

Annual Report 2023-24



**Kotak Mahindra Pension Fund
Limited**



Transforming
for scale

Corporate Information

Board of Directors as on 31st March, 2024

Mr. Nilesh Shah
Ms. Lakshmi Iyer
Mr. G Murlidhar
Mr. Sharadkumar Bhatia
Mr. Tushar Mavani
Mr. Noshir Dastur
Mr. Nilesh Shah

Non-Executive Chairman

Ms. Riddhi Vakharia

Company Secretary

Ms. Charmi Nadar

Chief Financial Officer

M/s. Manohar Chowdhary & Associates, Chartered Accountants

Statutory Auditors

M/s. RJSY & Associates, Company Secretaries in Practice

Secretarial Auditors**Registered Office**

27 BKC, C-27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.



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Directors' Report

To The Shareholders of
Kotak Mahindra Pension Fund Limited ("KMPFL"/"Company")

Your Directors are pleased to present the 15th (Fifteenth) Annual Report of the Company along with the audited financial statements for the financial year ended 31st March, 2024.

1. FINANCIAL HIGHLIGHTS

A. FINANCIAL PERFORMANCE

The Financial Statements of your Company are in accordance with Section 133 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Indian Accounting Standards ("Ind AS") as notified by the Ministry of Corporate Affairs. The summary of standalone financial performance of your Company for the financial year ended 31st March, 2024 as compared to the previous financial year ended 31st March, 2023 is as follows:

Particulars	(₹ In Lakh)	
	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Gross income	768.52	531.22
Profit before Depreciation and Tax	119.50	(126.77)
Depreciation and Amortization	3.62	5.01
Profit before Tax	115.89	(131.78)
Profit after Tax	115.89	(131.78)
Other Comprehensive Income	(5.63)	(1.58)
Total Other Comprehensive Income	110.26	(133.36)
Balance of Profit from previous years	(407.36)	(274.00)
Amount available for appropriation	(298.70)	(407.36)
Surplus carried forward to the Balance Sheet	(298.70)	(407.36)

B. DIVIDEND

Your Directors do not recommend any dividend for financial year ended 31st March, 2024.

C. TRANSFER TO RESERVES

Your Directors have not recommended transfer of profits to the General Reserves of the Company for the financial year ended 31st March, 2024.

D. SHARE CAPITAL

As on 31st March, 2024, the authorized share capital of your Company was ₹ 600,000,000 comprising of 60,000,000 equity shares of face value of ₹ 10 each; and the issued, subscribed and paid-up share capital of your Company was ₹ 600,000,000 comprising of 60,000,000 equity shares of face value of ₹ 10 each.

There has been no change in the share capital of your Company during the FY 2023-24.

2. SUBSIDIARY/ASSOCIATES

Your Company does not have any subsidiary and associates as on 31st March, 2024.

3. REVIEW OF OPERATIONS OF THE COMPANY

PFRDA has approved the sponsors – KMBL and KMAMCL vide letter of appointment dated 19th May, 2021 and issued a certificate of registration no. PFRDA/PF/2021/006 dated 01st June, 2021 to Kotak Mahindra Pension Company Limited (KMPFL). The Investment Management Fees as applicable with effect from 01st June, 2021 are as follows:

Slabs of AUM ₹	Investment Management Fees
Upto 10,000 Crore	0.09% p.a.
10,001-50,000 Crore	0.06% p.a.
50,001- 150,000 Crore	0.05% p.a.
Above 1,50,000 Crore	0.03% p.a.



As per the current terms of the appointment, the funds are received in the Trustee Bank (Axis Bank Limited) as per the pension fund subscription information provided by the Central record keeping agencies (Protean eGov Technologies Limited formerly known as NSDL e-Governance Infrastructure Limited, KFin Technologies Private Limited and Computer Age Management Services Limited). The assets are under the custody of the NPS Trust-appointed custodian viz., Deutsche Bank from April 2022.

The Company manages nine schemes under the National Pension System. The Company had total assets under management (AUM) of ₹ 4,706 Crore as at the end of the financial year 2023-2024, a growth of 65% over the previous year (₹ 2,856 crore).

The Company's equity fund (NPS Tier 1) was among the top two best performing equity funds in the NPS industry (NPS Tier 1) over 5-year period as on 31st March, 2024. The Company's government securities fund (NPS Tier 1) was among the top two best performing government securities funds in the NPS industry over 1 & 3 year period as on 31st March, 2024.

The overall pension fund industry AUM (including the private and public sector) has grown by approx. 31% year-on-year to ₹11,72,651 Crore as on 31st March, 2024.

The scheme wise assets under management are as under:

(₹ in crore)

Scheme	AUM as on 31 st March, 2024	AUM as on 31 st March, 2023
NPS Trust A/c Kotak Pension Fund Scheme E	2,094.28	1,136.97
NPS Trust A/c Kotak Pension Fund Scheme C	833.90	544.87
NPS Trust A/c Kotak Pension Fund Scheme G	1,445.36	916.58
NPS Trust A/c Kotak Pension Fund Scheme E Tier II	120.19	78.02
NPS Trust A/c Kotak Pension Fund Scheme C Tier II	41.12	35.27
NPS Trust A/c Kotak Pension Fund Scheme G Tier II	71.15	58.35
NPS Trust A/c – Kotak Mahindra Pension Fund Limited – NPS Lite Scheme – Govt Pattern	86.84	76.95
NPS Trust A/c Kotak Pension Fund Scheme A	12.39	8.27
NPS TRUST - A/C Kotak Pension Fund Scheme Tax Saver - Tier 2	0.74	0.53
Total	4,705.99	2,855.81

The snapshot of the performance of the schemes managed by the Company for the financial year is given below:

Schemes	Benchmark	Last 1 year return (%) (Schemes)	Benchmark Return (1 year)(%)	Return since launch of the scheme (%)	Benchmark since Launch of the scheme
NPS Trust A/c Kotak Pension Fund Scheme E	NPS Equity Index	35.19%	38.54%	12.58%	14.44%
NPS Trust A/c Kotak Pension Fund Scheme C	NPS - Corporate Bond Index	8.39%	8.24%	9.27%	8.76%
NPS Trust A/c Kotak Pension Fund Scheme G	NPS - Government Securities Index	9.98%	9.99%	8.53%	7.60%
NPS Trust A/c Kotak Pension Fund Scheme E Tier II	NPS Equity Index	35.20%	38.54%	12.11%	12.16%
NPS Trust A/c Kotak Pension Fund Scheme C Tier II	NPS - Corporate Bond Index	8.22%	8.24%	8.61%	8.83%
NPS Trust A/c Kotak Pension Fund Scheme G Tier II	NPS - Government Securities Index	9.61%	9.99%	8.29%	8.13%
NPS Trust A/c - Kotak Mahindra Pension Fund Limited - NPS Lite Scheme - Govt Pattern	NPS - Government Pattern Index	12.77%	13.09%	9.66%	9.52%
NPS Trust Scheme A Tier I		10.05%	N.A	6.91%	N.A.
NPS TRUST - A/C Kotak Pension Fund Scheme Tax Saver - Tier 2	NPS TTS Benchmark	12.58%	14.53%	8.02%	NA

4. KEY PFRDA CIRCULARS PERTAINING TO THE PENSION FUND AREA

Sr. No.	Date of Circular	Subject of the Circular
1.	18 th August, 2023	Master circular on investment guidelines for NPS/APY Schemes - Central Government, State Government, Corporate CG, NPS Lite, Atal Pension Yojana and APY Fund Scheme
2.	22 nd September, 2023	Master circular on investment guidelines for NPS Tier-I & Tier-II {Other than Central/State Government, Corporate CG, NPS Lite and APY}.
3.	16 th November, 2023	Addendum to the valuation Guidelines for securities held under NPS issued vide circular no. PFRDA/2019/23/REG-PF/4 dated November 21, 2019
4.	23 rd November, 2023	Regarding adoption of policy framework on adoption of cloud services by intermediaries.

The Company has complied with the various circulars issued during the year.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. BOARD COMPOSITION

The Board comprises of professional individuals with varied experience, skills, qualifications and competencies which enables constructive discussion and informed decisions. The Board comprises of an optimum mix of Non-Executive Non-Independent and Independent Directors in alignment with the provisions of the Act, PFRDA Regulations and other applicable statutory, regulatory and contractual obligations.

As on 31st March, 2024, the Board comprises of 6 (Six) directors, consisting of 3 (three) Independent Directors, 3 (three) Non-Executive Directors, as follows:

Sr. No.	Name of Director	Designation
1.	Mr. Nilesh Shah	Chairman and Non-Executive Director
2.	Ms. Lakshmi Iyer	Non-Executive Director
3.	Mr. G Murlidhar	Non-Executive Director
4.	Mr. Sharadkumar Bhatia	Independent Director
5.	Mr. Tushar Mavani	Independent Director
6.	Mr. Noshir Dastur	Independent Director

I. Directors resigned:

Mr. G Murlidhar (DIN: 03601196) had resigned from the Board of the Company w.e.f. the close of business hours of 30th April, 2024.

Your Directors place on record their sincere appreciation for the valuable contribution made by Mr. G Murlidhar during his tenure as Directors of the Company.

II. Directors appointed:

The Board has, at its meeting held on 25th April, 2024, approved the appointment of Mr. Puneet Kapoor as an Additional Non-Executive Director of the Company subject to availability of his DIN and he shall hold office up to the date of the fifteenth AGM of the Company.

III. Directors retiring by rotation

Pursuant to Section 152 of the Act read with the Articles of Association of the Company, Ms. Lakshmi Iyer (DIN: 09494539) is liable to retire by rotation at the ensuing fifteenth Annual General Meeting ("AGM") of the Company and being eligible, offers herself for re-appointment as Non-Executive Director.

The Board recommends the re-appointment of Ms. Lakshmi Iyer as Non-Executive Director at the ensuing fifteenth AGM.

IV. Declaration of Non-disqualification by Directors

Basis the declaration received from all the directors of the Company, none of the directors are disqualified from being appointed as director pursuant to Section 164 of the Act.

V. Declaration from Independent Directors

All the Independent Directors have submitted the declarations as per the provisions of Section 149(7) of the Act and the Board is satisfied that all the Independent Directors meets the criteria of independence as mentioned in Section 149(6) of the Act.

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

The Independent Directors possess the requisite integrity, expertise and experience necessary to discharge their obligations effectively and efficiently.



VI. Director e-KYC

The Ministry of Corporate Affairs ("MCA") has vide its amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated registration of KYC for the Directors on annual basis. Accordingly, all the Directors of the Company have complied with the aforementioned requirement in FY 2023-24.

VII. Board Evaluation

A formal evaluation of the performance of the Board, its Committees, the Chairman and the Individual Directors was conducted for the FY 2023-24. The evaluation was carried out based on the detailed questionnaire which inter-alia covered the following key criteria:

- i. **Board:** Competencies, composition and structure of the Board, board dynamics, process and procedure, Board functioning, oversight of committee composition & functioning and ethics & compliance.
- ii. **Chairperson of the Board:** Function & Duties, management relations, professional & ethical conduct and certain other parameters such as efficient leadership and professionalism, open-minded, driver of innovation, courteous, decisive, etc.
- iii. **Individual Directors:** Function & Duties, management relations and professional & ethical conduct.
- iv. **Committees constituted by the Board:** Composition and quality, process & procedure, terms of reference and Committee specific questions.

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 Board, its Committees, Chairman and that of Independent and Non-Independent Directors was done by the Board, excluding the Director being evaluated. Based on the performance evaluation, the Board is satisfied with the results of the performance evaluation of the Board, its Committees, the Chairman and the Individual Directors.

B. KEY MANAGERIAL PERSONNEL

In terms of the provisions of Section 2(51) and Section 203 of the Act read with Rule 8 of the Companies (Appointment of Remuneration of Managerial Personnel) Rules, 2014, the following officials of the Company are the Key Managerial Personnel ("KMP") as on 31st March, 2024:

Sr. No.	Name of KMP	Designation
1.	Mr. Shyamsundar Baliga	Chief Executive Officer
2.	Ms. Riddhi Vakharia	Company Secretary
3.	Ms. Charmi Nadar	Chief Financial Officer

During the FY 2023-24, Ms. Darshana Baliya (ICSI Membership No. 26002) had stepped down as Company Secretary and Compliance officer of the Company w.e.f. the close of business hours on 30th June, 2023. The Board expresses its sincere appreciation for the valuable contribution provided by Ms. Darshana Baliya as the Company Secretary and Compliance Officer of the Company.

Consequently, Ms. Riddhi Vakharia (ICSI Membership No. A37660) was appointed as the Company Secretary, Compliance officer and KMP of the Company w.e.f. 14th July, 2023.

During the FY 2023-24, Mr. Dhimant Shah (ICAI Membership No. 600416) had stepped down as Chief Financial Officer of the Company w.e.f. the close of business hours on 31st October, 2023. The Board expresses its sincere appreciation for the valuable contribution provided by Mr. Dhimant Shah as the Chief Financial Officer of the Company.

Consequently, Ms. Charmi Nadar (ICAI Membership No: 624177) was appointed as the Chief Financial Officer and KMP of the Company w.e.f. 01st November, 2023.

C. REMUNERATION / COMPENSATION POLICY

The Nomination and Remuneration Committee of the Company has formulated the criteria for appointment of Directors, KMP and Senior Management Personnel.

The Company has in-place Remuneration / Compensation Policy which *inter-alia* covers compensation philosophy, forms of compensation to the Non-Executive Directors, KMP and Senior Management, etc. The policy is available on the website of the Company at <https://www.kotakpensionfund.com/Policies>

The Independent Directors are only in receipt of sitting fees for attending the meetings and the remuneration to KMP's is as per the terms of their employment.

6. BOARD AND ITS COMMITTEES

A. BOARD OF DIRECTORS

The Board meets at regular intervals, *inter-alia*, to discuss various matters relating to the Company's business, scheme performance review, financial performance, risk management, internal controls, operations, compliance management, business strategies, audit matters and other

pertinent matters. During the FY 2023-24, 5 (Five) meetings of the Board were held i.e. on 24th April, 2023, 14th July, 2023, 19th October, 2023, 15th January, 2024 and 11th March, 2024; and the gap between any two consecutive meetings was less than 120 (one hundred and twenty) days..

B. COMMITTEES

The Board has constituted various Board Committees to strengthen the governance framework of the Company. The Board Committees are constituted in compliance with the provisions of the Act, PFRDA regulations and good governance practices.

The meetings of the Committees are also conducted at regular intervals to enable focused deliberation on statutory, business and other matters that forms the basis for the Board's decision-making.

During the FY 2023-24, there have been no instances where the Board has not accepted any recommendation of any Committee.

I. Audit Committee

The Company has Board-level Audit Committee in compliance with the requirement of Section 177 of Companies Act, 2013. The composition of the Audit Committee is as follows:

Sr. No.	Name	Position in the Committee	Designation
1.	Mr. Tushar Mavani	Chairman	Independent Director
2.	Mr. Sharadkumar Bhatia	Member	Independent Director
3.	Mr. Murlidhar Gangadharan*	Member	Non-Executive Director

* Mr. Murlidhar Gangadharan has resigned from the Board of the Company w.e.f. the close of business hours of 30th April, 2024.

During the FY 2023-24, 5 (Five) meetings of the Audit Committee were held i.e. on 24th April, 2023, 14th July, 2023, 19th October, 2023, 15th January, 2024 and 11th March, 2024. The quorum for the meeting of Audit Committee is presence of any two members.

II. Nomination and Remuneration Committee

The Company, being the wholly owned subsidiary of Kotak Bank, is exempted from compliance with the provisions of Section 178 of the Act including the constitution of Nomination and Remuneration Committee ("NRC"). However, the Company has in-place the Board-level NRC as a good governance practice. The composition of the NRC is as follows:

Sr. No.	Name	Position in the Committee	Designation
1.	Mr. Sharadkumar Bhatia	Chairman	Independent Director
2.	Mr. Tushar Mavani	Member	Independent Director
3.	Mr. Nilesh Shah	Member	Non-Executive Director

During the FY 2023-24, 4 (Four) meetings of the NRC were held i.e. on 24th April, 2023, 29th April, 2023, 14th July, 2023 and 19th October, 2023. The quorum for the meeting of NRC is presence of any two members.

III. Risk Management Committee

Pursuant to the Investment Management Agreement signed with NPS Trust, Risk Management Committee was constituted to analyze and review the risk associated with managing the Pension Fund business and the risk mitigants put in place. The composition of the RMC is as follows:

Sr. No.	Name	Position in the Committee	Designation
1.	Mr. Sharadkumar Bhatia	Chairman	Independent Director
2.	Ms. Lakshmi Iyer	Member	Non-Executive Director
3.	Mr. Murlidhar Gangadharan*	Member	Non-Executive Director
4.	Mr. Shyamsundar Baliga	Member	Chief Executive Officer
5.	Mr. Nilesh Bharkhada	Member	Chief Investment Officer
6.	Ms. Riddhi Vakharria	Member	Compliance Officer
7.	Mr. Ankit Tripathy	Member	Chief Risk Officer

* Mr. Murlidhar Gangadharan has resigned from the Board of the Company w.e.f. the close of business hours of 30th April, 2024.

During the FY 2023-24, 4 (four) meetings of the RMC were held i.e. on 24th April, 2023, 14th July, 2023, 19th October, 2023 and 15th January, 2024.



IV. INVESTMENT COMMITTEE

Pursuant to the Investment Management Agreement signed with NPS Trust, Investment Committee was constituted to ensure that all investments are carried out as per the provisions of PFRDA Guidelines/directions and to ensure that all investments are made consistent with the protection, safety and liquidity of such funds, in the interest of the subscribers. The composition of the Investment Committee is as follows:

Sr. No.	Name	Position in the Committee	Designation
1.	Mr. Tushar Mavani	Chairman	Independent Director
2.	Mr. Nilesh Shah	Member	Non-Executive Director
3.	Mr. Noshir Dastur	Member	Independent Director
4.	Ms. Lakshmi Iyer	Member	Non-Executive Director
5.	Mr. Shyamsundar Baliga	Member	Chief Executive Officer
6.	Mr. Nilesh Bharkhada	Member	Chief Investment Officer
7.	Mr. Ankit Tripathy	Member	Chief Risk Officer

During the FY 2023-24, 4 (four) meetings of the Investment Committee were held i.e. on 24th April, 2023, 14th July, 2023, 19th October, 2023 and 15th January, 2024.

7. AUDITORS

A. STATUTORY AUDIT

M/s. Manohar Chowdhary & Associates (Firm Registration No. 001997S) were the Statutory Auditors of the Company. They were appointed for the period of 3 (three) years i.e. until the conclusion of the Annual General Meeting to be held for the financial year 2024 - 25.

The Statutory Audit report does not contain any qualifications, reservations or adverse remarks or disclaimer. Further, no frauds have been reported by the statutory auditors under Section 143(12) of the Act.

B. SECRETARIAL AUDIT

Pursuant to Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. RJSY & Associates, Company Secretaries, to conduct the secretarial audit of the Company for FY 2023-24. The Secretarial Audit Report for the financial year ended 31st March, 2024 is annexed to this Report as "Annexure A".

The Secretarial Audit report does not contain any qualifications, reservations or adverse remarks or disclaimer. Further, no frauds have been reported by the secretarial auditors under Section 143(12) of the Act.

8. INTERNAL FINANCIAL CONTROLS

The Board confirms that there are internal financial controls in place with reference to Financial Statements and that such controls are operating effectively. During the FY 2023-24, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

9. RELATED PARTY TRANSACTIONS

During the FY 2023-24, the Company has entered into transactions with related parties as defined under Section 2(76) of the Act read with Companies (Specification of Definitions Details) Rules, 2014, and applicable Accounting Standards. All such transactions were in the ordinary course of business and at arm's length. The Company had obtained the omnibus approval of the Audit Committee for all such transactions.

Further, the Company has not entered into any material related party transactions during the FY 2023-24.

The Company has a Board approved policy for dealing with Related Party Transactions.

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

All related party transactions as required under Indian Accounting Standard 24 are reported in the notes to the financial statements.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the FY 2023-24, the Company has not given any loan, guarantee or made investment which attract the provisions of Section 186 of the Act.

11. WHISTLE BLOWER POLICY

The Company has 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 Indian law. The said policy is applicable to employees, directors and any other stakeholders of the Company. During the year, no person was denied access to the Audit Committee of the Company.

12. RISK MANAGEMENT POLICY

A. RISK MANAGEMENT

The Company acts as Pension Fund Manager for managing the funds under NPS.

Pension Fund schemes are governed by the Investment Management Agreement (IMA) including any amendment thereof and the PFRDA Act 2013, regulations, applicable provisions of the NPS, the Schemes, the guidelines/notifications issued by the Authority, Ministry of Finance, Government of India, from time to time, as per the Applicable Law.

The IMA provides for constitution of Risk Management Committee and to draw up a Risk Policy to consider:

- a. Risk management functions
- b. Disaster recovery and business contingency plans
- c. Insurance cover against risks
- d. Ensuring investments are made as per the board approved policy.

The Risk Management Policy has been approved by the Board and is implemented by the Risk Management Committee, which keeps the Board informed periodically about its activities. The Board periodically updates the NPS Trust on the same. The Company's Risk Management policy is available on the Company's website viz. URL: www.kotakpensionfund.com/Policies.

The policy gives detailed guidelines in the areas of Fund management, Operations and other risks associated with the pension fund business. The said practices are audited by the internal auditors and the audit report is presented to the Board on a quarterly basis.

B. LIQUIDITY MANAGEMENT

The RBI had, vide its circular dated 7th November 7, 2012, 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 has, in its Annual Financial Inspection Report, directed the banks to implement a group wide liquidity risk management framework.

Based on the above, Kotak Bank and its group companies have adopted a Liquidity Risk Management Policy. The Board has adopted Liquidity Risk Management Policy which is in line with the Kotak Bank's Policy.

The Company invests its surplus funds in the Liquid / debt schemes of 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. All expenses (including revenue and capital) during the year were also authorized by personnel duly authorized by the Board.

13. EMPLOYEES

As on 31st March, 2024, the total number of employees of the Company was 16.

In compliance with the provisions of 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) which is a zero-tolerance policy and provides protection against sexual harassment of KMPFL's women employees at workplace, and the prevention and redressal of complaints therein.

The Company has also 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.

During the FY 2023-24, there were no complaints received/cases filed/cases pending under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

14. DEPOSITS

During the FY 2023-24, the Company neither invited nor accepted any deposit from the public or the members of the Company falling within the ambit of Section 73 to Section 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014. Also, there are no deposits due and outstanding as on 31st March, 2024.

15. 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 Act regarding conservation of energy and technological absorption are not applicable to the Company.

During the financial year ended 31st March 31, 2024 the Company had no foreign exchange inflow and outgo. (Previous Year: Nil).

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

There were no material changes and commitments affecting the financial position of the Company which has occurred post the end of the FY 2023-24 till the date of this report.



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

There were no significant or material orders passed by the Regulators/Courts/Tribunal during the FY 2023-24, which would impact the going concern status of the Company and its future operations.

18. MAINTENANCE OF COST RECORDS

The Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013.

19. CORPORATE SOCIAL RESPONSIBILITY

During the year under review the Company was not required to spend any amount towards CSR activities in terms of the provisions of Section 135 of the Companies Act, 2013.

20. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Directors, based on the representations received from the management, confirms that:

- i. The Company has, in the preparation of the annual financial statements for the financial year ended 31st March 31, 2024, 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 March 31, 2024 and of the Profit of the Company for financial year ended on that date;
- 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

During the FY 2023-24, the Company had complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India in terms of the Act.

22. CHANGE IN THE NATURE OF BUSINESS

During the FY 2023-24, there has been no change in the nature of the business of the Company.

23. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

No application has been made and proceedings are pending under the Insolvency and Bankruptcy Code, 2016 during the period under review.

24. ANNUAL RETURN

Pursuant to the provisions of Section 92(3) read with Section 134(3)(a) of the Act, the copy of the Annual Return of the Company as on 31st March, 2024 is available on the Company's website at www.kotakpensionfund.com.

25. ACKNOWLEDGEMENT

Your Directors thank the subscribers, customers and business associates for reposing their trust in the Company. The Directors also thank the Company's employees for their continued hard work, dedication and commitment; and the management for continuing success of the business.

Your Directors take this opportunity to place on record their gratitude for the valuable guidance and support received from the Authority, the Trust and other statutory and regulatory authorities for their support, advice and direction provided from time to time.

For and on behalf of the Board of Directors

Nilesh Shah
(DIN: 01711720)
CHAIRMAN

Place: Mumbai

Date: : 25th April, 2024

Form No. MR-3 - Secretarial Audit Report

For the Financial Year Ended 31st March 2024] [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 PENSION FUND LIMITED

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

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

Based on our verification of the **Kotak Mahindra Pension Fund Limited** 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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2024 ("**Audit period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended 31st March, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the "**Act**") and the rules made thereunder;
- (ii) 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 to the Company during the audit period**);
- (iii) The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye - Laws framed thereunder;
- (v) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; to the extent applicable to the Company.
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the Audit Period as the Company is not a listed entity:
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of The Securities and Exchange Board of India (Share Based Employee Benefits Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
 - (i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.



- (vii) Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
- a) The Pension Fund Regulatory And Development Authority Act, 2013 and amendments thereto;
 - b) Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015, as amended from time to time;
 - c) Notifications/Circulars/Guidelines/Rules, etc. as issued by Pension Fund Regulatory and Development Authority ("**PFRDA**") from time to time.
- (viii) Other laws to the extent applicable to the Company as per the representations made by the Company;

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

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by The Institute of Company Secretaries of India as notified from time to time;

During the period under review, the Company has 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.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There are no changes in the composition of the Board of Directors that took place during the period under review.

Adequate Notice is given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance 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 part of the minutes.

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

We further report that during the Audit period:

1. Ms. Riddhi Vakharia, has been appointed as a Company Secretary and Compliance Officer (Key Managerial Personnel) of the Company with effect from 14th July, 2023.
2. Ms. Charmi Nadar has been appointed as a Chief Financial Officer (Whole Time Key Managerial Personnel) of the Company with effect from 1st November, 2023.

For **RJSY & ASSOCIATES**
Company Secretaries
Firm Registration No.: P2016MH057200

Sadhana Ramnihor Yadav
Membership No.: A27559
Certificate of Practice No.: 16932
ICSI UDIN: A027559F000239331
Peer Review Number: 3117/2023

Place: Mumbai

Date: 25th April, 2024

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

To,
The Members,

KOTAK MAHINDRA PENSION FUND LIMITED

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

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

For **RJSY & ASSOCIATES**

Company Secretaries

Firm Registration No.: P2016MH057200

Sadhana Ramnihor Yadav

Membership No.: A27559

Certificate of Practice No.: 16932

ICSI UDIN: A027559F000239331

Peer Review Number: 3117/2023

Place: Mumbai

Date: 25th April, 2024



Independent Auditors' Report

To
the Members of

KOTAK MAHINDRA PENSION FUND LIMITED

REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Ind AS financial statements of **Kotak Mahindra Pension Fund Limited** (hereinafter referred to as "the Company"), which comprises the Balance Sheet as at 31st March 2024, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the Ind AS financial statements, including a summary of the 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 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 31st March 2024, its **Profit**, including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SA), as specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the 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 Ind AS 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 Ind AS financial statements.

KEY AUDIT MATTERS

We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report including Annexures thereto but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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.

MANAGEMENT'S RESPONSIBILITY FOR THE 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation, and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

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

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in the aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in "Annexure A" 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 it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including the Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors of the company as on 31 March 2024, taken on record by the Board of Directors of the company, none of the directors are disqualified as on 31 March 2024 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 the financial reporting of the company with reference to the Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act, as amended.

- h) With respect to the other matters 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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on any long-term contracts including derivatives contracts during the year ended 31st March 2024;
 - iii. There were no delays in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2024;
 - iv.
 - (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
 - v. The Company has not declared any dividend during the year and hence reporting under this clause is not applicable to the Company.
 - vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility. The Company has used cloud-based accounting software for maintaining its books of account and in the absence of the service organization controls report for the period 1st April 2023 to 31st March 2024, we are unable to comment on whether the audit trail feature of the aforesaid software was enabled and operated throughout the year for direct data changes. Further, for accounting software other than the aforesaid databases, we did not notice any instance of the audit trail feature being tampered with.

For **Manohar Chowdhry & Associates**

Chartered Accountants

FRN 001997S

Ameet N Patel

Partner

M. No. 039157

UDIN: 24039157BKCLUK3079

Place: Mumbai.

Date: 25th April, 2024

Annexure "A" To the Independent Auditor's Report

The Annexure referred to in the Independent Auditor's Report to the members of the Company on the Ind AS Financial Statements for the year ended 31st March 2024, we report that:

- i) In respect of the Company's Property, Plant & Equipment, and Intangible Assets:
 - a) (A) The company has maintained proper records showing full particulars, including quantitative details and the situation of Property, Plant, and Equipment.
 - (B) The company has maintained proper records showing full particulars of intangible assets.
 - b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme which is reasonable having regard to the size of the Company and the nature of its assets.
 - c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
 - d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended 31st March 2024.
 - e) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii)
 - a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
 - b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in the aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii) The company has not made investments in companies, firms, or Limited Liability Partnerships, and has not granted unsecured loans to other parties, during the year, in respect of which:
 - a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Order is not applicable.
 - b) Since the company has not made investments and hence reporting under clause 3(iii)(b) of the Order is not applicable.
 - c) Since the company has not granted loans, hence reporting under clause 3(iii)(c), clause 3(iii)(d), clause 3(iii)(e) & clause 3(iii)(f) of the Order is not applicable.

The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships, or any other parties.

- iv) The Company has not granted any loans or provided any guarantees or securities covered under section 185 & section 186 of the Act. In respect of investment made by the company, in our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 186 of the Act.
- v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- vi) In our opinion, for the services specific to the company, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013.
- vii) In respect of statutory dues:
 - a) In our opinion, the Company has been regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us and based on audit procedures performed by us, there were no undisputed amounts payable in respect of goods and services tax, provident fund, employees state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at 31st March 2024 for a period of more than six months from the date they became payable.



- b) According to the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute.
- viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- a) The Company is not a declared wilful defaulter by any bank or financial institution or other lender.
- b) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- c) On an overall examination of the financial statements of the Company, the Company has not raised any funds hence reporting under 3(ix)(d) of the Order is not applicable.
- d) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- e) The Company does not have any securities held in its associates and accordingly, the provisions of clause 3 (ix) (f) of the Order is not applicable;
- x) a) The Company has not raised moneys by way of an initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally), and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi) a) No fraud, material fraud by the Company or no fraud, material fraud on the Company has been noticed or reported during the year.
- b) During the year, no report under sub-section (12) of section 143 of the Companies Act has been filed cost auditor/ secretarial auditor or by us, in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules,2014 with Central Government.
- c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the year.
- xii) The Company is not a chit fund or a Nidhi/ mutual benefit fund/ society and hence reporting under clause (xii) of the Order is not applicable.
- xiii) In our opinion, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- xiv) a) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing, and extent of our audit procedures.
- xv) In our opinion and according to the information and explanation given to us, during the year the Company has not entered into non-cash transactions with the Directors or persons connected with the directors, and hence the provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi) a) The Company is exempted from the provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company;
- b) According to the information and explanation given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii) The Company has incurred cash losses (before exceptional items and tax) during the financial year covered by our audit and in the immediately preceding financial year. (Cash Losses for the Current year ₹ 10.74 lakh and for the previous year ₹ 344.88 lakh).
- xviii) There has not been any resignation of the statutory auditors of the Company during the year.
- xix) On the basis of the ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examinations of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx) Corporate Social Responsibility (CSR) Clause is not applicable to the Company, Accordingly, reporting under clause 3(xx)(a), (b) of the Order is not applicable for the year.
- xxi) Reporting under clause xxi of the Order is not applicable as the same is required to be reported only in case of consolidated financial statement.

For **Manohar Chowdhry & Associates**

Chartered Accountants

FRN 001997S

Ameet N Patel

Partner

M. No. 039157

UDIN: 24039157BKCLUK3079

Place: Mumbai.

Date: 25th April, 2024



Annexure "B" to the Independent Auditor's Report of even date on the Ind AS financial statements of Kotak Mahindra Pension Fund Limited

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

We have audited the internal financial controls over financial reporting of **Kotak Mahindra Pension Fund Limited** ("the Company") as of March 31, 2024, in conjunction with our audit of the 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 of the Company 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 fraud and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH RESPECT TO THE IND AS FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting, and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, 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 **Manohar Chowdhry & Associates**
Chartered Accountants
FRN 001997S

Ameet N Patel
Partner
M. No. 039157
UDIN: 24039157BKCLUK3079
Place: Mumbai.
Date: 25th April, 2024

Balance Sheet

as at 31st March, 2024

(Amount in Lakh)

Particulars	Note No.	As at 31 st March, 2024	As at 31 st March, 2023
ASSETS			
FINANCIAL ASSETS			
Cash and cash equivalents	2	35.35	22.28
Receivables			
(l) Trade receivables	3	37.86	23.03
Investments	4	5,857.40	5,771.05
Sub total		5,930.61	5,816.36
Non-financial assets			
Current Tax assets (Net)		33.94	23.77
Property, Plant and Equipment	5	3.98	4.08
Intangible assets	6	0.37	0.99
Other Non-financial assets	7	7.31	8.03
Sub total		45.60	36.88
Total Assets		5,976.21	5,853.24
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(l) 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	8	1.54	0.97
Other Financial liabilities	9	176.60	153.06
Sub total		178.14	154.04
Non-Financial liabilities			
Provisions	10	53.77	63.89
Other non-financial liabilities	11	19.79	19.97
Sub total		73.56	83.86
EQUITY			
Equity Share Capital	12	6,000.00	6,000.00
Other equity	13	(275.49)	(384.66)
Sub total		5,724.51	5,615.34
Total Liabilities and Equity		5,976.21	5,853.24
Significant Accounting Policies & Notes on Accounts	1		

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Reg No. 001997S

For and on behalf of the Board of Directors

Shyamsundar Baliga
Chief Executive Officer

Nilesh Shah
Director
DIN : 01711720

Tushar Mavani
Director
DIN : 00478763

Ameet N. Patel
Partner
Mem No. 039157

Charmi Nadar
Chief Financial Officer

Riddhi Vakharia
Company Secretary

Date: 25th April, 2024



Statement of Profit and Loss

for the year ended 31st March, 2024

(Amount in Lakh)

Particulars	Note No.	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
REVENUE FROM OPERATIONS			
(i) Interest income	14	0.89	0.60
(ii) Fees and Commission Income	15	324.98	223.24
(iii) Net gain on fair value changes	16	432.92	287.95
(I) Total revenue from operations		758.79	511.79
(II) Other income	17	9.73	19.43
(III) Total income (I + II)		768.52	531.22
EXPENSES			
(i) Impairment on financial instruments	18	(0.01)	0.01
(ii) Employee Benefits expenses	19	500.29	527.07
(iii) Depreciation, amortization and impairment	20	3.62	5.01
(iv) Other expenses	21	148.73	130.91
(II) Total expenses		652.63	663.00
(II) Profit / (loss) before exceptional items and tax (I-II)		115.89	(131.78)
(VI) Tax expense			
(1) Current tax		-	-
(2) Current tax pertaining to prior periods		-	-
Total tax expense (1+2)		-	-
(V) Profit/(loss) for the year (III-IV)		115.89	(131.78)
(VI) Other comprehensive income			
- Remeasurements of the defined benefit plans		(5.63)	(1.58)
Sub-total		(5.63)	(1.58)
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total (A)		(5.63)	(1.58)
Other comprehensive income (A)		(5.63)	(1.58)
(VII) Total Comprehensive Income for the year		110.26	(133.36)
(VIII) Earnings per equity share - Basic & diluted (₹)	22	0.18	(0.22)

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Reg No. 001997S

Ameet N. Patel

Partner
Mem No. 039157

Date: 25th April, 2024

For and on behalf of the Board of Directors

Shyamsundar Baliga
Chief Executive Officer

Nilesh Shah
Director
DIN : 01711720

Tushar Mavani
Director
DIN : 00478763

Charmi Nadar
Chief Financial Officer

Riddhi Vakharia
Company Secretary

Statement of Cash Flows

for the year ended 31st March 2024

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	115.89	(131.78)
Adjustments for:		
Depreciation, amortization and impairment	3.62	5.02
Fair Valuation of Defined Obligation	(5.63)	(1.58)
Fair valuation of ESOP / SARS	(1.10)	2.50
Net unrealised gain / (loss) on financial instruments measured at fair value	(130.25)	(218.11)
Impairment on financial instruments	(0.01)	0.01
(Profit) / Loss on sale of tangible asset (Net)	-	-
Sale of Fixed Assets	(2.12)	-
Net (gain)/ loss on sale of Non-current investments	(302.67)	(69.84)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(322.27)	(413.78)
Movements in working capital :		
Increase/ (decrease) in trade payables	0.57	(3.24)
Increase/ (decrease) in other financial liabilities	23.53	73.26
Increase / (decrease) in provisions	(10.10)	(1.28)
Increase/ (decrease) in other non financial liabilities	(0.20)	0.96
Decrease / (increase) in trade receivables	(14.82)	(5.28)
Decrease / (increase) in other non financial assets	0.72	2.55
CASH USED IN OPERATIONS	(322.57)	(346.81)
Direct Taxes Paid		
	(10.18)	(7.43)
NET CASH USED IN OPERATING ACTIVITIES (A)	(332.75)	(354.24)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2.89)	(2.79)
Sale of fixed assets	2.12	-
Investments		
Purchase	(2,392.61)	(800.00)
Proceeds from sale	2,739.19	1,178.25
NET CASH (USED IN)/FROM INVESTING ACTIVITIES (B)	345.81	375.46
CASH FLOWS FROM FINANCING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES (C)		
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	13.05	21.22
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	22.29	1.06
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35.35	22.28
Components of cash and cash equivalents		
With banks- on current account	35.35	22.29
- on deposit account	-	-
Cash & Cash Equivalents Before Impairment Provision	35.35	22.29
Impairment Loss Allowances	-	(0.01)
Cash & Cash Equivalents As Per Balance Sheet	35.35	22.28

Summary of significant accounting policies (note 1)

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

The corresponding amounts of previous year have been re-grouped, wherever necessary.

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Reg No. 001997S

Shyamsundar Baliga
Chief Executive Officer

For and on behalf of the Board of Directors

Nilesh Shah
Director
DIN : 01711720

Tushar Mavani
Director
DIN : 00478763

Ameet N. Patel

Partner
Mem No. 039157

Charmi Nadar
Chief Financial Officer

Riddhi Vakharia
Company Secretary

Date: 25th April, 2024



Statement of Changes in Equity

for the year ended 31st March 2024

A. EQUITY SHARE CAPITAL

(Amount in Lakh)

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 st April, 2022	6,000.00	-	6,000.00
As on 31 st March, 2023	6,000.00	-	6,000.00
As on 31 st March, 2024	6,000.00	-	6,000.00

B. OTHER EQUITY

Particulars	Reserves and Surplus		Total
	Surplus in Statement of Profit and Loss	Capital Contribution from parent	
Opening balance as on 01st April, 2022	(274.00)	20.21	(253.79)
(Loss) for the year	(131.78)	-	(131.78)
Share Based Payments to employees		2.49	2.49
Remeasurments of defined benefit plans	(1.58)	-	(1.58)
Share Based Payment to employees transferred to General Reserve due to options lapsed	-	-	-
Changes during the year	(133.36)	2.49	(130.87)
Closing balance as on 31st March, 2023	(407.36)	22.70	(384.66)
Profit for the year	115.89	-	115.89
Share Based Payments to employees	-	(1.09)	(1.09)
Remeasurments of defined benefit plans	(5.63)	-	(5.63)
Share Based Payment to employees transferred to General Reserve due to options lapsed	(1.60)	1.60	-
Changes during the year	108.66	0.51	109.17
Closing balance as on 31st March, 2024	(298.70)	23.21	(275.49)

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Reg No. 001997S**Shyamsundar Baliga**
Chief Executive Officer

For and on behalf of the Board of Directors

Nilesh Shah
Director
DIN : 01711720**Tushar Mavani**
Director
DIN : 00478763**Ameet N. Patel**
Partner
Mem No. 039157**Charmi Nadar**
Chief Financial Officer**Riddhi Vakharia**
Company SecretaryDate: 25th April, 2024

Notes

to the financial statements for the year ended 31st March, 2024

0.1. CORPORATE INFORMATION

Kotak Mahindra Pension Fund Limited ('the Company') is a company domiciled in India and incorporated on 23rd March, 2009 with its registered office situated at 27 BKC C-27, G Block, Bandra-Kurla Complex, Bandra East, Mumbai. The Company is incorporated to manage the investments of the National Pension System as formed by the Government of India through the Pension Fund Regulatory & Development Authority (PFRDA). The investments are held by the Board of Trustees of the National Pension System Trust, established by the PFRDA under the Indian Trusts Act, 1882.

1.2 A 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) and other relevant provisions of the Companies Act, 2013 ('the Act').

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

b) 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.

B. FUNCTIONAL AND PRESENTATION CURRENCY

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

C. USE OF CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of 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 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 manages the investments of the National Pension System as formed by the Government of India through the Pension Fund Regulatory & Development Authority (PFRDA). The Company has determined 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 includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined



Notes

to the financial statements for the year ended 31st March, 2024

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 28.

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 tax credits. 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 have been made with respect to expected volatility includes 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 28.

VIII. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the 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 29.

IX. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost 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 behavioral 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.

Notes

to the financial statements for the year ended 31st March, 2024

This estimation, by nature, requires an element of judgment regarding the expected behavior 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.

XIII. Determination of lease term

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

XIV. Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

D. NEW STANDARDS AND AMENDMENTS TO EXISTING IND AS:

The Ministry of Corporate Affairs vide notification dated 31 March 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, which amended certain accounting standards (see below), and are effective 1 April 2023:

- Disclosure of accounting policies – amendments to Ind AS 1
- Definition of accounting estimates – amendments to Ind AS 8
- Deferred tax related to assets and liabilities arising from a single transaction – amendments to Ind AS 12

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

1.3 MATERIAL ACCOUNTING POLICIES

A. REVENUE RECOGNITION OF INCOME

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

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

Nature of services - Asset Management Services

The Company manages the investments of the National Pension System as formed by the Government of India through the Pension Fund Regulatory & Development Authority (PFRDA).



Notes

to the financial statements for the year ended 31st March, 2024

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 Fee is recognized at specific rates agreed with the relevant schemes, applied on the daily net assets managed

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

Purchase and sale of investments are recorded on trade date. The profit / loss on sale of investments is recognized in the 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. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under impairment stages 1 and 2 as against on amortized cost for the assets falling under impairment stage 3.

B. 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.

C. 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.

Notes

to the financial statements for the year ended 31st March, 2024

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 and the effect of asset ceiling, if applicable 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 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 Group 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.

D. 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 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 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 realizing 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.



Notes

to the financial statements for the year ended 31st March, 2024

- 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 fair value through profit or loss, 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 30 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.

Notes

to the financial statements for the year ended 31st March, 2024

Financial liabilities

The company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Liabilities which are classified at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value.

1.4 OTHER 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 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

Depreciation 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 management are as follows:

Computers	3 years
Office Equipment	5 years
Vehicles	4 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 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.



Notes

to the financial statements for the year ended 31st March, 2024

iii. Amortization

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

Software (including development) expenditure- 3 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 generally 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. 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.

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

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognized in the 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.

F. 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.

G. SHARE BASED PAYMENTS

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 on a straight-line basis 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.

Notes

to the financial statements for the year ended 31st March, 2024

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.

H. SEGMENT REPORTING

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

I. 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, 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 is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired include observable data about the following events:

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

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

For trade receivables the Company applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The expected credit losses on these financial assets are estimated considering the credit worthiness of counter parties and their credit ratings adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

J. DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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



Notes

to the financial statements for the year ended 31st March, 2024

Financial liabilities

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

K. MODIFICATIONS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

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

Financial liabilities

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

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.

L. 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.

M. ROUNDING OF AMOUNTS

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

Notes

to the financial statements for the year ended 31st March, 2024

NOTE 2 CASH AND CASH EQUIVALENTS :

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Balances with banks	35.35	22.29
Sub total	35.35	22.29
Less: Impairment loss allowance	-	(0.01)
Total	35.35	22.28

NOTE 3 RECEIVABLES :

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Trade receivables:		
Unsecured, considered good	37.86	23.04
Sub total	37.86	23.04
Less: Impairment loss allowance	-	(0.01)
Total	37.86	23.03

(Refer Note 31)

NOTE 4 INVESTMENTS :

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Mutual funds	5,857.40	5,771.05
Total Gross (A)	5,857.40	5,771.05
(i) Investments outside India	-	-
(ii) Investments in India	5,857.40	5,771.05
Total (B)	5,857.40	5,771.05
Less: Impairment allowance	-	-
Total Net	5,857.40	5,771.05
At fair value through profit or loss	5,857.40	5,771.05
	5,857.40	5,771.05



Notes

to the financial statements for the year ended 31st March, 2024

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

(Amount in Lakh)

Particulars	Office equipment	Computers	Vehicles	Total
Gross carrying amount as at 31st March, 2022	0.55	8.93	2.12	11.60
Additions during the year	-	2.79	-	2.79
Disposals during the year	-	-	-	-
Gross carrying amount as at 31st March, 2023	0.55	11.72	2.12	14.39
Accumulated depreciation as at 31st March, 2022	0.25	5.18	1.59	7.02
Depreciation for the year	0.08	2.67	0.53	3.28
Disposals during the year	-	-	-	-
Accumulated depreciation as at 31st March, 2023	0.33	7.85	2.12	10.30
Net carrying amount as at 31st March, 2023	0.22	3.86	-	4.08
Gross carrying amount as at 31st March, 2023	0.55	11.72	2.12	14.39
Additions during the year	-	2.89	-	2.89
Disposals during the year	-	-	(2.12)	(2.12)
Gross carrying amount as at 31st March, 2024	0.55	14.61	-	15.16
Accumulated depreciation as at 31st March, 2023	0.33	7.85	2.12	10.30
Depreciation for the year	0.08	2.92	-	3.00
Disposals during the year	-	-	(2.12)	(2.12)
Accumulated depreciation as at 31st March, 2024	0.41	10.77	-	11.18
Net carrying amount as at 31st March, 2024	0.14	3.84	-	3.98

IMPAIRMENT LOSS AND REVERSAL OF IMPAIRMENT LOSS

There is no impairment loss recognized for tangible assets

NOTE 6 INTANGIBLE ASSETS

(Amount in Lakh)

	Software	Total
Gross carrying amount as at 31st March, 2022	12.53	12.53
Additions during the year	-	-
Disposals during the year	-	-
Gross carrying amount as at 31st March, 2023	12.53	12.53
Accumulated amortisation as at 31st March, 2022	9.81	9.81
Amortisation for the year	1.73	1.73
Disposals during the year	-	-
Accumulated amortisation as at 31st March, 2023	11.54	11.54
Net carrying amount as at 31st March, 2023	0.99	0.99
Gross carrying amount as at 31st March, 2023	12.53	12.53
Additions during the year	-	-
Disposals during the year	-	-
Gross carrying amount as at 31st March, 2024	12.53	12.53
Accumulated amortisation as at 31st March, 2024	11.54	11.54
Amortisation for the year	0.62	0.62
Disposals during the year	-	-
Accumulated amortisation as at 31st March, 2024	12.16	12.16
Net carrying amount as at 31st March, 2024	0.37	0.37

IMPAIRMENT LOSS AND REVERSAL OF IMPAIRMENT LOSS

There is no impairment loss recognized for intangible assets

Notes

to the financial statements for the year ended 31st March, 2024

NOTE 7 OTHER NON FINANCIAL ASSETS :

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Prepaid Expenses	7.31	8.03
Total	7.31	8.03

NOTE 8 PAYABLES :

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(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	1.54	0.97
Total	1.54	0.97

(Refer Note 30)

NOTE 9 OTHER FINANCIAL LIABILITIES :

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Incentive Payable	176.60	153.06
Total	176.60	153.06

NOTE 10 PROVISIONS :

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Provision for employee benefits	6.04	7.74
Provision for gratuity	31.86	40.27
Provision for stock appreciation rights	15.87	15.88
Total	53.77	63.89

NOTE 11 OTHER NON-FINANCIAL LIABILITIES :

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Statutory dues payable	9.91	10.47
Other payable	9.88	9.50
Total	19.79	19.97



Notes

to the financial statements for the year ended 31st March, 2024

NOTE 12 SHARE CAPITAL

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Authorised		
6,00,00,000 (31 st March, 2023 6,00,00,000) equity shares of ₹10/- each	6,000	6,000
Issued, subscribed and paid-up		
6,00,00,000 (31 st March, 2023 6,00,00,000) equity shares of ₹ 10/- each, fully paid up	6,000	6,000
	6,000	6,000

A. RECONCILIATION OF NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE YEAR :

(Amount in Lakh)

Particulars	No. of shares	Amount
Equity shares of ₹ 10 each, fully paid-up		
As at 1 st April, 2022	60,000,000	6,000
Add : Issued during the year	-	-
As at 31 st March, 2023	60,000,000	6,000
Add : Issued during the year	-	-
As at 31st March, 2024	60,000,000	6,000

B. TERMS / RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. SHARES HELD BY HOLDING / ULTIMATE HOLDING COMPANY AND / OR THEIR SUBSIDIARIES / ASSOCIATES

Particulars	As at 31 st March, 2024		As at 31 st March, 2024	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Bank Limited	30,600,000	51.00	30,600,000	51.00
Kotak Mahindra Asset Management Company Limited	29,400,000	49.00	29,400,000	49.00
	60,000,000	100.00	60,000,000	100.00

D. DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

Particulars	As at 31 st March, 2024		As at 31 st March, 2024	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Bank Limited	30,600,000	51.00	30,600,000	51.00
Kotak Mahindra Asset Management Company Limited	29,400,000	49.00	29,400,000	49.00
	60,000,000	100.00	60,000,000	100.00

Notes

to the financial statements for the year ended 31st March, 2024

E. SHAREHOLDING OF PROMOTERS

Shares held by promoters at the end of the year 31st March, 2024

Promoter name	Number of shares	% of total shares	% Change during the year
Kotak Mahindra Bank Limited	30,600,000	51.00	Nil
Kotak Mahindra Asset Management Company Limited	29,400,000	49.00	Nil
Total	60,000,000	100%	

Shares held by promoters at the end of the year 31st March, 2023

Promoter name	Number of shares	% of total shares	% Change during the year
Kotak Mahindra Bank Limited	30,600,000	51.00	Nil
Kotak Mahindra Asset Management Company Limited	29,400,000	49.00	Nil
Total	60,000,000	100%	

NOTE 13 OTHER EQUITY :

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Surplus in Statement of Profit and Loss	(298.70)	(407.58)
Capital Contribution from parent	23.21	22.92
Total	(275.49)	(384.66)

13.1 NATURE AND PURPOSE OF RESERVE

Surplus in Statement of Profit and Loss

Surplus in profit or loss account represents surplus/deficit of the company and are available for distribution to shareholders.

Capital Contribution from parent

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

NOTE 14 INTEREST INCOME :

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
On Financial Assets measured at Amortised Cost		
Other interest income	0.89	0.60
Total	0.89	0.60



Notes

to the financial statements for the year ended 31st March, 2024

NOTE 15 FEES AND OTHER INCOME :

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Management Fees	324.98	223.24
Total	324.98	223.24

NOTE 16 NET GAIN/(LOSS) ON FAIR VALUE CHANGES :

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	432.92	287.95
Total Net gain/(loss) on fair value changes	432.92	287.95
Fair value changes:		
Realized	302.67	69.84
Unrealized	130.25	218.11
Total Net gain/(loss) on fair value changes	432.92	287.95

NOTE 17 OTHER INCOME :

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Net gain/(loss) on derecognition of property, plant and equipment	3.16	-
Write back of Goods and Service Tax inputs, previously written off	6.57	19.43
Total	9.73	19.43

EXPENSES

NOTE 18 IMPAIRMENT ON FINANCIAL INSTRUMENTS :

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Bank Balances	(0.01)	0.01
Total	(0.01)	0.01

NOTE 19 EMPLOYEE BENEFITS EXPENSES :

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Salaries and wages	459.15	481.83
Contribution to provident and other funds	18.14	21.33
Gratuity	6.74	5.57
Share Based Payments to employees	16.07	17.93
Staff welfare expenses	0.19	0.41
Total	500.29	527.07

Notes

to the financial statements for the year ended 31st March, 2024

NOTE 20 DEPRECIATION, AMORTISATION AND IMPAIRMENT

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Software	0.62	1.73
Vehicles	-	0.53
Office equipment	0.08	0.08
Computers	2.92	2.67
Total	3.62	5.01

NOTE 21 OTHER EXPENSES

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Rent, taxes and energy costs	16.35	20.42
Repairs and maintenance	1.59	3.66
Communication Costs	0.65	0.46
Computer related expenses	15.40	13.70
Travel related expenses	4.31	4.12
Printing and stationery	0.07	0.04
Business promotion, Distribution and Mutual Fund expenses	3.06	1.91
Membership subscription	62.73	48.07
Director's fees, allowances and expenses	10.80	5.00
Auditor's fees and expenses	1.75	1.75
Legal and Professional charges	15.98	17.27
Insurance	2.08	3.00
Royalty Expenses	5.00	5.00
Other expenditure	8.96	6.51
Total	148.73	130.91
Payment to Auditors		
(a) As auditor	1.75	1.75
Total	1.75	1.75



Notes

to the financial statements for the year ended 31st March, 2024

NOTE 22 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.

(Amount in Lakh)

Sr. No.	Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
A)	Net profit from continued operation attributable to equity holders	110.26	(133.36)
B)	Profit attributable to equity holders of the Company adjusted for the effect of dilution	110.26	(133.36)
C)	Weighted average number of ordinary shares	60,000,000	60,000,000
	Issued ordinary shares at 1 st April		
	Weighted average number of shares at 31st March	60,000,000	60,000,000
D)	Face value per share (INR)	10	10
E)	Basic and diluted earnings per share (INR)	0.18	(0.22)

NOTE 23 CONTINGENT LIABILITIES & COMMITMENTS

(Amount in Lakh)

Sr. No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
	Contingent Liabilities	Nil	Nil
	Commitments	Nil	Nil

NOTE 24 RELATED PARTY DISCLOSURES

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

A. NAMES OF RELATED PARTIES

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
	Holding Company		
	Kotak Mahindra Bank Limited	India	51.00%
	Fellow subsidiaries with whom transactions have taken place during the year:		
	Kotak Mahindra Asset Management Company Limited	India	
	Kotak Mahindra Life Insurance Limited	India	
	Kotak Mahindra General Insurance Company Limited	India	
	Key Management Personnel		
	Shyamsundar Baliga (CEO)	India	
	Independent Director		
	Tushar Mavani		
	Shardkumar Bhatia		
	Noshir Dastur		

Notes

to the financial statements for the year ended 31st March, 2024

B. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

i. Key management personnel compensation *

(Amount in Lakh)

Sr. No.		For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
i.	Short-term employee benefits	106.81	100.74
ii.	Post-employment defined benefit	3.91	3.59
Independent Director			
i.	Director Sitting Fees	10.80	5.00

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

Note 24 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:

(Amount in Lakh)

Nature of Transaction	Year ended 31 st March	Kotak Mahindra Bank Limited	Fellow Subsidiaries
Balances Outstanding			
Balance in Current Account	2024	35.32	
	2023	22.26	
Trade payables	2024	0.98	
	2023	0.96	
Transactions during the year			
Assets Transferred (Kotak Mahindra Asset Management Company Limited)	2024	-	-
	2023	-	0.53
Miscellaneous Receipts/Payments (Kotak Mahindra Life Insurance Company Limited)	2024		-
	2023		1.33
Miscellaneous Receipts (Kotak Mahindra Asset Management Company Limited)	2024		32.70
	2023		6.07
Reimbursement of Expenses			
Rent	2024	15.25	
	2023	19.11	
Reimbursement of opex cost	2024	5.53	
	2023	7.44	
Royalty Expenses	2024	5.00	
	2023	5.00	
Insurance Expenses (Kotak Mahindra General Insurance Company Ltd)	2024		0.37
	2023		0.08
Insurance Expenses (Kotak Mahindra General Insurance Company Ltd)	2024		0.67
	2023		-



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to the financial statements for the year ended 31st March, 2024

NOTE 25 EMPLOYEE BENEFITS

A. THE COMPANY CONTRIBUTES TO THE FOLLOWING POST-EMPLOYMENT DEFINED BENEFIT PLANS IN INDIA.

(i) Defined Contribution Plans:

The Company makes Provident Fund contributions to Recognized Provident Fund for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 15.54 Lakh (31st March, 2023 : ₹ 14.88 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.

(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 st March, 2024	As at 31 st March, 2023
Present value of Unfunded defined benefit obligation (A)	31.86	40.27
Fair value of plan assets (B)	-	-
Net (asset) / liability recognized in the Balance Sheet (A-B)	31.86	40.27

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 st March, 2024	As at 31 st March, 2023	As at 31 st March, 2024	As at 31 st March, 2023	As at 31 st March, 2024	As at 31 st March, 2023
Opening balance	40.27	38.45	-	-	40.27	38.45
Included in profit or loss						
Current service cost	4.16	3.18	-	-	4.16	3.18
Past service cost	-	-	-	-	-	-
Interest on Net Defined Benefit Liability/ (Assets)	2.58	2.39	-	-	2.58	2.39
	47.01	44.02	-	-	47.01	44.02
Included in OCI						
Remeasurement loss / (gain):						
Actuarial loss / (gain) arising from:						
Demographic assumptions	-	2.95	-	-	-	2.95
Financial assumptions	0.24	(1.21)	-	-	0.24	(1.21)
Experience adjustment	5.39	(0.16)	-	-	5.39	(0.16)
Actual return on plan assets less interest on plan assets	-	-	-	-	-	-
	5.63	1.58	-	-	5.63	1.58

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	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	As at 31 st March, 2024	As at 31 st March, 2023	As at 31 st March, 2024	As at 31 st March, 2023	As at 31 st March, 2024	As at 31 st March, 2023
Other						
Contributions paid by the employer	-	-	-	-	-	-
Benefits paid	(0.90)	(0.41)	-	-	(0.90)	(0.41)
Liabilities assumed / (settled)*	(19.88)	(4.92)	-	-	(19.88)	(4.92)
Closing balance	31.86	40.27	-	-	31.86	40.27
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					31.86	40.27
					31.86	40.27

C. EXPENSES RECOGNIZED IN STATEMENT OF PROFIT AND LOSS

	As at 31 st March, 2024	As at 31 st March, 2023
Current service cost	4.16	3.18
Past service cost	-	-
Interest on net defined benefit liability / (asset)	2.58	2.39
	6.74	5.57

D. REMEASUREMENTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME

	As at 31 st March, 2024	As at 31 st March, 2023
Actuarial loss / (gain) arising from:		
Financial assumptions	0.24	(1.21)
Demographic assumptions	-	2.95
Experience adjustments	5.39	(0.16)
Actual return on plan assets less interest on plan assets	-	-
Adjustment to recognize the effect of asset ceiling	-	-
	5.63	1.58



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to the financial statements for the year ended 31st March, 2024

E. DEFINED BENEFIT OBLIGATIONS

i. Actuarial assumptions

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

	As at 31 st March, 2024	As at 31 st March, 2023
Discount rate (p.a.)	7.15%	6.70%
Salary escalation rate (p.a.)	7.00%	12.00% until year 1 inclusive, then 7.00%

ii. Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are 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.

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	0.80	(0.84)	0.96	(1.00)
Salary escalation rate (50 bps movement)	(0.50)	0.48	(0.39)	0.38

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 periods in the methods and assumptions used in preparing the sensitivity analyses.

F. EXPERIENCE ADJUSTMENTS

Intangible assets under development	Year ended 31 st March				
	2024	2023	2022	2021	2020
Present value of defined benefit obligation	0.00	0.00	0.00	23.65	24.92
Fair value of plan assets					
Surplus / (Deficit)	(0.00)	(0.00)	(0.00)	(23.65)	(24.92)
Experience adjustments on plan liabilities	5.39	(0.16)	(0.16)	1.59	(1.10)
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 ₹ (8.34) Lakh (Previous year : ₹ 5.61 Lakh) for Compensated Absences in the Statement of Profit and Loss.

H. LONG SERVICE AWARD

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

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to the financial statements for the year ended 31st March, 2024

NOTE 26 SHARE-BASED PAYMENT

A. DESCRIPTION OF SHARE-BASED PAYMENT ARRANGEMENTS

i. Share option plans (equity-settled)

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, ("the Bank"), the shareholders of the Bank had passed Special Resolutions in the General meeting dated 29th June, 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to this resolution, the Kotak Mahindra Equity Option Scheme 2015 has been formulated and adopted.

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

As at 31st March, 2024

Scheme reference	Grant Date	Mode of settlement accounting	No. of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
ESOP 2015-25	07-Aug-20	Equity settled	56	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.90
ESOP 2015-30	30-May-21	Equity settled	280	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	4.59

As at 31st March, 2023

Scheme reference	Grant Date	Mode of settlement accounting	No. of Share Options outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
ESOP 2015-19	20-May-19	Equity settled	526	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	4.12
ESOP 2015-25	07-Aug-20	Equity settled	1,171	30% - 1 yr service 30% - 2 yr service 20% - 3 yr service 20% - 4 yr service	3.90
ESOP 2015-30	30-May-21	Equity settled	420	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	4.59



Notes

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B. MEASUREMENT OF FAIR VALUES

i. Equity-settled share-based payment arrangements

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

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

As at 31st March, 2024

Scheme	Grant Date	Vesting period (Years)	Exercise period (Years)	Expected life (Years)	Exercise Price (INR)	Market price (INR)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (INR)
ESOP 2015-25	07-Aug-20	1.07	0.48	1.31	1,341.00	1,340.10	3.61%	0.06%	39.75%	267.12
ESOP 2015-25	07-Aug-20	2.32	0.48	2.56	1,341.00	1,340.10	4.40%	0.06%	33.09%	340.57
ESOP 2015-25	07-Aug-20	2.90	0.50	3.15	1,341.00	1,340.10	4.85%	0.06%	30.71%	370.15
ESOP 2015-25	07-Aug-20	3.40	0.50	3.65	1,341.00	1,340.10	5.06%	0.06%	29.29%	395.03
ESOP 2015-30	30-May-21	1.08	0.52	1.34	1,801.00	1,800.75	4.05%	0.05%	42.76%	390.94
ESOP 2015-30	30-May-21	2.08	0.52	2.34	1,801.00	1,800.75	4.65%	0.05%	35.50%	463.58
ESOP 2015-30	30-May-21	3.09	0.50	3.34	1,801.00	1,800.75	5.13%	0.05%	32.78%	545.46
ESOP 2015-30	30-May-21	4.09	0.50	4.34	1,801.00	1,800.75	5.53%	0.05%	29.80%	609.04

As at 31st March, 2023

Scheme	Grant Date	Vesting period (Years)	Exercise period (Years)	Expected life (Years)	Exercise Price (INR)	Market price (INR)	Risk free rate	Annual Dividend yield	Volatility	Fair value per share options (INR)
ESOP 2015-19	20-May-19	1.20	0.50	1.45	1,460.00	1,460.00	6.63%	0.05%	23.24%	230.35
ESOP 2015-19	20-May-19	2.45	0.50	2.70	1,460.00	1,460.00	6.83%	0.05%	21.16%	330.89
ESOP 2015-19	20-May-19	3.12	0.50	3.37	1,460.00	1,460.00	6.94%	0.05%	21.32%	387.19
ESOP 2015-19	20-May-19	3.62	0.50	3.87	1,460.00	1,460.00	7.03%	0.05%	31.00%	508.28
ESOP 2015-25	07-Aug-20	1.07	0.48	1.31	1,341.00	1,340.10	3.61%	0.06%	39.75%	267.12
ESOP 2015-25	07-Aug-20	2.32	0.48	2.56	1,341.00	1,340.10	4.40%	0.06%	33.09%	340.57
ESOP 2015-25	07-Aug-20	2.90	0.50	3.15	1,341.00	1,340.10	4.85%	0.06%	30.71%	370.15
ESOP 2015-25	07-Aug-20	3.40	0.50	3.65	1,341.00	1,340.10	5.06%	0.06%	29.29%	395.03
ESOP 2015-30	30-May-21	1.08	0.52	1.34	1,801.00	1,800.75	4.05%	0.05%	42.76%	390.94
ESOP 2015-30	30-May-21	2.08	0.52	2.34	1,801.00	1,800.75	4.65%	0.05%	35.50%	463.58
ESOP 2015-30	30-May-21	3.09	0.50	3.34	1,801.00	1,800.75	5.13%	0.05%	32.78%	545.46
ESOP 2015-30	30-May-21	4.09	0.50	4.34	1,801.00	1,800.75	5.53%	0.05%	29.80%	609.04

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The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2024.

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

C. RECONCILIATION OF OUTSTANDING SHARE OPTIONS

Activity in the options outstanding under the employee's stock option Scheme as at 31st March, 2024

Scheme	Grant Date	31 st March, 2024							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
ESOP 2015-19	20-May-19	526	-	352	-	(174)	-	-	-
ESOP 2015-25	07-Aug-20	1,171	-	491	484	(140)	-	56	56
ESOP 2015-30	30-May-21	420	-	140	-	-	-	280	-
		2,117	-	983	484	(314)	-	336	56

Scheme	Grant Date	31 st March, 2023							
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Lapsed during the year	Forfeited during the year	Outstanding at the end of the year	Exercisable at the end of the year
ESOP 2015-14	18-May-18	172	-	172	-	-	-	-	-
ESOP 2015-19	20-May-19	2,365	-	1,404	-	(435)	-	526	-
ESOP 2015-25	07-Aug-20	1,267	-	96	-	-	-	1,171	-
ESOP 2015-30	30-May-21	560	-	140	-	-	-	420	-
		4,364	-	1,812	-	(435)	-	2,117	-

* This represents transfer of employees within Bank and its subsidiaries

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,449.13 (Previous year: ₹ 1,455.02).

ESOP Scheme	Range of exercise prices (₹)	As at 31 st March, 2024			As at 31 st March, 2023		
		Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOP 2015-19	1401-1500	-	-	-	526	0.65	1,460.00
ESOP 2015-25	1301-1400	56	1.64	1,341.00	1,171	1.64	1,341.00
ESOP 2015-30	1800-1900	280	2.25	1,801.00	420	2.25	1,801.00



Notes

to the financial statements for the year ended 31st March, 2024

ii. Stock Appreciation Rights (cash-settled)

During the year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees. The Company under its various plans / series has granted 1840 SARs during FY 2023-24. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 0.25 years to 3.29 years.

As at 31st March, 2024

Scheme reference	Grant Date	Mode of settlement accounting	No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-17 (Series 32)	30-May-21	Cash settled	76	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	4.13
2015-17 (Series 40)	10-May-22	Cash settled	562	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	3.04
2015-17 (Series 55)	02-May-23	Cash settled	1,070	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	3.29

As at 31st March, 2023

Scheme reference	Grant Date	Mode of settlement accounting	No. of SARs outstanding	Vesting conditions / Dates	Contractual life of the options (Yrs)
2015-17 (Series 28)	07-Aug-20	Cash settled	188	30% - 2021-22 30% - 2022-23 40% - 2023-24	3.66
2015-17 (Series 32)	30-May-21	Cash settled	113	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	4.13
2015-17 (Series 40)	10-May-22	Cash settled	1,570	25% - 1 yr service 25% - 2 yr service 25% - 3 yr service 25% - 4 yr service	3.04

Notes

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

As at 31st March, 2024

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (INR)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SA₹(INR)
Series 2015-32 (Series 32)									
Tranche VII	30-May-21	0.25	0.25	-	1,785.50	7.02%	0.08%	19.24%	1,785.13
Tranche VIII	30-May-21	0.27	0.27	-	1,785.50	7.03%	0.08%	19.19%	1,785.10
Tranche IX	30-May-21	0.29	0.29	-	1,785.50	7.04%	0.08%	18.84%	1,785.07
Tranche X	30-May-21	1.25	1.25	-	1,785.50	7.07%	0.08%	17.40%	1,783.63
Tranche XI	30-May-21	1.27	1.27	-	1,785.50	7.07%	0.08%	17.35%	1,783.60
Tranche XII	30-May-21	1.29	1.29	-	1,785.50	7.07%	0.08%	17.28%	1,783.57
Series 2015-32 (Series 40)									
Tranche IV	10-May-22	0.17	0.17	-	1,785.50	6.97%	0.08%	18.90%	1,785.25
Tranche V	10-May-22	0.19	0.19	-	1,785.50	6.98%	0.08%	19.31%	1,785.22
Tranche VI	10-May-22	0.21	0.21	-	1,785.50	7.00%	0.08%	20.32%	1,785.19
Tranche VII	10-May-22	1.17	1.17	-	1,785.50	7.08%	0.08%	17.63%	1,783.75
Tranche VIII	10-May-22	1.19	1.19	-	1,785.50	7.08%	0.08%	17.59%	1,783.72
Tranche IX	10-May-22	1.21	1.21	-	1,785.50	7.08%	0.08%	17.54%	1,783.69
Tranche X	10-May-22	2.17	2.17	-	1,785.50	7.14%	0.08%	20.86%	1,782.25
Tranche XI	10-May-22	2.19	2.19	-	1,785.50	7.14%	0.08%	20.94%	1,782.22
Tranche XII	10-May-22	2.21	2.21	-	1,785.50	7.14%	0.08%	20.91%	1,782.19
Series 2015-32 (Series 55)									
Tranche I	02-May-23	0.25	0.25	-	1,785.50	7.02%	0.08%	19.24%	1,785.13
Tranche II	02-May-23	0.27	0.27	-	1,785.50	7.03%	0.08%	19.19%	1,785.10
Tranche III	02-May-23	0.29	0.29	-	1,785.50	7.04%	0.08%	18.84%	1,785.07
Tranche IV	02-May-23	1.25	1.25	-	1,785.50	7.07%	0.08%	17.40%	1,783.63
Tranche V	02-May-23	1.27	1.27	-	1,785.50	7.07%	0.08%	17.35%	1,783.60
Tranche VI	02-May-23	1.29	1.29	-	1,785.50	7.07%	0.08%	17.28%	1,783.57
Tranche VII	02-May-23	2.25	2.25	-	1,785.50	7.14%	0.08%	21.05%	1,782.13
Tranche VIII	02-May-23	2.27	2.27	-	1,785.50	7.14%	0.08%	21.03%	1,782.10
Tranche IX	02-May-23	2.29	2.29	-	1,785.50	7.14%	0.08%	21.22%	1,782.07
Tranche X	02-May-23	3.25	3.25	-	1,785.50	7.18%	0.08%	22.98%	1,780.63
Tranche XI	02-May-23	3.27	3.27	-	1,785.50	7.18%	0.08%	22.98%	1,780.60
Tranche XII	02-May-23	3.29	3.29	-	1,785.50	7.18%	0.08%	22.92%	1,780.57

As at 31st March, 2023

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (INR)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SA₹(INR)
Series 2015-17 (Series 28)									
Tranche VII	07-Aug-20	0.25	0.25	-	1,721.05	7.00%	0.06%	16.01%	1,720.77
Tranche VIII	07-Aug-20	0.27	0.27	-	1,721.05	7.02%	0.06%	15.86%	1,720.75
Tranche IX	07-Aug-20	0.29	0.29	-	1,721.05	7.03%	0.06%	15.63%	1,720.73
Tranche X	07-Aug-20	0.75	0.75	-	1,721.05	7.32%	0.06%	19.31%	1,720.22
Tranche XI	07-Aug-20	0.77	0.77	-	1,721.05	7.32%	0.06%	19.13%	1,720.20
Tranche XII	07-Aug-20	0.79	0.79	-	1,721.05	7.31%	0.06%	19.61%	1,720.18



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As at 31st March, 2023

Scheme	Grant Date	Vesting period	Expected life (Years)	Exercise Price (INR)	Weighted average share price	Risk free rate	Annual Dividend yield	Volatility	Fair value per SA₹(INR)
Series 2015-32 (Series 32)									
Tranche IV	30-May-21	0.25	0.25	-	1,721.05	7.00%	0.06%	16.01%	1,720.77
Tranche V	30-May-21	0.27	0.27	-	1,721.05	7.02%	0.06%	15.86%	1,720.75
Tranche VI	30-May-21	0.29	0.29	-	1,721.05	7.03%	0.06%	15.63%	1,720.73
Tranche VII	30-May-21	1.25	1.25	-	1,721.05	7.24%	0.06%	23.35%	1,719.67
Tranche VIII	30-May-21	1.27	1.27	-	1,721.05	7.24%	0.06%	23.39%	1,719.65
Tranche IX	30-May-21	1.29	1.29	-	1,721.05	7.23%	0.06%	23.54%	1,719.63
Tranche X	30-May-21	2.25	2.25	-	1,721.05	7.26%	0.06%	24.95%	1,718.57
Tranche XI	30-May-21	2.27	2.27	-	1,721.05	7.26%	0.06%	24.93%	1,718.55
Tranche XII	30-May-21	2.29	2.29	-	1,721.05	7.27%	0.06%	24.84%	1,718.53
Series 2015-40 (Series 40)									
Tranche I	10-May-22	0.17	0.17	-	1,721.05	6.92%	0.06%	17.07%	1,720.87
Tranche II	10-May-22	0.19	0.19	-	1,721.05	6.94%	0.06%	16.88%	1,720.84
Tranche III	10-May-22	0.21	0.21	-	1,721.05	6.96%	0.06%	16.59%	1,720.82
Tranche IV	10-May-22	1.17	1.17	-	1,721.05	7.26%	0.06%	23.20%	1,719.76
Tranche V	10-May-22	1.19	1.19	-	1,721.05	7.25%	0.06%	23.31%	1,719.74
Tranche VI	10-May-22	1.21	1.21	-	1,721.05	7.25%	0.06%	23.18%	1,719.72
Tranche VII	10-May-22	2.17	2.17	-	1,721.05	7.24%	0.06%	25.14%	1,718.66
Tranche VIII	10-May-22	2.19	2.19	-	1,721.05	7.24%	0.06%	25.14%	1,718.64
Tranche IX	10-May-22	2.21	2.21	-	1,721.05	7.25%	0.06%	25.09%	1,718.62
Tranche X	10-May-22	3.17	3.17	-	1,721.05	7.29%	0.06%	33.11%	1,717.57
Tranche XI	10-May-22	3.19	3.19	-	1,721.05	7.29%	0.06%	33.18%	1,717.54
Tranche XII	10-May-22	3.21	3.21	-	1,721.05	7.29%	0.06%	33.10%	1,717.52

The following table lists the average inputs to the models used for the plans for the year ended 31st March, 2024.

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

Reconciliation of Stock Appreciation Rights (cash-settled)

Scheme	Grant Date	31-Mar-23					Outstanding at the end of the year
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Forfeited during the year	
2015-17 (Series 22)	20-May-19	324		(324)	-		-
2015-17 (Series 28)	07-Aug-20	329		(141)	-		188
2015-17 (Series 32)	30-May-21	150		(37)	-		113
2015-17 (Series 40)	10-May-22		1,570	-	-		1,570
		803	1,570	(502)	-	-	1,871

Notes

to the financial statements for the year ended 31st March, 2024

Scheme	Grant Date	31 st March, 2024					
		Outstanding at the start of the year	Granted during the year	Exercised during the year	Net Transfer In/ (Out)*	Forfeited during the year	Outstanding at the end of the year
2015-17 (Series 28)	07-Aug-20	188		(60)	(128)		-
2015-17 (Series 32)	30-May-21	113		(37)			76
2015-17 (Series 40)	10-May-22	1,570		(393)	(615)		562
2015-17 (Series 55)	02-May-23	-	1,840		(770)		1,070
		1,871	1,840	(490)	(1,513)	-	1,708

* This represents transfer of employees within Bank and its subsidiaries

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

(Amount in Lakh)

Year ended 31 st March,	2024	2023
Total Employee compensation cost pertaining to share-based payment plans	16.07	17.93
Compensation cost pertaining to equity-settled employee share-based payment plan included above	(1.09)	2.49
Closing balance of liability for cash-settled options	15.87	15.88
Total intrinsic value of liabilities for vested benefits	-	-

NOTE 27 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 Amortised Cost.

(Amount in Lakh)

Particulars	As at 31 st March, 2024			As at 31 st March, 2023		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Cash and cash equivalents	-	-	35.35	-	-	22.29
Receivables:						
Trade receivables	-	-	37.86	-	-	23.03
Investments	5,857.40			5,771.05		
Total financial assets	5,857.40	-	73.21	5,771.05	-	45.32
Financial liabilities						
Payables						
Trade Payables			1.54			0.97
Other Financial liabilities			176.60			153.06
Total financial liabilities	-	-	178.14	-	-	154.03



Notes

to the financial statements for the year ended 31st March, 2024

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 Lakh)

Particulars	As at 31 st March, 2024				As at 31 st March, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
- Mutual funds	5,857.40	-	-	5,857.40	5,771.05	-	-	5,771.05
Total financial assets	5,857.40	-	-	5,857.40	5,771.05	-	-	5,771.05

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 amortised cost

(Amount in Lakh)

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	35.35	35.35	22.29	22.29
Receivables:				
Trade receivables	37.86	37.86	23.03	23.03
Total financial assets	73.21	73.21	45.32	45.32
Financial liabilities				
Payables				
Trade Payables	1.54	1.54	0.97	0.97
Other Financial liabilities	176.60	176.60	153.06	153.06
Total financial liabilities	178.14	178.14	154.03	154.03

The carrying amounts of Cash and cash equivalents, Bank Balance other than cash and cash equivalent, trade receivables, loan to employees, 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.

D. FINANCIAL RISK MANAGEMENT

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

- Credit risk, and
- Liquidity risk

Notes

to the financial statements for the year ended 31st March, 2024

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

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

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Trade receivables	37.86	23.04
Cash and cash equivalents	35.35	22.29
Total	73.21	45.33

a. Credit quality analysis

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

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Trade receivables		
Past due 0–30 days	37.86	23.04
Past due 31–60 days	-	-
Past due 61–90 days	-	-
Past due 90 days	-	-
	37.86	23.04

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Cash and cash equivalents		
Current	35.35	22.29
Past due 0–30 days	-	-
Past due 31–90 days	-	-
Past due 90 days	-	-
	35.35	22.29

Concentration of credit risk

B. Amounts arising from ECL

i. Inputs, assumptions and techniques used for estimating impairment

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

The probability of default rates are based on the credit worthiness of counter parties and their credit ratings. The PD rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. 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.



Notes

to the financial statements for the year ended 31st March, 2024

Inputs considered in the ECL model:

The Company categorises Financial assets into stages based on the days past due status.

- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

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

Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the Company operates and other 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.

Trade and Other Receivables

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. As the Company has a contractual right to such receivables as well as control over preponderant amount of such funds due from customers, the Company does not estimate any credit risk in relation to such receivables.

Cash and Cash Equivalents and Other Bank Balances

The Company holds cash and cash equivalents and other bank balances as per note 2. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

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.

(Amount in Lakh)

Sr. No.	Particulars	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31st March, 2024								
Financial liabilities								
	Trade and other Payables	1.54	1.54	1.54	-	-	-	-
	Other Financial Liabilities	176.60	176.60	176.60	-	-	-	-
	Total Financial Liabilities	178.14	178.14	178.14	-	-	-	-

Sr. No.	Particulars	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31st March, 2023								
Financial liabilities								
	Trade and other Payables	0.97	0.97	0.97	-	-	-	-
	Other Financial Liabilities	153.06	153.06	153.06	-	-	-	-
	Total Financial Liabilities	154.03	154.03	154.03	-	-	-	-

Notes

to the financial statements for the year ended 31st March, 2024

NOTE 28 DISCLOSURE U/S. 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(Amount in Lakh)

Particulars	31 st March, 2024	31 st March, 2023
The amounts remaining unpaid to micro and small suppliers as at the end of the year	-	-
Principal	-	-
Interest	-	-
The amounts of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

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

NOTE 29 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

(Amount in Lakh)

Particulars	31 st March, 2024			31 st March, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	35.35	-	35.35	22.28	-	22.28
Receivables			-			-
(I) Trade receivables	37.86	-	37.86	23.03	-	23.03
Investments	5,857.40	-	5,857.40	5,771.05	-	5,771.05
Sub total	5,930.61	-	5,930.61	5,816.36	-	5,816.36
Non-financial assets						
Current Tax assets (Net)	-	33.94	33.94	-	23.77	23.77
Property, Plant and Equipment	-	3.98	3.98	-	4.08	4.08
Intangible assets	-	0.37	0.37	-	0.99	0.99
Other Non-financial assets	7.31		7.31	8.03		8.03
Sub total	7.31	38.29	45.60	8.03	28.84	36.87
Total Assets	5,937.92	38.29	5,976.20	5,824.39	28.84	5,853.24



Notes

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(Amount in Lakh)

Particulars	31 st March, 2024			31 st March, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
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	1.54	-	1.54	0.97	-	0.97
Other Financial liabilities	176.60		176.60	153.06		153.06
Sub total	178.14	-	178.14	154.03	-	154.03
Non-Financial liabilities						
Current tax liabilities (Net)						
Provisions	53.77	-	53.77	63.89	-	63.89
Other non-financial liabilities	19.79	-	19.79	19.97	-	19.97
Sub total	73.56	-	73.56	83.86	-	83.86
Total Liabilities	251.70	-	251.70	237.89	-	237.89

NOTE 30 TRADE PAYABLES AGEING SCHEDULE

AS ON 31ST MARCH 2024

(Amount in Lakh)

Particulars	Unbilled dues	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME						-
(ii) Others	-	1.54	-	-	-	1.54
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

AS ON 31ST MARCH 2023

(Amount in Lakh)

Particulars	Unbilled dues	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	-	0.97	-	-	-	0.97
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

Notes

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NOTE 31 TRADE RECEIVABLE AGEING SCHEDULE

AS ON 31ST MARCH 2024

(Amount in Lakh)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	37.86	-	-	-	-	37.86
(ii) Undisputed Trade receivables – considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade receivables – considered good	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered doubtful	-	-	-	-	-	-

AS ON 31ST MARCH 2023

(Amount in Lakh)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	23.03	-	-	-	-	23.03
(ii) Undisputed Trade receivables – considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade receivables – considered good	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered doubtful	-	-	-	-	-	-

NOTE 32 REVENUE FROM CONTRACTS WITH CUSTOMERS

THE COMPANY HAS RECOGNISED FOLLOWING AMOUNTS RELATING REVENUE IN THE STATEMENT OF PROFIT AND LOSS:

(Amount in Lakh)

Particulars	For the year ended	
	As at 31 st March, 2024	As at 31 st March, 2023
Revenue from contracts with customers	324.98	223.24
Revenue from other sources	443.54	307.98
Total Revenue	768.52	531.22

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 Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
	Type of services	
Management Fees	324.98	223.24
Total	324.98	223.24
Geographical markets		
India	324.98	223.24
Outside India	-	-
Total	324.98	223.24

CONTRACT BALANCES

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

(Amount in Lakh)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
	Trade Receivables - Unsecured, considered good	37.86
Impairment under ECL	-	(0.01)
Total	37.86	23.03



Notes

to the financial statements for the year ended 31st March, 2024

NOTE 33 SEGMENTAL INFORMATION

The Company's operations predominantly relate to providing investment management services to the Pension Fund Schemes of the National Pension System Trust and hence, there are no separate reportable business / geographic segments.

NOTE 34 CAPITAL MANAGEMENT

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

NOTE 35

As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014 the Company uses only such accounting software for maintaining its books of account that have a feature of recording audit trail of each and every transaction creating an edit log of each change made in the books of account along with the date when such changes were made within such accounting software. This feature of recording audit trail has operated throughout the year and was not tampered with during the year. In respect of one cloud based accounting software, the Service Organization Control Report does not cover whether audit trail was enabled or not as per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014 for direct data changes. The Company has established and maintained an adequate internal control framework and based on its assessment, believes that this was effective as of March 31, 2024.

NOTE 36 : ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

I) DETAILS OF BENAMI PROPERTY HELD

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

(II) BORROWING SECURED AGAINST CURRENT ASSETS

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

(III) WILFUL DEFAULTER

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

(IV) RELATIONSHIP WITH STRUCK OFF COMPANIES

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

(V) COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES

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

(VI) COMPLIANCE WITH APPROVED SCHEME(S) OF ARRANGEMENTS

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

(VII) UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

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

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

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

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

(VIII) UNDISCLOSED INCOME

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

Notes

to the financial statements for the year ended 31st March, 2024

(IX) DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

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

(X) VALUATION OF PP&E, INTANGIBLE ASSET AND INVESTMENT PROPERTY

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

(XI) FINANCIAL RATIOS

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

Other regulatory information

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

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

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

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

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

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

NOTE 37 TAX EXPENSE

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the company can use the benefits therefrom:

(Amount in Lakh)

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
Fixed Assets	0.73	0.81
Unabsorbed business losses	305.92	366.14
Unabsorbed depreciation	8.15	7.22
Provision for gratuity	8.02	8.44
Provision for Compensated Absences	0.98	3.13
Profit on sale of Mutual Funds	3.99	(3.43)
Stock Appreciation Rights	2.99	3.99
Fair valuation of Investments	32.78	54.26
	363.56	440.55

For Manohar Chowdhry & Associates

Chartered Accountants
Firm Reg No. 001997S

Shyamsundar Baliga
Chief Executive Officer

For and on behalf of the Board of Directors

Nilesh Shah
Director
DIN : 01711720

Tushar Mavani
Director
DIN : 00478763

Ameet N. Patel

Partner
Mem No. 039157

Charmi Nadar
Chief Financial Officer

Riddhi Vakharia
Company Secretary

Date: 25th April, 2024



Kotak Mahindra Pension Fund Limited
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Bandra (E), Mumbai - 400 051
Company Website: www.kotakpensionfund.com
Kotak Mahindra Bank Website: www.kotak.com

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