

- Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognized in the Company's standalone financial statements as at Balance Sheet date:

	(₹ in Lakhs)	
	As at 31 st March, 2022	As at 31 st March, 2021
Present value of Funded defined benefit obligation (A)	1,070.61	919.00
Fair value of plan assets (B)	(1,061.85)	(932.29)
Net (asset) / liability recognized in the Standalone Balance Sheet (A-B)	8.76	(13.29)

B. Movement in net defined benefit (asset) liability

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

	(₹ in Lakhs)					
	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	919.00	783.87	932.29	715.87	(13.29)	68.00
Included in profit or loss						
Current service cost	94.06	89.16	-	-	94.06	89.16
Interest cost	52.11	46.20	56.90	45.79	(4.79)	0.41
	1,065.17	919.23	989.19	761.66	75.98	157.57
Included in OCI						
Remeasurement loss / (gain):						
Actuarial loss / (gain) arising from:						

Notes

To The Financial Statement For The Year Ended 31st March, 2022

(₹ in Lakhs)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Financial assumptions	(5.36)	13.03	-	-	(5.36)	13.03
Experience adjustment	43.18	19.02	-	-	43.18	19.02
Actual return on plan assets less interest on plan assets	-	-	77.11	74.02	(77.11)	(74.02)
	37.82	32.05	77.11	74.02	(39.29)	(41.97)
Other						
Contributions paid by the employer		-	39.36	122.75	(39.36)	(122.75)
Benefits paid	(43.81)	(26.14)	(43.81)	(26.14)	-	-
Liabilities assumed / (settled)*	11.43	(6.14)	-	-	11.43	(6.14)
Closing balance	1,070.61	919.00	1,061.85	932.29	8.76	(13.29)
Represented by						
Net defined benefit asset						13.29
Net defined benefit liability					8.76	
					8.76	13.29

* On account of inter group transfer

C. Expenses recognized in Standalone Statement of Profit and Loss

(₹ in Lakhs)

	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Current service cost	94.06	89.16
Interest on net defined benefit liability / (asset)	(4.79)	0.41
	89.27	89.57

D. Remeasurements recognized in other comprehensive income

(₹ in Lakhs)

	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Actuarial loss / (gain) arising from:		
Financial assumptions	(5.36)	13.03
Experience adjustments	43.18	19.02
Actual return on plan assets less interest on plan assets	(77.11)	(74.02)
	(39.29)	(41.97)

E. Disaggregation of Plan assets

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

(₹ in Lakhs)

	As at 31 st March, 2022		As at 31 st March, 2021	
	Quoted value	Non Quoted value	Quoted value	Non Quoted value
Insurer managed funds	-	1,061.85	-	932.29
	-	1,061.85	-	932.29

Notes

To The Financial Statement For The Year Ended 31st March, 2022

F. Category of assets

(₹ in Lakhs)

Fund Name	As at 31 st March, 2022		As at 31 st March, 2021	
	%	Non Quoted value	%	Non Quoted value
Kotak Group Balanced Fund	100.00	1,061.85	100.00	932.29
	100.00	1,061.85	100.00	932.29

G. Funding arrangements and policy:

Expected contribution:

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

The expected contribution payable to the plan next year is ₹ 190.40 Lakhs. (Previous year ₹ 127.91 Lakhs)

Projected Plan cash flow:

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

(₹ in Lakhs)

Maturity Profile	As at 31 st March, 2022	As at 31 st March, 2021
Expected benefits for year 1	190.40	156.99
Expected benefits for year 2	121.60	106.81
Expected benefits for year 3	110.87	90.41
Expected benefits for year 4	121.17	83.81
Expected benefits for year 5	83.33	85.11
Expected benefits for year 6	97.82	64.2
Expected benefits for year 7	81.53	73.95
Expected benefits for year 8	75.70	65.37
Expected benefits for year 9	78.52	60.38
Expected benefits for year 10 years and above	915.14	785.68

The weighted average duration to the payment of these cash flows is 7.16 years (31st March, 2021: 7.42 years).

H. Defined benefit obligations

i. Actuarial assumptions

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

	As at 31 st March, 2022	As at 31 st March, 2021
Discount rate (p.a.)	6.70%	6.20%
Salary escalation rate (p.a.)	12.00% until year 1 inclusive, then 7.00%	7.00%
Employee turnover	(Rates p.a. and Years)	
	30% at 21-30	30% at 21-30
	18% at 31-40	18% at 31-40
	8% at 41-50	8% at 41-50
	7% at 51-59	7% at 51-59

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To The Financial Statement For The Year Ended 31st March, 2022

ii. Sensitivity analysis

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

(₹ in Lakhs)

	As at 31 st March, 2022		As at 31 st March, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	(35.58)	37.88	(31.95)	34.10
Salary escalation rate (50 bps movement)	23.69	(23.03)	21.14	(20.66)

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

I. Risk Exposure

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

Asset Volatility - The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Plan asset investments are in Insurer managed funds.

Changes in bond yields - A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' fund holdings.

J. Experience adjustments

(₹ in Lakhs)

	Year ended 31 st March				
	2022	2021	2020	2019	2018
Present value of defined benefit obligation	1,070.61	919.00	783.87	702.52	606.44
Fair value of plan assets	1,061.85	932.29	715.87	-	-
Surplus / (Deficit)	(8.76)	13.29	(68.00)	(702.52)	(606.44)
Experience adjustments on plan liabilities	43.18	19.03	(1.03)	19.14	28.31
Experience adjustments on plan assets	77.11	74.02	13.34	-	-

K. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the Balance Sheet date on the basis of an actuarial valuation. The Company recognized ₹ 82.53 Lakhs (Previous year : ₹ 40.26 Lakhs) for Compensated Absences in the Standalone Statement of Profit and Loss.

L. Long Service Award

The Company provides for long service awards as at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of its fellow subsidiary. The Company recognized ₹ 2.56 Lakhs (Previous year : ₹ 3.01 Lakhs) for Long Service Award in the Standalone Statement of Profit and Loss.

M. Long Term Deferred Incentive

The Company provides for long term deferred incentive to certain eligible employees at a fixed amount as approved by the Company from time to time which will be payable in a staggered manner. The obligation is measured as at the balance sheet date on an accrual basis in stage manner over the tenor of the payment. The Company recognized ₹ 817.39 Lakhs (Previous year : ₹ 153.41 Lakhs) for long term deferred incentive in the Standalone Statement of Profit and Loss.

N. Long Term Incentive Plan

The Company provides for long term incentive plans to certain eligible employees basis various parameters linked to the performance of the Company from time to time which will be payable in a staggered manner. The obligation is measured as at the balance sheet date based on actuarial valuation

Notes

To The Financial Statement For The Year Ended 31st March, 2022

calculated using the projected unit credit method. The Company recognized ₹ 1,913.71 Lakhs (Previous year : Nil) for Long term incentive plan in the Standalone Statement of Profit and Loss.

The principal assumptions used in determining long term incentive plan are shown below:

	As at 31 st March, 2022	As at 31 st March, 2021
Discount rate	5.80% p.a.	NA
Increase in Incentive Amount	-	NA

NOTE 31 SHARE-BASED PAYMENT ARRANGEMENTS:

A. Description of share-based payment arrangements

i. Share option plans (equity-settled)

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

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

The fair value of the option is determined using a Black-Scholes options pricing model. During the year, ₹ 874.25 lakhs (31st March, 2021: ₹ 1043.75 lakhs) was charged to the Company's standalone statement of profit or loss in respect of equity-settled share-based payments transactions out of which ₹ 168.76 lakhs (31st March, 2021: Nil) was reimbursed to Bank and balance ₹ 705.49 lakhs increased to the capital contribution to the Company by the Parent.

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

As at 31st March, 2022

Scheme reference	Grant Date	Mode of settlement accounting	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
ESOP 2015-14	18-May-18	Equity settled	61,248	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12
ESOP 2015 -19	20-May-19	Equity settled	240,022	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12
ESOP 2015 -25	07-Aug-20	Equity settled	170,835	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.90
ESOP 2015 -30	30-May-21	Equity settled	2,820	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	4.59
ESOP 2015 -33	17-Jun-21	Equity settled	95,320	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	4.55

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To The Financial Statement For The Year Ended 31st March, 2022

As at 31st March, 2021

Scheme reference	Grant Date	Mode of settlement accounting	No of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
ESOP 2015-07	15-May-17	Equity settled	28,164	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.13
ESOP 2015-14	18-May-18	Equity settled	202,720	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12
ESOP 2015 -19	20-May-19	Equity settled	279,286	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12
ESOP 2015 -25	07-Aug-20	Equity settled	244,210	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.90

Notes

To The Financial Statement For The Year Ended 31st March, 2022

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

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

As at 31st March, 2022

Scheme	Grant Date	Vesting period (Years)	Exercise period (Years)	Expected life (Years)	Exercise Price (INR)	Market price (INR)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (INR)
ESOP 2015-14	18-May-18	1.20	0.50	1.45	1,271.00	1,270.70	7.44%	0.06%	18.68%	184.60
ESOP 2015-14	18-May-18	2.46	0.50	2.71	1,271.00	1,270.70	7.83%	0.06%	32.95%	383.29
ESOP 2015-14	18-May-18	3.12	0.50	3.37	1,271.00	1,270.70	7.97%	0.06%	32.13%	433.45
ESOP 2015-14	18-May-18	3.62	0.50	3.87	1,271.00	1,270.70	7.99%	0.06%	31.43%	465.70
ESOP 2015-19	20-May-19	1.20	0.50	1.45	1,460.00	1,460.00	6.63%	0.05%	23.24%	230.35
ESOP 2015-19	20-May-19	2.45	0.50	2.70	1,460.00	1,460.00	6.83%	0.05%	21.16%	330.89
ESOP 2015-19	20-May-19	3.12	0.50	3.37	1,460.00	1,460.00	6.94%	0.05%	21.32%	387.19
ESOP 2015-19	20-May-19	3.62	0.50	3.87	1,460.00	1,460.00	7.03%	0.05%	31.00%	508.28
ESOP 2015-25	07-Aug-20	1.07	0.48	1.31	1,341.00	1,340.10	3.61%	0.06%	39.75%	267.12
ESOP 2015-25	07-Aug-20	2.32	0.48	2.56	1,341.00	1,340.10	4.40%	0.06%	33.09%	340.57
ESOP 2015-25	07-Aug-20	2.90	0.50	3.15	1,341.00	1,340.10	4.85%	0.06%	30.71%	370.15
ESOP 2015-25	07-Aug-20	3.40	0.50	3.65	1,341.00	1,340.10	5.06%	0.06%	29.29%	395.03
ESOP 2015-30	30-May-21	1.08	0.52	1.34	1,801.00	1,800.75	4.05%	0.05%	42.76%	390.94
ESOP 2015-30	30-May-21	2.08	0.52	2.34	1,801.00	1,800.75	4.65%	0.05%	35.50%	463.58
ESOP 2015-30	30-May-21	3.09	0.50	3.34	1,801.00	1,800.75	5.13%	0.05%	32.78%	545.46
ESOP 2015-30	30-May-21	4.09	0.50	4.34	1,801.00	1,800.75	5.53%	0.05%	29.80%	609.04
ESOP 2015-33	17-Jun-21	1.04	0.50	1.29	1,801.00	1,760.60	4.10%	0.05%	43.10%	361.05
ESOP 2015-33	17-Jun-21	2.04	0.50	2.29	1,801.00	1,760.60	4.68%	0.05%	35.65%	433.31
ESOP 2015-33	17-Jun-21	3.04	0.50	3.29	1,801.00	1,760.60	5.14%	0.05%	32.74%	512.29
ESOP 2015-33	17-Jun-21	4.04	0.50	4.29	1,801.00	1,760.60	5.62%	0.05%	29.89%	578.91

As at 31st March, 2021

Scheme	Grant Date	Vesting period (Years)	Exercise period (Years)	Expected life (Years)	Exercise Price (INR)	Market price (INR)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (INR)
ESOP 2015-07	15-May-17	1.30	0.48	1.54	955.00	954.65	6.64%	0.06%	20.74%	145.98
ESOP 2015-07	15-May-17	2.46	0.50	2.71	955.00	954.65	6.77%	0.06%	35.44%	289.06
ESOP 2015-07	15-May-17	3.13	0.50	3.38	955.00	954.65	6.88%	0.06%	33.81%	320.11
ESOP 2015-07	15-May-17	3.63	0.50	3.88	955.00	954.65	6.95%	0.06%	34.20%	349.84
ESOP 2015-14	18-May-18	1.20	0.50	1.45	1,271.00	1,270.70	7.44%	0.06%	18.68%	184.60
ESOP 2015-14	18-May-18	2.46	0.50	2.71	1,271.00	1,270.70	7.83%	0.06%	32.95%	383.29
ESOP 2015-14	18-May-18	3.12	0.50	3.37	1,271.00	1,270.70	7.97%	0.06%	32.13%	433.45
ESOP 2015-14	18-May-18	3.62	0.50	3.87	1,271.00	1,270.70	7.99%	0.06%	31.43%	465.70
ESOP 2015-19	20-May-19	1.20	0.50	1.45	1,460.00	1,460.00	6.63%	0.05%	23.24%	230.35
ESOP 2015-19	20-May-19	2.45	0.50	2.70	1,460.00	1,460.00	6.83%	0.05%	21.16%	330.89
ESOP 2015-19	20-May-19	3.12	0.50	3.37	1,460.00	1,460.00	6.94%	0.05%	21.32%	387.19
ESOP 2015-19	20-May-19	3.62	0.50	3.87	1,460.00	1,460.00	7.03%	0.05%	31.00%	508.28
ESOP 2015-25	07-Aug-20	1.07	0.48	1.31	1,341.00	1,340.10	3.61%	0.06%	39.75%	267.12
ESOP 2015-25	07-Aug-20	2.32	0.48	2.56	1,341.00	1,340.10	4.40%	0.06%	33.09%	340.57
ESOP 2015-25	07-Aug-20	2.90	0.50	3.15	1,341.00	1,340.10	4.85%	0.06%	30.71%	370.15
ESOP 2015-25	07-Aug-20	3.40	0.50	3.65	1,341.00	1,340.10	5.06%	0.06%	29.29%	395.03

Notes

To The Financial Statement For The Year Ended 31st March, 2022

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2022.

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of Kotak Mahindra Bank Limited's publicly traded equity shares.
Expected dividends	Dividend yield of the options is based on recent dividend activity.
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government securities yield in effect at the time of the grant.

C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme as at 31st March, 2022

Scheme	Grant Date	31-Mar-22							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
ESOP 2015-07	15-May-17	28,164		(27,588)		(576)		-	
ESOP 2015-14	18-May-18	202,720		(138,312)	492	(3,652)		61,248	61,248
ESOP 2015-19	20-May-19	279,286		(44,920)	6,069		(413)	240,022	77,270
ESOP 2015-25	07-Aug-20	244,210		(72,684)		(579)	(112)	170,835	
ESOP 2015-30	30-May-21				2,820			2,820	
ESOP 2015-33	17-Jun-21		95,320					95,320	
		754,380	95,320	(283,504)	9,381	(4,807)	(525)	570,245	138,518

Scheme	Grant Date	31-Mar-21							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
ESOP 2015-02	19-May-16	738	-	(738)	-	-	-	-	-
ESOP 2015-03	19-May-16	-	-	-	-	-	-	-	-
ESOP 2015-07	15-May-17	119,160	-	(81,657)	-	(9,049)	(290)	28,164	28,164
ESOP 2015-08	15-May-17	19,530	-	(19,530)	-	-	-	-	-
ESOP 2015-14	18-May-18	250,600	-	(46,536)	(385)	-	(959)	202,720	60,034
ESOP 2015-19	20-May-19	403,550	-	(116,744)	(1,170)	(3,781)	(2,569)	279,286	-
ESOP 2015-25	07-Aug-20	-	246,350	-	-	-	(2,140)	244,210	-
		793,578	246,350	(265,205)	(1,555)	(12,830)	(5,958)	754,380	88,198

* This represents transfer of employees within holding company and its subsidiaries

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,288.14 (Previous year: ₹ 1,232.07).

ESOP Scheme	Range of exercise prices (₹)	31 st March, 2022			31 st March, 2021		
		Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOP 2015-07	901-1000	-	-	-	28,164	0.25	955.00
ESOP 2015-14	1201-1300	61,248	0.25	1,271.00	202,720	0.61	1,271.00
ESOP 2015-19	1401-1500	240,022	0.61	1,460.00	279,286	1.61	1,460.00
ESOP 2015-25	1301-1400	170,835	1.64	1,341.00	244,210	2.13	1,341.00
ESOP 2015-30	1800-1900	2,820	2.25	1,801.00	-	-	-
ESOP 2015-33	1800-1900	95,320	2.25	1,801.00	-	-	-

Notes

To The Financial Statement For The Year Ended 31st March, 2022

ii. Stock Appreciation Rights (SAR's) (cash-settled)

During the year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Company under its various plans / series has granted 41,010 SARs during FY 2021-22. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 0.25 year to 3.29 years. (31st March, 2021 0.25 year to 3.45 years)

As at 31st March, 2022

Scheme reference	Grant Date	Mode of settlement accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-17 (Series 22)	20-May-19	Cash settled	24,936	30% - 2020-21 30% - 2021-22 40% - 2022-23	3.66
2015-17 (Series 28)	07-Aug-20	Cash settled	46,144	30% - 2021-22 30% - 2022-23 40% - 2023-24	3.44
2015-17 (Series 31)	07-Aug-20	Cash settled	17,160	60% - 2023-24 40% - 2024-25	4.11
2015-17 (Series 32)	30-May-21	Cash settled	760	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	4.13
2015-17 (Series 35)	17-Jun-21	Cash settled	41,010	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	4.08

As at 31st March, 2021

Scheme reference	Grant Date	Mode of settlement accounting	No of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-17 (Series 17)	18-May-18	Cash settled	23,012	30% - 2019-20 30% - 2020-21 40% - 2021-22	3.66
2015-17 (Series 22)	20-May-19	Cash settled	42,511	30% - 2020-21 30% - 2021-22 40% - 2022-23	3.66
2015-17 (Series 28)	07-Aug-20	Cash settled	65,980	30% - 2021-22 30% - 2022-23 40% - 2023-24	3.44
2015-17 (Series 31)	07-Aug-20	Cash settled	17,160	60% - 2023-24 40% - 2024-25	4.11

Notes

To The Financial Statement For The Year Ended 31st March, 2022

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

As at 31st March, 2022

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (INR)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (INR)
Series 2015-17 (Series 22)									
Tranche VII	20-May-19	0.25	0.25	-	1,763.10	3.97%	0.05%	31.46%	1,762.87
Tranche VIII	20-May-19	0.27	0.27	-	1,763.10	3.99%	0.05%	30.70%	1,762.86
Tranche IX	20-May-19	0.29	0.29	-	1,763.10	4.00%	0.05%	30.99%	1,762.84
Tranche X	20-May-19	0.75	0.75	-	1,763.10	4.40%	0.05%	28.11%	1,762.42
Tranche XI	20-May-19	0.77	0.77	-	1,763.10	4.41%	0.05%	27.80%	1,762.40
Tranche XII	20-May-19	0.79	0.79	-	1,763.10	4.42%	0.05%	27.51%	1,762.39
Series 2015-17 (Series 28)									
Tranche IV	07-Aug-20	0.67	0.67	-	1,763.10	4.33%	0.05%	29.16%	1,762.50
Tranche V	07-Aug-20	0.69	0.69	-	1,763.10	4.34%	0.05%	29.12%	1,762.48
Tranche VI	07-Aug-20	0.71	0.71	-	1,763.10	4.36%	0.05%	28.88%	1,762.46
Tranche VII	07-Aug-20	1.25	1.25	-	1,763.10	4.72%	0.05%	27.78%	1,761.98
Tranche VIII	07-Aug-20	1.27	1.27	-	1,763.10	4.73%	0.05%	27.72%	1,761.96
Tranche IX	07-Aug-20	1.29	1.29	-	1,763.10	4.74%	0.05%	27.55%	1,761.94
Tranche X	07-Aug-20	1.75	1.75	-	1,763.10	5.02%	0.05%	29.05%	1,761.52
Tranche XI	07-Aug-20	1.77	1.77	-	1,763.10	5.03%	0.05%	29.37%	1,761.50
Tranche XII	07-Aug-20	1.79	1.79	-	1,763.10	5.04%	0.05%	29.58%	1,761.49
Series 2015-17 (Series 31)									
Tranche I	07-Aug-20	1.42	1.42	-	1,763.10	4.82%	0.05%	27.76%	1,761.82
Tranche II	07-Aug-20	1.44	1.44	-	1,763.10	4.83%	0.05%	29.26%	1,761.81
Tranche III	07-Aug-20	1.46	1.46	-	1,763.10	4.84%	0.05%	29.34%	1,761.79
Tranche IV	07-Aug-20	2.42	2.42	-	1,763.10	5.40%	0.05%	35.94%	1,760.92
Tranche V	07-Aug-20	2.44	2.44	-	1,763.10	5.41%	0.05%	35.82%	1,760.90
Tranche VI	07-Aug-20	2.46	2.46	-	1,763.10	5.42%	0.05%	35.70%	1,760.89
Series 2015-32 (Series 32)									
Tranche I	30-May-21	0.25	0.25	-	1,763.10	3.97%	0.05%	31.46%	1,762.87
Tranche II	30-May-21	0.27	0.27	-	1,763.10	3.99%	0.05%	30.70%	1,762.86
Tranche III	30-May-21	0.29	0.29	-	1,763.10	4.00%	0.05%	30.99%	1,762.84
Tranche IV	30-May-21	1.25	1.25	-	1,763.10	4.72%	0.05%	27.78%	1,761.98
Tranche V	30-May-21	1.27	1.27	-	1,763.10	4.73%	0.05%	27.72%	1,761.96
Tranche VI	30-May-21	1.29	1.29	-	1,763.10	4.74%	0.05%	27.55%	1,761.94
Tranche VII	30-May-21	2.25	2.25	-	1,763.10	5.31%	0.05%	37.02%	1,761.07
Tranche VIII	30-May-21	2.27	2.27	-	1,763.10	5.32%	0.05%	36.90%	1,761.06
Tranche IX	30-May-21	2.29	2.29	-	1,763.10	5.33%	0.05%	36.77%	1,761.04
Tranche X	30-May-21	3.25	3.25	-	1,763.10	5.83%	0.05%	33.14%	1,760.17
Tranche XI	30-May-21	3.27	3.27	-	1,763.10	5.84%	0.05%	33.06%	1,760.16
Tranche XII	30-May-21	3.29	3.29	-	1,763.10	5.85%	0.05%	33.01%	1,760.14
Series 2015-32 (Series 35)									
Tranche I	17-Jun-21	0.25	0.25	-	1,763.10	3.97%	0.05%	31.46%	1,762.87
Tranche II	17-Jun-21	0.27	0.27	-	1,763.10	3.99%	0.05%	30.70%	1,762.86
Tranche III	17-Jun-21	0.29	0.29	-	1,763.10	4.00%	0.05%	30.99%	1,762.84
Tranche IV	17-Jun-21	1.25	1.25	-	1,763.10	4.72%	0.05%	27.78%	1,761.98
Tranche V	17-Jun-21	1.27	1.27	-	1,763.10	4.73%	0.05%	27.72%	1,761.96
Tranche VI	17-Jun-21	1.29	1.29	-	1,763.10	4.74%	0.05%	27.55%	1,761.94
Tranche VII	17-Jun-21	2.25	2.25	-	1,763.10	5.31%	0.05%	37.02%	1,761.07
Tranche VIII	17-Jun-21	2.27	2.27	-	1,763.10	5.32%	0.05%	36.90%	1,761.06
Tranche IX	17-Jun-21	2.29	2.29	-	1,763.10	5.33%	0.05%	36.77%	1,761.04
Tranche X	17-Jun-21	3.25	3.25	-	1,763.10	5.83%	0.05%	33.14%	1,760.17
Tranche XI	17-Jun-21	3.27	3.27	-	1,763.10	5.84%	0.05%	33.06%	1,760.16
Tranche XII	17-Jun-21	3.29	3.29	-	1,763.10	5.85%	0.05%	33.01%	1,760.14

Notes

To The Financial Statement For The Year Ended 31st March, 2022

As at 31st March, 2021

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (INR)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SARs (INR)
Series 2015-17 (Series 17)									
Tranche VII	18-May-18	0.25	0.25	-	1,781.25	3.45%	0.04%	30.03%	1,781.05
Tranche VIII	18-May-18	0.27	0.27	-	1,781.25	3.46%	0.04%	29.69%	1,781.03
Tranche IX	18-May-18	0.29	0.29	-	1,781.25	3.47%	0.04%	28.84%	1,781.02
Tranche X	18-May-18	0.75	0.75	-	1,781.25	3.75%	0.04%	31.29%	1,780.65
Tranche XI	18-May-18	0.77	0.77	-	1,781.25	3.76%	0.04%	31.90%	1,780.63
Tranche XII	18-May-18	0.79	0.79	-	1,781.25	3.77%	0.04%	32.27%	1,780.62
Series 2015-17 (Series 22)									
Tranche IV	20-May-19	0.59	0.59	-	1,781.25	3.66%	0.04%	32.26%	1,780.78
Tranche V	20-May-19	0.61	0.61	-	1,781.25	3.67%	0.04%	32.22%	1,780.76
Tranche VI	20-May-19	0.62	0.62	-	1,781.25	3.68%	0.04%	32.18%	1,780.75
Tranche VII	20-May-19	1.25	1.25	-	1,781.25	3.96%	0.04%	43.26%	1,780.25
Tranche VIII	20-May-19	1.27	1.27	-	1,781.25	3.96%	0.04%	43.01%	1,780.23
Tranche IX	20-May-19	1.29	1.29	-	1,781.25	3.97%	0.04%	42.73%	1,780.22
Tranche X	20-May-19	1.75	1.75	-	1,781.25	4.14%	0.04%	38.90%	1,779.85
Tranche XI	20-May-19	1.77	1.77	-	1,781.25	4.15%	0.04%	38.70%	1,779.83
Tranche XII	20-May-19	1.79	1.79	-	1,781.25	4.16%	0.04%	38.57%	1,779.82
Series 2015-17 (Series 28)									
Tranche I	07-Aug-20	0.42	0.42	-	1,781.25	3.56%	0.04%	29.09%	1,780.91
Tranche II	07-Aug-20	0.44	0.44	-	1,781.25	3.57%	0.04%	33.39%	1,780.90
Tranche III	07-Aug-20	0.46	0.46	-	1,781.25	3.58%	0.04%	33.44%	1,780.88
Tranche IV	07-Aug-20	1.67	1.67	-	1,781.25	4.11%	0.04%	39.50%	1,779.91
Tranche V	07-Aug-20	1.69	1.69	-	1,781.25	4.11%	0.04%	39.34%	1,779.90
Tranche VI	07-Aug-20	1.71	1.71	-	1,781.25	4.12%	0.04%	39.27%	1,779.88
Tranche VII	07-Aug-20	2.25	2.25	-	1,781.25	4.43%	0.04%	35.47%	1,779.45
Tranche VIII	07-Aug-20	2.27	2.27	-	1,781.25	4.45%	0.04%	35.35%	1,779.44
Tranche IX	07-Aug-20	2.29	2.29	-	1,781.25	4.47%	0.04%	35.27%	1,779.42
Tranche X	07-Aug-20	2.75	2.75	-	1,781.25	4.97%	0.04%	34.44%	1,779.05
Tranche XI	07-Aug-20	2.77	2.77	-	1,781.25	5.00%	0.04%	34.32%	1,779.03
Tranche XII	07-Aug-20	2.79	2.79	-	1,781.25	5.02%	0.04%	34.24%	1,779.02
Series 2015-17 (Series 31)									
Tranche I	07-Aug-20	2.42	2.42	-	1,781.25	4.59%	0.04%	35.38%	1,779.31
Tranche II	07-Aug-20	2.44	2.44	-	1,781.25	4.61%	0.04%	35.33%	1,779.30
Tranche III	07-Aug-20	2.46	2.46	-	1,781.25	4.63%	0.04%	35.24%	1,779.28
Tranche IV	07-Aug-20	3.42	3.42	-	1,781.25	5.49%	0.04%	31.93%	1,778.51
Tranche V	07-Aug-20	3.44	3.44	-	1,781.25	5.50%	0.04%	31.98%	1,778.50
Tranche VI	07-Aug-20	3.46	3.46	-	1,781.25	5.51%	0.04%	31.93%	1,778.48

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2022.

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of Kotak Mahindra Bank Limited's publicly traded equity shares.
Expected dividends	Dividend yield of the options is based on recent dividend activity.
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government securities yield in effect at the time of the grant.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme	Grant Date	31-Mar-22					
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Forfeited during the year	Outstanding at the end of the year
2015-17 (Series 17)	18-May-18	23,012		(23,122)	112	(2)	-
2015-17 (Series 22)	20-May-19	42,511		(18,729)	1,246	(92)	24,936
2015-17 (Series 28)	07-Aug-20	65,980		(19,794)		(42)	46,144
2015-17 (Series 31)	07-Aug-20	17,160					17,160
2015-17 (Series 32)	30-May-21				760		760
2015-17 (Series 35)	17-Jun-21		41,010				41,010
		148,663	41,010	(61,645)	2,118	(136)	130,010

Scheme	Grant Date	31-Mar-21					
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Forfeited during the year	Outstanding at the end of the year
2015-9 (Series 9)	15-May-17	18,232	-	(18,170)	-	(62)	-
2015-17 (Series 17)	18-May-18	40,705	-	(17,391)	(84)	(218)	23,012
2015-17 (Series 22)	20-May-19	61,680	-	(18,390)	(240)	(539)	42,511
2015-17 (Series 28)	07-Aug-20	-	66,540	-	-	(560)	65,980
2015-17 (Series 31)	07-Aug-20	-	17,160	-	-	-	17,160
		120,617	83,700	(53,951)	(324)	(1,379)	148,663

* This represents transfer of employees within holding company and its subsidiaries

Effect of the employee share-based payment plans on the standalone statement of Profit and Loss Account and on the financial position:

(₹ in Lakhs)

Year ended 31st March,	2022	2021
Total Employee compensation cost pertaining to share-based payment plans	2,011.49	2,309.80
Compensation cost pertaining to equity-settled employee share-based payment plan included above	874.25	1,043.75
Closing balance of liability for cash-settled options	1,300.14	1,298.41
Total intrinsic value of liabilities for vested benefits	-	-

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 32 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Classification of financial assets and financial liabilities:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified as on Fair value through Profit and Loss (FVTPL), Fair value through other comprehensive Income (FVTOCI) and Amortized Cost.

(₹ in Lakhs)

Particulars	As at 31 st March, 2022				As at 31 st March, 2021			
	FVTPL	FVTOCI	Others	Amortized cost	FVTPL	FVTOCI	Other (Subsidiary)	Amortized cost
Financial assets								
Cash and cash equivalents	-	-	-	258.62	-	-	-	366.55
Bank Balance other than cash and cash equivalents	-	-	-	210.49	-	-	-	-
Receivables:								
Trade receivables	-	-	-	5,000.06	-	-	-	3,700.49
Other receivables	-	-	-	32.77	-	-	-	19.45
Loans	-	-	-	27.02	-	-	-	41.80
Investments	148,611.39	-	2,940.00	-	110,943.21	-	2,680.00	-
Other financial assets	-	-	-	114.56	-	-	-	88.24
Total financial assets	148,611.39	-	2,940.00	5,643.52	110,943.21	-	2,680.00	4,216.53
Financial liabilities								
Payables								
Trade Payables	-	-	-	2,727.55	-	-	-	1,847.60
Other Financial liabilities	-	-	-	9,753.66	-	-	-	4,161.10
Total financial liabilities	-	-	-	12,481.21	-	-	-	6,008.70

B. Fair value hierarchy:

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

(₹ in Lakhs)

Particulars	As at 31 st March, 2022				As at 31 st March, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
- Mutual funds	146,321.12	-	-	146,321.12	110,938.21	-	-	110,938.21
- Alternate Investments Funds	1,032.71	-	-	1,032.71	-	-	-	-
- Equity instruments	-	-	1,257.56	1,257.56	-	-	5.00	5.00
Total financial assets	147,353.83	-	1,257.56	148,611.39	110,938.21	-	5.00	110,943.21

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

(₹ in Lakhs)

Particulars	As at 31 st March, 2022				As at 31 st March, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Loans								
- Employee Loans	-	-	26.74	26.74	-	-	45.39	45.39
Other financial assets								
- Security deposits	-	-	93.60	93.60	-	-	87.35	87.35
	-	-	-	-	-	-	-	-
Total financial assets	-	-	120.34	120.34	-	-	132.74	132.74

Notes

To The Financial Statement For The Year Ended 31st March, 2022

C. Measurement of fair values

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

The categories used are as follows:

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

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

Level 3 : Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Fair value of financial assets measured at amortized cost

Particulars	As at 31 st March, 2022		As at 31 st March, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
(₹ in Lakhs)				
Financial assets				
Cash and cash equivalents	258.62	258.62	366.55	366.55
Bank Balance other than cash and cash equivalent	210.49	210.49	-	-
Derivative financial instruments				
Receivables:				
Trade receivables	5,000.06	5,000.06	3,700.49	3,700.49
Other receivables	32.77	32.77	19.45	19.45
Loans				
- Employee Loans	27.02	26.74	41.80	45.39
Other financial assets				
- Security deposits	93.47	93.60	87.15	87.35
- Others	21.09	21.09	1.09	1.09
	5,643.52	5,643.37	4,216.53	4,220.32
Financial liabilities				
Payables				
Trade Payables	2,727.55	2,727.55	1,847.60	1,847.60
Other Financial liabilities	9,753.66	9,753.66	4,161.10	4,161.10
Total financial liabilities	12,481.21	12,481.21	6,008.70	6,008.70

The carrying amounts of Cash and cash equivalents, Bank Balance other than cash and cash equivalent, trade receivables, other deposits, trade payables, other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

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 not measured at fair value

Instrument type	Valuation technique
Loans	The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on current market rates at which loans are granted and consequently for the purposes of level disclosures categorized under Level 3.
Security Deposits	For deposits with defined maturities, the fair values were estimated using discounted cash flow models that apply market interest rates corresponding to similar deposits and timing of maturities.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

D. Financial risk management

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

- Credit risk,
- Liquidity risk, and
- Market risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances. The carrying amounts of following financial assets represent the maximum credit risk exposure:-

(₹ in Lakhs)

Particulars	As at	
	31 st March, 2022	31 st March, 2021
Trade receivables	5,000.06	3,700.49
Cash and cash equivalents	258.62	366.55
Bank balance other than cash and cash equivalents	210.49	-
Other Financial assets	114.56	88.24
Employee Loans	27.02	41.80
Total	5,610.75	4,197.08

a. Credit quality analysis

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

(₹ in Lakhs)

Particulars	Lifetime ECL (simplified approach)	
	As at 31 st March, 2022	As at 31 st March, 2021
Trade receivables		
Current	5,004.75	3,694.10
Past due 0-30 days	-	-
Past due 31-60 days	-	-
Past due 61-90 days	-	2.84
Past due 90 days	-	8.80
	5,004.75	3,705.72
Impairment loss allowance	(4.69)	(5.23)
Carrying amount	5,000.06	3,700.49

Notes

To The Financial Statement For The Year Ended 31st March, 2022

	31 st March, 2022			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans				
Current	27.73	-	-	27.73
Past due 0–30 days	-	-	-	-
Past due 31–90 days	-	-	-	-
Past due 90 days	-	-	-	-
	27.73	-	-	27.73
Impairment loss allowance	(0.71)	-	-	(0.71)
Carrying amount	27.02	-	-	27.02
Cash and cash equivalents, Bank balance other than cash and cash equivalents and Other financial assets				
Current	583.92	-	-	583.92
Past due 0–30 days	-	-	-	-
Past due 31–90 days	-	-	-	-
Past due 90 days	-	-	-	-
	583.92	-	-	583.92
Impairment loss allowance	(0.26)	-	-	(0.26)
Carrying amount	583.66	-	-	583.66
	As at 31 st March, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans				
Current	42.85	-	-	42.85
Past due 0–30 days	-	-	-	-
Past due 31–90 days	-	-	-	-
Past due 90 days	-	-	-	-
	42.85	-	-	42.85
Impairment loss allowance	(1.05)	-	-	(1.05)
Carrying amount	41.80	-	-	41.80
Cash and cash equivalents, Bank balance other than cash and cash equivalents and Other financial assets				
Current	455.09	-	-	455.09
Past due 0–30 days	-	-	-	-
Past due 31–90 days	-	-	-	-
Past due 90 days	-	-	-	-
	455.09	-	-	455.09
Impairment loss allowance	(0.30)	-	-	(0.30)
Carrying amount	454.79	-	-	454.79

Notes

To The Financial Statement For The Year Ended 31st March, 2022

Concentration of credit risk

c. Amounts arising from ECL

i. Inputs, assumptions and techniques used for estimating impairment

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Inputs considered in the ECL model:

The company categorizes Financial assets into stages based on the days past due status.

- Stage 1: 0-30 days past due

- Stage 2: 31- 90 days past due

- Stage 3: More than 90 days past due

The Company has used simplified approach to provide expected credit loss on trade receivables as prescribed by Ind AS 109 which permits use of lifetime expected credit loss provision for all trade receivables.

Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the company operates and other macro-economic factors. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

ii. Impairment loss allowance

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

Particulars	(₹ in Lakhs)				
	Current	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due more than 90 days
Trade receivables					
Balance as at 1st April, 2020	24.36	-	0.37	0.04	0.33
New financial assets originated during the year	5.22	-	-	0.00	0.01
Financial assets that have been derecognized during the period	(24.36)	-	(0.37)	(0.04)	(0.33)
Balance as at 31st March, 2021	5.22	-	-	0.00	0.01
New financial assets originated during the year	4.69	-	-	-	-
Financial assets that have been derecognized during the period	(5.22)	-	-	(0.00)	(0.01)
Balance as at 31st March, 2022	4.69	-	-	-	-

Particulars	(₹ in Lakhs)
	12-month ECL
Employee loans	
Balance as at 1st April, 2020	7.84
New financial assets originated during the year	1.05
Financial assets that have been derecognized during the period	(7.84)
Balance as at 31st March, 2021	1.05
New financial assets originated during the year	0.71
Financial assets that have been derecognized during the period	(1.05)
Balance as at 31st March, 2022	0.71

Notes

To The Financial Statement For The Year Ended 31st March, 2022

Particulars	(₹ in Lakhs) 12-month ECL
Bank Balances & Other financial assets	
Balance as at 1st April, 2020	1.31
New financial assets originated during the year	0.30
Financial assets that have been derecognized during the period	(1.31)
Balance as at 31st March, 2021	0.30
New financial assets originated during the year	0.26
Financial assets that have been derecognized during the period	(0.30)
Balance as at 31st March, 2022	0.26

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

Maturity Profile of Financial Liabilities

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

Particulars	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31-Mar-22							
Financial liabilities							
Trade and other Payables	2,727.55	2,727.55	1,355.01	1,372.54	-	-	-
Lease liabilities	1,996.21	2,434.09	228.15	227.30	453.34	1,151.65	373.65
Other Financial Liabilities	9,753.66	9,753.66	5,379.75	95.04	2,821.76	1,457.11	-
Total Financial Liabilities	14,477.42	14,915.30	6,962.91	1,694.88	3,275.10	2,608.76	373.65
As at 31-Mar-21							
Financial liabilities							
Trade and other Payables	1,847.60	1,847.60	408.74	1,438.86	-	-	-
Lease liabilities	2,020.71	2,535.61	205.57	211.48	420.42	1,152.43	545.71
Other Financial Liabilities	4,161.10	4,161.10	1,918.17	-	2,206.74	36.19	-
Total Financial Liabilities	8,029.41	8,544.31	2,532.48	1,650.34	2,627.16	1,188.62	545.71

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. We are exposed to market risk primarily related to , interest rate risk, market value of our investments and foreign exchange rate risk. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generation (including foreign currency) and operating activities.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

(i) Price risk

Price risk is the risk that the financial assets at fair value through profit or loss may fluctuate as a result of changes in market prices.

The Company's exposure to price risk arises from investments in units of equity mutual funds and alternate investment funds which are classified as financial assets at Fair Value Through Profit and Loss and amounts to as follows :

(₹ in Lakhs)

Particulars	For the year ended	
	31 st March, 2022	31 st March, 2021
Exposure to price risk	54,559.09	3,548.77

Sensitivity Analysis:

The table below sets out the effect on profit or loss and equity due to reasonable possible increase / decrease in prices of 5%:

(₹ in Lakhs)

Particulars	For the year ended	
	31 st March, 2022	31 st March, 2021
Effect on Profit after tax and equity		
5% increase in prices	2,041.38	132.78
5% decrease in prices	(2,041.38)	(132.78)

(ii) Interest rate risk

Interest rate risk is the risk where the company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of a changes in market interest rates.

The Company's exposure to interest rate risk arises from investments in units of mutual funds which are classified as financial assets at Fair Value Through Profit and Loss and amounts to as follows :

(₹ in Lakhs)

Particulars	For the year ended	
	31 st March, 2022	31 st March, 2021
Exposure to interest rate risk	92,794.74	107,389.44

Sensitivity Analysis:

The table below sets out the effect on profit or loss and equity due to reasonable possible increase / decrease in prices of 1%:

(₹ in Lakhs)

Particulars	For the year ended	
	31 st March, 2022	31 st March, 2021
Effect on Profit after tax and equity		
1% increase in prices	694.40	803.62
1% decrease in prices	(694.40)	(803.62)

Notes

To The Financial Statement For The Year Ended 31st March, 2022

(iii) Currency risk

The Company is exposed to currency risk on account of its trade receivables in foreign currency. The functional currency of the Company is Indian Rupee i.e. INR.

Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)

The currency profile of financial assets and financial liabilities is as below:

Particulars	(₹ in Lakhs)	
	31 st March, 2022	31 st March, 2021
	USD	USD
Financial assets		
Trade and other receivables		
Kotak Mahindra International Limited	-	-
Kotak Mahindra Asset Management (Singapore)Pte Ltd	-	0.40
	-	0.29
	-	0.69
Financial liabilities		
	-	-
	-	-
	-	0.69

The following exchange rates have been applied during the year.

Particulars	Year-end spot rate	
	31 st March, 2022	31 st March, 2021
INR		
USD 1	75.91	73.11

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against the foreign currencies at 31st March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
Effect in INR				
31st March, 2022				
USD - 1% Movement	-	-	-	-
	-	-	-	-
Effect in INR				
31st March, 2021				
USD - 1% Movement	(0.51)	0.51	(0.38)	0.38
	(0.51)	0.51	(0.38)	0.38

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 33 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company has recognised following amounts relating revenue in the Standalone Statement of Profit and Loss:

(₹ in Lakhs)

Particulars	For the year ended	
	31 st March, 2022	31 st March, 2021
Revenue from contracts with customers	76,841.38	59,929.76

Disaggregation of revenue from contracts with customers

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

(₹ in Lakhs)

Particulars	Year ended	Year ended
	31 st March, 2022	31 st March, 2021
Geographical markets		
India	76,101.38	59,321.76
Outside India	740.00	608.00
Total	76,841.38	59,929.76

Contract Balances

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

(₹ in Lakhs)

Particulars	As at	As at
	31 st March, 2022	31 st March, 2021
Receivables	5,000.06	3,700.49

NOTE 34 INVESTMENT IN UNCONSOLIDATED STRUCTURED ENTITIES

The Company acts as the fund manager for several investment vehicles, and through its rights as a manager, has a significant involvement in decision-making over the funds' operations and activities. However, fund managers are subject to substantial restrictions under local laws and regulations including regulator's and trustees' oversight. The Company considers its decision-making powers as a fund manager to be held in an 'agent' capacity. The accounting framework provides guidance to apply the agency concept only while assessing whether the fund is a subsidiary of the fund manager. Ind AS 28 does not provide guidance on how to apply the agency concept, while assessing significant influence. Accordingly, the Company assesses significant influence over managed funds by considering rights, restrictions etc., as required by Ind AS 28, but excluding decision-making powers held in its capacity as an 'agent' from such assessment, depending on facts and circumstances of each case.

The following tables show the income & carrying amount of the Company's recorded interest in the structured entities as well as the maximum exposure to risk due to these exposures in the unconsolidated structured entities and asset management activities:

(₹ in Lakhs)

Particulars	As at 31 st March, 2022		As at 31 st March, 2021	
	Total AUM	Investment by the Company	Total AUM	Investment by the Company
Financial investments classified as FVTPL				
Kotak Mahindra Mutual Fund	12,819,884.18	146,321.12	10,627,787.71	110,938.21
Kotak India Renaissance Fund 1	20,444.53	1,032.71	-	-

The following table sets out an analysis of the carrying amounts of interests held by the Company in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the assets held.

(₹ in Lakhs)

Carrying amount	As at	As at
	31 st March, 2022	31 st March, 2021
Investments	147,353.83	110,938.21
Fees Receivable	4,142.98	2,667.15

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 35 CAPITAL DISCLOSURE

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

NOTE 36 DISCLOSURE U/S. 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(₹ in Lakhs)

Particulars	31 st March, 2022	31 st March, 2021
The amounts remaining unpaid to micro and small suppliers as at the end of the year	-	-
Principal	-	-
Interest	-	-
The amounts of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

The above information is based on information available with the Company, with regard to amounts paid/payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA).

NOTE 37 LEASE DISCLOSURES

1 Leases

Kotak Mahindra Asset Management Company Limited leases Premises. The average lease term is 6 - 9 years. The lease terms include renewal option after expiry of primary lease period. There are no restrictions imposed by lease arrangements. There are escalation clauses in the lease agreements.

2 As a lessee

(₹ in Lakhs)

	Note	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Property, plant and equipment owned	7	1,099.80	856.15
Right-of-use assets		1,680.84	1,749.96

Kotak Mahindra Asset Management Company Limited leases Premises. Information about the leases for which Kotak Mahindra Asset Management Company Limited is a lessee is presented below:

Right-of-use assets

(₹ in Lakhs)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Balance as at 1 April	1,749.96	1,934.09
Additions to the right to use assets during year	272.01	135.73
Deletions to the right to use assets during year	(8.89)	-
Depreciation charge for the year	(332.24)	(319.86)
Balance as at 31st March	1,680.84	1,749.96

Notes

To The Financial Statement For The Year Ended 31st March, 2022

3 Amounts recognised in standalone statement of profit and loss

(₹ in Lakhs)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Interest expense on lease liabilities	151.64	162.19
Expense relating to short-term leases	766.82	705.53
Depreciation on right to use assets	332.24	319.86

4 The following is the movement in Lease liability:

(₹ in Lakhs)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Opening as on 1st April	2,020.71	2,117.26
Additions to the lease liabilities during the year	274.69	143.26
Deletions to the right to use assets during year	(8.89)	-
Discount during the year (refer below note 7)	(16.96)	(27.39)
Interest accrued during the year	151.64	162.19
Payment of Lease liabilities	(424.98)	(374.59)
Balance as at 31st March	1,996.21	2,020.71

5 Maturity analysis

(₹ in Lakhs)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Contractual undiscounted cash flows		
Not later than 1 year	455.45	417.05
Later than 1 year and not later than 5 years	1,604.99	1,572.85
Later than 5 years	373.65	545.71
Total undiscounted lease liabilities	2,434.09	2,535.61

Kotak Mahindra Asset Management Company Limited does not face a significant liquidity risk with regard to its lease liabilities.

6 Short term leases and Leases of low value assets

Kotak Mahindra Asset Management Company Limited has elected not to recognize right of use assets and lease liabilities for short term leases of Premises that have a lease term of 12 months or less and leases of low value assets. Kotak Mahindra Asset Management Company Limited recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

- 7 In July 2020 and further in June 2021, MCA issued COVID-19-Related Rent Concessions, which provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. It requires lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. Lessees need to disclose that fact and need to apply the exemption retrospectively in accordance with Ind AS 8, but they do not require to restate prior period numbers. The practical expedient is available only for lease payments originally due upto June 2021 further extended to June 2022. The Company continues to apply the practical expedient as per paragraph 46A of the Indian Accounting standard on Leases 'Ind AS 116', for accounting changes in leases, in the form of Lease concessions that meet the conditions prescribed in paragraph 46B of Ind AS 116. The Company has consequently recognised an income of ₹ 16.96 lakhs for Year ended 31st March, 2022 (Previous year : ₹ 27.39 lakhs) under the head 'Other Income'.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 38 TAX EXPENSE :

(a) Amounts recognized in the Standalone Statement of Profit and Loss

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Current tax expense		
Current period	12,108.23	10,342.79
Current tax pertaining to prior periods	(141.67)	-
Total current tax expense (A)	11,966.56	10,342.79
Deferred Tax Expense		
Origination and reversal of temporary differences		
On account of Deferred tax assets	(316.75)	(137.53)
On account of Deferred tax liabilities	413.15	253.92
Income tax relating to items that will not be reclassified to profit or loss	(9.89)	(10.56)
Deferred tax expense (B)	86.51	105.82
Tax expense for the year (A)+(B)	12,053.07	10,448.61

(b) Amounts recognized in Other Comprehensive Income

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2022			For the year ended 31 st March, 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	39.29	(9.89)	29.40	41.97	(10.56)	31.41
Total	39.29	(9.89)	29.40	41.97	(10.56)	31.41

(c) Reconciliation of effective tax rate

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2022		For the year ended 31 st March, 2021	
	Amount	%	Amount	%
Profit before tax	50,011.08		42,775.73	
Tax using the Company's domestic tax rate	12,586.79	25.17%	10,765.80	25.17%
Tax effect of:				
Non-deductible expenses				
Contribution towards corporate social responsibility	198.58	0.40%	149.56	0.35%
Share Based Payments to employees	177.55	0.36%	262.69	0.61%
Unrealised Capital gains on investments taxed at different rate	(920.62)	-1.84%	(729.44)	-1.71%
Others	10.77	0.02%	-	-
Total income tax expenses	12,053.07	24.10%	10,448.61	24.43%

(d) Tax Balances

(₹ in Lakhs)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Current tax assets (Net)		
(Net of Provision for Tax of ₹ 20,131.34 Lakhs) (March 31, 2021: ₹ 10,020.73 Lakhs)	365.32	339.34
Current tax liabilities (Net)		
(Net of advance tax and Tax deducted at source of ₹ 30,269.11 Lakhs) (31 st March, 2021: ₹ 28,484.17 Lakhs)	426.00	664.84

Notes

To The Financial Statement For The Year Ended 31st March, 2022

(e) Movement in deferred tax balances

(₹ in Lakhs)

Particulars	31 st March, 2022					
	Net balance 01-Apr-21	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset - (Net)						
Property, plant and equipment	270.01	(8.27)		261.74	261.74	-
Security deposits	1.04	0.11		1.15	1.15	-
Profit on sale of Mutual Fund	91.21	(9.02)		82.19	82.19	-
Employee benefits	97.68	322.59		420.27	420.27	-
Actuarial gain/loss - OCI	-	9.89	(9.89)	-	-	-
Impairment on financial instruments	1.65	(0.23)		1.42	1.42	-
Cash-settled share-based payments	326.80	0.44		327.24	327.24	-
Lease Liabilities	75.18	11.14		86.32	86.32	-
Total	863.57	326.64	(9.89)	1,180.33	1,180.33	-
Deferred tax liabilities -(Net)						
Fair valuation of investments	(1,674.27)	(413.15)		(2,087.42)	-	(2,087.42)
Total	(1,674.27)	(413.15)	-	(2,087.42)	-	(2,087.42)

Particulars	31 st March, 2021					
	Net balance 01-Apr-20	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset - (Net)						
Property, plant and equipment	260.27	9.74		270.01	270.01	-
Security deposits	0.93	0.11		1.04	1.04	-
Profit on sale of Mutual Fund	95.38	(4.17)		91.21	91.21	-
Employee benefits	83.47	14.21		97.68	97.68	-
Actuarial gain/loss - OCI		10.56	(10.56)	-	-	-
Impairment on financial instruments	8.62	(6.97)		1.65	1.65	-
Cash-settled share-based payments	220.53	106.27		326.80	326.80	-
Lease Liabilities	56.84	18.34		75.18	75.18	-
Total	726.04	148.09	(10.56)	863.57	863.57	-
Deferred tax liabilities -(Net)						
Fair valuation of investments	(1,329.08)	(345.19)		(1,674.27)	-	(1,674.27)
Total	(1,329.08)	(345.19)	-	(1,674.27)	-	(1,674.27)

The Company has recognized the deferred tax on timing differences during the period. However, no deferred tax has been recognized in respect of balance long term capital loss of ₹ 1,308 Lakhs on sale of investments, since there is uncertainty of timing and realization of long term capital gains against which such deferred tax assets could be set off and accordingly, in view of prudence deferred tax assets in respect of the aforesaid has not been recognized in the standalone financial statements.

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

Deferred tax liabilities is on account of unrealised gain on Fair valuation of investments which is taxed under the capital gains and the same will not be eligible for set off against deferred taxes from income from business. Accordingly, the same has been disclosed separately in the standalone financial statements.

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

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 39 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in Lakhs)

Particulars	31 st March, 2022			31 st March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	258.62	-	258.62	366.55	-	366.55
Bank balance other than cash and cash equivalents above	210.49	-	210.49	-	-	-
Receivables						
(I) Trade receivables	5,000.06	-	5,000.06	3,700.49	-	3,700.49
(II) Other receivables	32.77	-	32.77	19.45	-	19.45
Loans	15.16	11.86	27.02	25.39	16.41	41.80
Investments	141,992.07	9,559.32	151,551.39	107,523.71	6,099.50	113,623.21
Other Financial assets	25.59	88.97	114.56	4.79	83.45	88.24
Sub total	147,534.76	9,660.15	157,194.91	111,640.38	6,199.36	117,839.74
Non-financial assets						
Current Tax assets (Net)	-	365.32	365.32	-	339.34	339.34
Deferred Tax assets (Net)	-	1,180.33	1,180.33	-	863.57	863.57
Property, Plant and Equipment	-	1,099.80	1,099.80	-	856.15	856.15
Intangible assets	-	392.44	392.44	-	299.19	299.19
Right of use asset	-	1,680.84	1,680.84	-	1,749.96	1,749.96
Intangible assets under development	115.46	-	115.46	189.68	-	189.68
Other Non-financial assets	388.07	10.21	398.28	413.20	18.90	432.10
Sub total	503.53	4,728.94	5,232.47	602.88	4,127.11	4,729.99
Total Assets	148,038.29	14,389.09	162,427.38	112,243.26	10,326.47	122,569.73
LIABILITIES						
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,727.55	-	2,727.55	1,847.60	-	1,847.60
Lease liabilities	329.80	1,666.41	1,996.21	285.27	1,735.45	2,020.71
Other Financial liabilities	5,474.79	4,278.87	9,753.66	1,918.18	2,242.93	4,161.11
Sub total	8,532.14	5,945.28	14,477.42	4,051.05	3,978.37	8,029.42
Non-Financial liabilities						
Current tax liabilities (Net)	-	426.00	426.00	-	664.84	664.84
Provisions	874.78	840.96	1,715.74	895.75	731.23	1,626.98
Deferred tax liabilities (Net)	-	2,087.42	2,087.42	-	1,674.27	1,674.27
Other non-financial liabilities	2,360.84	-	2,360.84	1,947.18	-	1,947.18
Sub total	3,235.62	3,354.38	6,590.00	2,842.93	3,070.34	5,913.27
Total Liabilities	11,767.76	9,299.66	21,067.42	6,893.97	7,048.72	13,942.69

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 40 TRADE PAYABLES AGEING SCHEDULE

As on 31st March, 2022

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	1,593.01	1,122.03	12.51	-	-	2,727.55
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

As on 31st March 2021

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	996.94	839.98	9.65	1.03	-	1,847.60
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

NOTE 41 TRADE RECEIVABLE AGEING SCHEDULE

As on 31st March 2022

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	5,000.06	-	-	-	-	5,000.06
(ii) Undisputed Trade receivables – considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade receivables – considered good	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered doubtful	-	-	-	-	-	-

As on 31st March 2021

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	3,691.32	2.61	5.10	1.08	0.38	3,700.49
(ii) Undisputed Trade receivables – considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade receivables – considered good	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered doubtful	-	-	-	-	-	-

Notes

To The Financial Statement For The Year Ended 31st March, 2022

NOTE 42 LOANS TO DIRECTORS

Type of Borrower	Amount of loan or advance in the nature of loan outstanding		Percentage to the total Loans and Advances in the nature of loans	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs includes Managing Director	-	12.97	-	31.03%
Related Parties	-	-	-	-

NOTE 43 : ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Company has not borrowed from banks and financial institutions on the basis of security of current assets.

(iii) Wilful defaulter

The Company have not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(v) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) Valuation of PP&E, intangible asset and investment property

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

Notes

To The Financial Statement For The Year Ended 31st March, 2022

(xi) Financial Ratios

The Company is in the business of providing Asset Management Services, financial ratios such as Capital to risk-weighted assets ratio ('CRAR') and Liquidity Coverage Ratio are not applicable.

Other regulatory information

(i) Title deeds of immovable properties not held in name of the company

The Company does not have immovable property, hence this clause is not applicable.

(ii) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are to be registered with the Registrar of Companies.

(iii) Utilisation of borrowings availed from banks and financial institutions

The Company has not borrowed from banks and financial institutions, hence this clause is not applicable.

NOTE 44: SEBI MATTER

Pursuant to the Show Cause Notice issued in May 2019 with respect to certain FMP's of Kotak Mahindra Mutual Fund, an order dated 27th August, 2021 has been passed by the SEBI, imposing certain penalties, reimbursement of proportionate management fees to unitholders earned and restraint on launching new FMP's for certain period of time. The Company has filed an appeal against it with the appellate authorities for which stay order has been received on 21st October, 2021. Management has ascertained that possible cash outflow for the above if any will be met out of the deposit maintained by the investee company and will not impact the profit and loss of the Company.

NOTE 45: INVESTMENT IN ASSOCIATES

The Company has sold equity shares of its subsidiary company i.e. Kotak Mahindra Pension Fund Limited to its parent company i.e. Kotak Mahindra Bank Limited on 17 May 2021 resulting in reducing stake from 95.71% to 49%. Effective 18th May, 2021, Kotak Mahindra Pension Fund Limited has become an associate of the Company. Further on 30th September 2021, the Company has subscribed 49% of right issue of equity shares of Kotak Mahindra Pension Fund Limited.

NOTE 46: COVID 19

The Covid-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world during the previous financial year. Although government had started vaccination drive in January 2021, COVID-19 cases have significantly increased due to outbreak of a new variant as compared to earlier levels in India. Various state governments had again announced localized/ regional restrictions to contain this spread. Due to our technology and digitally enabled business model, the Company has not faced any difficulty in running the business with minimal staff in the office during this period. Looking at the various factors prevailing at this point in time, the Company does not expect any material uncertainty which can affect its liquidity or financial position and its ability to continue as a going concern. However, the Company will keep a close watch on the pandemic and monitor the situation for any change in economic and business conditions.

NOTE 47: SEGMENT INFORMATION

The Company is in the business of providing asset management services to Kotak Mahindra Mutual Fund and portfolio management, advisory services and alternate investment funds services to clients. The primary segment is identified as asset management services. As such, the Company's standalone financial statements are largely reflective of the asset management business and accordingly there are no separate reportable segments as per Ind AS 108, Operating Segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM's function is to allocate the resources of the entity and assess the performance of the operating segment of the Company.

For and on behalf of the Board of Directors

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

Alpa Kedia
Partner
Membership No.: 100681

Mumbai
Dated: 25th May, 2022

Nilesh Shah
Managing Director

Krishnan Ramchandran
Chief Financial Officer

Gaurang Shah
Director

Jolly Bhatt
Company Secretary



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