Board's Report

To The Members of

Kotak Mahindra Asset Management Company Limited

Your Directors present their Twenty Fifth Annual Report together with the Audited Financial Statements of the Company for the financial year ended March 31, 2019.

1. FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Gross income	67,419	51,248
Profit before Depreciation and Tax	36,118	13,532
Depreciation and Amortization	975	907
Profit before Tax	35,143	12,625
Profit after Tax	22,900	8,132
Other Comprehensive Income	(34)	(38)
Balance of Profit from previous years	17,703	10,459
Amount available for appropriation	40,569	18,591
Appropriations		
Transfer to Capital Redemption Reserve	-	(850)
Surplus carried forward to the Balance Sheet	**40,569**	**17,703**

For the purposes of reporting, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

2. DIVIDEND

Your Directors recommend a dividend of ₹2384 lakhs excluding dividend distribution tax.

Transfer to reserves:

Your Directors have not recommended any 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 whollyowned 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 growth in the mutual funds industry continues unabated. The industry registered a growth of 6% YOY in Q4 FY19 over Q4 FY18 with the Quarterly Average Assets under Management (QAAUM) for Q4 FY19 at ₹24.52 Lakh cr.

During the same period, on the basis of percentage growth in QAAUM, KMAMC was amongst the second fastest growing Mutual Fund House – within the top 10 Fund Houses ranked by QAAUM. The QAAUM which stood at ₹1, 50,271cr for Jan-Mar 2019 has seen growth of around 21% in Q4 FY19 over Q4 FY18 and 157% over last 3 years. KMAMC continues to be the 7th largest Fund House in the country in terms of QAAUM. Market Share in QAAUM has grown to 6.13% from 5.41% in Q4 FY18 and 4.32%, 3 years back. The cumulative number of non-gold SIPs with the mutual fund stood at 11.92 Lakhs in Mar 19 as compared to 9.67 Lakhs in Mar 18.

KMAMC has 18.75 Lakhs unique investors basis the RTA data against the industry of 192.86 Lakhs, a market share of 9.7%, against a share of 8.8% in Mar 18. Thus, we have a share of investors of 9.7% against a overall market share in AUM terms of 6.2%.

The portfolio management business witnessed a drop in AUM, given the turbulence in the market, especially in the small and mid-cap space. Resultantly, the Company ended the year with discretionary AUM of ₹3,332cr against ₹3,762cr as on March 31, 2018.

The annual AAUM of the Company for FY19 was ₹1,38,215cr against ₹1,15,398cr in FY18, a growth of 20%. Consequently, Fee & Commission Income grew by 30% to ₹651.08cr from ₹501.99 cr in FY18. The overall costs reduced by ₹321.78cr in FY19 against ₹385.42cr in FY18. Hence, the overall profit before tax has increased to ₹352.41cr in FY19 compared to ₹127.05cr in FY18, a growth of 277%. Key regulatory changes viz. all commissions as trail only and no upfront directly or indirectly, resulted in a drop in the business promotion expenses from ₹169.53cr in FY18 to ₹145.28cr in FY19. Given the sharp drop in PMS volumes over the previous year, the referral commissions also witnessed a drop from ₹82.67 cr in FY18 to ₹28.36 cr in FY19.

New schemes launched:

- Thirty Two Fixed Maturity Plans (FMPs) were launched which collected ₹6, 186.17cr during their NFO period.
- Three Interval Scheme were launched which collected ₹219.17cr during their NFO period.
- Two close ended diversified equity funds were launched, which garnered a total of ₹405.14cr during their NFO period.
- KMAMC had a successful launch of its Balanced Advantage Fund, which witnessed a collection of ₹1877.97cr during its NFO period. This was at all-time high for KMAMC in its NFO collection since inception of the business.
- KMAMC launched its Overnight Fund which collected ₹1015.52cr during its NFO period.

Digitization initiatives:

Investor Related Key Developments

- Launched Video KYC module in existing app and launched "My First MF" app for non- KYC verified investors.
- Revamped website with many new features. Some key features include many auto alerts for investors, portfolio summary revamp, a micro site for the "Lets Plan with Kotak" campaign which resulted in 10,000 organic views, etc.
- Launched Instant Redemption facility for Investors.
- Launched New site for PMS business.
- Simplified the mobile login access with 4 digit pin and biometric.
- Introduced Missed call based portfolio valuation for investors.
- Distributor Related Key Developments.
- Launched Prostart Online Training Module which is used by over 1400 IFA's with over 20,000 video views.
- Created provision for distributors to download investors account statement and capital gain statement

API's for partnering with new age distributors.

These initiatives have resulted in a growth of 64% in the digital business, increased client acquisitions and Online SIP registrations. Our online IFA empanelment features helped us digitally register 6,400 IFAs

Market influences:

Equity Market Overview:

FY19 was an eventful and tumultuous year, almost akin to a roller coaster ride. The year started on an optimistic note, with expectations of recovery in both domestic GDP growth and corporate earnings. The year also saw very sharp movement in crude oil prices all of which had a bearing on the domestic macro economy and the currency.

September 2018 saw the beginning of a liquidity crisis in the NBFC (Non-Banking Financial Services) sector brought on by the default by IL&FS (Infrastructure Leasing and Financial Services). The NBFC sector which had been growing at a fast pace, saw a sudden liquidity squeeze, resulting in slow down of growth and apprehensions of credit defaults. Those entities running Asset – Liability mismatches were the hardest hit. The situation, however, improved considerably towards the end of the year with the RBI providing liquidity support to the system through OMOs (Open Market Operations), forex swaps and many companies resorting to asset sell downs.

Mutual fund flows were resilient throughout the year and provided support to the equity markets. The flows into mutual funds proved to be sticky with investors adopting the SIP (Systematic Investment Plan) route for their investment requirements. For FY19, the net inflows into equity from DIIs or Domestic Institutional Investors stood at USD 10.25 Bn. Foreign Institutional Investors (FIIs) on the other hand were net sellers in Indian equities for the first 9 months of FY19. The situation changed sharply in February and March 2019 with many investors starting to factor in higher probability of a stable government post the general elections.

The economy is at an inflection point. Structural reforms initiated over the last few years such as the implementation of GST (Goods and Services Tax), Bankruptcy Code, steps taken to formalize the economy, etc. are likely to start yielding benefits which would accrue over the long-term. While there are fears of some slowdown in consumption activity in the near term, we believe that this is not a structural problem for the economy. With inflation expected to stay within the medium term, the RBI target of 4% (+/-2%) and, consequently, real interest rates in the economy being high, the RBI could have room to cut policy rates further. Corporate asset quality stress appears to be ebbing and there are visible signs of large ticket asset resolutions under the Bankruptcy Code.

Oil prices peaked at USD 86/bbl. in October 2018. While we cannot rule out volatility in crude oil prices in FY20, our expectation is that the Current Account Deficit (CAD) in FY20 would range between 2.3-2.5% of GDP, which appears manageable. The forex reserves of the country at USD 412 Bn as on 31st March 2019 also provide comfort in the event of external sector vulnerability.

The global macro risks, especially those around growth outlook need monitoring. While the risk of a full blown trade war between the US and China remains, the fears appear to have reduced considerably. Trends in global GDP growth (including the US and China) would need to be watched closely. Any sharp deceleration in growth could have an impact on investor risk appetite and, consequently, foreign flows into the country.

Against this backdrop, we expect the large cap Nifty Index to report 16-18% earnings growth in FY20 with a large chunk of the improvement likely to be driven by corporate banks on account of lower credit costs. Over the last few years, the Midcap index outperformed the Nifty and, consequently, there was a huge difference in valuations of midcaps v/s the large caps. The correction in midcaps during FY19 has brought the relative Midcap valuation v/s the Nifty closer to the 2014 levels (which was the time when midcap Bull Run started). Similar is also the case for small cap valuations v/s the Nifty. With the froth in the mid and small cap space now having been wiped out, one could selectively look at investments in quality midcap companies with good managements, healthy Balance Sheets and high growth potential.

With improving corporate earnings, we would continue to follow our investment philosophy of Growth at a Reasonable Price (GARP) with an aim of investing in companies which have the potential to report earnings growth higher than the market, a strong Balance Sheet position and stable management.

Investors may keep investing through mutual funds in a systematic manner for the medium to long-term keeping in mind individual risk profile and return expectations.

Debt Market Overview

2018 saw markets everywhere, globally as well as domestically, behave like quicksilver – ever-shifting and unpredictable. This year has been one of the worst on record this decade for global bond markets. Rising benchmark interest rates, expectations of slower global growth and wavering outlook on oil prices have been the key drivers for negative returns, dampening investor demands and widening spreads.

Against a backdrop of choppy global bond yields, slowing global growth, escalating tariff wars and geopolitical tensions, the Indian gilts have had a trying year. Starting with 7.34%-levels in Jan 2018, the 10-yr gilt improved to its annual low of 7.13% in the first week of April. However, post the RBI's Monetary Policy Committee (MPC) announcement in early April 2018, inadequate Open Market Operations (OMO) announcements by the RBI and the currency crises experienced by certain emerging market economies, the yields spiked to a high 8.18% in Sep 2018.

H2 of FY18-19 was quite eventful for credit markets due to stress in the NBFC sector, which lead to sharp widening of credit spreads. Post September, the pressure on the Indian gilts seems to have eased as the 10-yr gilt rallied to 7.25%-levels. This rally has mainly been driven by a significant cooling in crude prices, back-to-back OMO announcements by the RBI, strengthening rupee and rejuvenation in FII inflows. This could not percolate to the credit market across the board.

Crude prices touched a high of US$ 86.09/bbl. at the beginning of October 2018 before they cooled down by ~36% to hover around the US$ 55/bbl. as on Dec 20, 2018.

At the beginning of 2018, two of our biggest concerns for Indian gilt and bond yields stemmed from the Government's ability to contain fiscal deficit, especially in the run up to general elections in first half of FY19 and from the RBI's ability to manage inflation.

In November, CPI inflation had corrected to a 14-month low of 2.3% with core-CPI at 5.45%, well within the RBI's targeted inflation range of 4% (±2%) for the fiscal year of 2019. Cooling fuel prices and deflating food prices have contributed to lower inflation numbers.

We had a sudden change of Guard at the RBI in December 2018 when Dr. Urijit Patel stepped down and was replaced by Mr. Shaktikanta Das. Thus, change of thought process too and this triggered a different approach to the state of the economy. In lower inflation and the change of guard at the RBI, we saw a complete U turn in the monetary policy from calibrated tightening to a beginning of a rate cutting cycle. In the new regime, the RBI changed the stance form calibrated tightening to Neutral and delivered 2 rate cuts of 25 bps each making the repo rate of 6%. The RBI also introduced FX swap to add durable liquidity and announce two auction of USD 5 USD Bn each. This initiative not only added FX to the kitty and durable liquidity but also lead to some spread tightening in the bond markets.

The Central Government made all efforts to maintain fiscal discipline. However, due to certain revenue shortfall the fears came true and there was a slippage and the Government was able to deliver 3.40% for FY18-19. Despite an election year and some populist scheme, the target FD for FY20 has been set at 3.3%, which shifts the goal post of FRBM target for some more time.

Despite the jitters felt due to various credit events that unfolded during 2018, markets seem to be exhibiting resilience. Domestic investors continued their buying into mutual funds even as FIIs sold.

Certain macro-economic indicators are showing a clear, positive trend from Currency, Inflation and Monetary policy point of view. These spell positively for fix income markets across categories in FY20.

Scheme Performance:

The snapshot of the performance for FY-19 of the key schemes is as under:

Equity Schemes	Benchmark	FY19 Returns (%)	Benchmark Returns (%)	Performance (%)
Kotak Bluechip Fund (Erstwhile Kotak 50)	Nifty 50 TRI	9.17	16.45	-7.28
Kotak Equity Hybrid (Erstwhile Kotak Balance Fund)	Nifty 50 Hybrid Composite Debt 70:30 Index	3.28	13.59	-10.31
Kotak India EQ Contra Fund (Erstwhile Kotak Classic Equity)	Nifty 100 TRI	11.6	13.96	-2.36
Kotak Emerging Equity Scheme	Nifty Midcap 100 TRI	-0.23	-1.85	1.62
Kotak Equity Arbitrage Fund	Nifty 50 Arbitrage Index	6.1	5.35	0.75
Kotak Small cap Fund (Erstwhile Kotak Midcap Fund)	Nifty Small cap 50 TRI	-6.68	-17.58	10.9
Kotak Equity Opportunities Fund	Nifty 200 TRI	8.45	11.89	-3.44
Kotak Standard Multicap Fund (Erstwhile Kotak Select Focus Fund)	Nifty 200 TRI	11.47	11.89	-0.42
Kotak Taxsaver	Nifty 500 TRI	10.15	9.7	0.45
Kotak Equity Savings Fund	75% Nifty 50 Arbitrage Index and 25% Nifty 50 TRI	7.55	8.17	-0.62
Kotak Infrastructure and Economic Reform Fund	India Infrastructure Index (Customized Index by IISL)	-6.26	-3.86	-2.4
Kotak Balanced Advantage Fund	NIFTY 50 Hybrid Composite Debt 50:50 Index	6.01	7.66	-1.65

Debt Schemes	Benchmark	FY19 Returns (%)	Benchmark Returns (%)	Performance (%)
Kotak Banking and PSU Debt Fund - Reg - Growth	CRISIL Banking and PSU Debt Index	7.59	7.24	0.35
Kotak Bond Scheme - Reg – Growth	NIFTY Medium to Long Duration Debt Index	6.85	5.69	1.16
Kotak Bond Short Term Plan - Reg – Growth	NIFTY Short Duration Debt Index	7.39	7.39	0
KOTAK DYNAMIC BOND FUND – Reg - Growth (Erstwhile Kotak Flexi Debt Scheme)	Nifty Composite Debt Index	8.85	6.62	2.23
KOTAK MONEY MARKET SCHEME – Reg - Growth (Erstwhile Kotak Floater Short Term Scheme)	Nifty Money Market Index	8.16	7.58	0.58
KOTAK MAHINDRA GILT UNIT SCHEME 98 - INVESTMENT PLAN – Reg – Growth	Nifty All Duration G-Sec Index	7.97	8.95	-0.98
KOTAK CREDIT RISK FUND (Erstwhile Kotak Income Opportunities Fund)	CRISIL Composite AA Short Term Bond Index	6.36	8.01	-1.65
KOTAK MAHINDRA LIQUID SCHEME - Reg - Growth	Nifty Liquid Index	7.39	7.38	0.01
KOTAK SAVINGS FUND - Reg – Growth (Erstwhile Kotak Treasury Advantage Fund)	NIFTY Ultra Short Duration Debt Index	7.83	8.19	-0.36
Kotak Medium Term Fund – Reg- Growth	NIFTY Medium Duration Debt Index	5.89	6.76	-0.87
Kotak Corporate Bond Fund Reg – Growth	CRISIL Corporate Bond Composite Index	8.25	5.79	2.46
Kotak Low Duration Fund – Reg – Growth	NIFTY Low Duration Debt Index	7.69	7.72	-0.03
KOTAK DEBT HYBRID – Reg – Growth (Erstwhile Kotak Monthly Income Plan	CRISIL Hybrid 85+15 - Conservative Index	4.24	7.65	-3.41
Kotak Overnight Fund - Reg – Growth	NIFTY 1D Rate Index	6.22	6.32	-0.1

Awards:
During FY19, the Company has won number of awards,

- 2018 DMA Asia Echo Awards for Best Use of Direct Mail Diwali – Beejbox wali (Silver)
- CNBC TV 18 Best Mutual Fund House of the year 2018
- CNBC TV 18 Best Debt Mutual Fund House of the year 2018
- CNBC TV 18 Best Corporate Bond of the year 2018
- CNBC TV 18 Best ETF of the year 2018
- CNBC TV 18 Best Arbitrage Fund of the year 2018

Investor Awareness Program:
KMAMC has been conducting investor awareness programs throughout India. KMAMC has been making efforts to educate and make prospective investors aware about Mutual Funds. During the year ended 31st March, 2019, 224 investor awareness programs were conducted across India and approximately 12,084 investors attended these programs.

Further, various booklets, leaflets, newsletters explaining the concepts of Mutual Funds were presented and distributed during the various investor meets with an aim to educate investors.

4. SUBSIDIARY

Kotak Mahindra Pension Fund Limited (KMPFL), a subsidiary of the Company was appointed as a Pension Fund Manager (PFM) by the Pension Fund Regulatory and Development Authority (PFRDA), on April 30, 2009. The initial license was for a period of 3years. Various term extensions were granted by PFRDA for this arrangement of management of Pension Funds. Request for Proposal (RFP) for selection of Pension Funds for NPS Private Sector Schemes in conjunction with PFRDA, (Pension Fund) Regulations, 2015 dated September 9, 2016 called for bids afresh with applications from the sponsors and allowed differential pricing by PFMs. However, the validity period for this RFP lapsed on October 17, 2017.

KMAMC continues to act as the Sponsor of KMPFL vide letter dated June 24, 2016 until fresh selection process is initiated by PFRDA, under Pension Fund Regulatory and Development Authority (Pension Funds) Regulations, 2015. As per the recent press reports, the Pension Fund Regulatory and Development Authority (PFRDA) is set to issue guidelines on foreign direct investment (FDI) in the sector. PFRDA may also allow higher commission for financial institutions and permit post offices to sign up subscribers for pension products and the commission for pension fund managers is tied to new RFP (Request for proposal) which is proposed to be initiated.

As per the current terms of the appointment, the funds are received in the Trustee Bank (Axis Bank) as per the pension fund subscription information provided by the central record keeping agency (National Securities Depository Limited and Karvy Computershare). The assets are under the custody of the NPS Trustee appointed custodian viz., Stock Holding Corporation of India Limited.

The Company manages nine schemes. During the year, the general business environment has been good for Pension Funds with the industry keeping up the momentum in line with the previous financial year. The combined assets under management (AUM) onMarch 31, 2019 were ₹784cr (₹536cr as of March 31, 2018) a growth of 46.30%. The overall pension fund industry AUM (including the private and public sectors) has grown from ₹234,579cr as on March 31, 2018 to ₹318,214cr as on March 31, 2019, a growth of 35.70 % and the private sector industry AUM has grown from ₹5,682cr as on March 31, 2018 to ₹9,827cr as on March 31, 2019, a growth of 73%.

At the current stage of pension fund business, considering the low rates of management fees, profits before tax including revenue generated from the investment management activity for March 31, 2019 is ₹7.08 Lakhs (Previous year – loss ₹4.92 Lakhs)

5. KEY SEBI CIRCULARS

Post SEBI circulars dated October 6, 2017 and December 4, 2017 on scheme categorization, all the changes of the aforesaid circular have been incorporated in the offer documents of schemes of Kotak Mahindra Mutual fund and the same was completed by June 2018. Further following key circular have been issued by SEBI during the year:

- SEBI (Mutual Funds) (Second Amendment) Regulations, 2018 read with SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2018/91 dated June 5, 2018 stated that additional expenses in lieu of exit load, have been reduced to 0.05 per cent from 0.20 percent of daily net assets of the scheme from May 29, 2018.
- SEBI, vide circular No. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018, has stated that all scheme related expenses, including commission paid to distributors, shall necessarily be paid from the scheme only. MFs/AMCs shall adopt full trail model of commission in all schemes, without payment of any upfront commission or up fronting of any trail commission, directly or indirectly, in cash or kind, through sponsorships, or any other route.
- SEBI, vide Gazette Notification no. No. SEBI/LAD-NRO/GN/2018/51- dated December 13, 2018 has recalibrated the Total Expense Ratio (TER), which will reduce the cost of investment for the investors w.e.f 1st April 2019 . For open ended schemes, TER reduction ranges from 5 Bps to 40 Bps where the AUM of the scheme is between ₹3,000 Cr to ₹50,000 cr. For close-ended Equity schemes, TER reduced from 2.25 % to 1.25% and 1% for debt Schemes.
- SEBI vide circular no. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018, has permitted segregation of portfolio in mutual fund schemes, in case of a credit event at the issuer level i.e. downgrade or subsequent downgrades in credit rating to below investment grade by a SEBI registered Credit Rating Agency (CRA).

6. UPDATES ON KEY EVENTS:

- Certain FMPs of Kotak Mahindra Mutual Fund, had a cumulative exposure of ₹ 86.16 cr, in IL&FS Group companies. KMMF has made a 100% provision against the same in the respective Schemes. The recovery will be dependent on resolution plan achieved by the new Board of IL&FS / NCLT.
- Certain FMPs of Kotak Mahindra Mutual Fund had invested in debentures of Essel Group Companies. Few FMPs among these, matured in April 2019 (cumulatively amounting to ₹ 307.67 cr approximately.) among these matured in April 2019. On 25th January 2019 there was a sharp correction in share price of Zee. Post this correction the, issuer was unable to top-up the required share collateral. Considering the interest of the investors and in accordance with the provisions of SEBI (MF) Regulations, 1996,

realized the value of investments forming part of portfolio has been paid to investors on maturity of various FMP schemes in April 2019, barring the portion of investments in the Essel Group This portion of the investment will be distributed upon realization, which is expected in September 2019.

- The Company received a Show Cause Notice ('SCN') dated 10 May 2019 with regard to certain investments made in two Fixed Maturity Plans, which matured in April 19, in respect of which, proceeds pertaining to these investments were not paid to the investors on maturity of the FMPs. SEBI has initiated adjudication proceedings vide Show cause Notice dated 31st May 2019, against the Company and some of its officials. The Company intends to file appropriate responses in consultation with its lawyers.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors retiring by rotation

Mr. Gaurang Shah (DIN 00016660) would retire by rotation at the Twenty Fifth 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

Ms. Anjali Bansal (DIN 00207746) was appointed as Non-Executive Independent Director of the Company w.e.f. September 7, 2018.

Directors resigned during the year

During the year under review, Mr. Bipin Shah (DIN 00006094) resigned w.e.f April 24, 2018. The Company places on record its appreciation and gratitude for the valuable contributions made by him during his tenure as member of the Board.

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 2018 - 19. 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.

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 Ramchandran – 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:
  - o Key Managerial Personnel
  - o 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)

- o All other employees
- Compensation structure is broadly divided into Fixed, Variable and ESOPs
  - o Fixed Pay – Total cost to the Company i.e. Salary, Retrials and Other Benefits
  - o 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.
  - o Stock Appreciation Rights (SARs) : These are structured, variable incentives, linked to Kotak Mahindra Bank Stock price, payable over a period of time.
  - o 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) of the Company for FY-19 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 2019, 8 meetings of the Board of Directors were held.

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.

9. COMMITTEES

(A) AUDIT COMMITTEE

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

During the year ended 31st March, 2019, 7 meetings of the Committee were held. There was no case where recommendation of the Audit Committee was not accepted by the Board of Directors.

(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 Mr. Sukant Kelkar – Chairman, Mr. Sanjiv Malhotra, Mr. C. Jayaram and Mr. Gaurang Shah, with any two members forming the quorum.

During the year ended 31st March, 2019, 2 meetings of the Committee were held.

(C) CSR COMMITTEE

In terms of the requirement of Section 135 of the Companies Act, 2013, the CSR Committee presently consists of Mr. Sukant Kelkar – Chairman, Mr. C. Jayaram and Mr. Gaurang Shah, with any two members forming the quorum.

During the year ended 31st March, 2019, 2 meetings of the Committee were held.

9. AUDITORS

Statutory Auditors

In terms of Section 139 of the Companies Act, 2013, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, 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 14-15 until the conclusion of the Annual General Meeting of FY 19-20 of the Company, subject to ratification by the members every year. However, 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 Ms. Rupal D. Jhaveri, a Company Secretary in Practice, as its Secretarial Auditor. The Secretarial Audit Report for the year ended March 31, 2019 is annexed to this Report.

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

INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms 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.

10. 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.

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the Company has not given any loans, guarantees or made investments which attract the provisions of Section 186 of the Companies Act, 2013.

12. 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. There was no reference made under the policy during the year.

13. CORPORATE SOCIAL RESPONSIBILITY

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

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

- Clean India
- Sports

The Company's CSR Policy is available on the Company's website: assetmanagement.kotak.com

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

The average net profit U/S 198 of the Company for the last three financial years preceding 31st March, 2019 is ₹82.16 cr.

The prescribed CSR expenditure required U/S 135, of the Act for FY 2018-19 is ₹164.00 Lakhs.

The CSR expenditure incurred from 1st April, 2018 to 31st March, 2019 U/S 135 of the Companies Act, 2013 amounts to ₹71.00 Lakhs as against ₹20.00 Lakhs incurred in FY 2017-18. The unspent amount CSR Expenditure amount for FY 2018-19 is ₹93Lakhs.

CSR expenditure of ₹71.00 lakh as a percentage of average net profit U/S 198 of the Company at ₹82.16cr is 0.86 %.

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

Most of the CSR programs 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. The Company's CSR footprint has been consistently increasing over the years. The Company is committed to stepping-up its CSR programs and expenditure in the years ahead.

The Company's CSR Expenditure in FY 2018-19 of ₹71.00 Lakhs, which is over 255% higher than the previous financial year. In FY 2016-17, the Company's CSR Expenditure was ₹10.00 Lakhs, which increased to ₹20.00 Lakhs in FY 2017-18 – an increase of 100% over the previous financial year.

One of the reasons for the Company CSR Expenditure's underspend is the NGO's inability to utilize large CSR Expenditure allocated under the Company's CSR programs.

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

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

14. RISK MANAGEMENT

SEBI circular MFID/CIR/15/19133/2002 dated September 30, 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 the 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 for mutual funds to be conducted once every two years, 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 risks in Fund Management are managed by the Investment Committee which is appointed by the Board and is responsible for monitoring the credit and interest rate risks, 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.

Liquidity Management

The RBI in its Circular No. DBOD.BP.NO.56/21.04.098/2012-13 dated November 7, 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 the Liquid Schemes of the Kotak Mahindra Mutual Fund. 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.

15. EMPLOYEES

The employee strength of your Company was 434 as of March 31, 2019.

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 Board's Report. In terms of the proviso to Section 136(1) of the Companies Act, 2013, the Board's 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.

16. 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, 2019.

17. 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 March 31, 2019 the Company's foreign exchange income was ₹4.58cr (Previous year ₹3.24cr), while the outgo was ₹0.66cr (Previous year ₹1.78cr)

18. 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 changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

19. 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.

20. 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 March 31, 2019, 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, 2019 and of the Profit of the Company for the year ended March 31, 2019;

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.

21. SECRETARIAL STANDARDS

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

22. CHANGE IN THE NATURE OF BUSINESS

The Company has not undergone any changes in the nature of the business during the Financial Year.

ANNEXURES

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

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

(b) 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 – B).

(c) Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013(Annexure C).

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

UDAY KOTAK
CHAIRMAN
(DIN 00007467)

Mumbai
Dated: June 12, 2019

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U65991MH1994PLC080009
2.	Registration Date	August 2, 1994
3.	Name of the Company	Kotak Mahindra Asset Management Company Limited
4.	Category / Sub-Category of the Company	Public Company limited by shares
5	Address of the Registered office and contact details	27 BKC, Plot No. C - 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400051, Maharashtra, INDIA Tel No. : (022) 61152100 Fax No.: (022) 67082213
6.	Whether listed company Yes / No	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Management of Mutual Funds	66301	82.24%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Kotak Mahindra Bank Limited* **Address:** 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051	L65110MH1985PLC038137	Holding Company	100%	2(46)
2	Kotak Mahindra Pension Fund Limited **Address:** 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051	U67200MH2009PLC191144	Subsidiary Company	95.71	2(87)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i) Category-wise Share Holding

Kotak Mahindra Asset Management Company is 100 % subsidiary of Kotak Mahindra Bank Ltd.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-		-	-	-	-
e) Banks/FI*	-	2,98,00,000	2,98,00,000	100	-	2,98,00,000	2,98,00,000	100	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub total (A) (1)	**-**	**2,98,00,000**	**2,98,00,000**	**100**	**-**	**2,98,00,000**	**2,98,00,000**	**100**	**-**
2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**-**	**2,98,00,000**	**2,98,00,000**	**100**	**-**	**2,98,00,000**	**2,98,00,000**	**100**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**-**	**2,98,00,000**	**2,98,00,000**	**100**	**-**	**2,98,00,000**	**2,98,00,000**	**100**	**-**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	Pledged encumbered to total shares	No. of Shares	% of total Shares of the company	Pledged encumbered to total shares	
1	KOTAK MAHINDRA BANK LIMITED	2,98,00,000	100	-	2,98,00,000	100	-	-

iii) Change in Promoters' Shareholding

Sl. No.		share holding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /	-	-	-	-

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

Sr. No.	Name of the Shareholder	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
-	-	-	-	-	-	-

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Gaurang Shah **(as nominee of Kotak Mahindra Bank Ltd)**				
	At the beginning of the year	19	0.0001%	19	0.0001%
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	19	0.0001%	19	0.0001%

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	
• Addition				
• Reduction				
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	**-**	**--**		**-**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In crs)

Sl. no.	Particulars of Remuneration	Name of MD/ WTD	Total Amount
		Mr. Nilesh Shah	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.39	3.39
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.003	0.003
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	0.98	0.98
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	4.38	4.38
	Ceiling as per the Act#		

 # Remuneration payable to Managing Director shall not exceed 11% of the net profit of the Company

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Mr. Bipin Shah	Mr. Sukant Kelkar	Mr. Nalin Shah	Mr. Sanjiv Malhotra	Ms. Anjali Bansal	Total Amount
	4. Independent Directors						
	• Fee for attending board / committee meetings	0.005	0.064	0.056	0.046	0.017	0.188
	• Commission*						
	• Others, please specify	0.05	0.05	0.05	0.05	0.0375	0.2375
	Total (1)	**0.055**	**0.114**	**0.106**	**0.096**	**0.0545**	**0.4255**
	4. Other Non-Executive Directors	Mr. Chengalath Jayaram	-	-	-	-	
	• Fee for attending board committee meetings	0.046	-	-	-		0.046
	• Commission						
	• Others, please specify-	0.05					0.05
	Total (2)	**0.096**	**-**	**-**	**-**		**0.096**
	Total (B) = (1 + 2)	**-**	**-**	**-**	**-**	**-**	**0.5215**
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act#						

** Payment of Commission is subject to approval of members at the AGM of 2018 – 2019.*

#Remuneration payable shall not exceed 1% of the net profit of the Company.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(₹ in crs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.38	1.79	2.17
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option	-	0.19	0.19
3	Sweat Equity	-	-	
4	Commission	-	-	
	- as % of profit			
	- others, specify...			
5	Others, please specify	-		
	Total	**0.38**	**1.98**	**2.36**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

UDAY KOTAK
CHAIRMAN
(DIN NO.00007476)

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31sT MARCH 2019

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

To,
The Members,
KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED

I 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 3 Ist March 2019 ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
4. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings **(Not Applicable);**
5. The laws prescribed under Securities and Exchange Board of India Act, 1992 to the extent applicable:-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board ofIndia (Prohibition ofInsider Trading) Regulations, 20 15;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. **(Not Applicable)**;
   d) The Securities and Exchange Board ofIndia (Share Based Employee Benefits) Regulations, 20 14;
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable);**
   f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
   g) The Securities and Exchange Board ofIndia (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable)**;
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **(Not Applicable)** and;
   i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(Not Applicable);**
6. The Company being an Asset Management Company, the acts, laws and regulations specifically applicable to the Company are given below:
   a) The Securities and Exchange Board ofIndia (Mutual funds) Regulations, 1996 as amended;
   b) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;

   The Company has its own robust compliance system and the Company is also subject to monitoring by and reporting of compliances to SEBI.
7. Other laws to the extent applicable to the Company as per the representations made by the Company;

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

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

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

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

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as a part of the minutes.

I 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.

I further report that during the audit period in my opinion, there are no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Rupal Dhiren Jhaveri
Place: Mumbai FCS No: 5441
Date: 19th April 2019 Certificate of Practice No. 4225

Annexure A

To,

The Members

KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED

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

'Annexure A'

1. Maintenance of secretarial record is the responsibility of the management of the company.

   My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. Ibelieve that the processes and practices, Ifollowed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, I 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. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Rupal Dhiren Jhaveri
Place: Mumbai FCS No: 5441
Date: 19th April 2019 Certificate of Practice No. 4225

Details of CSR activities and expenditure U/S 135 of The Companies Act, 2013

CSR project/ activity identified	Sector in which the project is covered	Area of project implementation (Name of the District / s, State / s where project / programme was undertaken	Programme / project wise budgeted amount (₹ Lakh)	Programme / project wise actual spend during the year – Direct expenditures (₹ Lakh)	Programme / project wise actual spend during the year – Overheads (₹ Lakh)	Cumulative Expenditure up to reporting period (Since FY 2014-15) (₹ Lakh)	Amount spent Direct or through implementing agency (₹ Lakh)
Promoting education	Education	Mumbai - Maharashtra	30.00	21.12	4.02	67.00(Out of ₹ 30.00 Lakh, the NGO has not utilised ₹4.86 Lakh. This will be used towards meeting expenses for FY2019-20)	Implementing Agency - 30.00
Promoting livelihood	Vocational Skills and Livelihood	Ahmednagar - Maharashtra, Bhopal - Madhya Pradesh, Raipur -Chhattisgarh	41.00	15.07	0.17	41.00 (Out of ₹ 41.00 Lakh, the NGO has not utilised ₹25.75 Lakh. This will be used towards meeting expenses for FY2019-20)	Implementing Agency - 41.00
TOTAL CSR SPEND U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2018-19							**71.00**

Summary of CSR Programmes implemented in FY 2018-19

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

  Additionally, the Company has started implementing long term CSR Programmes that are sustainable and scalable.

- In FY2018-19, the Company implemented its CSR Programme 'Vocational Skills and Livelihood', which it is implementing in partnership with (and through) Pratham Education Foundation (Pratham). The expenditure will fund setting up entrepreneurship incubation centres for providing basic entrepreneurship skill training, mentorship support and linkages for setting up micro enterprises by the underprivileged youths from economically disadvantaged backgrounds. These centres are in Ahmednagar (Maharashtra), Bhopal (Madhya Pradesh), and Raipur (Chhattisgarh). The Company's CSR initiative provides opportunities to these youths from economically disadvantaged sections of the society with limited access to training and capital to succeed as an entrepreneur.

SUKANT KELKAR
(DIN 00015883)
CHAIRMAN OF CSR COMMITTEE

NILESH SHAH
(DIN 01711720)
MANAGING DIRECTOR

UDAY KOTAK
(DIN 00007467)
CHAIRMAN

Independent Auditor's Report

To
The Members of
Kotak Mahindra Asset Management Company Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

OPINION

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

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

BASIS FOR OPINION

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

a) Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

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

(2) of the Act;

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

(g) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Viren H. Mehta**
Partner
Membership Number: 048749

Place: Mumbai
Date: 12 June 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

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

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE IND AS FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

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

OPINION

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

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Viren Mehta**
Partner
Membership Number: 048749

Place: Mumbai
Date: 12 June 2019

Balance Sheet
as at 31ST MARCH 2019

(Amount in Lakhs)

Particulars	Note No.	As at 31st March,2019	As at 31st March,2018	As at 1st April,2017
ASSETS				
Financial assets				
Cash and cash equivalents	2	151.69	619.26	15.78
Receivables				
(I) Trade receivables	3	3,839.08	5,694.24	2,856.26
(II Other receivables	3	17.13	20.60	16.95
Loans	4	47.44	19.70	37.70
Investments	5	45,344.24	21,720.29	13,043.30
Other Financial assets	6	75.87	74.97	67.69
Sub total		**49,475.45**	**28,149.06**	**16,037.68**
Non-financial assets				
Current Tax assets (Net)		1,477.31	1,626.78	1,784.56
Deferred Tax assets (Net)		335.30	428.09	316.11
Property, Plant and Equipment	7	918.12	840.95	626.74
Intangible assets	8	617.03	919.17	1,276.05
Intangible assets under development	9	136.31	-	-
Other Non-financial assets	10	2,165.14	3,510.83	2,077.22
Sub total		**5,649.21**	**7,325.82**	**6,080.68**
Total Assets		**55,124.66**	**35,474.88**	**22,118.36**
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	2,550.25	6,361.88	3,611.33
Borrowings (Other than Debt Securities)	12	-	-	850.00
Other Financial liabilities	13	1,300.00	1,300.00	900.00
Sub total		**3,850.25**	**7,661.88**	**5,361.33**
Non-Financial liabilities				
Current tax liabilities (Net)		49.80	49.80	49.80
Provisions	14	1,832.70	1,317.85	1,062.44
Other non-financial liabilities	15	2,662.34	3,021.86	475.13
Sub total		**4,544.84**	**4,389.51**	**1,587.37**
EQUITY				
Equity Share Capital	16	2,980.00	2,980.00	2,980.00
Other equity	17	43,749.57	20,443.49	12,189.66
Sub total		**46,729.57**	**23,423.49**	**15,169.66**
Total Liabilities and Equity		**55,124.66**	**35,474.88**	**22,118.36**
Significant Accounting Policies & Notes on Accounts	1			

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration. No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.:048749

Mumbai
Dated: June 12, 2019

For and on behalf of the Board of Directors

Managing Director | Director

Chief Financial Officer | Company Secretary

Statement of Profit And Loss
for the year ended 31ST MARCH 2019

(Amount in Lakhs)

Sr. no.	Particulars	Note No.	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
	REVENUE FROM OPERATIONS			
(i)	Interest income	18	2.17	5.86
(ii)	Fees and commission income	19	65,107.65	50,199.44
(iii)	Net gain on fair value changes	20	2,288.94	1,024.69
(I)	**Total revenue from operations**		**67,398.76**	**51,229.99**
(II)	**Other income**	21	**20.65**	**18.06**
(III)	**Total income (I + II)**		**67,419.41**	**51,248.05**
	EXPENSES			
(i)	Finance costs	22	114.18	179.00
(ii)	Impairment on financial instruments	23	1.07	10.38
(iii)	Employee Benefits expenses	24	9,135.62	7,886.16
(iv)	Depreciation, amortization and impairment	25	974.79	907.42
(v)	Other expenses	26	22,050.94	29,640.21
(IV)	**Total expenses**		**32,276.60**	**38,623.17**
(V)	**Profit before exceptional items and tax (III-IV)**		35,142.81	12,624.88
(VI)	**Exceptional items**		-	-
(VII)	**Profit before tax (V -VI)**		35,142.81	12,624.88
(VIII)	**Tax expense**			
	(1) Current tax		12,131.61	4,584.40
	(2) Deferred tax charge/(credit)		111.24	(91.65)
	Total tax expense (1+2)		**12,242.85**	**4,492.75**
(IX)	**Profit for the year (VII-VIII)**		**22,899.96**	**8,132.13**
(X)	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		(52.79)	(58.18)
	- Income tax relating to items that will not be reclassified to profit or loss		18.45	20.33
	Sub-total		**(34.35)**	**(37.85)**
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	Total (A)		**(34.35)**	**(37.85)**
	Other comprehensive income (A + B)		**(34.35)**	**(37.85)**
(XI)	**Total Comprehensive Income for the year (IX+X)**		**22,865.61**	**8,094.28**
(XII)	**Earnings per equity share Basic and Diluted**	27	**76.85**	**27.29**
	Significant Accounting Policies & Notes on Accounts	1		

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration. No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.:048749

Mumbai
Dated: June 12, 2019

For and on behalf of the Board of Directors

Managing Director

Director

Chief Financial Officer

Company Secretary

Cash Flow Statement

as at 31ST MARCH, 2019

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation and extraordinary items	35,142.81	12,624.88
Add / (Less) Adjustments for:		
Depreciation, amortization and impairment	974.79	907.42
Profit on sale of Tangible Asset	(20.65)	(18.06)
Fair Valuation of Defined Obligation	(52.79)	(58.18)
Interest income on security deposits	102.26	(3.41)
Fair valuation of ESOP / SARS	439.22	159.51
(Profit) / Loss on Sale of Investments	(368.54)	(570.06)
Net gain/(loss) on fair value changes : - Investments	(1,920.40)	(454.62)
Impairment on financial instruments	1.07	10.39
Fair valuation of Rent	(0.53)	(1.13)
Interest on Preference Share	-	167.83
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**34,297.24**	**12,764.57**
Movements in working capital :		
Increase/ (decrease) in trade payables	(3,811.62)	2,750.54
Increase / (decrease) in provisions	514.84	255.41
Increase / (decrease) in other financial liabilities	-	400.00
Increase / (decrease) in Borrowings	-	(850.00)
Increase / (decrease) in other non-financial liabilities	(359.51)	2,546.72
Decrease / (increase) in trade receivables	1,854.40	(2,848.48)
Decrease / (increase) in other receivables	3.48	(3.66)
Decrease / (increase) in loans and advances	(27.92)	18.33
Decrease / (increase) in other non financial assets	1,345.69	(1,433.61)
Decrease / (increase) in other financial assets	(102.92)	(2.76)
CASH GENERATED FROM OPERATIONS	**33,713.68**	**13,597.06**
Financial Expenses		
Payment of Taxes (Net of refund)	**(11,980.90)**	**(4,426.56)**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**21,732.78**	**9,170.50**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property plant and equipments	(751.76)	(766.95)
Sale of Property plant and equipments	22.60	20.26
Purchase of Intangible assets under development	(136.32)	-
Sale of Investment	41,825.00	26,127.68
Purchase of Investments	(63,160.00)	(33,780.00)
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**(22,200.48)**	**(8,399.01)**
CASH FLOW FROM FINANCING ACTIVITIES		
Interest on Preference Share	-	(167.83)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**-**	**(167.83)**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	**(467.70)**	**603.66**
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**619.44**	**15.78**
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	**151.74**	**619.44**
CASH & CASH EQUIVALENTS BEFORE IMPAIRMENT PROVISION	**151.74**	**619.44**
IMPAIRMENT LOSS ALLOWANCES	(0.05)	(0.18)
CASH & CASH EQUIVALENTS AS PER BALANCE SHEET	**151.69**	**619.26**

The above Cash Flow Statement has been prepared under the ‘Indirect Method’ as set out in Ind AS 7 “Cash Flow Statements”

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration. No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.:048749

Mumbai
Dated: June 12, 2019

For and on behalf of the Board of Directors

Managing Director

Director

Chief Financial Officer

Company Secretary

Statement of Changes in Equity

for the year ended 31ST MARCH, 2019

A. EQUITY SHARE CAPITAL

(Amount in Lakhs)

Particulars	Balance at the beginning of the period	Changes in equity share capital during the year	Balance at the end of the period
Equity shares of ₹ 10 each fully paid up			
As on 1-April-2018	2,980.00	-	2,980.00
As on 31-Mar-2018	2,980.00	-	2,980.00
As on 31-Mar-2019	2,980.00	-	2,980.00

B. OTHER EQUITY

(Amount in Lakhs)

Particulars	Reserves and Surplus				Total
	Capital redemption reserve	Capital Contribution by parent	General Reserve	Surplus in profit and loss account	
Opening balance as on 1-April-2017	**420.00**	**141.53**	**1,169.25**	**10,458.88**	**12,189.66**
Profit for the year	-	-	-	8,132.13	8,132.13
Fair value of Employee Stock option plan	-	159.55	-		159.55
Remeasurments of defined benefit plans	-	-	-	(37.85)	(37.85)
Transfer to Capital redemption reserve	850.00	-	-	(850.00)	-
Changes during the year	**850.00**	**159.55**	**-**	**7,244.28**	**8,253.83**
Closing balance as at 31-March-2018	1,270.00	301.08	1,169.25	17,703.16	20,443.49
Opening balance as at 31-March-2018	1,270.00	301.08	1,169.25	17,703.16	20,443.49
Profit for the year	-	-	-	22,899.96	22,899.96
Fair value of Employee Stock option plan	-	440.47	-		440.47
Remeasurments of defined benefit plans	-		-	(34.35)	(34.35)
Changes during the year	**-**	**440.47**	**-**	**22,865.61**	**23,306.08**
Closing balance as at 31-March-2019	**1,270.00**	**741.55**	**1,169.25**	**40,568.77**	**43,749.57**

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration. No. 301003E/E300005
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.:048749

Mumbai
Dated: June 12, 2019

For and on behalf of the Board of Directors

Managing Director Director

Chief Financial Officer Company Secretary

Schedules forming part of Balance Sheet and Profit and Loss Account

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 and portfolio advisory services.

2. BASIS OF PREPARATION

A. STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Companies Act, 2013 ('the Act").

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

Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Equity, Statement of Profit and Loss and Cash Flows are provided in Note 38.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1 April 2017 being the 'date of transition to Ind AS'. These standalone financial statements were authorized for issue by the Company's Board of Director's on 12th June 2019.

B. FUNCTIONAL AND PRESENTATION CURRENCY

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

C. BASIS OF MEASUREMENT

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

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments).
- Net defined benefit (asset) / liability: plan assets are measured at fair value less present value of defined benefit obligation;
- Share-based payments - measured at fair value; and
- Assets held for sale: measured at fair value less costs to sell.

D. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and the 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

(a) 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 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 33.

IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and carry-forwards 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 model. Key assumptions made with respect to expected volatility include share price, expected dividends and discount rate, under this option pricing model. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in the Statement of Profit and Loss. This requires a reassessment of the estimates used at the end of each reporting period.

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

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

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

Schedules forming part of Balance Sheet and Profit and Loss Account

conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please refer Note 33.

IX. Business model assessment

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

X. Effective Interest Rate (EIR) method

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

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

XI. Impairment of financial assets

The Company recognizes loss allowances for expected credit losses 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.

XII. Impairment of non-financial assets

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

E. ACCOUNTING STANDARD ISSUED BUT NOT EFFECTIVE

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

Ind AS 116 – Leases

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

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

F. AMENDMENTS TO EXISTING IND AS:

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

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

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

II. Amendments to Ind AS 12 Income Taxes

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

III. Amendments to Ind AS 19 Employee Benefits

This amendment requires:

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

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 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 Statement of Profit and Loss.

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

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

Schedules forming part of Balance Sheet and Profit and Loss Account

Computers	3 years
Office Equipment	5 Years
Furniture and Fixtures	6 years
Vehicles	4 years

Leasehold Improvements Over the period of lease subject to a maximum of 6 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 stated at cost of acquisition less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other non-refundable taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making 'the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

ii. Subsequent expenditure

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

iii. Amortization

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

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

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

C. ACCOUNTING FOR OPERATING LEASES AS A LESSEE

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

D. REVENUE RECOGNITION OF INCOME

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

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

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

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

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

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

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

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

Investment management fees are recognized an accrual basis after deducting actual and estimated expenses from total expense accruals in scheme books.

Fees from Portfolio Advisory Services are recognized on an accrual basis in accordance with the terms of agreement.

Fees from Portfolio Management Services are recognized on an accrual basis in accordance with the terms of agreement.

Dividend income is recognized in the Statement of Profit and Loss on an accrual basis when the right to receive the dividend is established.

Purchase and sale of investments are recorded on trade date. The profit / loss on sale of investments is recognized in the 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 effective interest method.

E. INCOME TAX

Income tax expense comprises current and deferred tax. It is recognized in the 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.

Schedules forming part of Balance Sheet and Profit and Loss Account

F. EMPLOYEE BENEFITS

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.

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 accounts for the liability for future gratuity benefits based on an independent actuarial valuation. The gratuity obligation is unfunded. 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.

Remeasurement of all defined benefit plans, which comprise actuarial gains and losses are recognized immediately in OCI 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 the Statement of Profit and Loss. Remeasurements are not reclassified to the Statement of Profit or Loss in subsequent period.

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.

Other Employee Benefits

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.

As per the Company policy, employees of the Company are eligible for an award after completion of a specified number of years of service with the Company. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method.

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 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.

H. BORROWING COSTS

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

I. 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.

J. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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 Statement of Profit and Loss to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

K. 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 Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but disclosed in the notes.

L. SHARE BASED PAYMENTS

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

The ultimate holding company of the Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including 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").

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 in the 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 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.

Schedules forming part of Balance Sheet and Profit and Loss Account

Stock Appreciation Rights ("SARs") - Cash Settled

The fair value of the amount payable to employees in respect of SAR's, 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 Statement of Profit and Loss in 'Provision for Stock Appreciation Rights' under the head Employee Benefit Expense.

M. 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.

N. 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 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.

Business model assessment

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

- the objectives for the portfolio, in particular, Management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

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

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

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

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

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 Statement of Profit and Loss. The loss allowance is recognized in OCI and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss.

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

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

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

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

Equity instruments at FVOCI

The Company subsequently measures all equity investments at 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 Statement of Profit and Loss. Dividends are recognized in the Statement of Profit and Loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial liabilities

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.

O. 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

Schedules forming part of Balance Sheet and Profit and Loss Account

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;
- 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 are a probability weighted estimate of credit losses measured as follows:

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

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

PD has been computed using observed history of default and converted into forward looking PD's using suitable macro-economic variable data.

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

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

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

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

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

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

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

- Stage 1: 12 month ECL:

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

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

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

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

- Stage 3: Lifetime ECL (credit impaired):

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

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the Expected Credit Loss reverts from lifetime ECL to 12-months ECL.

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

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

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

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

P. 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 statement of profit and loss.

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

Q. MODIFICATIONS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

Schedules forming part of Balance Sheet and Profit and Loss Account

Financial liabilities

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

R. 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.

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.

S. 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.

T. CASH FLOW STATEMENT

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

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

V. OPTIONAL EXEMPTIONS AND MANDATORY EXCEPTIONS UNDER IND AS 101 FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

Optional exemptions:

I. Deemed cost

The Company has elected to account for property plant and equipment and intangible assets at their previous GAAP carrying amount as at 01st April 2017 i.e. deemed cost as at the date of transition.

II. Share-based payments

The Company has elected not to apply Ind AS 102 Share-based payment to equity instruments that vested before the date of transition to Ind AS. Accordingly, the Company has measured only the unvested stock options on the date of transition as per Ind AS 102.

III. Investment in subsidiaries, joint venture and associates

The Company has elected to measure investment in subsidiaries, joint venture and associate at their previous GAAP carrying amount as at 01st April, 2017 i.e. deemed cost as at the date of transition.

Mandatory exemptions:

I. Estimates

The estimates at April 1, 2017 and March 31, 2018 are consistent with those made for the same dates in accordance with the Indian GAAP (after adjustments to reflect any differences if any, in accounting policies). The Company has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair valuation of financial instruments at FVTPL and / or FVOCI
- Impairment of financial assets based on expected credit loss model.

II. Derecognition of financial assets and financial liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

III. Classification of financial assets

The Company has classified and measured the financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Schedules forming part of Balance Sheet and Profit and Loss Account

2. CASH AND CASH EQUIVALENTS :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Balances with banks	151.74	619.44	15.79
Sub total	**151.74**	**619.44**	**15.79**
Less: Impairment loss allowance	(0.05)	(0.18)	(0.01)
Total	**151.69**	**619.26**	**15.78**

3 RECEIVABLES :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Trade receivables:			
Unsecured, considered good	3,858.46	5,712.87	2,864.38
Sub total	**3,858.46**	**5,712.87**	**2,864.38**
Less: Impairment loss allowance	(19.38)	(18.63)	(8.12)
Total	**3,839.08**	**5,694.24**	**2,856.26**
Other receivables:			
Unsecured, considered good	17.13	20.60	16.95
Sub total	**17.13**	**20.60**	**16.95**
Less: Impairment loss allowance	-	-	-
Total	**17.13**	**20.60**	**16.95**

4 LOANS :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
(A)			
(i) Employee Loan	47.75	19.83	38.16
Total Gross (A)	**47.75**	**19.83**	**38.16**
Less: Impairment loss allowance	(0.31)	(0.13)	(0.46)
Total Net (A)	**47.44**	**19.70**	**37.70**
(B)			
(i) Unsecured	47.75	19.83	38.16
Total Gross (B)	**47.75**	**19.83**	**38.16**
Less: Impairment loss allowance	(0.31)	(0.13)	(0.46)
Total Net (B)	**47.44**	**19.70**	**37.70**
(C)			
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	47.75	19.83	38.16
Total Gross (C) (I)	**47.75**	**19.83**	**38.16**
Less: Impairment loss allowance	(0.31)	(0.13)	(0.46)
Total Net (C) (I)	**47.44**	**19.70**	**37.70**
(II) Loans outside India	-	-	-
Less: Impairment allowance	-	-	-
Total Net (C) (II)	**-**	**-**	**-**
Total (C) (I) and (II)	**47.44**	**19.70**	**37.70**

Schedules forming part of Balance Sheet and Profit and Loss Account

5 INVESTMENTS :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Investments :			
Mutual funds	42,659.24	19,035.29	10,358.30
Equity instruments	5.00	5.00	5.00
Subsidiaries	2,680.00	2,680.00	2,680.00
Total Gross (A)	**45,344.24**	**21,720.29**	**13,043.30**
(i) Investments outside India	-	-	-
(ii) Investments in India	45,344.24	21,720.29	13,043.30
Total (B)	**45,344.24**	**21,720.29**	**13,043.30**
Less: Impairment allowance	-	-	-
Total Net	**45,344.24**	**21,720.29**	**13,043.30**
Amortize cost			
At fair value through profit or loss	42,664.24	19,040.29	10,363.30
Others	2,680.00	2,680.00	2,680.00
	45,344.24	**21,720.29**	**13,043.30**

6 OTHER FINANCIAL ASSETS :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Other financial assets :			
Premises Deposits	75.37	74.19	67.98
Other Deposits	1.09	1.09	-
Sub total	**76.46**	**75.28**	**67.98**
Less: Impairment loss allowance	(0.59)	(0.31)	(0.29)
Total	**75.87**	**74.97**	**67.69**

Schedules forming part of Balance Sheet and Profit and Loss Account

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

(Amount in Lakhs)

Particulars	Improvements to leasehold premises	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
At cost or fair value as at 1-April-2017	165.94	3.81	204.85	66.23	185.91	626.74
Additions during the year	112.98	14.73	216.02	32.42	187.67	563.82
Disposals during the year	(1.61)	(0.03)	(0.13)	(0.17)	(0.25)	(2.19)
At cost or fair value as at 31-March-2018	**277.31**	**18.51**	**420.74**	**98.48**	**373.33**	**1,188.37**
Accumulated depreciation and impairment as at 1-April-2017						-
Depreciation for the year	58.30	13.32	112.32	23.44	136.61	343.99
Disposals during the year	0.98	0.02	2.24	0.08	0.11	3.43
Accumulated depreciation and impairment as at 31-March-2018	**59.28**	**13.34**	**114.56**	**23.52**	**136.72**	**347.42**
Net carrying amount as at 31-March-2018	**218.03**	**5.17**	**306.18**	**74.96**	**236.61**	**840.95**
At cost or fair value as at 31-March-2018	277.31	18.51	420.74	98.48	373.33	1,188.37
Additions during the year	125.76	15.44	129.80	45.50	185.12	501.62
Disposals during the year	(0.83)	(0.02)	-	(0.61)	(0.49)	(1.95)
At cost or fair value as at 31-March-2019	**402.24**	**33.93**	**550.54**	**143.37**	**557.96**	**1,688.04**
Accumulated depreciation and impairment as at 31-March-2018	59.28	13.34	114.56	23.52	136.72	347.42
Depreciation for the year	77.56	13.37	134.87	26.58	169.26	421.64
Disposals during the year	0.75	0.01	-	0.02	0.08	0.86
Accumulated depreciation and impairment as at 31-March-2019	**137.59**	**26.72**	**249.43**	**50.12**	**306.06**	**769.92**
Net carrying amount as at 31-March-2019	**264.65**	**7.21**	**301.11**	**93.25**	**251.90**	**918.12**

The Company has availed the deemed cost exemption as per Ind AS 101 in relation to the tangible assets as on the date of transition (1st April, 2017) and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer Note below for the gross block value and the accumulated depreciation on 1st April, 2017 under the previous GAAP.

(Amount in Lakhs)

Particulars	Improvements to leasehold premises	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Gross Block	303.08	43.10	463.11	164.07	720.53	1,693.89
Accumulated Depreciation	(137.14)	(39.29)	(258.26)	(97.83)	(534.62)	(1,067.15)
Net Block	**165.94**	**3.81**	**204.85**	**66.23**	**185.91**	**626.74**

Impairment loss and reversal of impairment loss

There is no impairment loss recognized for tangible assets.

Schedules forming part of Balance Sheet and Profit and Loss Account

NOTE 8 INTANGIBLE ASSETS

(Amount in Lakhs)

Particulars	Software	Copyrights, patents, other intellectual property rights, services and operating rights *	Total
At cost or fair value as at 1-April-2017	374.28	901.77	1,276.05
Additions during the year	203.12	-	203.12
Disposals during the year	-	-	-
At cost or fair value as at 31-March-2018	**577.40**	**901.77**	**1,479.17**
Accumulated depreciation and impairment as at 1-April-2017			-
Depreciation for the year	241.98	318.02	560.00
Disposals during the year	-	-	-
Accumulated depreciation and impairment as at 31-March-2018	**241.98**	**318.02**	**560.00**
Net carrying amount as at 31-March-2018	**335.42**	**583.75**	**919.17**
At cost or fair value as at 31-March-2018	577.40	901.77	1,479.17
Additions during the year	250.12	-	250.12
Disposals during the year	-	-	-
At cost or fair value as at 31-March-2019	**827.52**	**901.77**	**1,729.29**
Accumulated depreciation and impairment as at 31-March-2018	241.98	318.02	560.00
Depreciation for the year	234.24	318.02	552.26
Disposals during the year	-	-	-
Accumulated depreciation and impairment as at 31-March-2019	**476.22**	**636.04**	**1,112.26**
Net carrying amount as at 31-March-2019	**351.30**	**265.73**	**617.03**

The Company has availed the deemed cost exemption as per Ind AS 101 in relation to the intangible assets as on the date of transition (1st April, 2017) and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer Note below for the gross block value and the accumulated depreciation on 1st April, 2017 under the previous GAAP.

(Amount in Lakhs)

Particulars	Software	Copyrights, patents, other intellectual property rights, services and operating rights *	Total
Gross Block	926.87	1,590.08	2,516.95
Accumulated Depreciation	(552.59)	(688.31)	(1,240.90)
Net Block	**374.28**	**901.77**	**1,276.05**

* This contains, the asset management rights acquired which are amortized over a period of 5 years from the date of acquisition of the schemes, which is the period over which it is estimated that the benefits will flow to the Company.

Impairment loss and reversal of impairment loss

There is no impairment loss recognized for intangible assets.

Schedules forming part of Balance Sheet and Profit and Loss Account

9 INTANGIBLE ASSETS UNDER DEVELOPMENT :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Intangible assets under development :			
Software under development	136.31	-	-
Total	**136.31**	**-**	**-**

10 OTHER NON FINANCIAL ASSETS :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Other non financial assets :			
Prepaid Rent	43.27	28.11	28.53
Advance recoverable in cash or in kind	242.30	245.70	181.76
GST receivable (Net)	528.61	1,913.59	221.35
Prepaid Expenses	1,350.96	1,323.43	1,645.58
Total	**2,165.14**	**3,510.83**	**2,077.22**

11 PAYABLES :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
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	2,550.25	6,361.88	3,611.33
Total (I)	**2,550.25**	**6,361.88**	**3,611.33**

12 BORROWINGS (OTHER THAN DEBT SECURITIES) :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Borrowings (Other than Debt Securities) :			
Convertible Preference share capital	-	-	850.00
Total (A)	**-**	**-**	**850.00**
Borrowings in India	-	-	850.00
Borrowings outside India	-	-	-
Total (B)	**-**	**-**	**850.00**

Schedules forming part of Balance Sheet and Profit and Loss Account

Terms of conversion/ redemption of Convertible Preference Shares(CPS)

CPS carry dividend @ 8.50% p.a. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The preference shares of ₹10 each were issued in Financial Year 2008 - 2009. These CPS were convertible into equity shares on January 5,2019 at a valuation price as determined by an independent valuer. As per the terms of amendment, the CPS can be redeemed at fair value as determined by an independent valuer for similar securities. During the FY 17-18, the Company and Kotak Securities Limited have mutually agreed to amend the terms of the CPS.

13 OTHER FINANCIAL LIABILITIES :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Other financial liabilities :			
Incentive Payable	1,300.00	1,300.00	900.00
Total	**1,300.00**	**1,300.00**	**900.00**

14 PROVISIONS :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Provisions :			
Provision for employee benefits	336.19	277.01	222.18
Provision for gratuity	702.52	606.44	405.90
Provision for stock appreciation rights	793.99	434.40	434.36
Total	**1,832.70**	**1,317.85**	**1,062.44**

15 OTHER NON-FINANCIAL LIABILITIES :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Revenue received in advance	332.61	485.90	340.21
Statutory dues payable	2,329.73	2,535.96	134.92
Total	**2,662.34**	**3,021.86**	**475.13**

NOTE 16 EQUITY SHARE CAPITAL

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Authorized			
3,00,00,000 equity shares of ₹10/- each	3,000.00	3,000.00	3,000.00
1,00,00,000 preference shares of ₹10/- each	1,000.00	1,000.00	1,000.00
Issued, subscribed and paid-up	2,980.00	2,980.00	2,980.00
2,98,00,000 equity shares of ₹ 10/- each, fully paid up			
	2,980.00	**2,980.00**	**2,980.00**

Schedules forming part of Balance Sheet and Profit and Loss Account

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

Particulars	No. of shares	Amount in Lakhs
Equity shares of ₹ 10 each, fully paid-up		
As at 1st April 2017	29,800,000	2,980
Add : Issued during the year	-	-
As at 31st March 2018	29,800,000	2,980
Add : Issued during the year	-	-
As at 31st March 2019	**29,800,000**	**2,980**

b. Terms/ rights 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 holders 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 shareholders.

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

Particulars	As at 31-Mar-19		As at 31-Mar-18		As at 01-Apr-17	
	Number of shares	% Holding	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	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-19		As at 31-Mar-18		As at 01-Apr-17	
	Number of shares	% Holding	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	29,800,000	100	29,800,000	100

Dividend:

The Board of Directors recommended a final dividend of ₹8 per equity share for the financial year ended 31st March,2019. 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 approximately ₹ 2874.04 Lakhs, including dividend distribution tax. Dividends on equity shares are recorded as a liability on the date of approval by the shareholders

Schedules forming part of Balance Sheet and Profit and Loss Account

17 OTHER EQUITY :

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 01-Apr-17
Capital redemption reserve	1,270.00	1,270.00	420.00
Capital Contribution from parent	741.56	301.08	141.53
General Reserve	1,169.25	1,169.25	1,169.25
Surplus in Statement of Profit and Loss	40,568.76	17,703.16	10,458.88
Total	**43,749.57**	**20,443.49**	**12,189.66**

17.1 NATURE AND PURPOSE OF RESERVE

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

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

Surplus in Statement of Profit and Loss
Surplus in Statement of Profit and Loss represents surplus/deficit of the company and is available for distribution to the shareholders.

REVENUE FROM OPERATIONS

18 INTEREST INCOME :

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Other interest income	2.17	5.86
Total	**2.17**	**5.86**

19 FEES AND COMMISSION INCOME

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Management fees	55,442.52	42,545.86
Portfolio advisory services	493.98	442.71
Portfolio management services	9,171.15	7,210.87
Total	**65,107.65**	**50,199.44**

Schedules forming part of Balance Sheet and Profit and Loss Account

20 NET GAIN/(LOSS) ON FAIR VALUE CHANGES :

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
(A) Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	2,288.94	1,024.69
Total Net gain/(loss) on fair value changes (C = A+B)	**2,288.94**	**1,024.69**
Fair value changes:		
Realised	368.54	570.06
Unrealised	1,920.40	454.62
Total Net gain/(loss) on fair value changes (D)	**2,288.94**	**1,024.68**

21 OTHER INCOME :

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Net gain/(loss) on derecognition of property, plant and equipment	20.65	18.06
Total	**20.65**	**18.06**

EXPENSES

22 FINANCE COSTS :

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Interest on Income Tax	98.49	-
Interest on Preference Shares including dividend distribution tax	-	167.83
Other interest expense	15.69	11.17
	114.18	**179.00**

23 IMPAIRMENT ON FINANCIAL INSTRUMENTS :

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Loans	0.18	(0.33)
Receivables	0.74	10.51
Bank Balances	(0.13)	0.18
Security Deposit	0.28	0.02
Total	**1.07**	**10.38**

Schedules forming part of Balance Sheet and Profit and Loss Account

24 EMPLOYEE BENEFITS EXPENSES :

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Salaries and wages	7,129.47	6,507.58
Contribution to provident and other funds	302.31	263.91
Share Based Payments to employees	1,184.70	710.54
Staff welfare expenses	38.70	28.94
Others	480.44	375.19
Total	**9,135.62**	**7,886.16**

25 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Improvements To Leasehold Premises	78.31	59.28
Software	234.25	241.98
Furniture and fixtures	13.38	13.34
Vehicles	134.87	114.56
Office equipment	26.60	23.52
Computers	169.36	136.72
Others	318.02	318.02
Total	**974.79**	**907.42**

26 OTHER EXPENSES

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Rent, taxes and energy costs	1,173.35	1,132.66
Repairs and maintenance	67.38	40.67
Communication Costs	266.90	274.02
Computer related expenses	389.69	365.83
Travel related expenses	383.91	346.95
Net gain or loss on foreign currency transaction and translation	2.83	0.91
Printing and stationery	163.24	379.90
Business promotion, Distribution and Mutual Fund expenses	14,528.73	16,953.99
Referral fees for portfolio management services	2,835.76	8,267.38
Membership subscription	490.80	502.39
Reimbursement of common administrative cost	424.87	472.98
Directors fees, allowances and expenses	47.15	31.20
Auditors fees and expenses	23.53	19.99
Legal and Professional charges	454.15	200.07
Insurance	32.38	22.46
Contribution towards corporate social responsibility (Refer note 29)	71.00	20.00
Other expenditure	695.27	608.81
Total	**22,050.94**	**29,640.21**

Schedules forming part of Balance Sheet and Profit and Loss Account

(Amount in Lakhs)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Details of Auditors fees and expenses		
(a) As auditors	23.00	19.50
(b) Reimbursement of expenses	0.53	0.49
Total	**23.53**	**19.99**

NOTE 27 EARNINGS PER SHARE

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

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

Sr. No.	Particulars	For the year ended 31st March,2019	For the year ended 31st March,2018
	Net profit from continued operation attributable to equity holders	22,899.96	8,132.13
A)	**Profit attributable to equity holders of the Company adjusted for the effect of dilution**	**22,899.96**	**8,132.13**
B)	**Weighted average number of ordinary shares**	2,980.00	2,980.00
	Issued ordinary shares at 1 April	298.00	298.00
	Effect of shares bought back during the year		
	Weighted average number of shares at 31 March	**298.00**	**298.00**
C)	**Weighted average number of shares at 31 March adjusted for the effect of dilution**	**298.00**	**298.00**
D)	**Face value per share (INR)**	10.00	10.00
E)	**Basic and Diluted earnings per share (INR)**	76.85	27.29

NOTE 28 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in Lakhs)

Sr No	Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 1-Apr-17
Contingent Liabilities:				
a)	In respect of demand from VAT authorities	14.71	14.71	14.71
b)	In respect of demand from Service Tax authorities			24.12
	Total	**14.71**	**14.71**	**38.83**
Commitments:				
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	99.53	126.18	101.30
	Total	**99.53**	**126.18**	**101.30**

Note:

1. With regard to a recent Supreme Court (SC) judgment on Provident Fund there are various interpretative issues, including applicability. The Company has, based on a legal opinion, taken the view that the judgment will be applicable from March 2019.

NOTE 29 CORPORATE SOCIAL RESPONSIBILITY

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 ₹ 164.33 Lakhs (Previous year 57.69 Lakhs) during the year on CSR activities

Details of Corporate Social Responsibility expenditure

Amount in Lakhs

Sr no	Particulars	For the year ended 31st March,2019	For the year ended 31st March,2018
a)	Gross amount required to be spent during the year	164.33	57.69
b)	Amount spent during the year		
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	71.00	20.00

NOTE 30 RELATED PARTY DISCLOSURES

A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
1	**Subsidiary Company :**		
	Kotak Mahindra Pension Fund Limited	India	95.71%
	Holding Company :		
	Kotak Mahindra Bank Limited	India	
	(Mr. Uday S. Kotak along with his relatives and enterprises in which he has beneficial interest holds 29.99% of the equity share capital and 19.68% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2019)		
	Fellow subsidiaries with whom transactions have taken place during the year:		
	Kotak Mahindra Trustee Company Limited	India	
	Kotak Securities Limited	India	
	Kotak Mahindra Prime Limited	India	
	Kotak Mahindra Life Insurance Limited	India	
	Kotak Mahindra General Insurance Company Limited	India	
	Kotak Mahindra (International) Limited	Mauritius	
	Kotak Mahindra Asset Management (Singapore) PTE. Limited	Singapore	
	Kotak Mahindra Financial Services Limited	Dubai	
	Enterprises over which Mr. Uday S Kotak along with its relatives have significant influence		
	Aero Agencies Limited	India	
	Key Management Personnel		
	Managing Director		
	Nilesh Shah		

Schedules forming part of Balance Sheet and Profit and Loss Account

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
	Independent Director		
	Anjali Bansal		
	Bipin R Shah		
	C Jayaram		
	Nalin Shah		
	Sanjiv Malhotra		
	Sukant Kelkar		

B. Transactions with Key Management Personnel

i. Key Management Personnel compensation

Sr. No.	Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Managing Director			
i.	Short-term employee benefits	259.88	240.17
ii.	Post-employment defined benefit	11.14	10.18
iii.	Shared-based payments	174.39	432.03
Independent Director			
i.	Director Sitting Fees	23.40	16.20
ii.	Director Commission	23.75	15.00

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

INR (In Lakhs)

Nature of Transaction	Year ended March 31	Holding Company	Fellow Subsidiaries	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Pension Fund Subsidiary
Balance in Current Account	2019	61.80			
	2018	618.62			
	2017	4.73			
Equity Shares					
Equity Share Capital	2019	2,980.00			
	2018	2,980.00			
	2017	2,980.00			
Kotak Securities Limited					
Preference Share Capital	2019	-			
	2018	-			
	2017	850.00			
Redemption during the year	2019		-		
	2018		850.00		
	2017		-		

Schedules forming part of Balance Sheet and Profit and Loss Account

INR (In Lakhs)

Nature of Transaction	Year ended March 31	Holding Company	Fellow Subsidiaries	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Pension Fund Subsidiary
Investments in Equity Shares (Closing Balance)	2019				2,680.00
	2018				2,680.00
	2017				2,680.00
Fixed Assets					
Purchase of Fixed assets	2019	-			
	2018	6.31			
	2017	5.51			
Sale of Fixed assets	2019	-			
	2018	-			
	2017		14.43		
Other Receipts and Payments					
Recovery of common establishment expenses					
Kotak Mahindra Trustee Company Limited	2019		57.79		
	2018		52.94		
Recovery of common administrative expenses					
Kotak Mahindra Trustee Company Limited	2019		5.17		
	2018		5.17		
Reimbursement of Common administrative cost	2019	419.73			6.00
	2018	478.15			0.80
Brokerage Expenses Paid	2019	1,336.68			
	2018	4,058.62			
Kotak Securities Limited	2019		178.64		
	2018		146.35		
Kotak Mahindra Financial Services Limited	2019		18.30		
	2018		150.92		
Unamortised Brokerage	2019	599.25			
	2018	618.16			
Kotak Securities Limited	2019		5.64		
	2018		4.25		
Other Expenses / Reimbursement of other expenses					
Kotak General Insurance Company Limited	2019		9.34		
	2018		9.25		
Kotak Mahindra Life Insurance Company Limited	2019		24.72		
	2018		15.53		
Kotak Securities Limited	2019		16.97		

Schedules forming part of Balance Sheet and Profit and Loss Account

INR (In Lakhs)

Nature of Transaction	Year ended March 31	Holding Company	Fellow Subsidiaries	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Pension Fund Subsidiary
	2018		19.80		
Kotak Mahindra Prime Limited	2019		1.42		
	2018		0.58		
Kotak Mahindra Trustee Company Limited	2019		3.60		
	2018		-		
Rent Paid	2019	680.45			
	2018	690.60			
Kotak Mahindra Prime Limited	2019		2.40		
	2018		2.13		
Aero Agencies Limited Cost of travel tickets purchased (Net of Discount)	2019			37.79	
	2018			31.32	
Advisory Fees					
Kotak Mahindra International Limited	2019		331.00		
	2018		221.00		
Kotak Mahindra Asset Management (Singapore) PTE. Limited	2019		127.00		
	2018		103.00		
Miscellaneous Receipts	2019	11.74			
	2018	-			
Kotak Securities Limited	2019		2.51		
	2018		0.26		
Kotak Mahindra Life Insurance Company Limited	2019		-		
	2018		0.30		
Kotak General Insurance Company Limited	2019		-		
	2018		0.38		
Kotak Mahindra International Limited	2019		13.73		
	2018		-		
Miscellaneous Payments	2019	922.21			
	2018	753.26			
Dividend Paid Kotak Securities Limited	2019		-		
	2018		72.25		
Other payments to Kotak Securities Limited	2019		6.40		
	2018		-		
Other Miscellaneous Prepaid					
Kotak Mahindra Life Insurance Company Limited	2019		-		
	2018		8.99		

Schedules forming part of Balance Sheet and Profit and Loss Account

INR (In Lakhs)

Nature of Transaction	Year ended March 31	Holding Company	Fellow Subsidiaries	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Pension Fund Subsidiary
Kotak General Insurance Company Limited	2019		2.60		
	2018		3.23		
Other Miscellaneous Prepayment					
Kotak Mahindra Life Insurance Company Limited	2019		8.99		
	2018		-		
Kotak General Insurance Limited	2019		1.01		
	2018		-		
Outstandings – Receivables	2019				
	2018				
	2017				
Kotak Securities Limited	2019				
	2018				
	2017		0.96		
Kotak Mahindra Life Insurance Company Limited	2019		-		
	2018		0.30		
	2017		-		
Kotak Mahindra Pension Fund Limited	2019			-	-
	2018			-	0.86
	2017				-
Outstandings Payables	2019	267.07			
	2018	235.45			
	2017	352.69			
Kotak Securities Limited	2019		15.16		
	2018		29.41		
	2017		10.28		
Kotak Mahindra Prime Limited	2019		0.34		
	2018		-		
	2017		-		
Kotak Mahindra Life Insurance Company Limited	2019		0.93		
	2018		0.15		
	2017		-		
Kotak Mahindra Financial Services Limited	2019		-		
	2018		44.22		
	2017		11.33		

(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.

Schedules forming part of Balance Sheet and Profit and Loss Account

NOTE 31 EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans:

a) The Company makes Provident Fund contributions to Recognized Provident Fund for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹302.31 Lakh (Previous year ₹ 263.91 Lakh) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the Fund are at rates specified in the Rules of the Scheme.

b) 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 Lakhs (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.

(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 unfunded. 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.

A. 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 financial statements as at Balance Sheet date:

	As at 31-Mar-19	As at 31-Mar-18	As at 1-Apr-17
Present value of Unfunded defined benefit obligation (A)	702.52	606.44	405.90
Fair value of plan assets (B)	-	-	-
Net (asset) / liability recognized in the Balance Sheet (A-B)	**702.52**	**606.44**	**405.90**

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:-

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
Opening balance	606.44	405.89	-	-	606.44	405.89
Included in profit or loss						
Current service cost	72.02	45.79	-	-	72.02	45.79
Past service cost	-	119.72	-	-	-	119.72
Interest cost (income)	43.54	27.64	-	-	43.54	27.64
	722.00	599.04	-	-	722.00	599.04
Included in OCI						
Remeasurement loss / (gain):						
Actuarial loss / (gain) arising from:						
Demographic assumptions	(0.30)	58.95	-	-	(0.30)	58.95
Financial assumptions	33.95	(29.08)	-	-	33.95	(29.08)

Schedules forming part of Balance Sheet and Profit and Loss Account

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
Experience adjustment	19.14	28.31	-	-	19.14	28.31
Actual return on plan assets less interest on plan assets	-	-	-	-	-	-
	52.79	**58.18**	**-**	**-**	**52.79**	**58.18**
Other						
Contributions paid by the employer	-	-	-	-	-	-
Benefits paid	(76.37)	(50.29)	-	-	(76.37)	(50.29)
Liabilities assumed / (settled)*	4.10	(0.49)	-	-	4.10	(0.49)
Closing balance	**702.52**	**606.44**	**-**	**-**	**702.52**	**606.44**
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					702.52	606.44
					702.52	**606.44**

** On account of business combination or inter group transfer*

C. Expenses recognized in Statement of Profit and Loss

	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Current service cost	72.02	45.79
Past service cost	-	119.72
Administration expenses	-	-
Interest on net defined benefit liability / (asset)	43.54	27.64
(Gains) / losses on settlement	-	-
	115.56	**193.15**

D. Remeasurements recognized in other comprehensive income

	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Actuarial loss / (gain) arising from:		
Financial assumptions	33.95	(29.08)
Demographic assumptions	(0.30)	58.95
Experience adjustments	19.14	28.31
Actual return on plan assets less interest on plan assets	-	-
Adjustment to recognize the effect of asset ceiling	-	-
	52.79	**58.18**

Schedules forming part of Balance Sheet and Profit and Loss Account

E. Defined benefit obligations

i. Actuarial assumptions

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

	As at 31-Mar-19	As at 31-Mar-18	As at 1-Apr-17
Discount rate (p.a.)	7.15%	7.90%	7.18%
Salary escalation rate (p.a.)	7.00%	7.00%	7.00%

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.

	As at 31-Mar-19		As at 31-Mar-18	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	22.99	(24.50)	18.72	(19.91)
Salary escalation rate (50 bps movement)	(15.02)	14.99	(12.65)	12.39

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.

F. Experience adjustments

	2019	2018	2017	2016	2015
Present value of defined benefit obligation	702.52	606.44	405.90	359.08	386.05
Fair value of plan assets					
Surplus / (Deficit)	(702.52)	(606.44)	(405.90)	(359.08)	(386.05)
Experience adjustments on plan liabilities	19.14	28.31	17.15	(13.72)	44.58
Experience adjustments on plan assets					

G. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the Balance Sheet date on the basis of an actuarial valuation. The Company recognized ₹ 47.19 Lakhs (Previous year : ₹59.19 Lakhs) for Compensated Absences in the Statement of Profit and Loss.

H. Long Service Award

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

NOTE 32 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 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

These Schemes provide for the grant of options to employees of the Bank and its subsidiaries to acquire equity shares of the Bank that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI guidelines, the excess, if any, of the market price of the share at the date of the grant of the option under ESOS over the exercise price of the option is amortized on a straight line basis over the vesting period and is recovered from the subsidiary to the extent that it pertains to its employees. These options are accounted for as being equity settled in the consolidated accounts of the Parent.

The fair value of the option is determined using a Black-Scholes options pricing model. During the year, ₹ 440.48 lakhs (Previous year: ₹ 166.85 lakhs) was charged to the Company's Statement of Profit or Loss in respect of equity-settled share-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

During the year ended 31st March, 2019 following schemes were in operation:

Scheme reference	Mode of settlement accounting	Grant Date	No. of Share options	Vesting conditions / Dates	Contractual life of the options (Yrs)
ESOP 2007-47	Equity settled	9-May-15	5,660	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.90
ESOP 2015-02	Equity settled	19-May-16	47,452	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.70
ESOP 2015-03	Equity settled	19-May-16	20,000	100% - 4 yr service	3.75
ESOP 2015-07	Equity settled	15-May-17	150,507	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.88
ESOP 2015-08	Equity settled	15-May-17	21,280	50% - 3 yr service 50% - 4 yr service	3.63
ESOP 2015-14	Equity settled	18-May-18	368,810	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.87

Schedules forming part of Balance Sheet and Profit and Loss Account

Activity in the options outstanding under the Employee's Stock Option Scheme are as follows:

Scheme reference	Grant date	Balance as at 01st April, 2018	Granted during the year*	Exercised during the year	Lapsed/cancelled during the year**	Balance as at 31st March, 2019
ESOP 2007-44	9-May-14	1,288		(1,288)	-	-
ESOP 2007-47	9-May-15	16,144	-	(10,484)	-	5,660
ESOP 2015-02	19-May-16	91,516	-	(44,064)	-	47,452
ESOP 2015-03	19-May-16	20,000				20,000
ESOP 2015-07	15-May-17	216,210	-	(63,972)	(1,731)	150,507
ESOP 2015-08	15-May-17	21,280	-		-	21,280
ESOP 2015-14	18-May-18		368,810		-	368,810
		366,438	**368,810**	**(119,808)**	**(1,731)**	**613,709**

Scheme reference	Grant date	Balance as at 01st April, 2017	Granted during the year*	Exercised during the year	Lapsed/cancelled during the year**	Balance as at 31st March, 2018
ESOP 2007-40	10-May-13	6,672	-	(6,672)		-
ESOP 2007-44	9-May-14	5,688	-	(4,400)		1,288
ESOP 2007-47	9-May-15	30,008		(12,358)	(1,506)	16,144
ESOP 2015-02	19-May-16	120,660		(27,723)	(1,421)	91,516
ESOP 2015-03	19-May-16	20,000				20,000
ESOP 2015-07	15-May-17		218,260	-	(2,050)	216,210
ESOP 2015-08	15-May-17		21,280	-		21,280
		183,028	**239,540**	**(51,153)**	**(4,977)**	**366,438**

**Includes transfer ins during the year*

***Includes transfer outs during the year*

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

Scheme	Grant Date	Exercise Price (INR)	Expected life (Years)	Annual Dividend yield	Volatility	Risk free rate	Fair value per share options (INR)
ESOP 2007-47	9-May-15	1,330.00	1.65	0.07%	27.61%	7.91%	267.02
ESOP 2007-47	9-May-15	1,330.00	2.48	0.07%	28.57%	7.92%	352.27
ESOP 2007-47	9-May-15	1,330.00	3.40	0.07%	28.83%	8.07%	432.89
ESOP 2007-47	9-May-15	1,330.00	3.90	0.07%	29.29%	8.01%	473.14
ESOP 2015-02	19-May-16	710.00	1.62	0.07%	26.85%	7.25%	134.08
ESOP 2015-02	19-May-16	710.00	2.45	0.07%	26.32%	7.32%	172.75
ESOP 2015-02	19-May-16	710.00	3.37	0.07%	27.96%	7.43%	218.71
ESOP 2015-02	19-May-16	710.00	3.70	0.07%	27.35%	7.46%	229.80
ESOP 2015-03	19-May-16	710.00	3.75	0.07%	27.28%	7.46%	231.24
ESOP 2015-07	15-May-17	955.00	1.54	0.06%	20.74%	6.64%	145.98
ESOP 2015-07	15-May-17	955.00	2.71	0.06%	35.44%	6.77%	289.06
ESOP 2015-07	15-May-17	955.00	3.38	0.06%	33.81%	6.88%	320.11
ESOP 2015-07	15-May-17	955.00	3.88	0.06%	34.20%	6.95%	349.84
ESOP 2015-08	15-May-17	955.00	2.63	0.06%	35.84%	6.76%	285.89
ESOP 2015-08	15-May-17	955.00	3.63	0.06%	33.27%	6.92%	331.03
ESOP 2015-14	18-May-18	1,271.00	1.45	0.06%	18.68%	7.44%	184.60
ESOP 2015-14	18-May-18	1,271.00	2.71	0.06%	32.95%	7.83%	383.29
ESOP 2015-14	18-May-18	1,271.00	3.37	0.06%	32.13%	7.97%	433.45
ESOP 2015-14	18-May-18	1,271.00	3.87	0.06%	31.43%	7.99%	465.70

ii. Stock Appreciation Rights (cash-settled)

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

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 11,093 SARs during FY 2018-19.

During the year ended March 31, 2019 following schemes were in operation:

Scheme reference	Mode of settlement accounting	Grant Date	No. of SARs	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-4 (Series 4)	Cash settled	19-May-16	14,600	30% - 2017-18 30% - 2018-19 40% - 2019-20	3.57
2015-4 (Series 6)	Cash settled	19-May-16	336	33% - 2017-18 33% - 2018-19 34% - 2019-20	3.57
2015-9 (Series 9)	Cash settled	15-May-17	32,851	30% - 2018-19 30% - 2019-20 40% - 2020-21	3.67
2015-17 (Series 17)	Cash settled	18-May-18	60,560	30% - 2019-20 30% - 2020-21 40% - 2021-22	3.66

Detail of activity under SARs is summarized below:

Scheme reference	Grant date	Balance as at 01st April, 2018	Granted during the year*	Exercised during the year	Lapsed/ cancelled during the year**	Balance as at 31st March, 2019
2015-04	9-May-15	4,856		(4,856)		-
2015-6 (Series 6)	19-May-16	663		(327)		336
2015-4 (Series 4)	19-May-16	25,550		(10,950)		14,600
2015-9 (Series 9)	15-May-17	47,180		(14,079)	(250)	32,851
2015-17 (Series 17)	18-May-18	-	60,560			60,560
		78,249	**60,560**	**(30,212)**	**(250)**	**108,347**

Scheme reference	Grant date	Balance as at 01st April, 2018	Granted during the year*	Exercised during the year	Lapsed/ cancelled during the year**	Balance as at 31st March, 2019
2014-02	9-May-14	3,184		(3,184)		-
2015-02	3-Apr-15	34,870		(34,870)		-
2015-04	9-May-15	8,722		(3,738)	(128)	4,856
2015-6 (Series 6)	19-May-16	990		(327)		663
2015-4 (Series 4)	19-May-16	37,050		(11,115)	(385)	25,550
2015-9 (Series 9)	15-May-17		47,620		(440)	47,180
		46,762	**47,620**	**(15,180)**	**(953)**	**78,249**

**Includes transfer ins during the year*

***Includes transfer outs during the year*

Schedules forming part of Balance Sheet and Profit and Loss Account

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

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (INR)	Market price (INR)	Risk free rate	Dividend yield	Volatility	Fair value per option
Series 2015-6 (Series 6)									
Tranche IV	19-May-16	0.25	0.25	-	1,047.80	6.14%	0.06%	19.23%	1,047.65
Tranche V	19-May-16	0.27	0.27	-	1,047.80	6.15%	0.06%	18.76%	1,047.64
Tranche VI	19-May-16	0.29	0.29	-	1,047.80	6.17%	0.06%	18.43%	1,047.63
Tranche VII	19-May-16	1.25	1.25	-	1,047.80	6.74%	0.06%	18.25%	1,047.05
Tranche VIII	19-May-16	1.27	1.27	-	1,047.80	6.75%	0.06%	18.14%	1,047.04
Tranche IX	19-May-16	1.29	1.29	-	1,047.80	6.75%	0.06%	18.03%	1,047.03
Series 2015-4 (Series 4)									
Tranche IV	19-May-16	0.33	0.33	-	1,047.80	6.21%	0.06%	17.88%	1,047.60
Tranche V	19-May-16	0.35	0.35	-	1,047.80	6.22%	0.06%	17.76%	1,047.59
Tranche VI	19-May-16	0.37	0.37	-	1,047.80	6.24%	0.06%	17.44%	1,047.58
Tranche VII	19-May-16	0.25	0.25	-	1,334.50	6.25%	0.05%	20.12%	1,334.32
Tranche VIII	19-May-16	0.27	0.27	-	1,334.50	6.26%	0.05%	19.74%	1,334.31
Tranche IX	19-May-16	0.29	0.29	-	1,334.50	6.27%	0.05%	20.04%	1,334.30
Tranche X	19-May-16	0.67	0.67	-	1,334.50	6.42%	0.05%	27.53%	1,334.03
Tranche XI	19-May-16	0.69	0.69	-	1,334.50	6.43%	0.05%	27.22%	1,334.02
Tranche XII	19-May-16	0.71	0.71	-	1,334.50	6.44%	0.05%	27.23%	1,334.00
Series 2015-9 (Series 9)									
Tranche I	15-May-17	0.42	0.42	-	1,047.80	6.27%	0.06%	16.74%	1,047.55
Tranche II	15-May-17	0.44	0.44	-	1,047.80	6.29%	0.06%	18.62%	1,047.54
Tranche III	15-May-17	0.46	0.46	-	1,047.80	6.30%	0.06%	18.79%	1,047.52
Tranche IV	15-May-17	0.59	0.59	-	1,334.50	6.39%	0.05%	28.06%	1,334.09
Tranche V	15-May-17	0.61	0.61	-	1,334.50	6.40%	0.05%	27.79%	1,334.08
Tranche VI	15-May-17	0.62	0.62	-	1,334.50	6.41%	0.05%	27.91%	1,334.06
Tranche VII	15-May-17	1.25	1.25	-	1,334.50	6.58%	0.05%	24.16%	1,333.62
Tranche VIII	15-May-17	1.27	1.27	-	1,334.50	6.59%	0.05%	24.03%	1,333.61
Tranche IX	15-May-17	1.29	1.29	-	1,334.50	6.59%	0.05%	23.89%	1,333.60
Tranche X	15-May-17	1.76	1.76	-	1,334.50	6.64%	0.05%	22.45%	1,333.27
Tranche XI	15-May-17	1.78	1.78	-	1,334.50	6.65%	0.05%	22.36%	1,333.26
Tranche XII	15-May-17	1.79	1.79	-	1,334.50	6.65%	0.05%	22.31%	1,333.24
Series 2015-17 (Series 17)									
Tranche I	18-May-18	0.33	0.33	-	1,334.50	6.29%	0.05%	27.91%	1,334.27
Tranche II	18-May-18	0.35	0.35	-	1,334.50	6.30%	0.05%	27.33%	1,334.25
Tranche III	18-May-18	0.37	0.37	-	1,334.50	6.31%	0.05%	27.53%	1,334.24
Tranche IV	18-May-18	1.59	1.59	-	1,334.50	6.63%	0.05%	23.04%	1,333.39
Tranche V	18-May-18	1.61	1.61	-	1,334.50	6.63%	0.05%	22.98%	1,333.37
Tranche VI	18-May-18	1.63	1.63	-	1,334.50	6.63%	0.05%	22.94%	1,333.36
Tranche VII	18-May-18	2.25	2.25	-	1,334.50	6.68%	0.05%	21.63%	1,332.92
Tranche VIII	18-May-18	2.27	2.27	-	1,334.50	6.69%	0.05%	21.55%	1,332.91
Tranche IX	18-May-18	2.29	2.29	-	1,334.50	6.69%	0.05%	21.47%	1,332.90
Tranche X	18-May-18	2.75	2.75	-	1,334.50	6.74%	0.05%	21.08%	1,332.57
Tranche XI	18-May-18	2.78	2.78	-	1,334.50	6.74%	0.05%	21.06%	1,332.56
Tranche XII	18-May-18	2.79	2.79	-	1,334.50	6.74%	0.05%	21.03%	1,332.54

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. The measurement of fair value was not adjusted for any other feature of the option grant and no option grant was subject to a market condition.

NOTE 33 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.

(Amount in lakhs)

Particulars	As at 31-Mar-19				As at 31-Mar-18				As at 01-Apr-17			
	FVTPL	FVTOCI	Others	Amortized cost	FVTPL	FVTOCI	Others	Amortized cost	FVTPL	FVTOCI	Others	Amortized cost
Financial assets												
Cash and cash equivalents	-	-		151.69				619.26				15.78
Receivables:												
Trade receivables	-	-		3,839.08				5,694.24				2,856.26
Other receivables	-	-		17.13				20.60				16.95
Loans	-	-		47.44				19.70				37.70
Investments	42,664.24		2,680.00		19,040.29		2,680.00		10,363.30		2,680.00	
Other financial assets	-	-		75.87	-	-		74.97	-	-		67.69
Total financial assets	**42,664.24**	**-**	**2,680.00**	**4,131.20**	**19,040.29**	**-**	**2,680.00**	**6,428.77**	**10,363.30**	**-**	**2,680.00**	**2,994.37**
Financial liabilities												
Payables												
Trade Payables				2,550.25				6,361.88				3,611.33
Other Payables				-				-				-
Borrowings (Other than Debt Securities)												850.00
Other Financial liabilities				1,300.00				1,300.00				900.00
Total financial liabilities	**-**	**-**		**3,850.25**	**-**	**-**		**7,661.88**	**-**	**-**	**-**	**5,361.33**

Schedules forming part of Balance Sheet and Profit and Loss Account

B. Fair value hierarchy:

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

(Amount in lakhs)

Particulars	As at 31-Mar-19				As at 31-Mar-18				As at 01-Apr-17			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Investments at FVTPL												
- Mutual funds	42,659.24			42,659.24	19,035.29			19,035.29	10,358.30			10,358.30
- Preference shares				-				-				-
- Equity instruments			5.00	5.00			5.00	5.00			5.00	5.00
Total financial assets	**42,659.24**	**-**	**5.00**	**42,664.24**	**19,035.29**	**-**	**5.00**	**19,040.29**	**10,358.30**	**-**	**5.00**	**10,363.30**
Financial liabilities												
Borrowings (Other than Debt Securities)											850.00	850.00
Total financial liabilities	-	-	-	-	-	-	-	-	-	-	850.00	850.00

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

(Amount in lakhs)

Particulars	As at 31-Mar-19				As at 31-Mar-18				As at 01-Apr-17			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Loans												
- Term Loans	-	-	47.75	47.75	-	-	19.83	19.83	-	-	38.16	38.16
- Loans given to trust	-	-		-	-	-		-	-	-		-
Other financial assets												
- Lease deposits	-	-	74.78	74.78	-	-	73.88	73.88	-	-	67.69	67.69
Total financial assets	**-**	**-**	**122.53**	**122.53**	**-**	**-**	**93.71**	**93.71**	**-**	**-**	**105.84**	**105.84**
Financial liabilities												
Borrowings (Other than Debt Securities)	-	-		-	-	-		-	-	850.00		850.00
Other Financial liabilities												
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**850.00**	**850.00**	**1,700.00**

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 and liabilities measured at amortized cost

(Amount in lakhs)

Particulars	As at 31-Mar-19		As at 31-Mar-18		As at 01-Apr-17	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	151.69	151.69	619.26	619.26	15.78	15.78
Receivables:						
Trade receivables	3,839.08	3,839.08	5,694.24	5,694.24	2,856.26	2,856.26
Other receivables	17.13	17.13	20.60	20.60	16.95	16.95
Loans						
- Term Loans						
- Loans given to Employee	47.44	48.15	19.70	19.83	37.70	36.57
Other financial assets						
- Lease deposits	74.78	74.64	73.88	74.51	67.69	67.98
- Others	1.09	1.09	1.09	1.09	-	-
	4,131.20	**4,131.77**	**6,428.77**	**6,429.53**	**2,994.37**	**2,993.53**
Financial liabilities						
Payables						
Trade Payables	2,550.25	2,550.25	6,361.88	6,361.88	3,611.33	3,611.33
Borrowings (Other than Debt Securities)					850.00	850.00
Other Financial liabilities	1,300.00	1,300.00	1,300.00	1,300.00	900.00	900.00
Total financial liabilities	**3,850.25**	**3,850.25**	**7,661.88**	**7,661.88**	**5,361.33**	**5,361.33**

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

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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.

Schedules forming part of Balance Sheet and Profit and Loss Account

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 internal models and consequently for the purposes of level disclosures categorized under Level 3. The Level 3 loans would decrease (increase) in value based upon an increase (decrease) in discount rate. For purposes of these fair value estimates, the fair values of impaired loans were computed by discounting expected cashflows using appropriate market yield.
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.

D. Financial risk management

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

- Credit risk,
- Liquidity risk,
- Market risk and
- Currency 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:-

(Amount in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Trade receivables	3,839.08	5,694.24	2,856.26
Cash and cash equivalents	151.69	619.26	15.78
Other Financial assets	75.87	74.97	67.69
Loan to Employees	47.44	19.70	37.70
Total	**4,115.07**	**6,408.17**	**2,977.43**

a. Credit quality analysis

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

(Amount in lakhs)

Particulars	As at 31st March, 2019			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Trade receivables				
Past due 1–30 days	-	3,647.88		3,647.88
Past due 31–60 days	-	109.20		109.20
Past due 61–90 days	-	101.38		101.38
Past due 90 days	-			-
	-	**3,858.46**	**-**	**3,858.46**
Impairment loss allowance	-	(19.38)		(19.38)
Carrying amount	**-**	**3,839.09**	**-**	**3,839.09**

(Amount in lakhs)

Particulars	As at 31st March, 2019			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Loans				
Current	47.75	-	-	47.75
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-		-
	47.75	**-**	**-**	**47.75**
Impairment loss allowance	(0.31)	-		(0.31)
Carrying amount	**47.44**	**-**	**-**	**47.44**
Other financial assets				
Current	228.20	-	-	228.20
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-	-	-
	228.20	**-**	**-**	**228.20**
Impairment loss allowance	(0.64)	-	-	(0.64)
Carrying amount	**227.56**	**-**	**-**	**227.56**

(Amount in lakhs)

	As at 31st March, 2018			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Trade receivables				
Past due 1–30 days	-	5,182.37		5,182.37
Past due 31–60 days	-	473.52		473.52
Past due 61–90 days	-	46.02		46.02
Past due 90 days	-	10.96		10.96
	-	**5,712.87**	**-**	**5,712.87**
Impairment loss allowance	-	(18.63)		(18.63)
Carrying amount	**-**	**5,694.24**	**-**	**5,694.24**
Loans				
Current	19.83	-	-	19.83
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-		-
	19.83	**-**	**-**	**19.83**
Impairment loss allowance	(0.13)	-		(0.13)
Carrying amount	**19.70**	**-**	**-**	**19.70**

Schedules forming part of Balance Sheet and Profit and Loss Account

(Amount in lakhs)

	As at 31st March, 2018			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Other financial assets				
Current	694.73	-	-	694.73
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-	-	-
	694.73	**-**	**-**	**694.73**
Impairment loss allowance	(0.50)	-	-	(0.50)
Carrying amount	**694.23**	**-**	**-**	**694.23**

(Amount in lakhs)

	As at 1st April, 2017			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Trade receivables				
Past due 1–30 days	-	2,864.04	-	2,864.04
Past due 31–60 days	-	0.34	-	0.34
Past due 61–90 days	-		-	-
Past due 90 days	-	-		-
	-	**2,864.38**	**-**	**2,864.38**
Impairment loss allowance	-	(8.12)		(8.12)
Carrying amount	**-**	**2,856.26**	**-**	**2,856.26**
Loans				
Current	38.16	-	-	38.16
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-		-
	38.16	**-**	**-**	**38.16**
Impairment loss allowance	(0.46)	-		(0.46)
Carrying amount	**37.70**	**-**	**-**	**37.70**
Other financial assets				
Current	83.76	-	-	83.76
Past due 1–30 days	-	-	-	-
Past due 31–60 days	-	-	-	-
Past due 61–90 days	-	-	-	-
Past due 90 days	-	-	-	-
	83.76	**-**	**-**	**83.76**
Impairment loss allowance	(0.29)	-	-	(0.29)
Carrying amount	**83.47**	**-**	**-**	**83.47**

Concentration of credit risk

c. Amounts arising from ECL

i. Inputs, assumptions and techniques used for estimating impairment

Inputs considered in the ECL model:

The Company applies various approaches to determine if there has been a significant increase in credit risk. In determining whether credit risk has increased significantly since initial recognition, The Company uses days past due information and forecast information to assess deterioration in credit quality of a financial asset.

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. The Company has historic credit loss data to compute ECL."

Assumption considered in the ECL model:

- Loss given default"" (LGD) is an estimate of loss from a transaction given that a default occurs.

  Probability of default"" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.

- Exposure at default"" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

Forward looking information:

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

Assessment of significant increase in credit risk:

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

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 micro-economic factors. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

Schedules forming part of Balance Sheet and Profit and Loss Account

ii. Impairment loss allowance

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

Particulars	Past due 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days
Trade receivables				
Balance as at April 1, 2017	**8.12**	**0.00**	**-**	
New financial assets originated during the year	7.37	0.67	0.07	0.02
Financial assets that have been derecognized during the period	(8.12)	(0.00)	-	-
Balance as at 31st March, 2018	**7.37**	**0.67**	**0.07**	**0.02**
New financial assets originated during the year	0.53	17.62	0.49	
Financial assets that have been derecognized during the period	(7.37)	(0.67)	(0.07)	(0.02)
Balance as at 31st March, 2019	**0.53**	**17.62**	**0.49**	**-**

Particulars	12-month ECL
Employee loans	
Balance as at April 1, 2017	**0.46**
New financial assets originated during the year	0.13
Financial assets that have been derecognized during the period	(0.46)
Balance as at 31st March, 2018	**0.13**
New financial assets originated during the year	0.31
Financial assets that have been derecognized during the period	(0.13)
Balance as at 31st March, 2019	**0.31**

Particulars	12-month ECL
Bank Balances & Other financial assets	
Balance as at April 1, 2017	**0.29**
New financial assets originated during the year	0.50
Financial assets that have been derecognized during the period	(0.29)
Balance as at 31st March, 2018	**0.50**
New financial assets originated during the year	0.64
Financial assets that have been derecognized during the period	(0.50)
Balance as at 31st March, 2019	**0.64**

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.

Schedules forming part of Balance Sheet and Profit and Loss Account

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31-Mar-19								
Financial Assets								
Cash and cash equivalents	151.69	151.69	151.69					
Receivables		-						
(I) Trade receivables	3,839.08	3,839.08		3,839.08				
(II) Other receivables	17.13	17.13		17.13				
Loans	47.44	47.44		0.65	1.75	45.04		
Investments	45,344.24	45,344.24	40,208.87					5,135.37
Other Financial assets	75.87	75.87		7.16	0.99	12.47	22.11	33.14
Total Financial Assets	**49,475.43**	**49,475.43**	**40,360.56**	**3,864.02**	**2.74**	**57.51**	**22.11**	**5,168.51**
Financial liabilities								
Trade and other Payables	2,550.25	2,550.25		1,178.59	1,355.06	16.60		
Other Financial Liabilities	1,300.00	1,300.00		1,300.00				
Total Financial Liabilities	**3,850.25**	**3,850.25**	**-**	**2,478.59**	**1,355.06**	**16.60**	**-**	**-**
Net	**45,625.18**	**45,625.18**	**40,360.56**	**1,385.43**	**(1,352.32)**	**40.91**	**22.11**	**5,168.51**

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31-Mar-18								
Financial Assets								
Cash and cash equivalents	619.26	619.26	619.26					
Receivables								
(I) Trade receivables	5,694.24	5,694.24		5,694.24				
(II) Other receivables	20.60	20.60		20.60				
Loans	19.70	19.70		3.40	5.30	11.00		
Investments	21,720.29	21,720.29	16,968.46					4,751.83
Other Financial assets	74.97	74.97		1.30	19.92	9.22	31.10	13.43
Total Financial Assets	**28,149.06**	**28,149.06**	**17,587.72**	**5,719.54**	**25.22**	**20.22**	**31.10**	**4,765.26**
Financial liabilities								
Trade and other Payables	6,361.88	6,361.88		3,677.84	2,666.44	17.60	-	-
Other Financial Liabilities	1,300.00	1,300.00		1,300.00				
Total Financial Liabilities	**7,661.88**	**7,661.88**	**-**	**4,977.84**	**2,666.44**	**17.60**	**-**	**-**
Net	**20,487.19**	**20,487.19**	**17,587.72**	**741.70**	**(2,641.22)**	**2.62**	**31.10**	**4,765.26**

Schedules forming part of Balance Sheet and Profit and Loss Account

Particulars	Carrying amount	Total	On Demand	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
As at 1-Apr-17								
Financial Assets								
Cash and cash equivalents	15.78	15.78	15.78					
Receivables								
(I) Trade receivables	2,856.26	2,856.26		2,856.26				
(II) Other receivables	16.95	16.95		16.95				
Loans	37.70	37.70		0.96	13.22	23.51		
Investments	13,043.30	13,043.30	8,389.44					4,653.86
Other Financial assets	67.69	67.69		2.81	0.50	20.41	34.41	9.55
Total Financial Assets	**16,037.66**	**16,037.66**	**8,405.22**	**2,876.98**	**13.72**	**43.93**	**34.41**	**4,663.41**
Financial liabilities								
Trade and other Payables	3,611.33	3,611.33		2,200.42	1,389.06	0.72	21.13	-
Borrowings (Other than Debt Securities)	850.00	850.00		850.00				
Other Financial Liabilities	900.00	900.00		900.00				
Total Financial Liabilities	**5,361.33**	**5,361.33**	**-**	**3,950.42**	**1,389.06**	**0.72**	**21.13**	**-**
Net	**10,676.33**	**10,676.33**	**8,405.22**	**(1,073.45)**	**(1,375.34)**	**43.21**	**13.28**	**4,663.41**

Market risk

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

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	31st March, 2019	31st March, 2018	1st April, 2017
	USD	USD	USD
Financial assets			
Cash and cash equivalents	-	-	-
Trade and other receivables	-	-	-
	-	**-**	**-**
Financial liabilities			
Kotak Mahindra Financial Services Ltd	-	0.68	1.75
	-	**0.68**	**1.75**
	-	**(0.68)**	**(1.75)**

The following significant exchange rates have been applied during the year.

Particulars	Year-end spot rate		
	31st March, 2019	31st March, 2018	1st April, 2017
INR			
USD 1	69.16	65.18	64.85
EUR 1	-	-	-

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	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
31-Mar-19				
USD - 1% Movement	-	-	-	-
	-	-	-	-

	Profit or loss		Equity, net of tax	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
31-Mar-18				
USD - 1% Movement	(0.47)	0.47	(0.31)	0.31
	(0.47)	**0.47**	**(0.31)**	**0.31**

NOTE 34 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

(Amount in Lakhs)

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
Revenue from contracts with customers	65,107.65	50,199.44
Revenue from other sources	2,311.76	1,048.61
Total Revenue	**67,419.41**	**51,248.05**

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:

(Amount in Lakhs)

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
Type of services		
Management Fees	65,107.65	50,199.44
Total	**65,107.65**	**50,199.44**
Geographical markets		
India	64,649.65	49,875.44
Outside India	458.00	324.00
Total	**65,107.65**	**50,199.44**
Timing of revenue recognition		
At a point in time		
Over a period of time	65,107.65	50,199.44
Total	**65,107.65**	**50,199.44**

Schedules forming part of Balance Sheet and Profit and Loss Account

Contract Balances

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

(Amount in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 1-Apr-17
Receivables	3,839.08	5,694.24	2,856.26

NOTE 35 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The Company acts as the fund manager and therefore has a significant involvement with the funds.However, fund managers are subject to substantial investment restrictions and guidelines. In all cases, the Company could be removed without cause, by the majority of the unit holders. The Company does not have significant investments in the units of mutual funds. Therefore, the funds managed by the Company are not consolidated.

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:

(Amount in Lakhs)

Particulars	As at 31st March, 2019		As at 31st March, 2018		As at 1st April, 2017	
	Total AUM of the schemes	Schemes subscribed by the Company	Total AUM of the schemes	Schemes subscribed by the Company	Total AUM of the schemes	Schemes subscribed by the Company
Financial investments classified as FVTPL						
Kotak Mahindra Mutual Fund	6,543,076.81	42,659.24	4,886,147.54	19,035.29	3,811,433.55	10,299.35

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.

(Amount in Lakhs)

Carrying amount	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Investment in schemes	42,659.24	19,035.29	10,299.35
Fees Receivable	1,794.39	3,218.47	2,187.76

NOTE 36 CAPITAL DISCLOSURE

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

The Company monitors capital using Adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

(Amount in Lakhs)

Sr. No.	Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 1-Apr-17
(A)	**Liabilities**			
	Borrowings (Other than Debt Securities)	-	-	850.00
	Gross Debt			
	Less: Cash and cash Equivalents	-	-	(15.78)
	Adjusted Net Debt	**-**	**-**	**834.22**
	Total Equity	46,729.57	23,423.49	15,169.66
	Adjusted Net debt to equity ratio	0.00%	0.00%	5.50%

Schedules forming part of Balance Sheet and Profit and Loss Account

NOTE 37 LEASE DISCLOSURES

Operating Lease as Lessee:

The Company has taken office and residential premises under operating lease or leave and license agreements. These are generally cancelable in nature and range between 36 months to 72 months. These leave and license agreements are generally renewable or cancelable at the option of the Company.

i. Future Minimum Lease Payments

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(Amount in Lakhs)

Sr. No	Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 1-Apr-17
(A)	Less than one year	347.62	298.03	249.47
(B)	Between one and five years	988.76	639.46	572.24
(C)	More than five years	-	-	-
	Total	**1,336.38**	**937.49**	**821.71**

ii. Amounts recognized in Statement of Profit or Loss

(Amount in Lakhs)

Sr. No	Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 1-Apr-17
(A)	Lease expense	343.95	291.66	264.20
	Total	**343.95**	**291.66**	**264.20**

NOTE 38 TRANSITION TO IND AS:

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

A. Reconciliation of equity as at 1st April, 2017

(Amount in Lakhs)

Particulars	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS			
Financial assets			
Cash and cash equivalents	15.79	(0.01)	15.78
Receivables			
(i) Trade receivables	2,864.38	(8.14)	2,856.26
(ii) Other receivables	16.95	-	16.95
Loans	38.16	(0.46)	37.70
Investments	12,599.85	443.45	13,043.30
Other financial assets	99.18	(31.49)	67.69
Total financial assets	**15,634.31**	**403.36**	**16,037.68**

Schedules forming part of Balance Sheet and Profit and Loss Account

(Amount in Lakhs)

Particulars	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
Non-financial assets			
Current Tax assets (Net)	1,784.56	-	1,784.56
Deferred Tax assets (Net)	404.03	(87.91)	316.11
Property, Plant and Equipment	626.74	-	626.74
Intangible assets under development	1,276.05	-	1,276.05
Other Non-financial assets	2,048.67	28.55	2,077.22
Total non-financial assets	**6,140.05**	**(59.36)**	**6,080.68**
TOTAL ASSETS	**21,774.36**	**344.00**	**22,118.36**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Trade payables	3,611.33	-	3,611.33
Borrowings (Other than Debt Securities)	-	850.00	850.00
Other Financial liabilities	900.00	-	900.00
Total financial liabilities	**4,511.33**	**850.00**	**5,361.33**
Non-Financial liabilities			
Current tax liabilities (Net)	49.80	-	49.80
Provisions	1,062.50	(0.06)	1,062.44
Other non-financial liabilities	518.57	(43.44)	475.13
Total non-financial liabilities	**1,630.87**	**(43.50)**	**1,587.37**
Equity			
Equity Share Capital	3,830.00	(850.00)	2,980.00
Other equity	11,802.16	387.50	12,189.66
Total equity	**15,632.16**	**(462.50)**	**15,169.66**
TOTAL LIABILITIES AND EQUITY	**21,774.36**	**344.00**	**22,118.36**

B. Reconciliation of equity as at 31st March, 2018

(Amount in lakhs)

Particulars	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS			
Financial assets			
Cash and cash equivalents	619.44	(0.18)	619.26
Receivables	-		-
(i) Trade receivables	5,712.87	(18.62)	5,694.24
(ii) Other receivables	20.60	-	20.60
Loans	19.83	(0.13)	19.70
Investments	20,822.22	898.07	21,720.29
Other financial assets	106.19	(31.22)	74.97
Total financial assets	**27,301.15**	**847.92**	**28,149.06**

Schedules forming part of Balance Sheet and Profit and Loss Account

(Amount in lakhs)

Particulars	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
Non-financial assets			
Current Tax assets (Net)	1,626.78	-	1,626.78
Deferred Tax assets (Net)	664.39	(236.29)	428.09
Property, Plant and Equipment	840.94	0.01	840.95
Other intangible assets	919.17	-	919.17
Other Non-financial assets	3,482.72	28.11	3,510.83
Total non-financial assets	**7,534.00**	**(208.18)**	**7,325.82**
TOTAL ASSETS	**34,835.15**	**639.74**	**35,474.88**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables	-		-
Trade payables	6,361.88	-	6,361.88
Other Financial liabilities	1,300.00	-	1,300.00
Total financial liabilities	**7,661.88**	**-**	**7,661.88**
Non-Financial liabilities			
Current tax liabilities (Net)	49.80	-	49.80
Provisions	1,317.95	(0.09)	1,317.85
Other non-financial liabilities	3,069.97	(48.11)	3,021.86
Total non-financial liabilities	**4,437.72**	**(48.20)**	**4,389.51**
Equity			
Equity Share Capital	2,980.00	-	2,980.00
Other equity	19,755.55	687.94	20,443.49
Total equity	**22,735.55**	**687.94**	**23,423.49**
TOTAL LIABILITIES AND EQUITY	**34,835.15**	**639.73**	**35,474.88**

C. Reconciliation of Statement of Profit or Loss for the year ended 31st March, 2018

(Amount in lakhs)

Particulars	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
I. REVENUE FROM OPERATIONS			
Interest income	2.45	3.41	5.86
Fees and commission income	50,199.44	-	50,199.44
Net gain on fair value changes	570.06	454.63	1,024.69
Total revenue from operations	**50,771.95**	**458.04**	**51,229.99**
II. Other income	18.06	-	18.06
III. Total Income (I+II)	**50,790.01**	**458.04**	**51,248.05**
IV. Expenses			
Finance costs	11.17	167.83	179.00
Impairment on financial instruments	-	10.38	10.38
Employee Benefits expenses	7,784.83	101.32	7,886.16
Depreciation, amortization and impairment	907.42	-	907.42
Other expenses	29,641.33	(1.12)	29,640.21
Total Expenses	**38,344.75**	**278.41**	**38,623.17**

Schedules forming part of Balance Sheet and Profit and Loss Account

(Amount in lakhs)

Particulars		Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
V.	**Profit / (loss) before exceptional items and tax (III-IV)**	**12,445.26**	**179.64**	**12,624.88**
VI.	Exceptional items	-	-	-
VII.	**Profit/(loss) before tax (V -VI)**	**12,445.26**	**179.64**	**12,624.88**
VIII.	**Tax expense:**			
	1. Current Tax	4,584.40	-	4,584.40
	2. Deferred Tax	(260.36)	168.71	(91.65)
IX.	**Profit/(Loss) for the period from continuing operations**	**8,121.22**	**10.93**	**8,132.13**
X.	**Profit/(Loss) for the period**	**8,121.22**	**10.93**	**8,132.13**
XI.	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans	-	(58.18)	(58.18)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	20.33	20.33
		-	(37.85)	(37.85)
Other comprehensive income (net of tax)		**-**	**(37.85)**	**(37.85)**
XII.	**Total comprehensive income for the year (X + XI)**	**8,121.22**	**(26.92)**	**8,094.28**

D. Cash flow statement

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

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

Reconciliation of equity

Particulars	Footnote ref.	As at 31st March, 2018	As at 1st April, 2017
Net worth under IGAAP		22,735.55	15,632.16
Summary of Ind AS adjustments			
Fair Valuation of Investments	(i)	898.07	443.45
Fair Valuation of Stock appreciation rights	(ii)	0.10	0.07
Impairment on financial instruments	(iv)	(19.26)	(8.87)
Lease equalization provision no longer required	(v)	48.11	43.45
Valuation of security deposit	(v)	(2.80)	(2.67)
Reclassification of Preference Shares	(vi)	-	(850.00)
Deferred tax impact	(vii)	(236.29)	(87.91)
Total Ind AS adjustments		**687.94**	**(462.50)**
Net worth under Ind AS		**23,423.49**	**15,169.66**

Reconciliation of total comprehensive income

Particulars	Footnote ref.	For the year ended 31st March, 2018
Net Profit After Tax as per IGAAP		**8,121.22**
Fair Valuation of Investments	(i)	454.62
Fair Valuation of Employee stock option plan / Stock appreciation rights	(ii) & (iii)	(159.51)
Impairment on financial instruments	(iv)	(10.38)
Lease equalization provision no longer required	(v)	4.67
Valuation of security deposit	(v)	(0.12)
Reclassification of preference share dividend and dividend distribution tax	(vi)	(86.96)
Premium paid on redemption on preference share	(vi)	(80.87)
Deferred tax impact	(vii)	(168.71)
Recognition of actuarial gain/loss in other comprehensive income	(viii)	58.18
Total Ind AS adjustments		**10.92**
Net Profit After Tax as per Ind AS		8,132.14
Other comprehensive income (Net of tax)		(37.85)
Total comprehensive income for the year as per Ind AS		**8,094.29**

Notes to the reconciliation:

(i) Under IGAAP, Mutual Funds Investments were carried at cost . Under Ind AS, Mutual Funds Investments are fair valued at the period end and resulting mark to market loss or gain is transferred to Statement of Profit and Loss.

(ii) Under IGAAP, expenses in relation to SARs were measured with reference to intrinsic value and the corresponding sum was reflected as part of the provision for SARs. Under Ind AS, the expense in relation to the SARs are required to be measured at fair value and to be presented as a liability.

(iii) The ESOP are granted by the Kotak Mahindra Bank Limited (Ultimate holding company) to the eligible employees of KMAMC. Under IGAAP, the company did not recognized the intrinsic value for the ESOP plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognized over the vesting period.

(iv) Under IGAAP, the Company has not created provision for impairment of receivables and other financial assets. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model.

(v) The difference between the fair value and the transaction price has been recognized as prepaid rent and is amortized over the period of the lease on straight-line basis. Subsequently, these security deposits have been measured at amortized cost using the effective interest rate ('EIR') and the resultant interest is accounted as finance income.

(vi) Under IGAAP, convertible preference shares were disclosed at their carrying amount and classified as equity. Under Ind AS, these instruments are segregated into equity and financial liability measured at amortized cost as per Ind AS 32. Under IGAAP, dividend in respect of preference shares were recorded in retained earnings and the Statement of Profit and Loss respectively. Under Ind AS, since some of these convertible instruments are classified as financial liability, the dividend and tax thereon along with the premium paid on same has been recognized as finance cost in the Statement of Profit and Loss.

(vii) Deferred tax assets / (liabilities) :

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The adjustment under Ind AS are resulted into recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

(viii) Remeasurements on defined benefit liability:

Schedules forming part of Balance Sheet and Profit and Loss Account

Both under Indian GAAP and Ind AS the Company recognized costs related to post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, actuarial gains and losses are charged to the Profit or Loss, however in Ind AS, the actuarial gains and losses are recognized through Other Comprehensive Income.

NOTE 39 TAX EXPENSE :

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

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Current tax expense		
Current period	12,131.61	4,584.40
Changes in estimated related to prior years		
Total current tax expense (A)	**12,131.61**	**4,584.40**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	111.24	(91.65)
Deferred tax expense (B)	**111.24**	**(91.65)**
Tax expense for the year (A)+(B)	**12,242.85**	**4,492.75**

(b) Amounts recognized in Other Comprehensive Income

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2019			For the year ended 31st March, 2018		
	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						
(b) Remeasurements of defined benefit liability (asset)	(52.79)	18.45	(34.35)	(58.18)	20.33	(37.85)
Total	**(52.79)**	**18.45**	**(34.35)**	**(58.18)**	**20.33**	**(37.85)**

(c) Reconciliation of effective tax rate

(Amount in Lakhs)

Particulars	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	Amount	%	Amount	%
Profit before tax	**35,142.81**		**12,624.88**	
Tax using the Company's domestic tax rate (Current year % Previous Year %)	12,280.30	34.944%	4,369.22	34.608%
Reduction in tax rate				
Tax effect of:				
Non-deductible expenses	215.32	0.61%	131.98	1.045%
Effect of incomes which are taxed at different rate	(231.30)	-0.66%	(43.86)	-0.347%
Effect of different tax rate	(21.47)	-0.06%	35.41	0.280%
Total income tax expenses	**12,242.85**	**34.84%**	**4,492.75**	

Schedules forming part of Balance Sheet and Profit and Loss Account

Movement in deferred tax balances

Particulars	31-Mar-19					
	Net balance 31-Mar-18	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Property, plant and equipment	141.65	115.28		256.93	256.93	-
Security deposits	0.98	0.09		1.07	1.07	-
Profit on sale of Mutual Fund	58.90	34.65		93.55	93.55	-
Employee benefits	295.18	49.45		344.63	344.63	-
Actuarial gain/loss - OCI	-	(18.45)	18.45	-	-	-
Impairment on financial instruments	6.73	0.37		7.10	7.10	-
Cash-settled share-based payments	151.80	125.67		277.47	277.47	-
Investments	(227.15)	(418.30)		(645.45)	-	(645.45)
Total	**428.09**	**(111.24)**	**18.45**	**335.30**	**980.75**	**(645.45)**

Particulars	31-Mar-18					
	Net balance 1-Apr-17	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Property, plant and equipment	39.95	101.70		141.65	141.65	-
Security deposits	0.93	0.05		0.98	0.98	-
Profit on sale of Mutual Fund		58.90		58.90	58.90	-
Employee benefits	203.10	92.08		295.18	295.18	-
Actuarial gain/loss - OCI		(20.33)	20.33	-	-	-
Impairment on financial instruments	3.07	3.66		6.73	6.73	-
Cash-settled share-based payments	145.91	5.89		151.80	151.80	-
Investments	(76.85)	(150.30)		(227.15)	-	(227.15)
Total	**316.11**	**91.65**	**20.33**	**428.09**	**655.24**	**(227.15)**

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

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

NOTE 40:

The Company received a Show Cause Notice ('SCN') dated 10th May 2019 with regard to certain investments made in two Fixed Maturity Plans of schemes of KMMF which matured in April 2019, in respect of which proceeds pertaining to these investments were not paid to investors on maturity of the FMPs as the maturity of these investments was extended by these FMPs. SEBI has initiated adjudication proceedings vide Show cause Notice dated 31st May, 2019 against the Company and some of company officials. The Company intends to file appropriate responses in consultation with its lawyers. Hence, at this stage the financial impact of the same, if any, can not be determined.

“Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1. Sl. No. - 1
2. Name of the subsidiary - KOTAK MAHINDRA PENSION FUND LIMITED
3. The date since when subsidiary was acquired – March 23, 2009
4. Reporting period for the subsidiary concerned, if different from the holding company’s reporting period. – Reporting period same as holding company
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. - INR
6. Share capital – Rs. 2,800 Lacs
7. Reserves and surplus – 265.38 Lacs
8. Total assets – Rs. 3,139.25 Lacs
9. Total Liabilities – Rs. 73.87 Lacs (external liability)
10. Investments - Rs. 3,102.66 Lacs
11. Turnover – Rs. 253.99 Lacs
12. Profit before taxation – Rs. (28.81) Lacs
13. Provision for taxation - Nil
14. Profit after taxation - Rs. (28.81)Lacs
15. Proposed Dividend - Nil
16. Extent of shareholding (in percentage) – 95.71%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Managing Director | Director

Chief Financial Officer | Company Secretary

Part B Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates or Joint Ventures	**Name 1**	**Name 2**	**Name 3**
1. Latest audited Balance Sheet Date			
2. Date on which the Associate or Joint Venture was associated or acquired			
3. Shares of Associate or Joint Ventures held by the company on the year end			
No.			
Amount of Investment in Associates or Joint Venture			
Extent of Holding (in percentage)			
4. **Description of how there is significant influence**			
5. **Reason why the associate/joint venture is not consolidated**			
6. **Networth attributable to shareholding as per latest audited Balance Sheet**			
7. **Profit or Loss for the year**			
i. Considered in Consolidation			
ii. Not Considered in Consolidation			

1. Names of associates or joint ventures which are yet to commence operations.

2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified".