

IDFC ASSET MANAGEMENT COMPANY LIMITED

CIN U65993MH1999PLC123191

DIRECTORS Mr. Vinod Rai (Chairman)
(up to September 22, 2021)
Ms. Veena Vikas Mankar (Chairperson)
(w.e.f. June 10, 2022)
Ms. Anita Belani
Ms. Ritu Anand
(w.e.f. June 10, 2022)
Ms. Anita Ramachandran
(up to June 3, 2022)
Mr. Sunil Kakar
(up to June 10, 2022)
Mr. Anand Krishna
(w.e.f. January 1, 2022)

AUDITORS Price Waterhouse & Co.
Chartered Accountants LLP

**PRINCIPAL
BANKER** IDFC FIRST Bank Limited

**REGISTERED
OFFICE** One World Center,
6th Floor, Jupiter Mills Compound,
841, Senapati Bapat Marg,
Elphinstone Road (West)
Mumbai 400 013
Tel: +91 22 6628 9999
Fax: + 91 22 2421 5052
Website: www.idfcamc.com

BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Twenty Second Annual Report of IDFC Asset Management Company Limited ("the Company" or "IDFC AMC") together with the Audited Financial statements for the financial year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

PARTICULARS	AMT IN RS. CRORE	
	FOR THE YEAR ENDED MARCH 31, 2022	FOR THE YEAR ENDED MARCH 31, 2021
Total Income	422.24	371.09
less: Total expenses	188.65	180.10
Profit Before Tax	233.59	190.99
less: Provision for Tax	57.60	47.96
Profit After Tax	175.99	143.03
Other Comprehensive Income (net of tax)	0.87	0.99
Total Comprehensive income for the year	176.86	144.02

COMPANY'S AFFAIRS

The Company is an Investment Manager to the Schemes IDFC Mutual Fund and Alternative Investments Fund. The Company is also registered as a Portfolio Manager with the Securities and Exchange Board of India.

COMPANY'S UPDATE

The financial year 2021-22 was an unprecedented year in many respects. The global economy was beset with headwinds such as the geopolitical shocks from the Russia-Ukraine conflict, elevated commodity prices, persistent inflationary pressures, supply bottlenecks, recurrent Covid-19 waves, and tightening of global financial conditions. While the fundamental of the Indian economy remained strong, developments abroad could delay Indian economic recovery post-Covid.

FY22 was a milestone year in the journey of the Company with the culmination of the divestment process of the Company. To recall, in September 2021, IDFC Limited announced its intent to divest the AMC business for unlocking shareholders' value. In early April 2022, following a rigorous bidding and due diligence process, the consortium of Bandhan Financial Holdings Limited (BFHL), GIC (Singapore's sovereign wealth fund), and ChrysCapital entered into a definitive agreement with IDFC Limited to acquire IDFC Limited's stake in the Company, subject to regulatory approvals and other closing conditions. The transaction envisages continuity in the management team and business plans of the Company.

Usually, upheaval means disruption to the business, but the Company grew its annual AAUM by over 8.5% in FY22 vs FY21. Importantly, the Company steadily built momentum in Equity fund performance and Equity net sales. The Company was able to deliver strong growth in profits (+23% YoY) due to margin improvement, and proactive cost management.

In line with its execution priorities, the Company continued to invest in its core capabilities. The Company expanded its product range by successfully launching the IDFC US Equity Fund of Fund, and IDFC Multi-Cap Fund and continues to build its passive portfolio with the launch of the IDFC Nifty 100 Index Fund. Enhancing its franchise and services, the Company launched innovative investor awareness and partner development programs and improved existing digital platforms. Critical functions continued to work smoothly to serve clients without significant disruptions while continuing to comply with evolving regulatory requirements. The Information Technology and Security infrastructure were also strengthened to protect systems from potential malware and cyber threats. As Covid-19 cases receded after the third wave, employees seamlessly moved back to work-from-office mode.

The Company is also registered as a Portfolio Manager with the Securities and Exchange Board of India ("SEBI") to carry out Portfolio Management Services pursuant to SEBI (Portfolio Managers) Regulations, 2020, currently offering IDFC NEO Equity Portfolio, a PMS portfolio that incorporates Artificial Intelligence and Machine Learning, with an objective to outperform the BSE 200 Index.

The Company also acts as an Investment Manager for IDFC India Equity Hedge Fund, a Category III Alternative Investment Fund. The Company offers IDFC IEH Conservative Fund, which seeks to generate absolute and uncorrelated returns to Indian equity markets with lower volatility.

As a responsible corporate citizen, the Company continued to fulfill its commitments to promote education for children from weaker sections of society and contributed to the fight against Covid-19 in partnership with leading NGOs.

AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount transferred to reserves are given in note no. 18B of the Notes forming part of the financial statements.

DIVIDEND

On October 28, 2021, the Board of Directors of the Company had declared an interim dividend of 3400% (Rs. 34) per share on 2,68,02,120 equity shares of the Company, aggregating to Rs. 91,12,72,080 (Ninety-One Crore Twelve Lakh Seventy Two Thousand Eighty Rupees only) from the profits of the Company.

On March 21, 2022, the Board of Directors of the Company had declared 2nd interim dividend of 9300% (Rs. 93) per share on 2,68,02,120 equity shares of the Company, aggregating to Rs. 2,492,597,160 (Two Hundred Forty Nine Crore Twenty Five Lakh Ninety Seven Thousand One Hundred Sixty Rupees only) from the profits of the Company.

BOARD'S REPORT

The Board of Directors do not recommend any final dividend for financial year 2021-22.

SUBSIDIARY COMPANIES / ASSOCIATES / JOINT VENTURES

As on March 31, 2022, the Company had one subsidiary, namely IDFC Investment Managers (Mauritius) Limited ("IMML"). The Board of Directors of the Company reviews the affairs of its subsidiary companies regularly. Further, a statement containing the salient features of the financial statement and details of performance and financial positions of IMML in the format AOC-I is appended as Annexure I.

PARTICULARS OF EMPLOYEES

The Company had 323 employees as on March 31, 2022.

The Disclosure pertaining to the provisions of Section 197 of the Companies Act, 2013 ("the Act"), read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (to the extent applicable) a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

SHAREHOLDERS INFORMATION

During the year, the Company granted 27,500 options under ESOS 2020 scheme. 9,67,680 options were outstanding as on March 31, 2022.

During FY22, an employee of the Company exercised 1,600 options granted under Employee Stock Option Scheme 2017 ("ESOS 2017"). The Allotment and Share Transfer Committee of the Company has allotted 1,600 equity shares of Rs. 1 each to such employee. These shares shall rank pari passu with the existing equity shares of the Company. Details required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 ("Rules") forms integral part of this Annual Report. The Annual Report excluding the aforesaid information is being sent to the Shareholders of the Company and is available for inspection of the Shareholders of the Company at its Registered Office.

The issued, subscribed and paid-up equity share capital of the Company was on March 31, 2022 was Rs. 2,68,02,120 /- (Rupees Two Crores Sixty Eight Lakh Two Thousand One Hundred and Twenty Only) consisting of 2,68,02,120 equity shares of Re. 1/- (Rupee One).

PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans or guarantee provided under the provisions of Section 186 of the Companies Act, 2013. The details of investments are provided in the Financial statements.

FOREIGN EXCHANGE EXPENDITURE AND EARNING

Foreign exchange earnings: Nil (Previous year - Nil)

Foreign exchange outgo: Rs. 0.87 crores (Previous year - Rs. 2.23 Crores)

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not undertake any manufacturing facility, the disclosure of information on matters required to be disclosed in terms of Section 134(3)(m) of the Act are not applicable and hence not given.

DIRECTORS

- During the year under review, the Members of the Company at the 21st Annual General Meeting ("AGM") of the Company, appointed Ms. Veena Vikas Mankar (DIN- 00004168) and Ms. Ritu Anand (DIN-05154174) as Independent and Associate Director, respectively, with effect from June 10, 2021.
- During the year under review, pursuant to the provisions of the SEBI (Mutual Fund) Regulations, 1996, the Board had approved the change in designation of Ms. Anita Belani (DIN-01532511) w.e.f. November 9, 2021 from Independent Director to Non-Executive Director (Associate Director) on the Board of the Company.

The Members are requested to consider the change in designation of Ms. Anita Belani at the ensuing AGM.

- During the year under review, the Nomination and Remuneration Committee and the Board of Directors had subject to approval of the Members, appointed Mr. Anand Krishna (DIN - 00033793) as an Additional Director in the category of Independent Director with effect from January 1, 2022 to hold office for a period of (3) three consecutive years.

The Members are requested to consider and regularize the appointment of Mr. Anand Krishna as the Director of the Company at the ensuing AGM.

- Pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, Ms. Ritu Anand (DIN: 05154174) will retire by rotation at the ensuing AGM to be held for Financial Year 2021-22 and being eligible, offers herself for re-appointment.

The Members are requested to consider the re-appointment of Ms. Ritu Anand at the ensuing AGM.

BOARD'S REPORT

INDEPENDENT DIRECTORS

Pursuant to notification G.S.R. 804(E) dated October 22, 2019 issued by the Ministry of Corporate Affairs regarding introduction of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, all Independent Directors of the Company have registered with the Indian Institute of Corporate Affairs at Manesar to include their name in the data bank of independent directors. The Independent Directors of the Company are in process of completing / applying for exemption for, as the case may be, online proficiency self-assessment test.

The Board is of the opinion that the Independent Directors of the Company hold high standards of integrity and possess requisite expertise and experience including the proficiency required to fulfill their duties as Independent Directors. Their contribution has immensely helped the Company to grow.

DECLARATION OF INDEPENDENCE

The Company has received a declaration from Independent Directors, at the time of their respective appointments and also at the first meeting of the Board of Directors held in the financial year, that they meet the criteria of independence specified under sub-section (6) and (7) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act.

MEETINGS OF THE BOARD

During the year, five Board meetings were held on May 3, 2021, July 26, 2021, October 28, 2021, December 20, 2021 and February 7, 2022. The gap between two consecutive meetings was within the limit of the period prescribed under the Act.

The Board of Directors of the Company comprises of the following:

Ms. Veena Mankar - Chairperson and Independent Director

Ms. Anita Belani - Non - Executive Director

Ms. Ritu Anand - Non - Executive Director; and

Mr. Anand Krishna - Additional Director (Independent)

AUDIT AND RISK MANAGEMENT COMMITTEE

During the year, four Audit and Risk Management Committee meetings were held on May 3, 2021, July 26, 2021, October 28, 2021 and February 7, 2022. The gap between two consecutive meetings was within the limit of the period prescribed under the Act.

The Audit and Risk Management Committee comprises of the following Directors:

Ms. Veena Vikas Mankar - Independent Director - Chairperson

Ms. Ritu Anand - Non - Executive Director - Member; and

Mr. Anand Krishna - Additional Director (Independent) - Member

The terms of reference of the Audit & Risk Management Committee include the matters specified in Section 177 of the Act and the SEBI (Mutual Funds) Regulations, 1996.

NOMINATION AND REMUNERATION COMMITTEE

During the year, four meetings of NRC were held on May 3, 2021, September 1, 2021, February 7, 2022 and March 16, 2022.

The Nomination and Remuneration Committee comprises of the following Directors:

Ms. Anita Belani - Non - Executive Director - Chairperson

Ms. Veena Vikas Mankar - Independent Director - Member; and

Mr. Anand Krishna - Additional Director (Independent) - Member

The terms of reference of the Nomination and Remuneration Committee include the matters specified in Section 178 of the Act.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year, two separate meetings of Independent Directors were held on February 7, 2022 and March 16, 2022. All Independent Directors attended the said meeting.

ALLOTMENT AND SHARE TRANSFER COMMITTEE

The Allotment and Share Transfer Committee Comprises of Ms. Veena Vikas Mankar as Chairperson, Ms. Anita Belani and Mr. Vishal Kapoor as Members of the Committee.

During the year, the Committee on 29/09/2021 approved allotment of equity shares to an employee under ESOS 2020.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, a detailed questionnaire was circulated to the Board for Annual evaluation. The Directors evaluated the Board as a whole, its committee and Individual Directors including the Chairperson. The exercise of Board evaluation was carried out and completed effectively.

BOARD'S REPORT

REMUNERATION POLICY

The Company has in place a Remuneration Policy ("Policy") for the Directors, Key Managerial Personnel, Senior Management and Other Employees which is in line with the Section 178 of the Act and Rules made thereunder. The Policy is available on the website of the Company at www.idfcamc.com

SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company appointed M/s Kaushik M. Jhaveri & Co., Practicing Company Secretary, as Secretarial Auditors to undertake the Secretarial Audit of the Company for FY22.

There are no qualifications or observations or other remarks made by the Secretarial Auditors in their report.

The Secretarial Audit Report forms part of this Board's Report as Annexure II.

STATUTORY AUDITORS

At the AGM held on July 25, 2017, the Members of the Company appointed Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009) ("PWC") as the Statutory Auditors of the Company for a period of five years from the 17th AGM of the Company till the conclusion of the 22nd AGM of the Company to be held for FY22. In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Board of Directors of the Company, subject to approval of the Members, at their Meeting held on May 9, 2022 have proposed to re-appoint PWC as Statutory Auditors of the Company for a period of five years from the 22nd AGM of the Company till the conclusion of the 27th AGM of the Company.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their Audit Report for the Financial Year ended March 31, 2022.

COST AUDIT

The Company is not required to undertake cost audit or appoint cost auditor. Hence, maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013

In all related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. IDFC Group has always been committed to good corporate governance practices, including matters relating to Related Party Transactions. The Company has in place a Policy on Related Party Transactions and the same is uploaded on the website of the Company.

The Audit and Risk Management Committee reviews the details of related party transactions entered into by the Company on quarterly basis.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company.

INTERNAL CONTROL SYSTEMS

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. Internal audits of all the business units of the Company are regularly carried out to review the Internal Control Systems. The Audit Reports of Internal Auditors along with their recommendations and implementation contained therein are regularly reviewed by the Audit and Risk Management Committee of the Board. The Internal Auditors verified the key Internal Financial Control by reviewing key controls impacting financial reporting and Enterprise Risk Management procedures of the Company and found the same satisfactory. It was placed before the Audit and Risk Management Committee of the Company.

RISK MANAGEMENT POLICY

The Audit and Risk Management Committee of the Company reviewed the risk at every meeting held during the year. The Members of the Audit and Risk Management Committee ensure the measurement and control of risk factors and advice on the same to the Management of the Company. Further, Risk Management Policy has been effectively maintained.

MATERIAL CHANGES / COMMITMENTS

As per Section 134(3)(l) of the Act, there have been no reportable changes and commitments, affecting the financial position of the Company that has occurred during the period from March 31, 2022 till the date of this report.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act.

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

There are no significant and material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations.

BORROWING

During the year under review, the Company has not raised any money through borrowing from banks and/or financial institutions. Further, there has been no instance of one-time settlement with Bank and hence, the disclosure regarding difference in valuation is not required.

PROCEEDINGS UNDER INSOLVENCY AND BANKRUPTCY

During the year under review, the Company has not made any application nor any proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016.

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no instance of Sexual Harassment reported during FY22 under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ANNUAL RETURN

The Annual Return of the Company has been placed on the website of the Company - www.idfcamc.com in compliance with the provisions of section 134(3)(a) read with section 92(3) of the Act and the Rules made thereunder.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

During the year, one meeting of CSR Committee was held on May 3, 2021 where all members were present. The composition of CSR Committee is in compliance with the Companies Act, 2013. The disclosure of contents of CSR Policy as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed as Annexure III.

The CSR Committee comprises of the following Directors:

Ms. Ritu Anand - Non - Executive Director - Chairperson;

Ms. Veena Vikas Mankar - Independent Director - Member; and

Ms. Anita Belani - Non - Executive Director - Member.

COMPLIANCES OF APPLICABLE SECRETARIAL STANDARDS

During the year under review, the Company has complied with the applicable secretarial standards issued by Institute of Company secretaries of India on Meeting of Board of Directors and General Meetings.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant Sub-Section 3(c) and Sub-Section 5 of Section 134 of the Act, the Board of Directors, to the best of their knowledge and ability confirm that:

- a) in the preparation of the annual financial statements for the year ended March 31, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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, 2022 and of the profit of the Company for that period;
- c) the Directors had taken proper and sufficient care 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;
- d) the Directors had prepared the annual financial statements on a going concern basis; and
- e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGMENTS

The Board places on record its gratitude to the Securities and Exchange Board of India, Association of Mutual Funds of India, Ministry of Corporate Affairs, other regulatory authorities and institutions and Investors of the Mutual Fund schemes for their continued guidance and support and expresses its sincere appreciation to all the employees for their commendable teamwork and enthusiastic contribution during the year.

The Directors also express their gratitude for the unstinted support and guidance received from IDFC Limited, IDFC Financial Holding Company Limited and other group companies.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

sd/-

Veena Vikas Mankar
Chairperson
DIN- 00004168

Mumbai
May 9, 2022

ANNEXURE I

FORM AOC-I

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

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

PART "A": SUBSIDIARIES

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

1.	CIN	-
2.	Name of the subsidiary	IDFC Investment Managers (Mauritius) Limited
3.	Date since when subsidiary was acquired	September 13, 2010
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2021 to March 31, 2022
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR*
6.	Share capital (as on March 31, 2022)	43,061,474
7.	Reserves & surplus (as on March 31, 2022)	(39,979,531)
8.	Total assets (as on March 31, 2022)	3,577,570
9.	Total Liabilities (as on March 31, 2022)	495,627
10.	Investments	0
11.	Turnover	0
12.	Profit/(Loss) before taxation	(5,343,921)
13.	Provision for taxation	0
14.	Profit/(Loss) after taxation	(5,343,921)
15.	Proposed Dividend	0
16.	% of shareholding	100

*Exchange Rate:

Closing Rate: 1 USD = 74.42994

Average Rate: 1 USD = 75.8071

Note: There are no subsidiaries which are yet to commence operations.

No subsidiaries have been liquidated or sold during the year.

PART "B": ASSOCIATES AND JOINT VENTURES

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

NOT APPLICABLE

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022****[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members,**IDFC Asset Management Company Limited,**6th floor, Tower 1C, 841,

One World Center Jupiter Mill,

Senapati Bapat Marg,

Elphinstone (West), Mumbai - 400013

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC ASSET MANAGEMENT COMPANY LIMITED** having **CIN: U65993MH1999PLC123191** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by **IDFC ASSET MANAGEMENT COMPANY LIMITED** for the financial year ended on 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. The Company does not have any External Commercial Borrowings for the financial year.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the company during the audit period)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the company during the audit period)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the company during the audit period)**
 - (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during audit period).**

The list of Acts, other Laws and Regulations specifically applicable to the Company are given below:

- (i) The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended;
- (ii) The Prevention of Money Laundering Act, 2002;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;

ANNEXURE II

FORM NO. MR-3

(ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not Applicable to the Company during audit period).**

During the period under review, the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines and Standards etc. as mentioned above, to the extent applicable.

I further report that:

The Company has adequate composition of Board of Directors as per SEBI (Mutual Funds) Regulations, 1996 and the Companies Act, 2013.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

During the period under review, the decisions were carried unanimously and no dissenting views were observed, while reviewing the minutes.

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

I further report that, during the period under review, there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs, except event as follows:-

The Company had allotted 1600 (One Thousand Six Hundred) Equity Shares of Rs. 1 each on 29th September, 2021 in accordance with Employee Stock Option Scheme 2017 ("ESOS 2017"), subsequently Issued and Paid Up Capital of company increased to 2,68,02,120 Equity Shares of face value Rs.1/- amounting to Rs.2,68,02,120/-.

For Kaushik M. Jhaveri & Co.,

sd/-

Kaushik M. Jhaveri

Practising Company Secretary

FCS No.: 4254

CP No.: 2592

UDIN: F004254D000293147

Date: 09.05.2022

Place: Mumbai

This Report is to be read with my letter of even date which is annexed as "**Annexure A**" and forms an integral part of this report.

ANNEXURE-A

To,

**The Members,
IDFC Asset Management Company Limited,**

6th floor, Tower 1C, 841,
One World Center Jupiter Mill,
Senapati Bapat Marg,
Elphinstone (West), Mumbai – 400013.

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

For Kaushik M. Jhaveri & Co.,

sd/-

Kaushik M. Jhaveri

Practising Company Secretary
FCS No.: 4254
CP No.: 2592
UDIN: F004254D000293147

Date: 09.05.2022

Place: Mumbai

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY.

IDFC AMC believes that profitability must be complemented with a sense of responsibility towards all stakeholders and enriching the lives of the community at large. Through its CSR initiatives, the Company will strive for a material, visible and lasting impact on disadvantaged sections of the society, preferably in locations where the Company operates.

AREAS OF FOCUS

Achieving inclusive and quality education for all is one of the most powerful mechanisms for contributing to sustainable development. Hence, the primary area of intervention that IDFC AMC focuses on is 'Education' including, but not limited to -

- Support towards primary and secondary education of students from weaker sections of society by improving their ability to attend and stay in schools through financial assistance for students in need, avenues for nutrition supplementation, upgradation of school infrastructure including sports, access to technology (hardware and/ or software) for learning enablement, supplementing the school curriculum through additional learning initiatives, etc.
- Support primary and secondary education by enhancing teaching skills and involvement of learning enablers like teachers, local government officials, and parents to improve the quality of education for students.
- Support towards improving the employability of college students from weaker sections of society through skill development and vocational training.

Apart from education, we may also choose to contribute to other areas such as-

- Relief support in times of calamities, disasters, etc.
- Environmental sustainability
- Women empowerment

2. COMPOSITION OF CSR COMMITTEE:

SL. NO.	NAME OF DIRECTOR	DESIGNATION / NATURE OF DIRECTORSHIP	NUMBER OF MEETINGS OF CSR COMMITTEE HELD DURING THE YEAR	NUMBER OF MEETINGS OF CSR COMMITTEE ATTENDED DURING THE YEAR
1.	Ms. Ritu Anand*	Non-Executive Director & Chairperson	1	-
2.	Ms. Veena Vikas Mankar*	Independent Director	1	-
3.	Ms. Anita Belani	Non-Executive Director	1	1

*Appointed as Director w.e.f. June 10, 2021. The Meeting of Committee was held on May 3, 2021.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. - <https://www.idfcamc.com/csr/>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable as the Company's average CSR obligation has not more than 10 Cr. in the three immediately preceding financial year as per Section 135 (5) of the Act.

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

SL. NO.	FINANCIAL YEAR	AMOUNT AVAILABLE FOR SET-OFF FROM PRECEDING FINANCIAL YEARS (IN ₹ CR.)	AMOUNT REQUIRED TO BE SETOFF FOR THE FINANCIAL YEAR, IF ANY (IN ₹ CR.)
1	NA	NA	NA
TOTAL			

6. Average net profit of the company as per section 135(5): - Rs. 145.79 Crore
7. (a) Two percent of average net profit of the company as per section 135(5): - Rs. 2.92 crores
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - Nil
(c) Amount required to be set off for the financial year, if any: Nil
(d) Total CSR obligation for the financial year (7a+7b-7c). Rs. 2.92 crores

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR. (IN ₹ CR.)	AMOUNT UNSPENT (IN ₹ CRORE)				
	TOTAL AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT AS PER SECTION 135(6).		AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECOND PROVISIO TO SECTION 135(5).		
	AMOUNT	DATE OF TRANSFER	NAME OF THE FUND	AMOUNT.	DATE OF TRANSFER
2.92	Nil	Nil	Nil	Nil	Nil

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
SL. NO.	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	LOCAL AREA (YES/ NO).	LOCATION OF THE PROJECT.		PROJECT DURATION	AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.)	AMOUNT SPENT IN THE CURRENT FINANCIAL YEAR (IN ₹ CR)	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT FOR THE PROJECT AS PER SECTION 135(6) (IN ₹ CR).	MODE OF IMPLEMENTATION - DIRECT (YES/NO).	MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.						NAME	CSR REGISTRATION NUMBER
N.A.												

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SL. NO.	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	LOCAL AREA (YES/ NO).	LOCATION OF THE PROJECT.		AMOUNT SPENT FOR THE PROJECT (IN ₹ CR.)	MODE OF IMPLEMENTATION - DIRECT (YES/NO).	MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.			NAME	CSR REGISTRATION NUMBER
1	Schools and Teachers Innovating for Results (STIR) Education	Education	No	Tamil Nadu & Karnataka	13 Districts in Tamil Nadu: Ariyalur, Dharmapuri, Kallakurichi, Krishnagiri, Nagapatinam, Perambalur, Ranipet, Salem, Thirupathur, Thiruvallur, Thiruvana Malai, Vellore, Villupuram 7 Districts in Karnataka: Chamarajanagara, Chikkaballapura, Chitradurga, Hassan, Kolar, Mandya, Mysuru	0.46	No	Not Applicable	Not Applicable
2	Nanhi Kali	Education	No	Maharashtra	Palghar	0.65	No	Nanhi Kali	CSR00000511
3	Saajha	Education	No	Delhi	New Delhi	0.37	No	Saajha	CSR00000418
4	Govandi Education Society	Education	Yes	Maharashtra	Mumbai	0.20	Yes	Govandi Education Society	CSR00028735
5	Technoserve	Education	Yes	Maharashtra	Mumbai	0.16	No	Technoserve	CSR00001337
6	Give India	Covid Relief	No	Karnataka	Bangalore	0.20	No	Give India	CSR00000389
7	United Way - Mumbai	Covid Relief	No	Delhi	New Delhi	0.30	No	United Way - Mumbai	CSR00000762
8	Spoorthi Foundation	Education	No	Telangana	Hyderabad	0.05	No	Spoorthi Foundation	CSR00001380
9	Zariya Welfare Foundation	Education	No	Madhya Pradesh	Ujjain	0.05	No	Zariya Welfare Foundation	CSR00008220
10	Protsahan India Foundation	Education	No	Delhi	New Delhi	0.18	No	Protsahan India Foundation	CSR00000411
11	National Association for Blind	Education	Yes	Maharashtra	Mumbai	0.09	No	National Association for Blind	CSR00003584
12	Primavera	Education	No	Karnataka	Bangalore	0.11	No	Primavera	-
13	Isha Vidhya	Education	No	Tamil Nadu	Erode, Salem	0.10	No	United Way - Mumbai	CSR00000762
TOTAL						2.92			

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

- (a) Amount spent in Administrative Overheads: - Nil
 (b) Amount spent on Impact Assessment, if applicable: Nil
 (c) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 2.92 crores
 (d) Excess amount for set off, if any: Nil

SL. NO.	PARTICULAR	AMOUNT (IN ₹ CR)
(i)	Two percent of average net profit of the company as per section 135(5)	2.92
(ii)	Total amount spent for the Financial Year	2.92
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

SL. NO.	PRECEDING FINANCIAL YEAR	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT UNDER SECTION 135 (6) (IN ₹ CR.)	AMOUNT SPENT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.)	AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECTION 135(6), IF ANY.			AMOUNT REMAINING TO BE SPENT IN SUCCEEDING FINANCIAL YEARS. (IN ₹ CR.)
				NAME OF THE FUND	AMOUNT (IN ₹ CR.)	DATE OF TRANSFER	
1.	NA	NA	NA	NA	NA	NA	NA
TOTAL					0.0		0.0

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

(1) SL. NO.	(2) PROJECT ID.	(3) NAME OF THE PROJECT.	(4) FINANCIAL YEAR IN WHICH THE PROJECT WAS COMMENCED	(5) PROJECT DURATION.	(6) TOTAL AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.).	(7) AMOUNT SPENT ON THE PROJECT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.).	(8) CUMULATIVE AMOUNT SPENT AT THE END OF REPORTING FINANCIAL YEAR. (IN ₹ CR.)	(9) STATUS OF THE PROJECT - COMPLETED / ONGOING
1.	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL					0.0	0.0	0.0	

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

- (a) Date of creation or acquisition of the capital asset(s): NA
 (b) Amount of CSR spent for creation or acquisition of capital asset.: NA
 (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA
 (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

Sd/-
 Veena Vikas Mankar
 Independent Director
 DIN- 00004168

Sd/-
 Ritu Anand
 (Chairperson of CSR Committee)
 DIN- 05154174

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC ASSET MANAGEMENT COMPANY LIMITED

Report on the Audit of the financial statements

Opinion

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

Basis for Opinion

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

Other Information

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

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

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the 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 financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the 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.

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer Note 29 to the financial statements.
 - (ii) The Company has long-term contracts as at March 31, 2022 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2022.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.
 - (iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other 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 person or entity identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 39(vii) to the financial statements);

INDEPENDENT AUDITORS' REPORT

- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any 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 person or entity identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 39(vii) to the financial statements); and
 - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - (v) The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.
13. The provisions of Section 197 read with Schedule V to the Act are applicable to the company. however, the Company has neither paid remuneration to any managerial personnel nor is contractually required to make any provision in this regard.

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/E-300009

Sharad Vasant

Partner

Membership Number: 101119

UDIN: 22101119AIQASN1274

Place: Mumbai

Date: May 09, 2022

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of IDFC Asset Management Company Limited on the financial statements for the year ended March 31, 2022

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Sharad Vasant

Partner

Membership Number: 101119

UDIN: 22101119AIQASN1274

Place: Mumbai

Date: May 09, 2022

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
(B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the Company does not own any immovable properties (Refer Note 9A to the financial statements). Therefore, the provisions of clause 3(i)(c) of the Order are not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.
- ii. (a) The Company is in the business of rendering services and, consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii) of the Order are not applicable to the Company.
- (b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- iii. During the year, the Company has made investments in one Company and four Mutual Fund Schemes. The Company has not granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3 (iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans or investments made, or guarantees or security provided by it. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act and accordingly, the provisions of Clause 3(iv) of the said Order, to this extent, are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including goods and service tax, professional tax, provident fund, employees' state insurance, income tax, service tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 29 (ii) to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of goods and service tax, provident fund, employees' state insurance which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at March 31, 2022 which have not been deposited on account of a dispute, are as follows:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (RS.)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE THE DISPUTE IS PENDING
The Finance Act, 1994	Service Tax	14,987,548	April 2009 to June 2017	The Commissioner (Service Tax)
The Finance Act, 1994	Service Tax	157,659,742*	April 2009 to March 2015	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	76,774,311	Assessment Year 2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	719,860	Assessment Year 2013-14	Response to the letter filed by the Company is awaited from Assistant Commissioner of Income Tax

*Out of the above Rs. 2,660,712 has been paid under protest.

- viii. According to the information and explanations given to us and the records of the Company examined by us, there is no income surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix. (a) As the Company does not have any loans or other borrowings from any lender as at the balance sheet date, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and associates. According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any joint ventures during the year. Therefore, the reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order are not applicable to the Company.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.

- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 39(a) to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135 (5) of the Act.
- (b) In respect of ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135 (5) of the Act. Accordingly, reporting under this clause is not applicable.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 22101119AIQASN1274

Place: Mumbai
Date: May 09, 2022

BALANCE SHEET

AS AT MARCH 31, 2022

		(Rs. in crore)	
	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	3	1.26	3.16
Bank balances other than cash and cash equivalents above	4	3.52	2.55
Receivables			
(i) Trade receivables	5	13.35	12.67
Investments	6	256.98	379.83
Other financial assets	7	6.14	9.03
Non-financial assets			
Income tax assets (net)	8	15.85	15.85
Property, plant and equipment	9A	10.17	12.40
Intangible assets	10	1.92	4.56
Right-of-use assets	9B	27.99	28.04
Deferred tax assets (net)	16	1.33	-
Other non-financial assets	11	20.45	20.87
Total assets		358.96	488.96
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(i) Trade payables	12A		
(i) total outstanding dues of micro enterprises and small enterprises		0.23	0.04
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		8.96	10.11
(ii) Other payables	12B		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2.15	3.03
Lease liabilities	9B	31.95	31.27
Other financial liabilities	13	35.76	32.27
Non-financial liabilities			
Income tax liabilities (net)	14	18.86	14.00
Provisions	15	1.73	1.50
Deferred tax liabilities (net)	16	-	1.43
Other non-financial liabilities	17	41.02	15.82
EQUITY			
Equity share capital	18A	2.68	2.68
Other equity	18B	215.62	376.81
Total liabilities and equity		358.96	488.96

See accompanying notes to the financial statements.

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

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, May 9, 2022

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

Veena Mankar **Ritu Anand**
Director Director
DIN: 00004168 DIN: 05154174
Mumbai, May 9, 2022 Mumbai, May 9, 2022

Nirav Sanghavi **Piyush Anchliya** **Vishal Kapoor**
Company Secretary Chief Financial Officer Chief Executive Officer
Mumbai, May 9, 2022 Mumbai, May 9, 2022 Mumbai, May 9, 2022

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

	Note	Year ended March 31, 2022	Year ended March 31, 2021
(Rs. in crore)			
REVENUE FROM OPERATIONS			
Management fees		395.99	345.88
Portfolio management fees		1.84	1.96
Performance Fees		0.08	-
Total revenue from operations		397.91	347.84
Other income	19	24.33	23.25
Total income		422.24	371.09
EXPENSES			
Employee benefit expense	20	103.47	92.66
Impairment on financial instruments	21	(0.01)	0.25
Depreciation and amortisation expense	22	15.98	16.82
Other expenses	23	66.83	67.77
Finance cost	24	2.38	2.60
Total expenses		188.65	180.10
Profit before tax		233.59	190.99
INCOME TAX EXPENSE:			
	25		
- Current tax		60.36	45.87
- Deferred tax		(2.76)	2.09
Total tax expense		57.60	47.96
Profit for the year		175.99	143.03
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations	26	1.16	1.32
- Income tax relating to the above		(0.29)	(0.33)
Other comprehensive income for the year, net of tax		0.87	0.99
Total comprehensive income for the year		176.86	144.02
Earnings per equity share (face value of Rs.1 each):			
	28		
- Basic and Diluted (Rs.)		65.66	53.39

See accompanying notes to the financial statements.

This is the statement of profit and loss referred to in our report of even date

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, May 9, 2022

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

Veena Mankar
Director
DIN: 00004168
Mumbai, May 9, 2022

Ritu Anand
Director
DIN: 05154174
Mumbai, May 9, 2022

Nirav Sanghavi
Company Secretary
Mumbai, May 9, 2022

Piyush Anchliya
Chief Financial Officer
Mumbai, May 9, 2022

Vishal Kapoor
Chief Executive Officer
Mumbai, May 9, 2022

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

A. EQUITY SHARE CAPITAL		(Rs. in crore)		
	Note	Number	Amount	
As at April 01, 2020	18A	2,67,90,450	2.68	
Issued during the year		10,070	-	
Subdivision of shares		-	-	
As at March 31, 2021	18A	2,68,00,520	2.68	
Issued during the year		1,600	-	
Subdivision of shares	18A	-	-	
As at March 31, 2022	18A	2,68,02,120	2.68	

B. OTHER EQUITY		(Rs. in crore)						
	Note	Reserves and surplus					ESOP contribution from parent	Total other equity
		Securities Premium	Capital redemption reserve	General reserve	Surplus in the statement of profit and loss	Share options outstanding account		
As at April 01, 2020	18B	22.19	19.79	44.29	193.25	7.48	2.94	289.94
Profit for the year		-	-	-	143.03	-	-	143.03
Other comprehensive income		-	-	-	0.99	-	-	0.99
Total comprehensive income for the year		22.19	19.79	44.29	337.27	7.48	2.94	433.96
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year	36	-	-	-	-	3.50	-	3.50
ii) Vested options cancelled during the year		-	-	-	-	-	-	-
iii) Options exercised during the year		0.97	-	-	-	-	-	0.97
iv) Options lapsed during the year		-	-	-	-	-	-	-
- Transfer from Share option outstanding account to Securities Premium (towards option exercised)		0.21	-	-	-	(0.21)	-	-
- Dividends paid	32	-	-	-	(61.62)	-	-	(61.62)
- Dividend distribution tax	32	-	-	-	-	-	-	-
As at March 31, 2021	18B	23.37	19.79	44.29	275.65	10.77	2.94	376.81
Profit for the year		-	-	-	175.99	-	-	175.99
Other comprehensive income		-	-	-	0.87	-	-	0.87
Total comprehensive income for the year		23.37	19.79	44.29	452.51	10.77	2.94	553.67
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year	36	-	-	-	-	2.19	-	2.19
ii) Vested options cancelled during the year		-	-	1.80	-	(0.42)	(1.38)	-
iii) Options exercised during the year		0.15	-	-	-	-	-	0.15
iv) Options lapsed during the year		-	-	-	-	-	-	-
- Transfer from Share option outstanding account to Securities Premium (towards option exercised)		0.03	-	-	-	(0.03)	-	-
- Dividends paid	32	-	-	-	(340.39)	-	-	(340.39)
- Dividend distribution tax	32	-	-	-	-	-	-	-
As at March 31, 2022	18B	23.55	19.79	46.09	112.12	12.51	1.56	215.62

See accompanying notes to the financial statements.

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

For Price Waterhouse & Co Chartered Accountant LLP

Firm Registration No. 304026E/E-300009

Sharad Vasant

Partner

Membership Number : 101119

Mumbai, May 9, 2022

For and on behalf of the Board of Directors of

IDFC Asset Management Company Limited

CIN No.U65993MH1999PLC123191

Veena Mankar

Director

DIN: 00004168

Mumbai, May 9, 2022

Nirav Sanghavi

Company Secretary

Mumbai, May 9, 2022

Ritu Anand

Director

DIN: 05154174

Mumbai, May 9, 2022

Piyush Anchliya

Chief Financial Officer

Mumbai, May 9, 2022

Vishal Kapoor

Chief Executive Officer

Mumbai, May 9, 2022

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2022

	Note	Year ended March 31, 2022	(Rs. in crore) Year ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit before tax :		233.59	190.99
Adjustments :			
Depreciation and amortisation	22	15.98	16.82
Net (gain) / loss on sale of property, plant and equipment	19 & 23	(0.05)	0.21
Impairment on financial instruments	21	(0.01)	0.25
Employee share based payment expense	36c)	2.19	3.50
Change in fair value of financial assets at FVTPL	19	5.71	(22.07)
Net (gain) / loss on sale of investments	19	(27.81)	(0.28)
Interest income on financial assets measured at amortised cost	19	(0.30)	(0.36)
Interest income received	19	-	(0.19)
Dividend income received	19	(1.29)	(0.02)
Finance cost	24	2.38	2.60
Operating profit before working capital changes		230.39	191.45
Adjustments for (increase)/ decrease in operating assets :			
Bank balances other than cash and cash equivalents	4	(0.97)	(2.23)
Trade receivables	5	(0.68)	5.28
Other financial assets	7	3.43	1.57
Other non-financial assets	11	0.42	11.19
Adjustments for increase/ (decrease) in operating liabilities :			
Trade payables	12A	(0.96)	(0.73)
Other payables	12B	(0.88)	3.00
Lease payment	9B	(9.78)	(10.07)
Other financial liabilities	13	3.49	-
Provisions	15	1.39	(0.30)
Other non-financial liabilities	17	25.20	1.55
Cash generated from operations		251.05	200.71
Less : Income taxes paid (net of refunds)		(55.79)	(40.47)
Net cash inflow / (outflow) from operating activities	A	195.26	160.24
CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of property, plant and equipment	9A	(2.90)	(5.33)
Proceeds from disposal of property, plant and equipments		0.38	0.02
Purchase of intangible assets	10	(0.12)	(0.90)
Purchase of investment measured at FVTPL		(333.10)	(421.76)
Proceeds from sale of investments		477.53	328.01
Investments in Subsidiary		-	(1.11)
Interest received		-	0.19
Dividend received	19	1.29	0.02
Net cash inflow / (outflow) from investing activities	B	143.08	(100.86)
CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from issuance of share capital		0.15	0.97
Dividend paid	32	(340.39)	(61.62)
Net cash inflow / (outflow) from financing activities	C	(340.24)	(60.65)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	A+B+C	(1.90)	(1.27)
Add : Cash and cash equivalents at beginning of the year		3.16	4.43
Cash and cash equivalents at end of the year		1.26	3.16
Non-Cash financing and investing activities			
Addition to the right-of-use asset		8.37	0.30

The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 Statement of Cash Flows. See accompanying notes to the financial statements.

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration No. 304026E/E-300009

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

Sharad Vasant
Partner
Membership Number : 101119

Veena Mankar
Director
DIN: 00004168
Mumbai, May 9, 2022

Ritu Anand
Director
DIN: 05154174
Mumbai, May 9, 2022

Mumbai, May 9, 2022

Nirav Sanghavi
Company Secretary
Mumbai, May 9, 2022

Piyush Anchliya
Chief Financial Officer
Mumbai, May 9, 2022

Vishal Kapoor
Chief Executive Officer
Mumbai, May 9, 2022

1A. BACKGROUND

IDFC Asset Management Company Limited ('the Company') is a public limited company, incorporated in India and regulated by The Securities Exchange Board of India ("SEBI"). The registered office of the Company is at One World Centre, 6th Floor, Jupiter Mills Compound, 841, Senapati Bapat Marg, Elphinstone Road (West), Mumbai 400013.

The Company provides asset management services, portfolio management and investment advisory services. The Company is registered under SEBI (Portfolio Managers) Regulations, 1993 for providing portfolio management services. The Company is also providing investment management services Alternative Investment Funds launched under SEBI (Alternative Investment Funds) Regulations, 2012.

The Board of Directors of IDFC Limited ('Holding Company') and IDFC FHCL ('the Company') at their respective meetings held on April 06, 2022, have inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ('IDFC AMC') along with IDFC AMC Trustee Company Limited ('IDFC AMC Trustee') and have approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by the Company to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC) and affiliates of ChrysCapital ('Proposed Transaction'). The Proposed Transaction will be completed upon receipt of requisite regulatory and other approvals, as applicable, and completion of closing related actions mutually agreed between the parties.

These financial statements are authorised for issue by the Board of Directors on May 9, 2022.

1B. SIGNIFICANT ACCOUNTING POLICIES**1) Basis of preparation****i) Compliance with Ind AS**

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] (as amended)] and other relevant provisions of the Act.

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value:

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

iii) New and amended standards adopted

There are no new standards and amendments applicable to the Company for the annual reporting period commencing on April 1, 2021.

iv) Order of Liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Division III of Schedule III to the Companies Act, 2013, the Company presents its balance sheet in the order of liquidity. Since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore such presentation is considered to be more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 33.

v) Consolidation

The following set of financial statements represents the standalone financial statements of the Company. The exemption under para 4 (a) (iv) of Ind AS 110 has been applied and consolidated financial statements have not been prepared. The Company is included in the consolidated financial statements of IDFC Limited (ultimate holding company) for the year ended March 31, 2022.

2) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM's function is to allocate the resources of the Company and assess the performance of the operating segments of the Company. The Chief Executive Officer is identified as the CODM. The board of directors of the Company assesses the financial performance and position of the Company and makes strategic decisions. Refer note 27 for segment information presented.

3) Foreign currency translation**i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at

the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non-trading activities are taken to other income/expense in the Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

4) Investment in subsidiaries

The Company has invested in certain financial instruments that qualify the definition of equity from the subsidiary's perspective. Such financial instruments are carried at cost, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

5) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Regular purchases and sales of financial assets are recognised on trade date, i.e. the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in statement of profit and loss.

Financial assets

i) Classification and subsequent measurement

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

- Fair value through statement of profit and loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); and
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as mutual fund units, alternate investment funds, etc.

For investments in debt instruments, measurement will depend on the classification of debt instruments depending on:

- the Company's business model for managing the asset (Business model assessment); and
- the cash flow characteristics of the asset (Solely Payment of Principal and Interest ("SPPI" assessment)).

Business model assessment

The business model reflects how the Company manages the assets in order to generate cash flows. The business model determines whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable or when performance of portfolio of financial assets managed is evaluated on a fair value basis, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

The Company determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- experience on how the cash flows for these assets were collected,
- how the asset's performance and the business model is evaluated and reported to key management personnel,
- the risks that affect the performance of the business model and how these risks are assessed and managed,
- how managers are compensated.

Solely Payment of Principal and Interest ("SPPI") Assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell,

the Company assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test').

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit and loss when the asset is derecognised or impaired.

Fair value through other comprehensive income:

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- the asset is held within a business model whose objective is achieved both, by collecting contractual cash flows and selling financial assets;
- the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; and
- that are not designated at fair value

Movement in carrying amount is taken through other comprehensive income, except for recognition of impairment gains or losses, interest revenues and foreign exchange gains and losses on the instrument's amortised cost that are recognised in statement of profit and loss.

Fair value through profit/loss:

Assets that do not meet the criteria for amortised cost or FVOCI, are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented in the statement of profit and loss within 'net gain/(loss) on fair value changes' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Company's investment in mutual fund units, alternate investment fund and equity instruments are classified as financial assets measured at FVTPL.

Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company measures all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI which is not held for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as 'dividend income' when the Company's right to receive payments is established.

ii) Impairment

The Company assesses, on a forward-looking basis the expected credit losses ('ECL') associated with its financial instruments measured at amortised cost with the exposure arising from security deposit. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 35.2.

iii) Income recognition

Interest income

The Company calculates interest income by applying the effective interest rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets.

The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts paid or received that are integral to the effective interest rate, such as origination fees, commitment fees, etc.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in

profit or loss.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Dividend income

Dividend income is recognised in the Statement of Profit and Loss when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

iv) De-recognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either -

- the Company transfers substantially all the risks and rewards of ownership; or
- the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities

i) Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Incremental costs directly attributable to the issue of new shares or financial instruments classified as equity are deducted, net of tax, from the proceeds.

ii) Classification and subsequent measurement

Financial liabilities (including borrowings and debt securities) are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability. The calculation includes transaction costs, premiums or discounts and fees and points paid that are integral to the effective interest rate, such as origination fees.

iii) De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

6) Offsetting financial instruments

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

7) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. A new five-step process must be applied before revenue can be recognised:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

i) Management fees

Management fees from mutual funds and alternative investment funds are recognised on an accrual basis in accordance with terms of investment management agreement entered into by the Company with IDFC AMC Trustee Company Limited and provisions of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, SEBI (Alternative Investment Funds) Regulation, 2012 and amendments thereto. Revenue from management fees is recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Company.

ii) Portfolio Management fees

Portfolio management fees are recognised on an accrual basis in accordance with the respective terms of contract with counter parties. Revenue from portfolio management fees is recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Company.”

iii) Advisory fees

Advisory fees are recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Company.”

iv) Performance Fees

The Company receives performance fees or incentive allocations from certain actively managed alternative investment funds and certain separately managed accounts. The Company is entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets.

The Company records performance-based incentive fee when the contractual terms of the asset management fee arrangement have been satisfied such that the performance fee is no longer subject to significant reversal or contingency.

8) Income tax

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

i) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, carried forward losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

9) Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company has is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Asset and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions .

To determine the incremental borrowing rate, the Company uses a indicative AAA equivalent borrowing rate.

Lease payment are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payment associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

10) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank, demand deposits with banks and other deposits with bank with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

11) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

12) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

i) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives prescribed. The estimated useful lives for the different type of assets held by the Company are as follows:

- a) Computers 3 years
- b) Servers and Network 6 years
- c) Furniture 10 years
- d) Office equipment 5 years
- e) Vehicles 4 years
- f) Mobile phones 2 years
- g) Leasehold Improvements Extended lease terms or 5 years which ever is earlier

Depreciation on additions during the year is provided on a pro-rata basis.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the Statement of Profit and Loss.

13) Intangible Assets

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment, if any.

Intangible assets are amortised on a straight line basis over their estimated useful lives.

The estimated useful life of the intangible assets is as follow:

Computer Software 3 years

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

14) Impairment of non-financial assets (including carrying value of equity investments in subsidiaries)

All non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets, or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

15) Employee benefits

i) Short term obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after reporting period end in which the employee render the related services are recognised in respect of employee's services up to the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligation in the balance sheet.

ii) Defined contribution plans

The contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans, and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made as and when services are rendered. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

iii) Defined benefit plan

The liability or asset recognised in the Balance Sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated

annually by actuaries using the projected unit credit method.

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

iv) Compensated absences

Based on the leave rules of the Company, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year.

v) Share-based payments

The Company has constituted an Employee Stock Option Plan. The plan provides for grant of options to employees of the Company in a specific category to acquire equity shares of the Company that vest in a graded manner on meeting specified conditions and that are to be exercised within a specified period. The employees of the Company are also eligible for IDFC Limited (Ultimate Holding Company) and IDFC First Bank share awards.

The above share awards are treated as an equity settled share based payment transaction. The fair value of options granted under the scheme is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined with reference to the fair value of the options granted excluding the impact of any service conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on service conditions. It recognises the impact of revision to original estimates, if any, in the Statement of Profit and Loss, with a corresponding adjustment to equity.

16) Trade and other payables

These amounts represent liabilities for services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

17) Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation because of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and such amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at best estimate of the future expenditure required to settle the present obligation at the balance sheet date. 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. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

18) Contingencies

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

19) Earnings per share

i) Basic earnings per share :

Basic earnings per share is calculated by dividing:

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

ii) Diluted earnings per share

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

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

20) Brokerage Expenses

Distribution cost in form the of brokerage paid to third parties are recognised over the duration of the scheme or clawback period in case of portfolio management services.

21) Fund expenses

Expenses incurred on behalf of IDFC Mutual Fund (the Schemes) upto October 21, 2018 are charged to the statement of profit and loss unless considered recoverable in accordance with the provisions of SEBI Regulations.

22) Rounding off

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

23) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

24) Use of judgments, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates that, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

- Estimation of current tax expense and payable
- Estimation of defined benefit obligation
- Estimation for fair value of financial instruments

Estimates and judgments are evaluated continually. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

3 CASH AND CASH EQUIVALENTS		(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021	
Cheques on hand	-	-	
Balances with banks:			
In current accounts	1.26	3.16	
Total	1.26	3.16	

i) The Company has not taken bank overdraft, therefore the cash and cash equivalents for the cash flow statement is same as cash and cash equivalents given above.

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021	
Balances with banks:			
In earmarked accounts			
- Investor Education Awareness on behalf of IDFC Mutual Fund	3.08	2.50	
- Other bank balances	0.44	0.05	
In deposit accounts	-	-	
Total	3.52	2.55	

5 TRADE RECEIVABLES		(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021	
Receivables considered good - secured	-	-	
Receivables considered good - unsecured	13.35	12.67	
Receivables which have significant increase in credit risk	-	-	
Receivables - credit impaired	-	-	
(Less): Impairment loss allowance	-	-	
Total	13.35	12.67	

Aging of trade receivables: as at March 31, 2022

Particulars	Unbilled	Not due	Outstanding for following periods from the due date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	-	-	13.35	-	-	-	-	13.35
Disputed trade receivables	-	-	-	-	-	-	-	-

Aging of trade receivables: as at March 31, 2021

Particulars	Unbilled	Not due	Outstanding for following periods from the due date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	-	-	12.67	-	-	-	-	12.67
Disputed trade receivables	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

6 INVESTMENTS

(Rs. in crore)

	At fair value through Other Comprehensive Income	At fair value through Profit and loss	Others*	Total
As at March 31, 2022				
Mutual fund units	-	205.89	-	205.89
Alternate investment funds units	-	30.08	-	30.08
Equity instruments	0.05	20.66	-	20.71
Subsidiaries	-	-	4.31	4.31
Total (A) - Gross	0.05	256.63	4.31	260.99
(Less): Impairment loss allowance	-	-	(4.01)	(4.01)
Total (A) - Net	0.05	256.63	0.30	256.98
Investments outside India	-	-	4.31	4.31
Investments in India	0.05	256.63	-	256.68
Total (B) - Gross	0.05	256.63	4.31	260.99
(Less): Impairment loss allowance	-	-	(4.01)	(4.01)
Total (B) - Net	0.05	256.63	0.30	256.98
As at March 31, 2021				
Mutual fund units	-	339.68	-	339.68
Alternate investment funds units	-	29.28	-	29.28
Equity instruments	0.05	10.00	-	10.05
Subsidiaries	-	-	4.31	4.31
Total (A) - Gross	0.05	378.96	4.31	383.32
(Less): Impairment loss allowance	-	-	(3.49)	(3.49)
Total (A) - Net	0.05	378.96	0.82	379.83
Investments outside India	-	-	4.31	4.31
Investments in India	0.05	378.96	-	379.01
Total (B) - Gross	0.05	378.96	4.31	383.32
(Less): Impairment loss allowance	-	-	(3.49)	(3.49)
Total (B) - Net	0.05	378.96	0.82	379.83

* Investment in subsidiaries measured at cost as per Ind AS 27 are classified as Others.

IDFC Investment Managers (Mauritius) Limited is a wholly owned subsidiary of the Company. The subsidiary's networth has eroded significantly due to accumulated losses. Consequently, the Company has incrementally written down the value of investment by Rs. 0.52 crores during the year ended March 31, 2022 (previous year Rs. 0.46 crores) after considering its recoverable amount (value in use) as Rs. 0.30 crores (previous year Rs. 0.82 crores) against its carrying value of Rs. 4.31 crores as at March 31, 2022 (previous year Rs. 4.31 crores).

More information regarding the valuation methodologies are disclosed in note 34.

7 OTHER FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Other receivables	0.02	0.45
Other deposit	0.32	0.32
Security deposit	6.89	9.88
(Less): Impairment loss allowance	(1.09)	(1.62)
Total	6.14	9.03

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

8 INCOME TAX ASSETS (NET)	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
Fringe benefit tax (net of provision for tax as of 2022: Rs. 1.31 crore; 2021: Rs. 1.31 cores)	0.01	0.01
Advance tax (net of provision for tax as of 2022: of Rs. 144.89 crores; 2021: Rs. 144.89 crores)	15.84	15.84
Total	15.85	15.85

9A PROPERTY, PLANT AND EQUIPMENT	(Rs. in crore)					
	Leasehold improvements	Furniture and fixtures	Vehicles	Office Equipments	Computers	Total
Year ended March 31, 2021						
Gross carrying amount						
Opening gross carrying amount as at April 1, 2020	4.37	1.15	2.12	2.72	11.08	21.44
Additions	1.86	0.19	0.57	0.46	2.25	5.33
Disposals and transfers	-	-	(0.03)	(0.01)	-	(0.04)
Closing gross carrying amount	6.23	1.34	2.66	3.17	13.33	26.73
Accumulated depreciation						
Opening accumulated depreciation	2.25	0.62	1.17	1.48	4.31	9.83
Depreciation charge during the year	1.04	0.11	0.46	0.49	2.44	4.54
Disposals and transfers	-	-	(0.03)	(0.01)	-	(0.04)
Closing accumulated depreciation	3.29	0.73	1.60	1.96	6.75	14.33
Net carrying amount as at March 31, 2021	2.94	0.61	1.06	1.21	6.58	12.40
Year ended March 31, 2022						
Gross carrying amount						
Opening gross carrying amount as at April 1, 2021	6.23	1.34	2.66	3.17	13.33	26.73
Additions	1.33	0.10	0.50	0.42	0.55	2.90
Disposals and transfers	-	(0.15)	(0.52)	(0.47)	(0.36)	(1.50)
Closing gross carrying amount	7.56	1.29	2.64	3.12	13.52	28.13
Accumulated depreciation						
Opening accumulated depreciation	3.29	0.73	1.60	1.96	6.75	14.33
Depreciation charge during the year	1.41	0.11	0.37	0.53	2.37	4.79
Disposals and transfers	-	(0.12)	(0.27)	(0.44)	(0.33)	(1.16)
Closing accumulated depreciation	4.70	0.72	1.70	2.05	8.79	17.96
Net carrying amount as at March 31, 2022	2.86	0.57	0.94	1.07	4.73	10.17

i) Contractual obligations

Refer to note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

9B LEASES

The Company leases various offices. Rental contracts are typically made for fixed periods of 11 months to 9 years, but may have extension options as described in (ii) below.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(i) Amount recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Right-of-use assets		
Buildings	27.99	28.04
Total	27.99	28.04

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Lease Liabilities		
Current	7.36	8.14
Non-current	24.59	23.13
Total	31.95	31.27

Addition to the right-of-use assets during the current financial year is Rs. 8.37 crores (previous year Rs. 0.30 crores).

(ii) Amount recognised in the statement of profit and loss

The statement of profit and loss account shows the following amounts relating to leases:

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Depreciation charge of right-of-use assets		
Buildings (refer note 22)	8.43	8.66
Total	8.43	8.66

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Interest expense (refer note 24)	2.38	2.60
Expense relating to short-term leases (refer note 23)	0.93	1.95
Total	3.31	4.55

The total cash outflow for leases for the year ended March 31, 2022 was Rs. 9.78 crores (previous year Rs. 10.07 crores).

(iii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

10 INTANGIBLE ASSETS

(Rs. in crore)

	Computer software
Year ended March 31, 2021	
Gross carrying amount	
Opening gross carrying amount as at April 1, 2020	13.14
Additions	0.90
Disposals and transfers	(0.58)
Closing gross carrying amount	13.46
Accumulated amortisation	
Opening accumulated amortisation	5.64
Amortisation during the year	3.62
Disposals and transfers	(0.36)
Closing accumulated depreciation	8.90
Net carrying amount as at March 31, 2021	4.56

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

10 INTANGIBLE ASSETS	(Rs. in crore)
	Computer software
Year ended March 31, 2022	
Gross carrying amount	
Opening gross carrying amount as at April 1, 2021	13.46
Additions	0.12
Disposals and transfers	(0.07)
Closing gross carrying amount	13.51
Accumulated amortisation	
Opening accumulated amortisation	8.90
Amortisation during the year	2.76
Disposals and transfers	(0.07)
Closing accumulated depreciation	11.59
Net carrying amount as at March 31, 2022	1.92

i) Contractual obligations

Refer to note 30 for disclosure of contractual commitments for the acquisition of intangible assets.

11 OTHER NON-FINANCIAL ASSETS	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
Prepaid expenses - Brokerage	0.09	1.40
Prepaid expenses - Others	8.03	5.18
Supplier advances	1.59	0.88
Advances to employees	0.07	0.07
Balances with government authorities - cenvat credit available	9.53	10.79
Other advances	1.14	2.55
Total	20.45	20.87

12A TRADE PAYABLES	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
- Total outstanding dues of micro enterprises and small enterprises (refer note 31)	0.23	0.04
- Total outstanding dues of creditors other than micro enterprises and small enterprises	8.96	10.11
Total	9.19	10.15

Aging of trade payables: as at March 31, 2022

Particulars	Unbilled	Not due	Outstanding for following periods from the due date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables								
Micro enterprises and small enterprises	-	-	0.23	-	-	-	-	0.23
Others	6.66	-	1.85	0.01	0.25	0.19	-	8.96
Disputed trade payables								
Micro enterprises and small enterprises	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Aging of trade payables: as at March 31, 2021

Particulars	Unbilled	Not due	Outstanding for following periods from the due date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables								
Micro enterprises and small enterprises	-	-	0.04	-	-	-	-	0.04
Others	7.82		1.39	0.13	0.20	0.27	0.30	10.11
Disputed trade payables								
Micro enterprises and small enterprises	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-

12B OTHER PAYABLES

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
- Total outstanding dues of micro enterprises and small enterprises (refer note 31)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	2.15	3.03
Total	2.15	3.03

13 OTHER FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Employee benefits payable	35.76	32.27
Total	35.76	32.27

14 INCOME TAX LIABILITIES (NET)

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Provision for income tax (net of advance tax as of 2022: Rs. 225.18 crores; 2021: Rs. 217.96 crores)	18.86	14.00
Total	18.86	14.00

15 PROVISIONS

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Provision for gratuity (refer note 26)	1.73	1.50
Total	1.73	1.50

16 DEFERRED TAX LIABILITIES/(ASSETS)

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Fair value adjustments		
- Investments	2.43	4.71
- Security deposits	(0.27)	(0.29)
Right-of-use assets	7.05	7.06
Property, plant and equipment	(2.23)	(1.77)
Lease liabilities	(8.04)	(7.87)
Impairment on financial instruments-security deposits	(0.27)	(0.41)
Total	(1.33)	1.43

Movement in Deferred tax liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:

	(Rs. in crore)		
	As at April 1, 2020	Charged/ (credited) to profit and loss	As at March 31, 2021
Deferred tax liability:			
Fair valuation of investments	2.26	2.45	4.71
Right-of-use assets	9.16	(2.10)	7.06
	11.42	0.35	11.77
Deferred tax asset:			
Property, plant and equipment	1.54	0.23	1.77
Lease liabilities	9.70	(1.83)	7.87
Impairment on financial instruments-security deposits	0.46	(0.05)	0.41
Fair valuation of security deposits	0.38	(0.09)	0.29
	12.08	(1.74)	10.34
Net deferred tax (asset)/liability	(0.66)	2.09	1.43

	(Rs. in crore)		
	As at April 1, 2021	Charged/ (credited) to profit and loss	As at March 31, 2022
Deferred tax liability:			
Fair valuation of investments	4.71	(2.28)	2.43
Right-of-use assets	7.06	(0.01)	7.05
	11.77	(2.29)	9.48
Deferred tax asset:			
Property, plant and equipment	1.77	0.46	2.23
Lease liabilities	7.87	0.17	8.04
Impairment on financial instruments-security deposits	0.41	(0.14)	0.27
Fair valuation of security deposits	0.29	(0.02)	0.27
	10.34	0.47	10.81
Net deferred tax (asset)/liability	1.43	(2.76)	(1.33)

17 OTHER NON-FINANCIAL LIABILITIES

	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
Statutory dues	41.02	15.82
Total	41.02	15.82

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

18A EQUITY SHARE CAPITAL

(Rs. in crore)

	As at March 31, 2022		As at March 31, 2021	
	Number	Rs.	Number	Rs.
Authorised shares				
Equity shares of Rs. 1 each (previous year Rs. 1 each)	35,00,00,000	35.00	35,00,00,000	35.00
Issued, subscribed & fully paid-up shares				
Equity shares of Rs. 1 each (previous year Rs. 1 each)	2,68,02,120	2.68	2,68,00,520	2.68
Total	2,68,02,120	2.68	2,68,00,520	2.68

a) Movements in equity share capital

(Rs. in crore)

	As at March 31, 2022		As at March 31, 2021	
	Number	Rs.	Number	Rs.
Outstanding at the beginning of the year	2,68,00,520	2.68	2,67,90,450	2.68
Stock options exercised under the ESOS	1,600	-	10,070	-
Subdivision of shares as per the note below	-	-	-	-
Outstanding at the end of the year	2,68,02,120	2.68	2,68,00,520	2.68

b) Terms and rights attached to equity shares

- i) The Company has only one class of equity shares having a par value of Rs.1 per share (previous year Rs.1 per share). Each holder of equity shares is entitled to one vote per share.
- ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- iii) The dividend proposed by the Board of Directors is subject to the approval of shareholders at the ensuing Annual General Meeting, except in case of interim dividend.

c) Shares reserved for issue under options

Information relating to the Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 36.

d) Details of shares held by the holding company

(Rs. in crore)

Equity shareholders	As at March 31, 2022		As at March 31, 2021	
	Number	Amount	Number	Amount
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	2,67,90,450	2.68	2,67,90,450	2.68

e) Details of shareholders holding more than 5% of the shares in the Company

(Rs. in crore)

Equity shareholders	As at March 31, 2022		As at March 31, 2021	
	Number	% holding	Number	% holding
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	2,67,90,450	99.96	2,67,90,450	99.96

f) Details of shareholding of promoters

(Rs. in crore)

Name of the promoter	As at March 31, 2022			As at March 31, 2021		
	Number of shares	Percentage of total no. of shares	Percentage of change during the year	Number of shares	Percentage of total no. of shares	Percentage of change during the year
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	2,67,90,450	99.96	0%	2,67,90,450	99.96	0%
Total	2,67,90,450	99.96	-	2,67,90,450	99.96	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

18B RESERVES AND SURPLUS

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Securities premium	23.55	23.37
Capital redemption reserve	19.79	19.79
General reserve	46.09	44.29
Surplus in the Statement of Profit and Loss	112.12	275.65
Share options outstanding account	12.51	10.77
ESOP contribution from parent	1.56	2.94
Total	215.62	376.81

a) Securities premium

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Opening balance	23.37	22.19
Additions during the year	0.15	0.97
Transfer from Share Options Outstanding Account (towards options exercised)	0.03	0.21
Closing balance	23.55	23.37

b) Capital redemption reserve

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Opening balance	19.79	19.79
Changes during the year	-	-
Closing balance	19.79	19.79

c) General reserve

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Opening balance	44.29	44.29
Appropriations during the year	-	-
Transfer from Share options outstanding account (towards vested options cancelled)	0.42	-
Transfer from ESOP contribution from parent (towards vested options cancelled)	1.38	-
Closing balance	46.09	44.29

d) Surplus in the Statement of Profit and Loss

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Opening balance	275.65	193.25
Net profit for the period	175.99	143.03
Appropriations during the year		
- Transfer to general reserves	-	-
- Dividend on equity shares	(340.39)	(61.62)
- Dividend distribution tax	-	-
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligations, net of tax	0.87	0.99
Closing balance	112.12	275.65

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

e) Share options outstanding account	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
Opening balance	10.77	7.48
Employee stock option expense	2.19	3.50
Options vested during the year	-	-
Vested options cancelled during the year	(0.42)	-
Transfer to Securities Premium (towards options exercised)	(0.03)	(0.21)
Closing balance	12.51	10.77

f) ESOP contribution from parent	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
Opening balance	2.94	2.94
Employee stock option expense	-	-
Vested options cancelled during the year	(1.38)	-
Closing balance	1.56	2.94

18C NATURE AND PURPOSE OF RESERVE

a) **Securities premium**

It is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

b) **Capital redemption reserve**

When shares are bought back, the Company is required to transfer the funds equivalent to the face value of shares so bought back to an account called "Capital redemption reserve". Funds in the reserve are non-distributable. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

c) **General reserve**

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

Pursuant to the provisions of Companies Act, 1956, the Company had transferred a portion of the net profit of the Company before declaring dividend, to general reserve. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

d) **Share options outstanding account**

The share options outstanding account is used to recognise the grant date fair value of options issued to employees by the Company under Employee Stock Option Scheme (ESOS) over the vesting period (refer note 36).

e) **ESOP contribution from parent**

The account is used to recognise the grant date fair value of options issued to the employees of the Company by IDFC Limited (ultimate holding company) and IDFC FIRST Bank Limited (Formerly IDFC Bank Limited) under the group share based payment arrangement.

19 OTHER INCOME

	(Rs. in crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Net gain/(loss) on fair value changes of instruments measured at FVTPL		
- Realised	27.81	0.28
- Unrealised	(5.71)	22.07
Profit on sale of property, plant and equipment (net)	0.05	-
Interest on income tax refund	-	0.19
Interest income on financial assets measured at amortised cost	0.30	0.36
Dividend income	1.29	0.02
Miscellaneous income	0.59	0.10
Shared service costs recovered (net) (refer note (i) below)	-	0.23
Total	24.33	23.25

i) Shared service costs includes amount recovered from related parties Rs. Nil (previous year Rs. 0.23 crores) and amount paid to related parties Rs. 0.16 (previous year Rs. Nil) towards a Service Level Agreement (refer note 37).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

20 EMPLOYEE BENEFIT EXPENSE

(Rs. in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	92.27	80.83
Contribution to provident and other funds (refer note 26)	3.70	3.32
Contribution to gratuity (refer note 26)	2.89	2.82
Share based payment expense (refer note 36)	2.19	3.50
Staff insurance, training and welfare expense	2.42	2.19
Total	103.47	92.66

21 IMPAIRMENT OF FINANCIAL INSTRUMENTS

(Rs. in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
On Financial instruments measured at amortised Cost:		
Security deposit	(0.53)	(0.21)
On Financial instruments measured at cost:		
Subsidiaries	0.52	0.46
Total	(0.01)	0.25

22 DEPRECIATION AND AMORTISATION EXPENSE

(Rs. in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation of property, plant and equipment	4.79	4.54
Depreciation on right-of-use assets	8.43	8.66
Amortisation of intangible assets	2.76	3.62
Total	15.98	16.82

23 OTHER EXPENSES

(Rs. in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Rent	1.08	2.12
Rates and taxes	0.12	2.11
Electricity	0.98	0.92
Repairs and maintenance		
- Equipments	1.01	0.76
- Others	5.43	5.83
Insurance charges	0.31	0.26
Travelling and conveyance	0.65	0.27
Printing and stationery	0.68	0.29
Communication costs	2.07	2.32
Advertising, publicity and promotion	13.79	15.99
Listing and rating Fees	0.18	0.16
Professional fees	9.12	9.87
Directors' sitting fees	0.17	0.15
Membership and subscription	7.50	6.84
Computer software expenses	10.85	10.05
Scheme issue expenses (refer note (i) below)	2.72	2.72
Operational cost	5.82	4.50
Contribution for corporate social responsibility (CSR) (refer note (b) below)	2.92	1.31
Auditors remuneration [refer note (a) below]	0.41	0.36
Shared service costs paid (net) (refer note (ii) below)	0.16	-
Loss on sale of property, plant and equipment (net)	-	0.21
Miscellaneous expenses	0.86	0.73
Total	66.83	67.77

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

- i) Scheme issue expenses are the expenses incurred by the Company towards launching of schemes and plans of IDFC Mutual Fund during the year.
- ii) Shared service costs includes amount paid to the related parties Rs. 0.16 (previous year Rs. Nil crores) and amount recovered from the related parties Rs. Nil (previous year Rs. 0.23) towards a Service Level Agreement (refer note 37).

a) Breakup of Auditors' remuneration

	(Rs. in crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Audit fees	0.33	0.28
Tax audit fees	0.03	0.03
Other Services	0.05	0.05
Out-of-pocket expenses	#	#
Total	0.41	0.36

#Below Rs. 0.01 crore.

b) Contribution for corporate social responsibility (CSR)

- i) As per Section 135 of the Companies Act, 2013, amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the period is Rs. 2.92 crores (previous year Rs. 2.30 crores).
- ii) Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities is Rs. 2.92 crores (previous year Rs. 1.30 crores), which comprise of following:

	(Rs. in crore)	
	Year ended March 31, 2022	Year ended March 31, 2021*
CSR Expenditure:		
School and Teachers Innovating for Results (India)	0.46	0.39
Govandi Education Society	0.20	0.17
TNS India Foundation	0.16	0.16
Saajha	0.37	0.22
K C Mahindra Education Trust - A/c Nanhi Kali	0.65	0.36
United Way of Mumbai	0.30	-
Give Foundation	0.20	-
Sphoorti Foundation	0.05	-
Zariya Welfare Foundation	0.05	-
Protsahan India Foundation	0.18	-
Primavera India	0.11	-
National Association for the Blind	0.09	-
United Way of Mumbai (TMM)	0.10	-
	2.92	1.30
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	2.92	1.30
Total	2.92	1.30

There is no amount outstanding to be paid in cash, out of total amount required to be spent on Corporate Social Responsibility (CSR) related activities.

*Based on the Appeal received from the Government of India, Ministry of Corporate Affairs, the Company had additionally contributed Rs. 1.00 crores towards Prime Minister's CARES fund in March 2020 which the Company has offsetted against the CSR obligation arising in March 2021.

24 FINANCE COST

	(Rs. in crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Interest on lease liability	2.38	2.60
Total	2.38	2.60

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

25 INCOME TAX

a) **The components of income tax expense for the years ended March 31, 2022 and March 31, 2021 are:** (Rs. in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Current tax	60.36	45.87
Deferred tax	(2.76)	2.09
Prior period tax	-	-
Total	57.60	47.96

b) Reconciliation of the total tax charge

The tax charge shown in the Statement of Profit and Loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2022 and March 31, 2021 is, as follows:

	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	233.59	190.99
Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)	58.79	48.07
Tax effect of the amount which are not taxable in calculating taxable income :		
- Income taxed at differential rate	(3.53)	(2.08)
- Expense not deductible for tax purposes	0.88	0.51
- Permanent difference:		
- ESOP	0.55	0.88
- Scheme issue expenses	0.34	0.55
- Others	0.57	0.03
Income tax expense at effective tax rate	57.60	47.96
Effective tax rate	24.66%	25.11%

26 EMPLOYEE BENEFIT OBLIGATIONS

(a) Defined contribution plans

The Company has recognised the following amounts in the Statement of Profit and Loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

	Year ended March 31, 2022	Year ended March 31, 2021
Provident fund	3.17	2.86
Pension fund	0.43	0.37
Labour welfare fund	#	#
Superannuation fund	0.09	0.09
Total	3.69	3.32

#Below Rs. 0.01 crore.

(b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the said Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the respective plans:

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

i) Balance sheet	(Rs. in crore)		
	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2020	16.11	12.99	3.12
Current service cost	2.65	-	2.65
Interest expense/(income)	1.07	0.90	0.17
Return on plan assets	-	0.10	(0.10)
Actuarial loss / (gain) arising from change in financial assumptions	(0.27)	-	(0.27)
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	#
Actuarial loss / (gain) arising on account of experience changes	(0.95)	-	(0.95)
Reversal of the liability	-	-	-
Employer contributions	-	3.12	(3.12)
Benefit payments	(1.31)	(1.31)	-
Past Service Cost	-	-	-
As at March 31, 2021	17.30	15.80	1.50
Current service cost	2.84	-	2.84
Interest expense/(income)	1.16	1.11	0.05
Return on plan assets	-	(0.01)	0.01
Actuarial loss / (gain) arising from change in financial assumptions	0.19	-	0.19
Actuarial loss / (gain) arising from change in demographic assumptions	0.05	-	0.05
Actuarial loss / (gain) arising on account of experience changes	(1.41)	-	(1.41)
Reversal of the liability	-	-	-
Employer contributions	-	1.50	(1.50)
Benefit payments	(1.48)	(1.48)	-
Past Service Cost	-	-	-
As at March 31, 2022	18.65	16.92	1.73

#Below Rs. 0.01 crore.

	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
Present value of plan liabilities	18.65	17.30
Fair value of plan assets	16.92	15.80
Plan liability net of plan assets	1.73	1.50

ii) Statement of profit and loss	(Rs. in crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expense		
Current service cost	2.84	2.65
Total	2.84	2.65
Finance costs	0.05	0.17
Past Service Cost	-	-
(Gains)/Losses on settlement	-	-
Net impact on the profit before tax	2.89	2.82

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

	(Rs. in crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurements of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	0.01	(0.10)
Actuarial gains/(losses) arising from changes in demographic assumptions	0.05	-
Actuarial gains/(losses) arising from changes in financial assumptions	0.19	(0.27)
Actuarial gains/(losses) arising from changes in experience	(1.41)	(0.95)
Net impact on the other comprehensive income before tax	(1.16)	(1.32)

iii) Defined benefit plan assets

Category of assets (% allocation)	As at March 31, 2022	As at March 31, 2021
Insurer managed funds		
- Government securities	55.45	38.89
- Deposit and money market securities	2.69	4.32
- Debentures / bonds	41.86	56.79
- Equity shares	-	-
Total	100.00	100.00

iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2022	As at March 31, 2021
Discount rate	6.90	7.00
Salary escalation rate*	10.00	10.00

* takes into account inflation, seniority, promotions and other relevant factors.

v) Demographic assumptions

Mortality in Service :

Age (Years)	As at March 31, 2022 Rates (p.a.)	As at March 31, 2021 Rates (p.a.)
18	0.0008740	0.0008740
23	0.0009360	0.0009360
28	0.0009420	0.0009420
33	0.0010860	0.0010860
38	0.0014530	0.0014530
43	0.0021440	0.0021440
48	0.0035360	0.0035360
53	0.0061740	0.0061740
58	0.0096510	0.0096510

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

vi) Sensitivity

(Rs. in crore)

As at March 31, 2022	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50 bps	17.74	19.64
Salary escalation rate	50 bps	19.61	17.76

As at March 31, 2021	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50 bps	16.44	18.73
Salary escalation rate	50 bps	18.20	16.46

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vii) Maturity

The defined benefit obligations shall mature after year end as follows:

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	1.24	1.34
Between 2 and 5 years	3.67	3.68
Between 6 and 9 years	4.81	3.70
Between 10 and above	28.53	26.14
Total expected payments	38.25	34.86

The weighted average duration of the defined benefit obligation is 10.20 years (previous year - 10.31 years).

27 SEGMENT INFORMATION

The Company is engaged in the business of providing asset management services to IDFC Mutual Fund, investment advisory and portfolio management services which contributes a single reportable business segment. During the year ended March 31, 2022, the Company was engaged in only one business segment and as such there are no separate reportable segments, as required by Ind AS 108 on 'Segment Reporting'. The Company's revenue is primarily from services rendered in India.

a) Segment revenue

The Company operates as a single segment. The segment revenue is measured in the same way as in the Statement of Profit and Loss.

(Rs. in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Segment revenue		
- India	397.91	347.84
- Outside India	-	-
Total	397.91	347.84

* There is one single party who individually contributes more than 10% of total operating revenue of the Company which aggregates to Rs. 395.56 crores (previous year Rs. 345.34 crores) .

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

b) Segment assets and segment liabilities	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
Segment assets - India	117.51	118.43
Total Segment assets - India	117.51	118.43
Unallocated:		
Investments	225.60	354.68
Income tax assets (net)	15.85	15.85
Total asset as per balance sheet	358.96	488.96
Segment liabilities - India	121.80	94.04
Total Segment liabilities - India	121.80	94.04
Unallocated:		
Income tax liabilities (net)	18.86	14.00
Deferred tax liabilities (net)	-	1.43
Total liability as per balance sheet	140.66	109.47

28 EARNINGS PER SHARE (EPS)

a) The basic earnings per share has been calculated based on the following:	(Rs. in crore except equity share data)	
	Year ended March 31, 2022	Year ended March 31, 2021
Net profit after tax available for equity shareholders	175.99	143.03
Weighted average number of equity shares (face value of Rs.1 each)	2,68,01,327	2,67,91,222

b) The reconciliation between the basic and the diluted earnings per share is as follows:	(Rs. in crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Basic earnings per share (face value of Rs.1 each)	65.66	53.39
Effect of outstanding stock options	-	-
Diluted earnings per share (face value of Rs.1 each)	65.66	53.39

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

	Year ended March 31, 2022	Year ended March 31, 2021
Weighted average number of shares for computation of Basic EPS (face value of Rs.1 each)	2,68,01,327	2,67,91,222
Dilutive effect of outstanding stock options	-	-
Weighted average number of shares for computation of Diluted EPS (face value of Rs.1 each)	2,68,01,327	2,67,91,222

29 CONTINGENT LIABILITIES

i)	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
Claims not acknowledged as debts in respect of:		
- Reversal of Cenvat credit under protest	1.50	1.50
- Income tax demand	0.07	0.07
Total	1.57	1.57

ii) Provident Fund:

The Company has evaluated the impact of the Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

30 CAPITAL COMMITMENTS

(Rs. in crore)

	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account	0.53	0.36
Total	0.53	0.36

31 TRADE PAYABLES

Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The below information regarding micro, small and medium enterprises have been determined on the basis of information available with the Company. The disclosures pursuant to the said MSMED Act are as follows (refer note 12A):

	As at March 31, 2022	As at March 31, 2021
Principal amount due to suppliers registered under MSMED Act and remaining unpaid as at year end	0.23	0.04
Interest due to suppliers registered under MSMED Act and remaining unpaid as at year end	-	-
Principal amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year	-	-
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	-	-
Interest accrued and remaining unpaid at the end of each accounting year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

32 CAPITAL MANAGEMENT

The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. Management considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's policy is to maintain a stable and adequate capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and continue as a going concern entity.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The management monitors the return on capital as well as the level of dividends to the shareholders. The Company's goal is to continue to be able to provide return to the shareholders by continuing to distribute dividends in future period.

Dividend paid and proposed during the year

(Rs. in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
A. Declared and paid during the year		
Dividends on ordinary shares:		
Final dividend for 2021: Rs. Nil per share (2020: Rs. Nil per share)	-	-
Dividend Distribution Tax on final dividend	-	-
Interim dividend for 2022: Rs. 127.00 per share (2021: Rs. 23.00 per share)	340.39	61.62
Dividend Distribution Tax on interim dividend	-	-
Total dividends paid including DDT	340.39	61.62
B. Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31, 2022)		
Dividend on ordinary shares:		
Final dividend for 2022: Rs. Nil per share (2021: Rs. Nil per share)	-	-
Dividend Distribution Tax on final dividend	-	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

33 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.

	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	1.26	-	1.26	3.16	-	3.16
Bank balances other than cash and cash equivalents	3.52	-	3.52	2.55	-	2.55
Trade receivables	13.35	-	13.35	12.67	-	12.67
Investments	178.98	78.00	256.98	318.52	61.31	379.83
Other financial assets	2.59	3.55	6.14	0.99	8.04	9.03
Non-financial assets						
Income tax assets (net)	-	15.85	15.85	-	15.85	15.85
Property, plant and equipment	-	10.17	10.17	-	12.40	12.40
Intangible assets	-	1.92	1.92	-	4.56	4.56
Right-of-use assets	-	27.99	27.99	-	28.04	28.04
Deferred tax asset (net)	-	1.33	1.33	-	-	-
Other non-financial assets	20.39	0.06	20.45	20.67	0.20	20.87
Total assets	220.09	138.87	358.96	358.56	130.40	488.96
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.23	-	0.23	0.04	-	0.04
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	8.96	-	8.96	10.11	-	10.11
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2.15	-	2.15	3.03	-	3.03
Lease liabilities	7.36	24.59	31.95	8.14	23.13	31.27
Other financial liabilities	35.76	-	35.76	32.27	-	32.27
Non-financial Liabilities						
Income tax liabilities (net)	18.86	-	18.86	14.00	-	14.00
Provisions	1.73	-	1.73	1.50	-	1.50
Deferred tax liabilities (net)	-	-	-	-	1.43	1.43
Other non-financial liabilities	41.02	-	41.02	15.82	-	15.82
Total liabilities	116.07	24.59	140.66	84.91	24.56	109.47
Net	104.02	114.28	218.30	273.65	105.84	379.49

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

34 FAIR VALUE MEASUREMENT

a) Financial instruments by category

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes to the financial statements.

	(Rs. in crore)		
	As at March 31, 2022		
	FVTPL	FVOCI	Amortised cost
Financial Assets:			
Cash and cash equivalents	-	-	1.26
Bank Balances other than cash and cash equivalents	-	-	3.52
Trade receivables	-	-	13.35
<u>Investments:</u>			
- Mutual fund units	205.89	-	-
- Alternate investment funds units	30.08	-	-
- Equity instruments	20.66	0.05	-
Other financial assets	-	-	6.14
Total Financial Assets	256.63	0.05	24.27
Financial Liabilities:			
Trade and other payables	-	-	11.34
Other financial liabilities	-	-	35.76
Total Financial Liabilities	-	-	47.10

	(Rs. in crore)		
	As at March 31, 2021		
	FVTPL	FVOCI	Amortised cost
Financial Assets:			
Cash and cash equivalents	-	-	3.16
Bank Balances other than above	-	-	2.55
Trade receivables	-	-	12.67
<u>Investments:</u>			
- Mutual fund units	339.68	-	-
- Alternate investment funds units	29.28	-	-
- Equity instruments	10.00	0.05	-
Other financial assets	-	-	9.03
Total Financial Assets	378.96	0.05	27.41
Financial Liabilities:			
Trade and other payables	-	-	13.18
Other financial liabilities	-	-	32.27
Total Financial Liabilities	-	-	45.45

The Equity instruments in subsidiaries is measured at cost and not included in the above table.

The Equity instruments include participation shares of MF Utilities India Private Limited which are strategic investments, not held for trading for which Company has made an irrevocable option to recognize it at fair value through other comprehensive income.

b) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value through Profit and Loss (b) recognised and measured at fair value through other comprehensive income and (c) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

As at March 31, 2022						(Rs. in crore)
Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total	
Financial assets						
<u>Financial Investments at FVTPL</u>	6					
- Mutual fund units		-	205.89	-	205.89	
- Alternate investment funds units		-	30.08	-	30.08	
- Equity instruments		4.47	5.95	10.24	20.66	
<u>Financial Investments at FVOCI</u>						
- Equity instruments		-	0.05	-	0.05	
Total financial assets		4.47	241.97	10.24	256.68	

As at March 31, 2021						(Rs. in crore)
Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total	
Financial assets						
<u>Financial Investments at FVTPL</u>	6					
- Mutual fund units		-	339.68	-	339.68	
- Alternate investment funds units		-	29.28	-	29.28	
- Equity instruments		3.99	6.01	-	10.00	
<u>Financial Investments at FVOCI</u>						
- Equity instruments		-	0.05	-	0.05	
Total financial assets		3.99	375.02	-	379.01	

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. However, there are no transfers between levels 1, 2 and 3 during the year.

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted prices in an active market.

Level 2: The fair value of financial instruments that are not traded in an active market (such as mutual fund units and alternate investment fund units) is determined using observable market data and not the entity specific estimates. These investments are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors. Since all significant inputs required to fair value an instrument are observable, the investments are included in Level 2.

Level 3: If one or more significant inputs is not based on observable market data, the instrument is included in level 3.

c) Valuation technique used to determine fair value

Fair value 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 a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the fair value of quoted equity instruments is determined using market price quoted on stock exchanges.
- the fair value of mutual fund units and alternate investment fund units is determined using observable NAV representing repurchase price issued by the mutual fund and alternate investment funds. However, the Company may perform an adjustment (e.g. liquidity valuation adjustment in case of thinly traded investment) to the NAV if they consider the same as significant in order to derive the fair value of the Level 2 classified investments.
- The investment in Mutual Fund utility (MFU) participation shares (classified under FVOCI) entitles access to MFU a transaction aggregating portal that enables free access to investors for NAV and other scheme related content across mutual funds. The Association of Mutual Funds in India mandates this investment for all the asset management companies in proportion of their assets under management (AUM) to access MFU. These units do not carry any participation in the net assets of MFU and will be redeemed at their face value when the AMC exits the platform. Accordingly the face value of the units is considered as a reasonable approximation of its fair value being the actual amount recoverable on exit from the platform.

d) Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, trade and other receivables, trade and other payables.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

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

35 FINANCIAL RISK MANAGEMENT**35.1 Introduction**

Risk management is an integral part of the business practices of the Company. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The financial instruments held by the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. In addition, the Company is indirectly exposed to market risk through management fee income which is determined by the assets under management of the schemes of IDFC Mutual Fund. The Company uses different methods such as sensitivity analysis to measure different types of risk to which it is exposed.

35.2 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from its investment transactions.

Credit risk is monitored on an ongoing basis by the Company in accordance with its policies and procedures. The Company is exposed to credit risk from investments held in units of the funds it manages. These investments are measured at fair value through profit or loss. The Company has no significant concentration of credit risk.

The Company's financial assets subject to the expected credit loss model under Ind AS 109 are cash and cash equivalents, deposits with banks, security deposits, trade receivables and other receivables.

Trade receivables and other receivables have been considered to have a low credit risk as they meet the following criteria:

- i) they have a low risk of default,
- ii) the counterparty is considered, in the short term, to have a strong capacity to meet its obligations in the near term, and
- iii) the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfill its obligations.

The Company has placed security deposit with lessors for premises leased by the Company aggregating to Rs. 6.89 crores as at March 31, 2022 (previous year Rs. 9.87 crores). Where the Company perceives any significant decline in credit risk of the lessors and the amount of security deposit is material the Company has provided for expected credit losses on such security deposits.

The exposure to security deposit is considered in stage 1 and accordingly impairment loss is charged considering 12 months expected credit loss model. The ECL computation is done based on the formula Exposure at default (EAD)*Probability of default (PD)*Loss given default (LGD) where:

- Exposure at default (EAD) is based on the amount that the Company expects to be owed at the time of default, over the next 12 months (12M EAD).
- The Probability of default (PD) represents the likelihood of a counterparty defaulting on its financial obligation over the next 12 months (12M PD).
- Loss given default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty.

The following table contains an analysis of the credit risk exposure of security deposits for which an ECL allowance is recognised. The gross carrying amount of security deposit below also represents the Company's maximum exposure to credit risk on these assets.

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FOR THE YEAR ENDED MARCH 31, 2022

As at March 31, 2022

	Risk rating	Lessor type	Exposure at default (Rs. in crore)	Probability of default	Loss given default	Expected credit loss (Rs. in crore)
Security Deposit	Stage 1 (12 month ECL)	Corporate	2.09	26.92%	45.00%	0.25
		Others	4.80	26.92%	65.00%	0.84
Total			6.89			1.09

As at March 31, 2021

	Risk rating	Lessor type	Exposure at default (Rs. in crore)	Probability of default	Loss given default	Expected credit loss (Rs. in crore)
Security Deposit	Stage 1 (12 month ECL)	Corporate	1.96	26.92%	45.00%	0.24
		Others	7.91	26.92%	65.00%	1.38
Total			9.87			1.62

Reconciliation of impairment allowance on security deposit

Impairment allowance measured as per general approach	(Rs. in crore)
Impairment allowance as at April 1, 2020	1.83
Add/(less): changes during the year	(0.21)
Impairment allowance as at March 31, 2021	1.62
Add/(less): changes during the year	(0.53)
Impairment allowance as at March 31, 2022	1.09

Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions, credit risk on them is, therefore, insignificant.

The Company's exposure to credit risk is limited to the carrying amount of the following assets recognised at the reporting date, as summarised below:

	(Rs. in crore)	
	As at March 31, 2022	As at March 31, 2021
Investments	256.98	379.83
Receivables	13.35	12.67
Cash and cash equivalents	1.26	3.16
Bank balances other than cash and cash equivalents above	3.52	2.55
Other financial assets	6.14	9.03

35.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and bank balances, bank deposits and investments in liquid investments are sufficient to meet liquidity requirements since Company has no external borrowings. Accordingly, liquidity risk is perceived to be low. The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

	Note	Less than 12 months	More than 12 months	Total
As at March 31, 2022				
Trade and other payables	12A and 12B	11.34	-	11.34
Lease Liability	9B	7.36	24.59	31.95
Other financial liabilities	13	35.76	-	35.76
Total		54.46	24.59	79.05

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

				(Rs. in crore)
As at March 31, 2021	Note	Less than 12 months	More than 12 months	Total
Trade and other payables	12A and 12B	13.18	-	13.18
Lease Liability	9B	8.14	23.13	31.27
Other financial liabilities	13	32.27	-	32.27
Total		53.59	23.13	76.72

35.4 Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments.

i) Interest rate risk:

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

The Company does not have any variable rate borrowings. There are some investments in fixed rate debt securities measured at fair value through profit or loss.

The Company is exposed to interest rate risk from investments held in debt oriented units of the schemes of the mutual fund it manages. The exposure of debt oriented fund units to interest rate risk is measured using the sensitivity analysis as follows:

Exposure				(Rs. in crore)	
				As at	As at
				March 31, 2022	March 31, 2021
Investment in mutual fund units (Debt)				167.38	311.17
				(Rs. in cores)	
				Impact on profit after tax and equity	
				March 31, 2022	March 31, 2021
Increase 100 basis points (bps) (previous year 100 bps)*				1.09	2.02
Decrease 100 basis points (bps) (previous year 100 bps)*				(1.09)	(2.02)

*Company has investment in various debt oriented mutual funds which are tracked to different benchmarks. The sensitivity analysis for these investments is performed with reference to respective benchmarks. The analysis is based on the assumption of keeping all other variables constant.

ii) Foreign currency risk:

The Company does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date that will result in net currency gains or losses in the Statement of Profit and Loss due to change in foreign currency exchange rates.

iii) Price risk:

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

The Company is mainly exposed to price risk due to its investment in equity oriented mutual fund units, alternate investment fund units, venture capital fund units and equity instruments classified as fair value through profit and loss / fair value through other comprehensive income. Price risk arises due to uncertainties in the prices of the underlying securities in the schemes of the mutual fund which the Company manages, the alternate investment funds and venture capital funds. To manage its price risk arising from investments, the Company diversifies its portfolio. Diversification is done in accordance with the limits set by the risk management policies of the Company.

Exposure				(Rs. in crore)	
				As at	As at
				March 31, 2022	March 31, 2021
Investment in mutual fund units (equity-oriented)				38.51	28.51
Investment in alternate investment fund units				30.08	29.28
Investment in equity instruments				20.66	10.00
Total				89.25	67.79

Sensitivity

Investment in mutual fund units and alternate investment fund units

The table summarises the impact of the increase/decrease in NAV of mutual fund units and alternate investment fund units on the Company's equity and profit for the year.

	(Rs. in cores)	
	Impact on profit after tax*	
	Year ended March 31, 2022	Year ended March 31, 2021
Investment in mutual fund units		
- Increase 100 basis points (bps) (previous year 100 bps)	0.29	0.20
- Decrease 100 basis points (bps) (previous year 100 bps)	(0.29)	(0.20)
Investment in alternate investment fund units		
- Increase 100 basis points (bps) (previous year 100 bps)	0.34	0.31
- Decrease 100 basis points (bps) (previous year 100 bps)	(0.34)	(0.31)

*Company has investment in various equity oriented mutual funds and alternate investment funds which are tracked to different benchmarks. The sensitivity analysis for these investments is performed with reference to respective benchmarks.

The analysis is based on the assumption keeping all other variables constant.

Investment in equity instruments

The majority of the Company's equity instruments are publicly traded and are included in the BSE 200 Index. The table below summarises the impact of increase/decrease of the benchmark index on the Company's equity and profit for the year. The analysis is based on the assumption that the equity index had increased by 15% (previous year 15%) or decreased by 15% (previous year 15%) with all other variables held constant, and that all the Company's equity instruments moved in line with the benchmark index BSE 200.

	(Rs. in cores)	
	Impact on profit after tax*	
	Year ended March 31, 2022	Year ended March 31, 2021
BSE 200		
- Increase by 15% (previous year 15%)	0.18	0.18
- Decrease by 15% (previous year 15%)	(0.18)	(0.18)

*The sensitivity analysis represents movement as at the March 31, 2022 and March 31, 2021 and does not represent movement during the year.

36 EMPLOYEE SHARE BASED PAYMENTS

a) Employee stock option scheme (equity settled)

i) Company has constituted an IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") which provides for grant of equity shares to eligible employees of the Company as decided by Nomination and Remuneration Committee (NRC). This ESOS - 2020 was formulated by NRC at its meeting held on December 23, 2019 and the same was approved by the Board of Directors on December 23, 2019 and subsequently by the Shareholders of the Company vide special resolution at their Extra-Ordinary General Meeting held on December 24, 2019.

The maximum aggregate number of employee stock options that may be awarded under this scheme and the previous scheme ESOS 2017 combined are 5% of issued equity shares outstanding (excluding warrants and conversions) of the Company.

The options granted under ESOS - 2020 would vest on completion of three years from the date of grant. The vesting of options would be a function of continued employment with the Company (vesting condition) and on achievement of performance criteria (performance condition) as specified by the NRC as communicated on grant of options. The options granted can be exercised within a maximum period of five years from the date of vesting.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share. The performance conditions specified are not based upon market conditions and therefore at every reporting date entity revises its estimate of the number of options expected to vest in order to determine the share based payment charge for the year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Summary of options granted under the plan:

	Year ended March 31, 2022		Year ended March 31, 2021	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)	Number of options
Opening balance	699.03	6,04,000	699.03	5,99,000
Granted during the year	1,279.63	27,500	699.03	19,000
Exercised during the year	-	-	-	-
Forfeited during the year	699.03	(29,500)	699.03	(14,000)
Lapsed/expired during the year	-	-	-	-
Closing balance	725.55	6,02,000	699.03	6,04,000
Vested and exercisable	-	-	-	-

The weighted average share price at the date on which options were exercised during the year ended March 31, 2022 was Rs. Nil (previous year Rs. Nil).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price (Rs.)	Outstanding as at March 31, 2022	Outstanding as at March 31, 2021
January 01, 2020	January 01, 2028	699.03	5,55,500	5,85,000
April 1, 2020	April 1, 2028	699.03	7,500	7,500
October 1, 2020	October 1, 2028	699.03	11,500	11,500
September 1, 2021	September 1, 2028	1,186.06	17,500	-
December 1, 2021	December 1, 2028	1,443.37	10,000	-
Total			6,02,000	6,04,000
Weighted average remaining contractual life of options outstanding at end of period			5.86	6.78

i) Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The options are granted for no consideration and will vest upon the completion of service condition and performance condition as specified in the scheme in a graded manner. Vested options are exercisable for a period of five years after vesting.

The model inputs for options granted during the year ended March 31, 2022 included:

Assumptions	Year ended March 31, 2022		Year ended March 31, 2021	
	Grant 1	Grant 2	Grant 1	Grant 2
Expected - Weighted average volatility	30.71%	30.77%	29.43%	30.76%
Expected dividends	5.46%	4.68%	6.41%	6.41%
Expected term (In years)	5.51	5.51	5.51	5.51
Risk free rate	5.80%	5.83%	6.15%	5.68%
Exercise price (Rs.)	1,186.06	1,443.37	699.03	699.03
Market price (Rs.)	1,186.06	1,443.37	699.03	699.03
Fair value of the option at grant date (Rs.)	253.05	340.22	130.13	131.40

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

ii) Company has constituted an Employee Stock Option Scheme-2017 ("ESOSAMC-2017") which provides for grant of equity shares to eligible employees of the Company as decided by Nomination and Remuneration Committee (NRC). This ESOSAMC - 2017 was formulated by NRC at its meeting held on August 9, 2017 and the same was approved by the Board of Directors on August 9, 2017 and subsequently by the Shareholders of the Company vide special resolution at their Extra-Ordinary General Meeting held on September 7, 2017.

The maximum aggregate number of employee stock options that may be awarded under this scheme are 2% of issued equity shares outstanding (excluding warrants and conversions) of the Company.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

The options granted under ESOSAMC-2017 would vest on completion of three years from the date of the grant. The vesting of options would be a function of continued employment with the Company (vesting condition) and on achievement of performance criteria (performance condition) as specified by the NRC as communicated on grant of options. The options granted can be exercised within a maximum period of five years from the date of vesting.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share. The performance conditions specified are not based upon market conditions and therefore at every reporting date entity revises its estimate of the number of options expected to vest in order to determine the share based payment charge for the year.

Summary of options granted under the plan:

	Year ended March 31, 2022		Year ended March 31, 2021	
	Average exercise price (Rs.)	Number of options*	Average exercise price (Rs.)	Number of options*
Opening balance*	964.69	3,87,960	964.69	3,99,540
Granted during the year	-	-	-	-
Exercised during the year	964.69	(1,600)	964.69	(10,070)
Forfeited during the year	964.69	(20,680)	964.69	(1,510)
Lapsed/expired during the year	-	-	-	-
Closing balance	964.69	3,65,680	964.69	3,87,960
Vested and exercisable	964.69	3,65,680	964.69	3,77,960

The weighted average share price at the date on which options were exercised during the year ended March 31, 2022 was Rs. 1,186.06 (previous year Rs. 1,106.83).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price (Rs.)	Outstanding as at March 31, 2022	Outstanding as at March 31, 2021*
September 9, 2017	September 9, 2025	964.69	3,46,260	3,68,540
November 6, 2017	November 6, 2025	964.69	9,420	9,420
April 11, 2018	April 11, 2026	964.69	10,000	10,000
Total			3,65,680	3,87,960
Weighted average remaining contractual life of options outstanding at end of period			3.47	4.35

*The outstanding number of options for ESOS - 2017 have been adjusted for the 1:10 stock split in December 2019 (refer note 18A).

i) Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The options are granted for no consideration and will vest upon the completion of service condition and performance condition as specified in the scheme in a graded manner. Vested options are exercisable for a period of five years after vesting.

The model inputs for options granted during the year ended March 31, 2022 included:

Assumptions	Year ended March 31, 2022	Year ended March 31, 2021
Expected - Weighted average volatility	-	-
Expected dividends	-	-
Expected term (In years)	-	-
Risk free rate	-	-
Exercise price (Rs.)	-	-
Market price (Rs.)	-	-
Fair value of the option at grant date (Rs.)	-	-

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

b) Group share based payment scheme (equity settled)

IDFC Limited (ultimate holding company) has introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS - 2016") to enable the employees of the group companies to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees of the Company to acquire equity shares of the IDFC Limited, that will vest in a graded manner and that are to be exercised within a specified period.

Options granted under the plan to the employees of the Company are without any consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share of IDFC Limited. Since the Company does not have an obligation to settle the award granted to its employees, the award is treated as an equity-settled share-based payment in the Company's accounts.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2022		Year ended March 31, 2021	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)	Number of options
Opening balance	55.22	12,16,704	55.32	12,39,804
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	60.35	(16,674)	60.35	(23,100)
Lapsed/expired during the year	54.92	(3,17,964)	-	-
Closing balance	55.22	8,82,066	55.22	12,16,704
Vested and exercisable	55.22	8,82,066	55.22	12,16,704

The weighted average share price at the date on which options were exercised during the year ended March 31, 2022 was Rs. Nil (previous year Rs. Nil).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date			Exercise price (Rs.)	Outstanding as at March 31, 2022	Outstanding as at March 31, 2021
	Vest 1	Vest 2	Vest 3			
October 5, 2015	October 5, 2022	October 5, 2022	October 5, 2023	60.35	5,29,466	7,74,104
February 5, 2016	February 5, 2022	February 5, 2023	February 5, 2024	41.15	2,10,000	3,00,000
September 14, 2016	September 14, 2022	September 14, 2023	September 14, 2024	59.20	1,00,000	1,00,000
March 14, 2017	March 14, 2023	March 14, 2024	March 14, 2025	51.85	42,600	42,600
Total					8,82,066	12,16,704
Weighted average remaining contractual life of options outstanding at end of period					1.93	2.78

i) Fair value of options granted

There were no options granted during the year ended March 31, 2022 and March 31, 2021.

c) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in the Statement of Profit and Loss as part of employee benefit expense were as follows:

	(Rs. in crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Employee stock option scheme (equity settled)	2.19	3.50
Group share based payment scheme (equity settled)	-	-
Total	2.19	3.50

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

37 RELATED PARTY TRANSACTIONS

a) Ultimate holding company

IDFC Limited

b) Holding company

IDFC Financial Holding Company Limited

The list of related parties with whom transactions have taken place during the year:

c) Subsidiaries/Controlled Funds

IDFC Investment Managers (Mauritius) Limited

IDFC IEH Tactical Fund (wef February 28, 2019 upto March 16, 2021)

IDFC IEH Conservative Fund

d) Fellow subsidiaries

IDFC AMC Trustee Company Limited

IDFC Foundation

IDFC Alternatives Limited

IDFC Securities Limited (upto June 10, 2020)

IDFC Trustee Company Limited

IDFC Projects Limited

e) Associate

IDFC First Bank Limited (Formerly IDFC Bank Limited)

f) Key management personnel

Mr. Vishal Kapoor - Chief Executive Officer

Mr. Vinod Rai - Chairman Non-executive Director (ceased to be the Director of the Company wef September 22, 2021)

Mr. Sunil Kakar - Director* (ceased to be the Director of the Company wef June 10, 2021)

Ms. Anita Ramachandran - Independent Director (ceased to be the Director of the Company wef June 3, 2021)

Ms. Anita Belani - Associate Director (Independent Director wef August 13, 2019, re-designated as Associate Director wef November 9, 2021)

Ms. Veena Mankar - Independent Director (wef June 10, 2021)

Ms. Ritu Anand - Associate Director (wef June 10, 2021)

Mr. Anand Krishan - Independent Director (Additional Director) (wef January 1, 2022)

Sitting fees paid to the directors has been disclosed as "Directors' Sitting Fees" under "other expenses" in note 23. There is no other benefit paid to the directors.

	(Rs. in cores)	
	Year ended March 31, 2022	Year ended March 31, 2021
Short-term employee benefit	5.88	5.62
Long-term employee benefit	0.39	0.37
Total	6.27	5.99

*No transaction during the year

g) Transactions with related parties

		(Rs. in crore)	
	Transactions	Year ended March 31, 2022	Year ended March 31, 2021
IDFC Limited	Reimbursement of expenses	0.01	0.02
	Recovery of expenses	0.15	0.08
IDFC Financial Holding Company Limited	Reimbursement of expenses	-	#
	Payment of Dividend	340.24	61.62
IDFC Investment Managers (Mauritius) Limited	Purchase of Equity shares	-	1.11

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

	Transactions	(Rs. in crore)	
		Year ended March 31, 2022	Year ended March 31, 2021
IDFC IEH Tactical Fund	Revenue from management fees	-	0.14
	Recovery of other expenses (net)	-	0.10
	Distribution received on fund closure	-	15.42
IDFC IEH Conservative Fund	Revenue from management fees	0.43	0.39
	Recovery of other expenses (net)	0.10	0.09
IDFC AMC Trustee Company Limited	Recovery of expenses	#	0.03
IDFC Foundation	Recovery of expenses	0.01	#
IDFC Securities Limited	Shared services cost recovered	-	0.23
	Recovery of expenses / asset	-	0.11
IDFC First Bank Limited (Formerly IDFC Bank Limited)	Shared service cost paid	0.16	-

#Below Rs. 0.01 crore.

h) Outstanding balances

	Balances	(Rs. in crore)	
		As at March 31, 2022	As at March 31, 2021
IDFC Investment Managers (Mauritius) Limited	Outstanding investments as at year end (net of impairment)	0.30	0.82
IDFC IEH Tactical Fund	Outstanding receivable as at year end	0.02	0.45
IDFC IEH Conservative Fund	Outstanding receivable as at year end	0.06	0.04
	Outstanding investments as at year end	30.00	30.00
IDFC First Bank Limited (Formerly IDFC Bank Limited)	Current account balance	0.18	0.20
	Current account balance (Investor Education and Awareness)	2.89	2.08

38 IMPACT OF COVID 19

The Company is in the business of providing asset management services and portfolio management services. The Company's operations are included in essential services and have continued through the COVID situation. The Company has made an assessment of its liquidity position applying stress scenarios. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements.

The Company has further assessed the recoverability and carrying value of its assets comprising Investments, Property, Plant and Equipment, Intangible assets and other assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial Statements, other than those already considered.

39 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 does not have any borrowings from banks and financial institutions on the basis of security of current assets.

iii) Wilful defaulter

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

iv) Relationship with struck off companies

To the best of our knowledge, the Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

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.

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.

a) Financial ratios

Ratio	Numerator	Denominator	March 31, 2022 (a)	March 31, 2021 (b)	Variance (a-b)	Variance unit
Current Ratio	Current assets	Current liabilities	1.90	4.22	(2.32)	turns
Return on equity ratio	Net profit after tax reduced by preference dividend (if any)	Average shareholders equity	45.64%	45.56%	0.08%	percentage points
Trade receivables turnover ratio	Total sales	Closing trade receivable	29.81	27.45	2.36	turns
Trade payables turnover ratio	Total purchases	Closing trade payable	7.27	6.68	0.59	turns
Net capital turnover ratio	Sales	Working capital	3.83	1.27	2.56	turns
Net profit ratio	Net profit after tax	Sales	44.23%	41.12%	3.11%	percentage points
Return on capital employed	Earnings before interest and tax	Average Capital employed	57.46%	56.64%	0.82%	percentage points
Return on investment	Earnings before interest and tax	Average total assets	55.66%	43.49%	12.17%	percentage points
Debt-equity Ratio	Total debt	Total Equity	NA	NA	-	Not applicable
Debt Service Coverage Ratio	Net profit after tax plus depreciation and interest	Total debt	NA	NA	-	Not applicable
Inventory Turnover Ratio	COGS	Average Inventory	NA	NA	-	Not applicable

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Reason for variance for more than 25%

- i) Current ratio: Decrease is due to decrease in investments on account of dividend distribution during the year and increase in current liabilities on account of increase in statutory dues mainly TDS on Dividend paid in March.
- ii) Net capital turnover ratio: Increase is due to increase in revenue from operations and decrease in working capital mainly due to decrease in investments on account of dividend distribution during the year.
- iii) Return on investment: Increase is due to increase in earning before interest and tax due to increase in revenue from operations. The average total assets have also decreased due to due to dividend distribution during the year.

b) Other regulatory information

- i) The Company does not hold any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee).
- ii) There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- iii) There are no borrowings obtained by the Company from banks and financial institutions.

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration No. 304026E/E-300009

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

Sharad Vasant

Partner
Membership Number : 101119

Veena Mankar

Director
DIN: 00004168
Mumbai, May 9, 2022

Ritu Anand

Director
DIN: 05154174
Mumbai, May 9, 2022

Nirav Sanghavi

Company Secretary
Mumbai, May 9, 2022

Piyush Anchliya

Chief Financial Officer
Mumbai, May 9, 2022

Vishal Kapoor

Chief Executive Officer
Mumbai, May 9, 2022

Mumbai, May 9, 2022