



NOTICE OF ANNUAL GENERAL MEETING TO MEMBERS

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting of the Members of LIC Mutual Fund Asset Management Limited will be held on Monday, 26th July 2021 at 11.30 a.m. through Video Conferencing. The venue of the Meeting shall be deemed to be the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2021 and the Balance Sheet as on that date, together with the Cash Flow Statement, Notes, Reports of the Board of Directors' and Auditors' thereon.
2. To re-appoint Mr. Viswanatha Yerur Gowd (DIN: 09048488), Nominee Director who retires by rotation and being eligible, offer himself for re-appointment.
3. To declare final dividend of Rs. 1000/- per equity share of the Company for the Financial Year ended 31st March 2021.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 197, 203 and Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof), consent of the Members be and is hereby accorded to approve the maximum remuneration, perquisites, bonus, benefits and amenities payable to Mr. Dinesh Pangtey, Whole-time Director and Chief Executive Officer for the financial year 2021-22

A. Gross Salary: Rs. 37,68,684/-

B. Perquisites: Rs. 7,50,000/-

C. Performance Link Incentive for Financial Year 2020-21 payable in financial year 2021-22: Rs.31,07,508/-

D. Arrears (From Aug- 2017 to March-2021): Rs. 23,55,557

LIC Mutual Fund Asset Management Ltd.

Investment Managers to LIC Mutual Fund

Industrial Assurance Building, 4th Floor,
Opp. Churchgate Station, Mumbai-400 020.

Board : +91 22 6601 6000

Fax : +91 22 2288 0633 / 2204

Web : www.licmf.com

CIN : U67190MH1994PLC077858



- E. LTC: Rs. 1,00,000
 - F. Reimbursement of Mobile & Landline: Rs. 15,000/-
 - G. Contribution to Provident Fund & Other Fund: Rs. 2,48,220/-
 - H. Reimbursement of Fuel Expenses (Mileage): Rs. 20,000/-
 - I. Reimbursement of Car Maintenance Expenses (Major Repair): Rs. 25,000/-
 - J. Rental Car: Rs. 6,60,000/-
 - K. Entertainment Expenses (Pantry Expense/Petty Cash): Rs. 20,000/-
 - L. Internet Charges for Residence: Rs. 18,000/-
- The perquisites shall be valued as per the Income Tax Act, 1961, wherever applicable.

Benefits and Amenities:

- A. Gratuity: Benefits in accordance with the rules and regulations in force in the Company from time to time.
- B. Leave as per the practices, rules and regulations in force in the Company from time to time subject to applicable laws.
- C. Loan and Other Schemes: Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time subject to applicable laws.
- D. Other benefits and amenities: Such other benefits and amenities as may be provided by the Company from time to time.
- E. Reimbursement of costs, charges and expenses: The Company shall pay or reimburse and he shall be entitled to be paid and/or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

RESOLVED FURTHER THAT the Company will pay Mr. Dinesh Pangtey remuneration, perquisites, benefits and amenities exceeding the ceiling laid down in Schedule V of the Companies Act, 2013 as may be decided by the Board of Directors, subject to necessary sanctions and approvals.

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RESOLVED FURTHER THAT any of the Directors and/ or Company Secretary of the Company be and are hereby severally authorized to sign and file the e- forms, forms, agreements and/or any other documents for the purpose of the above resolution as and when required as per the provisions of the Companies Act, 2013 read with the Rules thereunder, including any statutory modification(s), amendments or re-enactments thereof if any and to do all such acts, deeds and things as may be necessary to give effect to the said resolution.”

Place: Mumbai

Date: 28th June 2021

By Order of the Board of Directors

SD/-

Mayank Arora

Chief Compliance, Financial Officer & Company Secretary

Registered Office:

LIC Mutual Fund Asset Management Limited

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NOTES:

1. Members are requested to bring their copies of the Annual Report for the meeting.
2. Corporate Members are requested to send a duly certified copy of the Board resolution/Authority Letter authorizing their representative to attend and vote at the Annual General Meeting.
3. Members seeking any information relating to the Accounts may write to the Chief Financial Officer at the Company's registered office at Industrial Assurance Building, 4th Floor, Opp. Churchgate Station, Mumbai – 400 020 or send an email at cs.co@licmf.com.
4. All the documents referred to in the Notice shall be available for inspection through electronic mode, basis the request being sent on cs.co@licmf.com.
5. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and also vide General Circular No. 02/2021 dated 13th January, 2021 has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) for this year.
6. The Company is pleased to inform that, AGM of the Company will be held through, the Two-way Video Conferencing facility.

The web-link of the meeting shall be provided separately. To access and participate in the meeting, shareholders and other participating stakeholders will be provided the link of the meeting in due course.

In case of any assistance with regards to using the technology before or during the meeting, please contact Mr. Prashant Thakkar – Executive Vice President (EVP) - Operations & Technology on 9820019388.

7. The proceedings of the meeting shall be recorded and shall be kept in the safe custody of the Company. Such recording shall be made available at the request of the members.
8. The notice of the Annual General Meeting is being sent by electronic mode to the members at e-mail addresses which are available with the Company.

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9. The facility for joining the meeting shall be kept open 15 minutes before the time scheduled to start the meeting and shall not be closed till the expiry of 15 minutes after the scheduled time of the meeting.
10. Attendance of members is allowed at the meeting through Video Conferencing and the same shall be counted for quorum as requirement for physical quorum has been dispensed with because of the ongoing pandemic of Covid-19, wherein maintaining and following the protocol of social distancing has been mandated by the Government. Therefore, proxy shall not be allowed to attend and vote at the meeting.
11. The Voting at the meeting shall be conducted by show of hands unless a poll in accordance with section 109 of the Companies Act, 2013 is demanded by any member.
12. The members can pose questions concurrently at the Meeting or they can submit questions or queries regarding the agenda items on the designated email address through which the notice has been sent.

Place: Mumbai

Date: 28th June 2021

By Order of the Board of Directors

SD/-

Mayank Arora

Chief Compliance, Financial Officer & Company Secretary

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EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (2) OF THE COMPANIES ACT, 2013 ANNEXED TO AND FORMING PART OF THIS NOTICE:

Item No. 4:

The Board of Directors of the Company have appointed Mr. Dinesh Pangtey as a Whole-time Director and Chief Executive Officer of the Company for a term of 5 (five) years commencing from 2nd May, 2019.

The Particulars of the information, pursuant to the provisions of Schedule V, Part II, Section II, clause (A) of the Companies Act, 2013 are as under:

1. General information:

- a) Nature of Industry: Mutual Fund Industry
- b) Date or expected date of commencement of Commercial Production: The Company is already in existence since 1994 and operations are in place.
- c) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: **NA**
- d) Financial performance based on given indicators for the financial year

(Rs. in lakhs)	
PARTICULARS	2020-21
Profit / (Loss) Before Income Tax	596.30
Less: Tax expense	-
Net Profit/ (loss) after Tax	596.30

- e) Foreign investments or collaborations, if any: **NA**

2. Information about Mr. Dinesh Pangtey:

- **Background details:**
- **Past remuneration** Paid during Financial year 2020-21 including Reimbursement and other benefits

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Sr. No.	Particulars of Remuneration	Amount
1.	Gross Salary including Bonus & Privilege Leave Encashment	Rs. 34,72,963/-
2.	Perquisite	Rs. 6,48,225/-
3.	Reimbursement of Mobile Phone & Landline	Rs. 14,000/-
4.	Contribution to Provident Fund & Other Fund	Rs. 1,51,248/-
5.	Reimbursement of Fuel Expenses	Rs. 10,000/-
6.	Rental Car	Rs. 5,09,029/-
7.	Entertainment Expenses (Pantry Expense/Petty Cash)	Rs. 12,000/-
8.	Internet Charges for Residence	Rs. 9,434/-
9.	Gratuity: Benefits in accordance with the rules and regulations in force in the Company from time to time.	
	TOTAL	Rs. 48,26,899/-

- **Recognition or awards: NA**
- **Job profile and his suitability: Mr. Dinesh Pangtey had a long and a Distinguished career at LIC of India wherein he served LIC of India in different capacities. In his last assignment he was the Director & CEO at LICHFL Asset Management Company, the Private Equity Vertical of LIC of India. Mr. Pangtey joined LIC Mutual Fund Asset Management Limited in May, 2019 as the Whole Time Director & CEO. Considering his vast experience in the Finance Industry in different roles, Mr. Dinesh Pangtey is suitable for the current role of Whole Time Director & CEO at LIC Mutual Fund Asset Management Limited.**

The maximum proposed Remuneration including Bonus, Perquisite & Reimbursements are as follows:

- A. Gross Salary: Rs. 37,68,684/-
- B. Perquisites: Rs. 7,50,000/-

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- C. Performance Link Incentive for Financial Year 2020-21 payable in financial year 2021-22: Rs. 31,07,508/-
 - D. Arrears (From Aug- 2017 to March-2021): Rs. 23,55,557/-
 - E. LTC: Rs. 1,00,000/-
 - F. Reimbursement of Mobile & Landline: Rs. 15,000/-
 - G. Contribution to Provident Fund & Other Fund: Rs. 2,48,220/-
 - H. Reimbursement of Fuel Expenses (Mileage): Rs. 20,000/-
 - I. Reimbursement of Car Maintenance Expenses (Major Repair): Rs. 25,000/-
 - J. Rental Car for CEO: Rs. 6,60,000/-
 - K. Entertainment Expenses (Pantry Expense/Petty Cash): Rs. 20,000/-
 - L. Internet Charges for Residence: Rs. 18,000/-
- Total: Rs. 1,10,87,969/-

Benefits and Amenities:

- A. Gratuity: Benefits in accordance with the rules and regulations in force in the Company from time to time.
- B. Leave as per the practices, rules and regulations in force in the Company from time to time subject to applicable laws.
- C. Loan and Other Schemes: Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time subject to applicable laws.
- D. Other benefits and amenities: Such other benefits and amenities as may be provided by the Company to other employees
- E. Reimbursement of costs, charges and expenses: The Company shall pay or reimburse and he shall be entitled to be paid and/or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

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The remuneration paid to Mr. Dinesh Pangtey is commensurate with the size of the company and the profile of the persons with respect to the industry the Company operates in.

Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any: Mr. Dinesh Pangtey is not directly or indirectly related with any managerial personnel or Director of the Company.

3. Other information:

- **Reasons of loss or inadequate profits:**

LIC Mutual Fund Asset Management Limited (“AMC”) operates its business in highly competitive and regulated Industry. AMC is the Investment Managers to LIC Mutual Fund. LIC Mutual Fund historically is perceived to be a Debt schemes focused fund house wherein the majority of the Asset under Management (“AUM”) is skewed towards Debt Funds wherein the Management Fees which is the revenue for AMC is comparatively lesser in comparison to Equity Funds.

- **Steps taken or proposed to be taken for improvement & Expected increase in productivity and profits in measurable terms**

Continuous efforts are being undertaken to improve the Equity schemes AUM and focus is to attract Equity AUM through Systematic Investment Plans (SIPs). Equity AUM accounts for higher Management fees for the AMC.

- **Expected increase in productivity and profits in measurable terms**

The Company expects to increase its productivity and profits in the future. The Profit and Loss Statement would show better numbers in the upcoming financial years.

The Board of Directors are of the opinion that the increase in remuneration of Mr. Dinesh Pangtey is in the best interest of the Company owing to his outstanding performance and contributions., the Board recommends the resolution set out in Item No. 4 for approval of the members.

Other than Mr. Dinesh Pangtey and his relatives, none of the other Directors, Key Managerial personnel or their relatives is interested or concerned in the proposed Resolution at Item No. 4 of this Notice.

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INDEPENDENT AUDITOR'S REPORT

To the Members of LIC Mutual Fund Asset Management Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **LIC Mutual Fund Asset Management Limited**. ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" to this report;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with requirements of Section 197(16) of the Act, as amended; In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position as at March 31, 2021 - Refer Note 28 to the Financial Statements;
 - ii. The Company did not have any Long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For V. C. Shah & Co.

Chartered Accountants

ICAI Firm Registration No.109818W

Sd/-

Viral J. Shah

Partner

Membership No.: 110120

UDIN: 21110120AAAACP9836

Place: Mumbai

Date: June 28, 2021

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT (Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records, showing full particulars including quantitative details and situation of property, plant and equipment.
- (b) Fixed Assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanation given by the management, there are no immovable properties of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the company.
- (ii) The Company’s business does not involve inventories and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanation given to us, there are no loans, investments, guarantee and securities given in respect of which provisions of section 185 and section 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of paragraph 3(v) of the Order are not applicable to the Company.
- (vi) To the best of our knowledge and as explained, Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013.
- (vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees’ state insurance, income tax, goods and services tax (GST), customs duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) There are no dues with respect to income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty which have not been deposited on account of any dispute, except for details given below:

Name of the statute	Nature of dues	Amount in Rupees	Period to which it relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax including interest as applicable	1,15,97,196	AY 2012-13	Commissioner of Income Tax-Appeals
The Income Tax Act, 1961	Income Tax including interest as applicable	26,34,190	AY 2013-14	Commissioner of Income Tax-Appeals

- (viii) Based on the audit procedure performed and the information and explanations given to us, the Company has not taken any loan either from banks, financial institutions or from the government and has not issued any debentures.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Companies Act, 2013.

- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management and audit procedures performed, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential offer of fully or partly convertible shares or debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For V. C. Shah & Co.

Chartered Accountants

ICAI Firm Registration No.109818W

Sd/-

Viral J. Shah

Partner

Membership No.: 110120

UDIN: 21110120AAAACP9836

Place: Mumbai

Date: June 28, 2021

Annexure “B” to the Independent Auditor’s Report of even date on the Financial Statements of LIC Mutual Fund Asset Management Limited (Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of LIC Mutual Fund Asset Management Limited ("the Company") as of March 31, 2021 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

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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility for Internal Financial Controls

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

A Company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these 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 Over Financial Reporting with Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls were operating effectively as at March 31, 2021, 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 V. C. Shah & Co.

Chartered Accountants

ICAI Firm Registration No.109818W

Sd/-

Viral J. Shah

Partner

Membership No.: 110120

UDIN: 21110120AAAACP9836

Place: Mumbai

Date: June 28, 2021

Balance Sheet

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial Assets			
Cash & Cash Equivalents	3	32,020.12	15,567.18
Bank balance other than Cash and cash equivalents	4	429,500.00	472,000.00
Receivables			
Trade Receivables	5	53,755.15	48,398.41
Investments	6	602,005.73	489,203.72
Other financial assets	7	15,080.22	21,942.41
		<u>1,132,361.22</u>	<u>1,047,111.72</u>
Non-Financial Assets			
Current Tax Assets (net)	8	92,168.91	138,515.43
Right of Use Assets	9	50,016.49	69,139.42
Property, Plant & Equipment	10	17,043.82	10,263.57
Other Intangible Assets	11	3,322.73	591.35
Other Non Financial assets	12	43,148.35	30,986.23
		<u>205,700.30</u>	<u>249,496.00</u>
Total Assets		<u>1,338,061.52</u>	<u>1,296,607.72</u>
LIABILITIES & EQUITY			
Financial liabilities			
Payables	13		
Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises			
- Total outstanding dues of creditors other than micro enterprises and small enterprises		51,030.16	43,558.31
Lease Liabilities	14	<u>57,527.99</u>	<u>73,978.36</u>
		108,558.15	117,536.67
Non-Financial liabilities			
Provisions	15	8,521.60	15,868.81
Other Non-Financial liabilities	16	<u>2,572.92</u>	<u>4,423.13</u>
		11,094.52	20,291.94
Equity			
Equity Share Capital	17	110,000.00	110,000.00
Other Equity	18	<u>1,108,408.85</u>	<u>1,048,779.11</u>
		1,218,408.85	1,158,779.11
Total Liabilities and Equity		<u>1,338,061.52</u>	<u>1,296,607.72</u>

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

The accompanying notes are an integral part of the financial statements

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

For V. C. Shah & Co.
Chartered Accountants
Firm Registration No : 109818W

For and on behalf of Board of Directors

Sd/-
Viral J. Shah
Partner
Membership No.: 110120

Sd/-
M R Kumar
Director
DIN: 03628755

Sd/-
Dinesh Pangtey
Whole Time Director &
Chief Executive Officer
DIN: 07517137

Sd/-
Mayank Arora
Chief Financial Officer and Company Secretary

Place : Mumbai
Date : 28th June 2021

Statement of Profit and Loss

Particulars	Note	Year Ended	
		March-21	March-20
Revenue from operations			
Fees and commission income	19	429,597.61	390,294.89
Net gain on fair value changes	20	67,262.36	5,838.78
Other income	21	29,144.93	34,474.87
Total revenue		526,004.90	430,608.54
EXPENSES			
Employee benefits expense	22	260,348.60	235,029.95
Finance cost	23	7,066.77	7,779.14
Depreciation & amortisation expenses	24	27,808.86	28,208.63
Other expenses	25	171,392.11	181,317.06
Total Expenses		466,616.34	452,334.78
PROFIT BEFORE TAX		59,388.56	(21,726.24)
Tax expenses			
Current tax		-	-
Adjustment in respect of current income tax of prior years		-	-
MAT credit entitlement		-	-
Deferred tax		-	-
PROFIT FOR THE YEAR		59,388.56	(21,726.24)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement gain/(loss) on defined benefit plans		(691.42)	(592.94)
Income tax on above			
Effect of measuring investment at fair value		932.60	-
Other Comprehensive Income for the year (net of tax)		241.18	(592.94)
Total Comprehensive Income for the year		59,629.74	(22,319.18)
EARNINGS PER EQUITY SHARE			
Weighted average number of equity shares (Nos.)		11,000	11,000
Basic and Diluted EPS (Rs.)		5.42	(2.03)
Face Value per share (Rs.)		10,000	10,000

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

The accompanying notes are an integral part of the financial statements

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

For V. C. Shah & Co.
Chartered Accountants
Firm Registration No : 109818W

For and on behalf of Board of Directors

Sd/-
Viral J. Shah
Partner
Membership No.: 110120

Sd/-
M R Kumar
Director
DIN: 03628755

Sd/-
Dinesh Pangtey
Whole Time Director &
Chief Executive Officer
DIN: 07517137

Place : Mumbai
Date : 28th June 2021

Sd/-
Mayank Arora
Chief Financial Officer and Company Secretary

LIC Mutual Fund Asset Management Limited**Cash Flow Statement**

(₹ in '000)

Particulars	Year ended	
	March 2021	March 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	59,629.74	(22,319.18)
Add/(Less) adjustments for:		
Depreciation and amortization expenses	27,808.86	28,208.63
Loss/(Profit) on sale of investments (net)	(68,194.96)	(5,838.78)
Loss/(Profit) on sale of fixed assets (net)	-	(28.23)
Interest on Bank deposits	(25,434.76)	(31,928.10)
Provision/(write back) for gratuity	(7,347.21)	4,232.79
Operating profit before working capital changes	(13,538.33)	(27,672.87)
Change in assets and liabilities		
(Increase)/decrease in trade receivables	(5,356.74)	50,070.12
(Increase)/decrease in other financial and non-financial assets	27,257.03	(57,312.65)
Increase /(decrease) in trade payables, other financial and non-financial liabilities and provisions	(10,828.73)	99,628.34
Cash generated from operations	(2,466.77)	64,712.93
Direct taxes (paid)/Refund (Net)	46,346.52	(26,111.72)
NET CASH FROM OPERATING ACTIVITIES	43,879.75	38,601.21
CASH FLOW FROM INVESTING ACTIVITIES		
Payment towards capital expenditure	(37,320.48)	(21,141.62)
Proceed on sale of fixed assets	-	28.23
Interest Received	12,000.73	9,451.26
Maturity/ (Investment) made in bank deposits	42,500.00	38,000.00
Investment in mutual fund units	(726,780.66)	(560,175.00)
Disposal of mutual fund units	682,173.61	507,300.00
NET CASH GENERATED BY INVESTING ACTIVITIES	(27,426.81)	(26,537.14)
CASH FLOW FROM FINANCIAL ACTIVITIES		
Payment of dividend	-	(5,500.00)
Payment of dividend distribution tax	-	(1,130.54)
NET CASH USED IN FINANCING ACTIVITIES	-	(6,630.54)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	16,452.94	5,433.53
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15,567.18	10,133.65
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	32,020.12	15,567.18

The accompanying notes are an integral part of the financial statements

This is the Cash flow statement referred to in our report of even date

For V. C. Shah & Co.
Chartered Accountants
Firm Registration No : 109818W

For and on behalf of Board of Directors

Sd/-
Viral J. Shah
Partner
Membership No.: 110120

Sd/-
M R Kumar
Director
DIN: 03628755

Sd/-
Dinesh Pangtey
Whole Time Director &
Chief Executive Officer
DIN: 07517137

Place : Mumbai
Date : 28th June 2021

Sd/-
Mayank Arora
Chief Financial Officer and Company Secretary

LIC Mutual Fund Asset Management Limited

Statement of changes in equity

a) Equity Share Capital

(₹ in '000)	
Particulars	Amount
Balance as at April 01, 2019	110,000.00
Add / (Less): Changes in equity share capital during the year	-
Balance as at March 31, 2020	110,000.00
Add / (Less): Changes in equity share capital during the year	-
Balance as at March 31, 2021	110,000.00

b) Other equity

	Reserves & Surplus			Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings		
Balance as at March 31, 2019	790,000.00	519,640.00	(240,951.80)	9,040.63	1,077,728.83
Profit for the year	-	-	(21,726.24)	-	(21,726.24)
Other comprehensive income (net of tax)	-	-	-	(592.94)	(592.94)
Total comprehensive income	-	-	(21,726.24)	(592.94)	(22,319.18)
Dividend on equity shares	-	-	(5,500.00)	-	(5,500.00)
Dividend distribution tax	-	-	(1,130.54)	-	(1,130.54)
Balance as at March 31, 2020	790,000.00	519,640.00	(269,308.58)	8,447.68	1,048,779.11
Profit for the year	-	-	59,388.56	-	59,388.56
Other comprehensive income (net of tax)	-	-	-	241.18	241.18
Total comprehensive income	-	-	59,388.56	241.18	59,629.74
Dividend on equity shares	-	-	-	-	-
Balance as at March 31, 2021	790,000.00	519,640.00	(209,920.02)	8,688.86	1,108,408.84

For V. C. Shah & Co.
Chartered Accountants
Firm Registration No : 109818W

Sd/-
Viral J. Shah
Partner
Membership No.: 110120

Place : Mumbai
Date : 28th June 2021

For and on behalf of Board of Directors

Sd/-
M R Kumar
Director
DIN: 03628755

Sd/-
Mayank Arora
Chief Financial Officer and Company Secretary

Sd/-
Dinesh Pangtey
Whole Time Director &
Chief Executive Officer
DIN: 07517137

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

1. Company Information and Basis of preparation of financial statements

1.1. Company Information

LIC Mutual Fund Asset Management Limited was incorporated on April 20, 1994 under The Companies Act, 1956. The registered and corporate office of the company is situated at 4th Floor, Industrial Assurance Building, Opp. Churchgate station, Mumbai – 400020.

The principal activity of the Company is to act as an Investment management advisor to LIC Mutual Fund ('the Fund'). The Company manages the investment portfolio and provides various administrative services to the Fund.

The Company also provides portfolio management services ('PMS') to clients under Securities and Exchange Board of India (portfolio managers) Regulations, 1993 (as amended).

The functional and presentation currency of the Company is Indian Rupees (INR) which is the currency of the primary economic environment in which the company operates.

1.2. Basis of preparation of financial statements

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as "Ind AS") as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI).

The financial statements have been prepared on a historical cost convention, except for certain items that have been measured at fair values at the end of each reporting period as required by the relevant Ind AS:

- (i) Certain Financial assets and liabilities measured at fair value.
- (ii) Defined benefits plan - Plan assets measured at fair value.

1.3. Presentation of financial statements

The company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to The Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 32.

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

2. Significant Accounting Policies

2.1. Use of estimates and critical accounting judgements

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

i) Property, plant and equipment and Intangible assets:

Management reviews the estimated useful lives and residual value of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are as per Schedule II of the Companies Act, 2013 or are based on company's historical experience with similar assets and considering anticipated technological changes, whichever is more appropriate.

ii) Income Tax:

The company reviews at each Balance Sheet date the carrying amount of deferred tax assets. The factors used in estimates may defer from actual outcome which could lead to an adjustment to the amounts reported in the financial statements.

iii) Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year in respect of contingencies / claims / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

iv) Defined benefit obligation:

The cost of post-employment benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these plans such estimates are subject to significant uncertainty.

v) Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

2.2. Amendments issued by MCA:

On 24th March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1st April 2021. Key amendments relating to Division III which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

2.3. Property, plant and equipment.

Property, Plant & Equipment are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation and accumulated impairment losses, if any. Gains or losses arising from derecognition of property, plant and equipment are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation upto the date of disposal and are recognised in the statement of profit and loss when asset is derecognised. Leasehold Improvements are shown at historical cost less accumulated depreciation.

Subsequent cost incurred on an item of property, plant and equipment is recognized in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance expenses are recognized in Profit and Loss account as and when incurred.

Depreciation on Property, Plant & Equipment

Depreciation on tangible assets is provided on the straight-line method over the useful life of assets estimated by the management. Depreciation for assets purchased/sold during the year is proportionately charged.

As per the requirement of Schedule II of The Companies Act, 2013, the company has evaluated the useful lives of the respective Property, Plant & Equipment which are as per the provisions of Part C of the Schedule II for calculating the depreciation. The estimated useful lives for the assets are as follows:

Property, Plant and Equipment	Estimated Useful Life
Furniture and fittings	10 years
Office equipments	5 years
Computers	3 years
Vehicles ^(a)	5 years
Leasehold improvement	Over the period of lease or useful life, whichever is less

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

(a) based on management estimates, the useful life as given above represents the period over which the Management expects to use these assets. Hence the useful life for these assets is different from the useful life as prescribed under Schedule Part C of II of the Companies Act, 2013.

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end.

2.4. Intangible assets and amortization

Intangible assets comprising of system softwares, are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation and impairment, if any.

Amortization of intangible assets:

Intangible assets are amortized using straight line method over the useful lives as under:

Intangible asset	Estimated Useful Life
Computer software	3 years

2.5. Revenue Recognition

Revenue (other than those items to which Ind AS 109 Financial Instruments are applicable) is measured at transaction price i.e. the amount of consideration to which the company expects to be entitled in exchange for transferring promised services to the customer, excluding amounts collected on behalf of third parties. The company consider the terms of the contract and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Company excludes the estimates of variable consideration that are constrained. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

i) Revenue from Operations

Investment management fees are accounted on accrual basis in accordance with the Investment Management Agreement and are dependent on the net assets value as recorded by the schemes of LIC Mutual Fund.

Portfolio management fees are recognised, on accrual basis, in accordance with the terms of agreement with respective clients.

Revenue from advisory services is accounted, on accrual basis, based on the terms of agreement with the clients.

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

ii) Other Income

The profit/(loss) on sale of investments are recognised in the Statement of Profit and Loss on the date of trade and determined using the First-In-First-Out (FIFO) basis for individual security.

Interest income is recognised using the time-proportion method, based on the rate implicit in the transaction.

Dividend is recognised when right to receive dividend is established.

2.6. Employee benefits

i) Short term employee benefits

All short term employee benefits such as salaries, incentives, medical benefits which are expected to be settled wholly within 12 months after the end of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the statement of profit and loss.

Post-employment benefits:

i) Defined contribution plan

Provident Fund - The Company contributes to recognised provident fund scheme, which is defined contribution scheme. The company has no further obligation beyond making the contributions. The contributions are recognised on accrual basis and charged to Statement of Profit and Loss.

ii) Defined benefit plan

Gratuity - Gratuity for employees is covered by Gratuity Scheme with Life Insurance Corporation of India and the contribution thereof is paid/provided for. Provision for Gratuity is made on the basis of actuarial valuation on Projected Unit Credit Method as at the end of the year. Actuarial gain and losses are recognized in full in the other comprehensive income for the period in which they occur. Past service costs both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in the future contributions to the scheme.

2.7. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the 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. Information on contingent liabilities is disclosed in the financial statements.

Contingent assets are not recognised, but disclosed in the financial statements, if any. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

2.8. Income taxes

Income Tax expense comprises current tax expense and the net change in deferred tax assets or liabilities during the year. Current and deferred taxes are recognized in statement of profit and loss except when they relate to items that are recognized in the comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or equity respectively.

Current Income Taxes

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after offsetting advance tax paid and income tax provisions arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the assets and liabilities on net basis.

Deferred Income Taxes

- i) Deferred Income tax is recognized using the Balance Sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and effects neither accounting nor taxable profit or loss at the time of transaction.
- ii) Deferred income tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and unused tax losses can be utilised.
- iii) The carrying amount of deferred income taxes is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient profit will be available to allow all or part of deferred income tax asset to be utilised.
- iv) Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

- v) Deferred tax assets or liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

2.9. Financials Instruments

i) Date of recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

ii) Initial measurement of financial instrument

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

iii) Classification of financial instruments

The company classifies all the financial assets based on business model for managing the assets and the assets contractual terms, measured at either:

a) Financial assets at amortized cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

c) Financial assets at fair value through profit or loss (FVTPL)

Investments in mutual fund units are measured at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income on initial recognition.

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

iv) Impairment of financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

v) De-recognition of financial assets

A financial asset is de-recognised only when:

- a) The company has transferred the rights to receive cash flows from the financial asset or
- b) Retains the contractual rights to receive cash flows of the financial asset but assumed a contractual obligation to pay the cash flows to one or more recipients.

vi) Investment in mutual funds

The company subsequently measures all the mutual fund investments at FVTPL as these financial assets do not pass the contractual cash flow test as required by Ind AS 109 – Financial Instruments, for being designated at amortised cost or FVTOCI, hence classified at FVTPL.

2.10. Earnings per share

Basic earnings per share is computed by dividing the net profit or loss after tax attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the net profit or loss after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.11. Other financial liabilities

Financial liabilities are initially recognized at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial recognition is recognized as an asset / liability based on underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost.

2.12. Offsetting financial instruments

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

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

2.13. Leases

The Company has applied IND AS 116 using the prospective approach.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. For leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments

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 that 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.

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.

Payments 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.

2.14. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the period ended March 31, 2021

2.15. Segment Reporting

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

2.16. Distribution and Scheme Overrun Expenses

i) New Fund Offer Expenses

Expenses relating to the new fund offer are charged to Statement of Profit and Loss in the year in which such expenses are incurred.

Notes to Financial Statements for the year ended March 31, 2021

3 Cash and cash equivalents

Particulars	(₹ in '000)	
	As at March 31, 2021	As at March 31, 2020
Balances with banks		
In current accounts	2,020.12	15,567.18
In fixed deposits	30,000.00	-
	<u>32,020.12</u>	<u>15,567.18</u>

4 Bank balance other than cash and cash equivalents

Particulars	(₹ in '000)	
	As at March 31, 2021	As at March 31, 2020
Fixed deposits	429,500.00	472,000.00
	<u>429,500.00</u>	<u>472,000.00</u>

5 Trade Receivables

Particulars	(₹ in '000)	
	As at March 31, 2021	As at March 31, 2020
Receivable Considered good - Unsecured	53,755.15	48,398.41
Gross	53,755.15	48,398.41
Less: Impairment Loss Allowance	-	-
	<u>53,755.15</u>	<u>48,398.41</u>

Neither trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person, nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

6 Investments

Particulars	No. of Units		Amount (₹ in '000)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Investments measured at FVTPL				
Units of LIC Mutual Fund (Face value of Rs. 10 each) - Quoted				
G Sec. Long Term Exchange Traded Fund	400,000.000	400,000.000	8,702.44	8,244.00
Exchange Traded Fund - Nifty 50 - Growth Plan	63,641.000	63,641.000	9,885.01	5,735.63
Exchange Traded Fund - Sensex - Growth Plan	19,123.000	19,123.000	10,076.41	5,942.12
Exchange Traded Fund - Nifty 100 - Growth Plan	65,774.000	65,774.000	10,194.90	5,975.47
Units of LIC Mutual Fund (Face value of Rs 10 each) - Unquoted				
Bond Fund - Direct Growth Plan	127,425.870	127,425.870	7,569.58	7,130.62
Banking & Financial Services Fund- Direct Growth Plan	400,944.113	400,944.113	5,259.67	3,282.73
Equity Hybrid Fund - Direct Growth Plan	19,906.093	19,906.093	2,647.20	1,903.56
Children's Gift Fund - Direct Plan	33,994.411	33,994.411	771.88	528.84
Flexi Cap Fund - Direct Growth Plan	123,307.907	123,307.907	7,499.36	5,054.19
Large Cap Fund - Direct Growth Plan	244,495.191	244,495.191	8,921.95	5,876.56
Govt. Securities Fund - Direct - Regular Growth Plan	131,986.687	131,986.687	6,762.73	6,320.06
Index Fund Sensex Plan -Direct Growth Option	34,694.470	34,694.470	3,322.11	1,975.92
Index Fund Nifty Plan -Direct Growth Option	42,450.858	42,450.858	3,572.36	2,092.07
Infrastructure Fund - Direct Growth Plan	412,752.398	412,752.398	7,737.08	4,525.79
Banking & PSU Debt Fund - Direct Growth Plan	273,179.260	273,179.260	7,897.50	7,369.56
Large & Midcap Fund - Direct Growth Plan	519,755.923	519,755.923	10,892.27	6,685.20
Debt Hybrid Fund - Direct Growth Plan	113,613.641	113,613.641	7,667.52	6,758.13
Savings Fund- Direct Growth Plan	228,006.494	228,006.494	7,552.60	7,020.39
Tax Plan - Direct Growth Plan	59,109.721	59,109.721	5,224.00	3,371.78
ULIS - Direct - Single Premium 10 Years	346,293.962	346,293.962	8,255.13	5,590.85
Arbitrage Fund	499,380.768	499,380.768	5,552.37	5,379.23
Short Term Debt Fund	496,386.308	496,386.308	5,946.66	5,538.43
Overnight Fund	4,994.187	4,994.187	5,326.58	5,171.16
Ultra Short Term fund	4,991.910	4,991.910	5,287.69	5,075.97
Savings Fund-Direct - Growth Plan Option	9,938,337.488	10,060,539.649	329,202.46	309,767.03
Units of LIC Mutual Fund (Face value of Rs 1,000 each) - Unquoted				
Liquid Fund - Direct Growth Plan	1,959.043	1,959.043	7,320.70	7,060.07
Liquid Fund - Direct Growth Plan	26,907.482	13,417.195	100,549.97	48,353.36
Equity Shares of MF Utilities (Face value of Rs 1 each) - Unquoted*	500,000.000	500,000.000	2,407.60	1,475.00
			<u>602,005.73</u>	<u>489,203.72</u>

Notes to Financial Statements for the year ended March 31, 2021

	(₹ in '000)	
Particulars	As at March 31, 2021	As at March 31, 2020
Aggregate amount of quoted investments (Market value)	38,858.76	25,897.21
Aggregate amount of unquoted investments (Market value)	560,739.38	461,831.51
Aggregate amount of unquoted investments	2,407.60	1,475.00
* Valuation based on latest available balance sheet		

7 Other financial assets

	(₹ in '000)	
Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	1,521.01	1,509.08
Other deposits	316.45	316.45
Interest accrued but not due	13,242.76	20,116.88
	<u>15,080.22</u>	<u>21,942.41</u>

8 Current Tax (net)

	(₹ in '000)	
Particulars	As at March 31, 2021	As at March 31, 2020
Advance income-tax (net of provision for tax)	92,168.91	138,515.43
	<u>92,168.91</u>	<u>138,515.43</u>

9 Right of Use Assets

	(₹ in '000)	
Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance of Right of Use Assets	69,139.42	-
Add: Additions (including security deposit)	6,657.92	88,992.11
Less: Disposals & transfers	(6,848.69)	-
Less: Depreciation during the year	(18,932.16)	(19,852.69)
	<u>50,016.49</u>	<u>69,139.42</u>

Notes to Financial Statements for the year ended March 31, 2021

(₹ in '000)

10 Property, Plant and Equipment	Leasehold improvements	Office equipments	Computer	Furniture & Fittings	Motor vehicles	Total (A)
Reconciliation of carrying amount						
Gross Block						
Balance as at April 01, 2019	31,915.77	13,920.82	68,907.43	5,791.11	997.42	121,532.55
Additions	191.44	549.30	223.20	-	-	963.94
Disposals	-	-	-	-	-	-
Balance as at March 31, 2020	32,107.21	14,470.12	69,130.63	5,791.11	997.42	122,496.49
Balance as at April 01, 2020	32,107.21	14,470.12	69,130.63	5,791.11	997.42	122,496.49
Additions	318.37	294.52	12,943.20	510.04	-	14,066.13
Disposals	-	-	-	-	-	-
Balance as at March 31, 2021	32,425.58	14,764.64	82,073.82	6,301.15	997.42	136,562.61
Accumulated depreciation and impairment losses						
Balance as at April 01, 2019	28,047.97	7,748.99	63,536.53	4,635.35	997.42	104,966.26
Depreciation for the year	646.14	1,980.78	4,297.59	342.14	-	7,266.65
Disposals	-	-	-	-	-	-
Balance as at March 31, 2020	28,694.11	9,729.77	67,834.12	4,977.49	997.42	112,232.91
Balance as at April 01, 2020	28,694.11	9,729.77	67,834.12	4,977.49	997.42	112,232.91
Depreciation for the year	564.10	1,878.35	4,325.17	518.25	-	7,285.88
Disposals	-	-	-	-	-	-
Balance as at March 31, 2021	29,258.21	11,608.12	72,159.29	5,495.74	997.42	119,518.79
Carrying amounts (net)						
At March 31, 2020	3,413.10	4,740.34	1,296.51	813.62	-	10,263.57
At March 31, 2021	3,167.37	3,156.51	9,914.53	805.41	-	17,043.82

(₹ in '000)

11 Other Intangible Assets	Computer Software
Reconciliation of carrying amount	
Gross Block	
Balance as at April 01, 2019	91,466.85
Additions	325.00
Disposals	-
Balance as at March 31, 2020	91,791.85
Balance as at April 01, 2020	91,791.85
Additions	4,322.20
Disposals	-
Balance as at March 31, 2021	96,114.05
Accumulated depreciation and impairment losses	
Balance as at April 01, 2019	90,111.21
Depreciation for the year	1,089.29
Impairment loss	-
Disposals	-
Balance as at March 31, 2020	91,200.50
Balance as at April 01, 2020	91,200.50
Depreciation for the year	1,590.82
Reversal of impairment loss	-
Disposals	-
Balance as at March 31, 2021	92,791.32
Carrying amounts (net)	
At March 31, 2020	591.35
At March 31, 2021	3,322.73

12 Other non financial assets

Particulars	(₹ in '000)	
	As at March 31,	
	2021	2020
Prepaid expenses	33,871.78	15,566.20
Advances recoverable	1,468.12	5,844.69
Statutory dues (Input tax credit)	7,808.45	9,575.35
	<u>43,148.35</u>	<u>30,986.23</u>

13 Trade payables

Particulars	(₹ in '000)	
	As at March 31,	
	2021	2020
Total outstanding dues of micro and small enterprises#	-	-
Total outstanding dues of other than micro and small enterprises	51,030.16	43,558.31
	<u>51,030.16</u>	<u>43,558.31</u>

There are no dues to micro, small and medium enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

14 Lease Liabilities

Particulars	(₹ in '000)	
	As at March 31,	
	2021	2020
Opening balance of Lease liability	73,978.36	-
Add: Additions	6,653.59	88,852.44
Less: Deletions	(6,848.69)	-
Add: Interest on lease liability during the year	7,066.77	7,779.14
Less: Rent payment during the year	(23,322.04)	(22,653.22)
	<u>57,527.99</u>	<u>73,978.36</u>

15 Provisions

Particulars	(₹ in '000)	
	As at March 31,	
	2021	2020
Provision for gratuity	5,405.04	12,752.25
Provision for contingencies	3,116.57	3,116.57
	<u>8,521.60</u>	<u>15,868.81</u>

16 Other non-financial liabilities

Particulars	(₹ in '000)	
	As at March 31,	
	2021	2020
Statutory dues	2,572.92	4,423.13
	<u>2,572.92</u>	<u>4,423.13</u>

Notes to Financial Statements for the year ended March 31, 2021

17 Share capital

Particulars	(₹ in '000)	
	As at March 31, 2021	2020
Authorised:		
25,000 equity shares of ₹10,000 each	250,000.00	250,000.00
Issued, subscribed and paid up:		
11,000 equity shares of ₹10,000 each, fully paid up	110,000.00	110,000.00
	<u>110,000.00</u>	<u>110,000.00</u>

- a) The reconciliation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period are as follows:

Particulars	No. of shares		Amount (₹ in '000)	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Opening number of shares outstanding	11,000	11,000	110,000.00	110,000.00
Add : Shares issued during the year	-	-	-	-
Closing number of shares outstanding	<u>11,000</u>	<u>11,000</u>	<u>110,000.00</u>	<u>110,000.00</u>

- b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10,000 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any is proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- c) Details of shareholders holding more than 5% shares are as follows:

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% held	No. of shares	% held
Equity shares of ₹ 10,000 each fully paid:				
LIC of India and its nominees (Associate)	4,950	45.00%	4,950	45.00%
LIC Housing Finance Limited (Associate)	4,323	39.30%	4,323	39.30%
GIC Housing Finance Limited	1,287	11.70%	1,287	11.70%

- d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

As at March 31	
2021	2020
-	-

- e) Aggregate number of shares allotted as bonus shares during the period of five years immediately preceding the reporting date

-	-
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- f) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date

-	-
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18 Other Equity

Particulars	(₹ in '000)	
	As at March 31, 2021	2020
Securities premium account	790,000.00	790,000.00
General reserve:		
Balance as at the beginning of the year	519,640.00	519,640.00
Add: transferred from surplus	-	-
Balance as at the end of the year	<u>519,640.00</u>	<u>519,640.00</u>
Surplus/(Deficit) in the Statement of Profit and Loss:		
Balance as at the beginning of the year	(260,860.89)	(231,911.17)
Add: Profit for the year	59,629.74	(22,319.18)
Less: Dividend	-	(5,500.00)
Less: Income tax on dividend	-	(1,130.54)
Balance as at the end of the year	<u>(201,231.15)</u>	<u>(260,860.89)</u>
	<u>1,108,408.85</u>	<u>1,048,779.11</u>

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the year ended March 31, 2021
19 Fees and commission income

Particulars	Year Ended	
	March-21	March-20
Management fees from mutual fund	420,981.11	380,899.47
Portfolio management fees	8,616.50	9,395.41
	<u>429,597.61</u>	<u>390,294.89</u>

20 Net gain on fair value changes

Particulars	Year Ended	
	March-21	March-20
Unrealised gain on Investment	31,998.87	12.40
Realised gain on Investment	35,263.49	5,826.38
	<u>67,262.36</u>	<u>5,838.78</u>

21 Other income

Particulars	Year Ended	
	March-21	March-20
Profit on sale of fixed assets	-	28.23
Interest income		
Bank deposits	25,434.76	31,928.10
Security deposit	33.85	34.45
Interest on income tax refund	3,660.14	-
Other non-operating income	16.17	120.47
Withheld commission provision written back	-	2,363.62
	<u>29,144.93</u>	<u>34,474.87</u>

22 Employees benefit expense

Particulars	Year Ended	
	March-21	March-20
Salaries, allowances and bonus	233,636.12	210,262.11
Staff welfare expenses	6,672.53	8,395.33
Contribution to provident and other funds	11,962.44	11,794.46
Leave encashment	349.06	133.25
Gratuity	7,728.45	4,444.80
	<u>260,348.60</u>	<u>235,029.95</u>

As per Ind AS 19 'Employee Benefits', the disclosure of Employee benefits as defined in the Standard are given below

a) Defined Contribution Plan:

The Company has recognized the following amount in the statement of profit and loss towards contribution to defined contribution plan which are included under contribution to provident and others funds:

Company contribution to provident and pension fund	Year Ended	
	March-21	March-20
Provident fund	11,383.97	11,342.08
Pension fund	578.46	452.38
	<u>11,962.44</u>	<u>11,794.46</u>

b) Defined Benefit Plan:

The company has the following defined benefit plan

Particulars	Remarks
Gratuity	Funded

Asset information

Gratuity is administered through a trust fund set up with Life Insurance of India

Particulars	As at March 31,	
	2021	2020

i) Reconciliation of change in present value of the defined benefit obligation

Balance at the beginning of the year	23,408.08	19,175.29
Interest cost	1,573.11	1,465.33
Current service cost	3,177.40	3,106.23
Past service cost (vested benefits)	-	-
Benefit paid	(3,701.82)	-
Actuarial (gain) / loss on obligation	1,041.41	(338.76)
Balance at the end of the year	<u>25,498.17</u>	<u>23,408.08</u>
Current	207.79	343.28
Non current	25,290.38	23,064.80

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the year ended March 31, 2021

Particulars	(₹ in '000)	
	As at March 31,	
	2021	2020
ii) Reconciliation of change in fair value of the plan assets fund		
Opening fair value of plan assets	10,655.84	10,655.84
Adjustment to opening fair value of plan assets	(3,092.24)	-
Return on plan assets excluding interest income	349.99	(931.70)
Interest income	607.99	931.70
Contribution by employer	15,273.39	-
Contribution by employee	-	-
Benefit paid	(3,701.82)	-
Fair value of plan assets at end	<u>20,093.14</u>	<u>10,655.84</u>
iii) Past service cost recognised		
Past service cost (non vested benefits)	-	-
Past service cost (vested benefits)	-	-
Recognised past service cost (vested benefits)	-	-
iv) Amount to be recognized in the balance sheet		
Present value of obligations at end of the year	25,498.17	23,408.08
Fair value of plan assets at the end of the year	<u>20,093.14</u>	<u>10,655.84</u>
Net liability recognised in the balance sheet	<u>5,405.03</u>	<u>12,752.24</u>
v) Expenses recognised in the statement of profit and loss account		
Current service cost	3,177.40	3,106.23
Interest cost	965.12	533.62
Past service cost (vested benefits)	-	-
Settlement effect	-	-
Unrecognised past service cost - non vested benefit	-	-
Expenses to be recognised in the statement of profit and loss account	<u>4,142.52</u>	<u>3,639.85</u>
vi) Expenses recognised in Other Comprehensive Income (OCI)		
Actuarial (Gain)/Loss recognised for the period	1,041.41	(338.76)
Asset limit effect	-	-
Return on Plan Assets excluding net interest	(349.99)	931.70
Unrecognised actuarial (gain) / loss from previous period	-	-
Total actuarial (gain)/loss recognised in OCI	691.42	592.94
vii) Actuarial Assumption Per Annum		
Discount rate	6.70%	6.77%
Salary escalation	5.00%	5.00%
Retirement age	58 Years	58 Years
Attrition rate:		
Past service 0 to 5 years	10.00%	10.00%
viii) Sensitivity analysis		
Discount rate + 1%	22,399.78	20,538.70
Discount rate - 1%	29,156.95	26,805.58
Salary escalation increase rate +1 %	29,027.73	26,712.34
Salary escalation increase rate - 1 %	22,432.62	20,571.74
ix) Expected payout		
Expected outgo		
Year 1	207.79	343.28
Year 2	162.68	173.88
Year 3	224.02	156.34
Year 4	212.69	197.47
Year 5	203.23	179.89
Year 6-10	10,315.44	7,425.25

In respect of employees deputed from Life Insurance Corporation of India ("LIC"), gratuity expense is recorded as per terms agreed with LIC. Short term compensated absences are measured at the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

LIC Mutual Fund Asset Management Limited**Notes to Financial Statements for the year ended March 31, 2021****23 Finance cost**

Particulars	(₹ in '000)	
	Year Ended	
	March-21	March-20
Interest on lease liability	7,066.77	7,779.14
	<u>7,066.77</u>	<u>7,779.14</u>

24 Depreciation & amortization expense

Particulars	(₹ in '000)	
	Year Ended	
	March-21	March-20
Depreciation on Property, Plant and equipment	7,285.88	7,266.66
Depreciation on Right of use assets	18,932.16	19,852.69
Amortisation of intangible assets	1,590.82	1,089.28
	<u>27,808.86</u>	<u>28,208.63</u>

25 Other expenses

Particulars	(₹ in '000)	
	Year Ended	
	March-21	March-20
Rent, rates and taxes and electricity	7,468.92	8,069.21
Repair and maintenance	1,447.66	1,535.79
Communication cost	15,503.99	16,191.55
Brokerage	36.31	-
PMS brokerage	-	88.54
Printing & stationery	4,109.65	4,865.95
Advertising and Publicity	9,019.02	26,497.72
Director's fees, allowances and expenses	642.45	1,328.87
Auditor's fees and expenses		
- Statutory audit fees	550.00	550.00
- Other services	50.00	50.00
- Out of Pocket	5.36	8.48
Legal and Professional fees	24,942.27	20,855.45
Insurance	5,364.83	1,855.37
RTA expenses	8,611.35	9,732.03
Computer and software expenses	34,925.74	25,906.95
Fund accounting charges	6,713.18	6,053.08
Outsourced staff cost	37,156.78	36,068.32
Travelling & conveyance	7,240.75	13,679.26
Registration Fees	1,016.03	966.97
Other operating expenses	6,587.85	7,013.53
	<u>171,392.11</u>	<u>181,317.05</u>

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the year ended March 31, 2021
26 Leases

This note provides the information for lease and right of use assets where the company is a lessee.

Following are the changes in the carrying value of right of use assets:

Particulars	(₹ in '000)	
	As at March 31,	
	2021	2020
Lease Asset		
Gross Carrying amount		
Opening gross carrying amount	88,992.11	-
Additions (including security deposit)	6,657.92	88,992.11
Disposals & transfers	(6,848.69)	-
Closing gross carrying amount	88,801.33	88,992.11
Accumulated depreciation		
Opening accumulated depreciation	19,852.69	-
Depreciation charged (including security deposit)	18,932.16	19,852.69
Disposals and transfers	-	-
Closing accumulated depreciation	38,784.84	19,852.69
Net	50,016.49	69,139.42

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation in the statement of profit and loss.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 12%.

Following are the changes in the carrying value of Lease Liability:

Particulars	(₹ in '000)	
	As at March 31,	
	2021	2020
Lease liabilities:		
Balance as at beginning	73,978.36	-
Additions	6,653.59	88,852.44
Finance cost accrued during the period	7,066.77	7,779.14
Deletions	(6,848.69)	-
Less: Payment of lease liabilities	(23,322.04)	(22,653.22)
Balance as at end	57,527.99	73,978.36

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Particulars	(₹ in '000)	
	As at March 31,	
	2021	2020
Less than one year	10,529.06	12,190.83
One to five years	41,883.26	48,398.61
More than five years	5,115.67	13,388.93
Total	57,527.99	73,978.36

27 Related party disclosures

i) Related parties:

Associate Companies:

Life Insurance Corporation of India (LIC)

LIC Housing Finance Limited*

Key Management Personnel (KMP):

Dinesh Pangtey, Chief Executive Officer

Pawan Baheti, Chief Financial Officer (up to October 26, 2020)

M. Govindaraju, Chief Financial Officer

Mayank Arora, Company Secretary

Kailash Bang, Independent Director

Raghunandan Maluste, Independent Director

Sanjay Muthal, Independent Director

Satish K Kamat, Independent Director

Vijay Sharma, Independent Director

S. K. Mitra, Independent Director (Upto November 27, 2019) #

* No transactions during the year

#included in director sitting fees of FY 2019-20

ii) The related party transaction are as under :

	(₹ in '000)	
Particulars	2020-21	2019-20
Life Insurance Corporation of India (LIC)		
Transactions:		
Rent, rates and taxes & other operating expenses	20,942.89	23,002.03
Contribution to provident and other funds	787.52	679.34
Gratuity	496.84	548.66
Insurance expenses	1,151.65	264.71
Contribution to Gratuity Fund	15,000.00	-
Receivables and deposits:		
Advances recoverable in cash or kind	728.27	993.82
Key Management Personnel (KMP)		
Transactions:		
Remuneration#	11,623.44	10,060.78
Independent Directors of AMC		
Sitting fees to Independent Directors	600.00	800.00

The above figures do not include liability towards gratuity and leave encashment as separate figure for KMP are not available. Perquisites have been valued in accordance with the provisions contained in the Income Tax Rules, 1962.

LIC Mutual Fund Asset Management Limited**Notes to Financial Statements for the year ended March 31, 2021****28 Contingent liabilities and commitments (to the extent not provided for)**

Particulars	(₹ in '000)	
	As at March 31, 2021	As at March 31, 2020
Contingent liabilities		
Claims against the Company, not acknowledged as debts	*102,039.68	133,196.42
Commitments		
Estimated amount of unexecuted capital contracts (net of advance and deposit)	-	-

i) The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operation.

(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Company does not expect any demands in respect of the above contingent liabilities due to refunds outstanding for the past assessment years.

* Includes Rs 87,808.29 towards LIC Mutual Fund Unit Linked Insurance Scheme (LIC MF ULIS), which is a unique scheme introduced by LIC Mutual Fund prior to SEBI (Mutual Fund) Regulations came into effect. This scheme offers Life Insurance Cover, Accident Cover & Maturity & Loyalty Bonus to the investors. This scheme has been there since last more than 28 years. The scheme offers 5, 10 & 15 years terms with an option of installment payments ie. monthly & yearly frequency. In order to keep the eligibility of maturity bonus intact, the investor has to pay all the installments on time i.e., within days of grace as stipulated. If the investor discontinues before the maturity of the term by way of full or part redemption, or on account of death, the maturity/loyalty bonus stands forfeited.

In order to assess the maturity/loyalty bonus liability, an actuarial valuation is done as of Mar 21. As per the actuarial report, the value of the liability is estimated at Rs. 126,053.72 as of Mar 21. Out of this, a sum of Rs. 16,248.85 is due and needs to be funded upon the investor claiming the same. However, in LIC MF ULIS Scheme books, a provision of Rs. 38,245.43 is available as of Mar 21. Since there is a gap between the actuarial stated liability and the provision available in the LICMF ULIS Scheme books to the extent of Rs.87,808.29, a contingent liability of Rs.87,808.29 is disclosed.

29 Fair Value measurements

(₹ in '000)

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	Amortised cost	OCI	FVTPL	Amortised cost	OCI
Financial Assets						
Cash & Cash Equivalents	-	32,020.12	-	-	15,567.18	-
Bank balance other than Cash and cash equivalents	-	429,500.00	-	-	472,000.00	-
Trade Receivables	-	53,755.15	-	-	48,398.41	-
Investments	599,598.13	-	2,407.60	487,728.72	1,475.00	-
Other financial assets	-	15,080.22	-	-	21,942.41	-
	599,598.13	530,355.48	2,407.60	487,728.72	559,383.00	-
Financial liabilities						
Trade payables	-	51,030.16	-	-	43,558.31	-
Lease liabilities	-	57,527.99	-	-	73,978.36	-
	-	108,558.15	-	-	117,536.67	-

I. Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimate made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) 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 Indian Accounting standard. An explanation of each level is given below.

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. For example: listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, units of mutual fund) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

II. Valuation techniques used to determine fair value

Significant valuation techniques used to value financial instruments include:

The fair values for investment in mutual fund are based on the Net Asset Value ("NAV") declared by respective schemes and fair value of security deposits are based on discounted cash flows using a discount rate.

The carrying amounts of cash and cash equivalent, Bank balances other than cash and cash equivalents, trade receivables, unquoted mutual fund units, other financial assets, trade payables, other financial liabilities are considered to be approximately equal to the fair value.

III. Valuation Process

The finance department performs the calculations of financial assets and liabilities required for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the finance team at least once in a month.

Quoted mutual fund investment have been categorised into level 1 (recurring fair value measurement) and unquoted mutual fund investments are categorised into level 2 of fair value hierarchy. Unlisted equity shares are included in level 3.

IV. Fair value of financial instrument measured at amortised cost

Fair value of Financial asset and liabilities are equal to their carrying amount.

Note :

During the periods mentioned above, there have been no transfer amongst the levels of hierarchy.

Notes to Financial Statements for the year ended March 31, 2021

30 Financial risk management

The Company is exposed primarily to credit, liquidity and price risk which may adversely impact the fair value of its financial instrument. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by Board of Directors. The focus of the risk management is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the Company.

The Company's principal financial liabilities comprises of trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, cash and cash equivalents, bank balance other than cash and cash equivalents that are derived directly from its operations and investments.

A. Credit Risk

The Company is exposed to credit risk from its operating activities (primarily for trade receivables).

To manage credit risk, the Company follows a policy of providing 0-90 days credit to the customers basis the nature of customers. The credit limit policy is established considering the current economic trends of the industry in which the company is operating.

However, the trade receivables are monitored on a periodic basis for assessing any significant risk of non-recoverability of dues and provision is created accordingly.

Bank balances are held with only high rated banks.

Age of receivables that are pass due:

(₹ in '000)

Particulars	As at March 31	
	2021	2020
Upto 3 months	53,755.15	48,221.42
3-6 months	-	118.00
6-12 months	-	59.00
More than 12 months	-	-
Total	53,755.15	48,398.41
Provisions for expected credit loss	-	-

B. Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities viz. Trade payables, other financial liabilities.

Liquidity risk management

The Company's management is responsible for liquidity and funding as well as settlement management. In addition, process and policies related to such risks are overseen by management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows:

i) Maturities of non-derivative financial instruments

As at March 31, 2021

(₹ in '000)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Financial Liabilities				
Trade payable	51,030.16	-	-	51,030.16
Lease liabilities	10,529.06	41,883.26	5,115.67	57,527.99
Total	61,559.22	41,883.26	5,115.67	108,558.15

As at March 31, 2020

(₹ in '000)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Financial Liabilities				
Trade payable	43,558.31	-	-	43,558.31
Lease liabilities	12,190.83	48,398.61	13,388.93	73,978.36
Total	55,749.13	48,398.61	13,388.93	117,536.67

C. Market Risk

Market risk is the risk that the fairvalue of future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of foreign currency risk, interest rate risk and price risk.

i) Foreign currency risk

The company does not have exposure in foreign currency, hence it is not subjected to foreign currency risk

ii) Interest rate risk

Interest rate risk arises from the sensitivity of the financial liabilities to changes in market rate of interest.

The company carries the financial liabilities at amortised cost, hence are not subject to interest rate risk since the carrying amount and future cash flows will not fluctuate because of change in market interest rate.

iii) Price risk

The company is exposed to price risk from its investment in mutual funds, classified in the balance sheet at fair value through profit and loss.

The investments held by the company are ancilliary to the investment management business objective.

Sensitivity to price risk

The following table summarises the impact of sensitivity of NAVs with all other variables held constant. The below impact on the companies profit before tax is based on changes in the NAVs of mutual funds at balance sheet date.

Sensitivity to price risk	(₹ in '000)	
	As at March 31	
	2021	2020
Impact on profit before tax for 5% increase in NAV	30,100.29	24,460.19
Impact on profit before tax for 5% increase in NAV	(30,100.29)	(24,460.19)

31 Revenue from contracts with customers**a. Disaggregation of revenue**

Set out below is the disaggregation of revenue from contracts with customers and reconciliation to profit and loss account:

Particulars	Type of Service	
	Investment management fees	Portfolio management fees
Total Revenue from contracts with customers	420,981.11	8,616.50
Geographical Markets		
India	420,981.11	8,616.50
Outside India	-	-
Total Revenue from contracts with customers	420,981.11	8,616.50
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	420,981.11	8,616.50
Total Revenue from contracts with customers	420,981.11	8,616.50

b. Contract balances

Trade receivable are non-interest bearing balances having credit period of 0-90 days.

Balance	As at March, 31	
	2021	2020
Trade receivable		
Investment management fees	49,309.12	43,912.82
Portfolio managements fees	4,352.59	4,413.29
Recoverable from IEAP	93.45	72.30

c. Contract liabilities

There are no contract liabilities

d. Contract cost

There are no contract cost

e. Performance obligations

The performance obligation of the company is to provide investment asset management and portfolio management services. The performance obligation of Company is satisfied at a point in time and payment is due within 0-90 days.

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the year ended March 31, 2021
32 Maturity Analysis of assets and liabilities:

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

(₹ in '000)

	As at March 31, 2021			As at March 31, 2020		
Particulars	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	32,020.12	-	32,020.12	15,567.18	-	15,567.18
Bank balance other than cash and cash equivalents	429,500.00	-	429,500.00	472,000.00	-	472,000.00
Trade receivables	53,755.15	-	53,755.15	48,398.41	-	48,398.41
Investments	429,752.43	172,253.31	602,005.73	358,120.39	131,083.33	489,203.72
Other financial assets	13,242.76	1,837.45	15,080.22	20,116.88	1,825.53	21,942.41
Non-Financial assets						
Current tax assets (net)	-	92,168.91	92,168.91	-	138,515.43	138,515.43
Right of Use Assets	-	50,016.49	50,016.49	-	69,139.42	69,139.42
Property, plant and equipment	-	17,043.82	17,043.82	-	10,263.57	10,263.57
Intangible assets	-	3,322.73	3,322.73	-	591.35	591.35
Other non – financial assets	30,770.43	12,377.92	43,148.35	29,695.71	1,290.52	30,986.23
Total Assets	989,040.89	349,020.63	1,338,061.52	943,898.58	352,709.14	1,296,607.72
Liabilities						
Financial Liabilities						
Trade payable	51,030.16	-	51,030.16	43,558.31	-	43,558.31
Lease liabilities	10,529.06	46,998.93	57,527.99	12,190.83	61,787.54	73,978.36
Non Financial Liabilities						
Provisions	207.78	8,313.82	8,521.60	343.28	15,525.53	15,868.81
Other non financial liabilities	2,572.92	-	2,572.92	4,423.13	-	4,423.13
Total Liabilities	64,339.93	55,312.75	119,652.68	60,515.55	77,313.06	137,828.61

33 Income tax**Tax components of income tax expense**

(₹ in '000)

Particulars	Year ended March 31,	
	2021	2020
Current tax expense	-	-
Adjustments for current tax of prior period	-	-
MAT credit entitlement	-	-
Total tax expense	-	-

Reconciliation of total tax charge

(₹ in '000)

Particulars	Year ended March 31,	
	2021	2020
Profit before tax (including OCI)	59,629.74	*(22,319.18)
Tax rate	25.17%	
Tax as per above rate	15,008.80	
Effect of:		
Non deductible expenses	149.75	
Income not subject to tax	(16,054.13)	
Provisions for expenses	2,277.71	
Brought forward unabsorbed depreciation	-	
Current income tax of prior year	-	
Current year profit as per income tax provisions	(1,382.11)	
Tax charge for current year recorded in Profit & Loss Account	-	

*The Company had loss of Rs.22,319.18 in FY 2019-20. Hence, reconciliation of total tax charge is not provided.

The Company has elected to exercise the option of lower taxation under Section 115BAA of the Income-Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Bases which the tax provision has been considered in the current tax, no current year tax provision is required to be made since the company has accumulated losses to set off as permissible under the aforesaid section.

Deferred tax assets / (liabilities)

(₹ in '000)

Particulars	As at March 31,	
	2021	2020
Deferred tax assets attributable to		
Property, Plant & Equipment	4,302.67	4,818.80
Provision for gratuity	1,360.45	3,209.74
Provision for expenses	1,568.95	-
Lease accounting	1,890.64	-
Deferred tax assets	9,122.71	8,028.54
Deferred tax liability attributable to		
Financial assets measured at FVTPL	(8,054.11)	(3.12)
Financial assets measured at OCI	(234.74)	-
Deferred tax liability	(8,288.85)	(3.12)
Deferred tax asset / (liability)	833.86	8,025.42
Less: Brought forward unabsorbed depreciation	-	-
Total Deferred tax asset / (liability)	833.86	8,025.42

LIC Mutual Fund Asset Management Limited
Notes to Financial Statements for the year ended March 31, 2021
Movement in deferred tax assets / (liabilities)

(₹ in '000)

Particulars	Opening	Movement for the period 2020-21		Closing
		Recognised in profit or loss	Recognised in OCI	
Property, Plant & Equipment	4,818.80	(516.12)	-	4,302.67
Provision for gratuity	3,209.74	(1,849.29)	-	1,360.45
Provision for expenses	-	1,568.95	-	1,568.95
Lease accounting	-	1,890.64	-	1,890.64
Financial assets measured at FVTPL	(3.12)	(8,050.99)	(234.74)	(8,288.85)
Total Deferred tax asset / (liability)	8,025.42	(6,956.81)	(234.74)	833.86

(₹ in '000)

Particulars	Opening	Movement for the period 2019-20		Closing
		Recognised in profit or loss	Recognised in OCI	
Property, Plant & Equipment	4,763.91	54.88	-	4,818.80
Provision for gratuity	(2,370.12)	5,729.10	(149.24)	3,209.74
Financial assets measured at FVTPL	9,151.35	(9,154.47)	-	(3.12)
Total Deferred tax asset / (liability)	11,545.15	(3,370.49)	(149.24)	8,025.42

The Company has evaluated the Deferred Tax Asset and Deferred Tax Liability on the eligible components as required under Ind AS 12 – Taxes on income. The net outcome is coming to Deferred Tax Asset. Currently the Company has huge unabsorbed depreciation and carry forward losses under the Income tax laws. The Company has assessed the future position and is convinced to have a reasonable certainty of realizing the accumulated loss in future. However, the Company decided that it would be prudent that the net Deferred Tax Asset should not be recognized in the current year.

34 Capital Management
A. Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an optimal capital structure to reduce the cost of capital.

B. The capital compositions is as follows:

Particulars	As at March, 31	
	2021	2020
Total debt (A)	-	-
Total equity (B)	1,218,408.85	1,158,779.11

C. Net debt reconciliation

The company has not borrowed funds.

35 Proposed dividend

The Board of Directors propose dividend at the rate of 10% for the FY 2020-21.

36 Segment reporting

Company is operating under single business segment i.e. investment management, portfolio management and advisory services. Accordingly there is no separate reportable segment and hence no disclosure is made under Indian Accounting Standard 108 - Operating Segment Reporting. Further, segmentation based on geography has not been presented as the company operates only in India.

37 Corporate social responsibility

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable since the Company doesn't fulfill the criteria as specified under provisions of Section 135 of the Companies Act, 2013.

38 Impact of COVID 19 Note to overall market/economy

The company has made an assessment of its liquidity position for the next one year and of the recoverability and carrying value of its assets and receivables as at the Balance Sheet date and has concluded that there is no material adjustment required in the financial statements.

The management 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. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation.

The company will continue to closely monitor the situation for any material changes which may impact the business.

- 39** The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

- 40** The previous period figures have been regrouped and re-casted wherever necessary.

For V. C. Shah & Co.
Chartered Accountants
Firm Registration No : 109818W

Sd/-
Viral J. Shah
Partner
Membership No.: 110120

For and on behalf of Board of Directors

Sd/-
M R Kumar
Director
DIN: 03628755

Sd/-
Dinesh Pangtey
Whole Time Director &
Chief Executive Officer
DIN: 07517137

Place : Mumbai
Date : 28th June 2021

Sd/-
Mayank Arora
Chief Financial Officer and Company Secretary



Directors' Report

To,
The Members,

The Directors of the Company hereby present their 27th Annual Report on the business and operations of LIC Mutual Fund Asset Management Limited together with audited financial statements for the financial year ended March 31, 2021.

1. Financial Performance:

The financial statements of the Company for the year ended 31st March 2021 have been prepared under the historical cost convention, in accordance with Indian Accounting Standards and the provisions of The Companies Act, 2013. The financial highlights of the Company for the year ended 31st March 2021 are as follows:

(Amount in Rs. crore)

Particulars	Year ended	
	Mar-21	Mar-20
Revenue from Operation	42.96	39.03
Net gain on fair value changes	6.73	0.58
Other income	2.91	3.45
Total Revenue	52.60	43.06
Less: Total Expenditure	46.66	45.23
Profit / (Loss) before exceptional item, prior period item and tax	5.94	(2.17)
Add: Exceptional item	-	-
Less: Prior period item	-	-
Profit / (Loss) before tax	5.94	(2.17)
Less: Tax Expenses	-	-
Add Tax provision write back pertaining to prior year	-	-
Add: MAT credit entitlement	-	-
Profit / (Loss) After Tax	5.94	(2.17)
Re-measurement gain/(loss) on defined benefit plans	(0.07)	(0.06)
Effect of measuring investment at fair value	0.09	-

LIC Mutual Fund Asset Management Ltd.

Investment Managers to LIC Mutual Fund

Industrial Assurance Building, 4th Floor,
Opp. Churchgate Station, Mumbai-400 020.

Board : +91 22 6601 6000

Fax : +91 22 2288 0633 / 2204

Web : www.licmf.com

CIN : U67190MH1994PLC077858



Total Comprehensive Income for the year	5.96	(2.23)
Add: Surplus/ (Deficit) brought forward	(26.08)	(23.19)
Add / (Less) impact of Ind AS	-	-
Less: Dividend paid during the year	-	(0.66)
Balance carried forward	(20.12)	(26.08)

Our Company had reported total revenue from operations of Rs 42.96 Cr for the current financial year against Rs.39.03 Cr earned in previous year. The revenue from operation includes Investment Management fees of Rs. 42.10 Cr and Portfolio Management Fees of Rs.0.86 Cr. Other income including investment income amounted to Rs 9.64 Cr (previous year Rs. 4.03 Cr).

The Company had incurred total expense of Rs 46.66 Cr in current year compared to Rs. 45.23 Cr in the previous year. The profit / (loss) after tax for the current year is Rs 5.96 Cr vis-à-vis Rs (2.23) Cr in the previous year.

2. Operational Highlights

The Company acts as the asset manager to LIC Mutual Fund. The Year on Year (YoY) growth in terms of AAUM category for schemes of LIC Mutual Fund is tabled below:

Fund Category	Rs.in Crores		
	Financial Year 2020-21 (AAUM)	Financial Year 2019-20 (AAUM)	Growth (%)
Equity	3,998.09	3,519.03	13.61
Debt	12,441.40	12,727.57	-2.25
Total AAUM	16,439.50	16,246.60	1.19

The total number of folios as at the end of the financial year March 31, 2021 stood at 4,38,057 as against 3,91,062 at the end of the last financial year.

3. Portfolio Management:

Your Company has been rendering portfolio management services ('PMS') since 2006. As on year end, the total AUM of the portfolio management business stood at Rs. 1688.18 Cr. as on 31st March 2021 as against Rs.1544.72 Cr. as on 31st March 2020.

LIC Mutual Fund Asset Management Ltd.

Investment Managers to LIC Mutual Fund

Industrial Assurance Building, 4th Floor,
Opp. Churchgate Station, Mumbai-400 020.

Board : +91 22 6601 6000

Fax : +91 22 2288 0633 / 2204

Web : www.licmf.com

CIN : U67190MH1994PLC077858



4. Dividend:

Keeping in mind the overall performance and the outlook for our Company, our Directors are pleased to recommend a dividend of Rs. 1000/- per share i.e. 10% on each Equity share having Face Value of Rs.10,000/- out of the current year's profit. In the last financial year 2019 – 2020, the Company had not declared dividend due to losses.

5. Unpaid Dividend and IEPF:

The Company has not transferred any amount to the Investor Education & Protection Fund (IEPF) and no amount is lying in Unpaid Dividend A/c of the Company.

6. Capital Infusion and Transfer to Reserves:

There was no capital infusion during the financial year 2020-2021. During the year ended March 31, 2021, the Company made a profit of Rs. 5.96 Cr. The Company does not propose to transfer any amount to Reserves.

7. Material changes and commitments, if any, affecting the financial position of the company:

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial year of the Company and date of this report.

8. Details of Significant and Material Orders Passed by The Regulators:

During the year 2020-2021, no penalties or strictures and material orders which have a significant impact have been imposed or passed by the regulators or courts or tribunals or any statutory authority on any matter during the year which have an impact on the going concern status and company's operations in future.

9. Internal Financial Controls:

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Auditors report to the Audit Committee of the Board.

The internal control system monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting

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Investment Managers to LIC Mutual Fund

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procedures and policies. Based on the report of Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls, significant audit observations, if any and corrective actions thereon are presented to the Audit Committee of the Board.

10. Report on Performance of Subsidiaries, Associates and Joint Venture Companies:

The Company does not have any subsidiary and joint venture nor made any investment in the Associate Company.

11. Deposits:

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

12. Loan from Directors or Directors relatives:

The Company has not borrowed any amount from Director or Directors relatives.

13. Auditors of the Company - Statutory:

In accordance with the applicable provision of law, the Company has appointed statutory auditors, who periodically submit their reports, which are placed before the Audit committee for discussion, review and implementation of their recommendations.

14. Statutory Auditors:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. V.C. Shah & Co., Chartered Accountants (FRN: 109818W), have been appointed as Statutory Auditors, for a period of 5 years, in the Twenty-Sixth Annual General Meeting of the Company held in the year 2020, to hold office till the conclusion of Annual General Meeting to be held in the year 2025.

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15. Observations of Statutory Auditors on Accounts for the year ended 31st March 2021:

There were no adverse observations by the Statutory Auditors in their report. The comments / disclaimers made by the Statutory Auditors in their report for the financial year ended 31st March 2021 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

16. Reporting of frauds by Statutory Auditors under Section 143(12):

There were no incidences of reporting of frauds by Statutory Auditors of the Company under Section 143(12) of the Act read with Companies (Accounts) Rules, 2014.

17. Annual Return:

Pursuant to the provisions of Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on 31st March 2021 is available on Company's website on www.licmf.com

18. Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Conservation of Energy & Technology Absorption

Since the Company does not own any manufacturing facility, the disclosure under this head is not applicable. Further, other requirement of the Company (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are also not applicable.

Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings and Outgo for the financial year ended March 31, 2021 is Nil.

19. Risk Management:

The Audit Committee of the Board of Directors ensures seamless functioning of the Company and the Mutual Fund activity. The Asset Management Company has constituted various committees to which specific functions have been delegated including Risk Management. The Management of the Asset Management Company and the Risk

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Management Committee ensures implementation of various Risk Management practices in the Company with respect to Mutual Fund operations. The Board of Directors has also appointed a reputed Chartered Accountants firm as the Internal Auditors for Mutual Fund operations. The Internal Auditor also reviews the adequacy of Risk Management systems and report the same in their Internal Audit Report. During the year, (Three) 3 meetings of the Board level Risk Management Committee were held. The composition of the Committee is as under:

Mr. Satish K. Kamat
Mr. Sanjay Muthal
Mr. Dinesh Pangtey

20. Maintenance of Cost Records:

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is not required to maintain Cost Records under said Rules.

21. Corporate Social Responsibility (CSR):

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable for the Financial Year 2020-2021 since the Company doesn't fulfill the criteria as specified under provisions of Section 135 of the Companies Act, 2013. However, the provisions of CSR would become applicable in the Financial Year 2021-2022.

22. Annual evaluation of Directors, Committee and Board:

The Board has carried out an annual performance evaluation of its own performance, and of the Directors individually, as well as the evaluation of Audit Committee and Nomination and Remuneration Committee.

The Board adopted a formal evaluation mechanism for evaluating its performance as well as that of its Committees and individual Directors, the exercise was carried out by feedback survey from each Director covering Board functioning such as composition of Board and its Committees, experience and competencies, governance issues etc. Separate Exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as attendance, contribution at the meeting etc.

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23. Directors:

Changes in Directors and Key Managerial Personnel

The details about changes in the Board of Directors and Key Managerial Personnel have been given in the table below:

Name	Designation	Date of Appointment	Date of Cessation
Mr. Pawan Kumar Baheti	CFO	05/03/2015	26/10/2020
Mr. Viswanatha Yerur Gowd	Nominee Director	24/02/2021	-
Mrs. Neera Saxena	Nominee Director	06/09/2018	31/03/2021
Mr. Malayandisamy Govindaraju	CFO	27/10/2020	27/04/2021
Mr. Siddhartha Mohanty	Nominee Director	11/09/2019	01/02/2021
Mrs. Sobha Reddy	Nominee Director	28/04/2021	-

Retirement by rotation

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013, Mr. Viswanatha Yerur Gowd (DIN: 09048488) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149 (6).

Re-appointment of Independent Directors

The term of Mr. Sanjay Achyutrao Muthal as an Independent Director had expired and accordingly he was re-appointed for a further term upto 28/06/2025.

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24. Board & Audit Committee:

Board Meeting:

During the year under review, (Three) 3 meetings of the Board of Directors of the Company were held in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The details of the same are as mentioned under: -

Sr. No	Date of meeting	Names of Directors as on the date of meeting	Directors Present	Leave of Absence
1	27/07/2020	Mr. M. R. Kumar Mr. Sanjay Muthal Ms. Neera Saxena Mr. Siddhartha Mohanty Mr. Satish K. Kamat Mr. K.K. Bang Mr. Vijay Sharma Mr. Dinesh Pangtey Mr. Raghunandan Maluste	Mr. M. R. Kumar Mr. Sanjay Muthal Ms. Neera Saxena Mr. Siddhartha Mohanty Mr. Satish K. Kamat Mr. K.K. Bang Mr. Vijay Sharma Mr. Dinesh Pangtey Mr. Raghunandan Maluste	None
2	26/10/2020	Mr. M. R. Kumar Mr. Sanjay Muthal Ms. Neera Saxena Mr. Siddhartha Mohanty Mr. Satish K. Kamat Mr. K.K. Bang Mr. Vijay Sharma Mr. Dinesh Pangtey Mr. Raghunandan Maluste	Mr. M. R. Kumar Mr. Sanjay Muthal Ms. Neera Saxena Mr. Siddhartha Mohanty Mr. Satish K. Kamat Mr. K.K. Bang Mr. Vijay Sharma Mr. Dinesh Pangtey Mr. Raghunandan Maluste	None
3	10/02/2021	Mr. M. R. Kumar Mr. Sanjay Muthal Ms. Neera Saxena Mr. Satish K. Kamat Mr. K.K. Bang Mr. Vijay Sharma Mr. Dinesh Pangtey Mr. Raghunandan Maluste	Mr. M. R. Kumar Mr. Sanjay Muthal Ms. Neera Saxena Mr. Satish K. Kamat Mr. K.K. Bang Mr. Vijay Sharma Mr. Dinesh Pangtey Mr. Raghunandan Maluste	None

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The Company has complied with the applicable Secretarial Standards in respect of all the meetings.

Audit Committee:

The Audit Committee was constituted pursuant to the provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee is in conformity with the provisions of the said section. The Audit Committee comprises of:

1. Mr. Kailash Kumar Bang, Independent Director - Chairman
2. Mr. Satisk K. Kamat, Independent Director - Member
3. Ms. Neera Saxena, Nominee Director - Member (resigned w.e.f 31/03/2021)
4. Mr. Viswanatha Yerur Gowd, Nominee Director – Member (appointed w.e.f 20/04/2021)

During the year, (Three) 3 meetings of Audit committee were held.

25. Related Party Transaction:

All related party transaction that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There is no materially significant related party transaction made by the Company with Shareholders, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with interest of the Company at large. (**Annexure A – Form AOC 2**).

26. Particulars of loans, guarantees or investments under Section 186:

No loans, guarantees or investments under Section 186 were made to the Board.

27. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee of Directors as constituted by the Board of Directors of the Company in accordance with the requirements of Section 178 of the Act. The composition of the Committee is as under:

1. Mr. Sanjay Muthal, Independent Director - Chairman
2. Mr. Satish K Kamat, Independent Director - Member
3. Mr. Kailash Kumar Bang, Independent Director - Member

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During the year, (Three) 3 meetings of Nomination and Remuneration Committee were held.

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees. The detailed policy as approved by the Board is as per the **Annexure B** herewith.

28. Executive Committee:

The Executive Committee was constituted by the Board of Directors of the Company.

The composition of the Committee as on 31st March 2021 is as under:

1. Mr. Dinesh Pangtey, Whole time Director & CEO
2. Mr. Satish K. Kamat, Independent Director
3. Mr. Siddhartha Mohanty, Nominee Director (resigned w.e.f 01/02/2021)
4. Mr. Viswanatha Yerur Gowd, Nominee Director (appointed w.e.f 24/02/2021)

During the year, (Three) 3 meetings of Executive committee were held.

29. Managerial Remuneration:

Pursuant to Clause 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as per the **Annexure C** annexed herewith.

30. Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013:

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2020-2021:

- a) Number of complaints of sexual harassment received during the year –: Nil
- b) Number of complaints disposed off during the year –: Nil

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- c) Number of cases pending for more than 90 days –: Nil

31. Directors' Responsibility Statement:

As per the requirement of Sub Section (5) of Section 134 of the Companies Act, 2013 the Directors confirm that-

- (a) In the preparation of the annual accounts, for the financial year ended March 31, 2021 the applicable accounting standards had been followed and that there are no 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, 2021 and of the profit and loss of the Company for the year under review;
- (c) The Directors had taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (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.

32. Corporate Governance:

During the financial year 2020-21, the Company has paid remuneration to Mr. Dinesh Pangtey of Rs. 34,72,963 including bonus for FY 2019 - 20. The Company has also paid perquisites worth Rs. 6,48,225 to Mr. Dinesh Pangtey. The Company has not executed Service Agreement with the Whole Time Director. There is neither any notice period on both the sides nor severance fees chargeable.

33. Other Disclosures

a) Disclosure Under Section 43(a)(ii) of the Companies Act, 2013:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

b) Disclosure Under Section 54(1)(d) of the Companies Act, 2013:

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The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

c) Disclosure Under Section 62(1)(b) of the Companies Act, 2013:

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

d) Disclosure Under Section 67(3) of the Companies Act, 2013:

Not Applicable

e) Disclosure of Proceedings pending or application made under Insolvency and Bankruptcy Code, 2016:

No application was filed for corporate insolvency resolution process, by a financial or operational creditor or by the company itself under the IBC before the NCLT.

f) Disclosure of reason for difference between valuation done at the time of taking loan from Bank and at the time of one time settlement:

There was no instance of onetime settlement with any Bank or Financial Institution.

34. Acknowledgements:

Your Directors also place on record their appreciation of the tireless efforts of Team LIC Mutual Fund, a dedicated and loyal band of people who have displayed unswerving commitment to their work in these challenging times.

For and on behalf of Board of Directors

SD/-
Mr. M R Kumar
(DIN: 03628755)
Director

SD/-
Mr. Dinesh Pangtey
(DIN: 07517137)
Whole time Director

Place: Mumbai
Date: 28th June 2021

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ANNEXURE A
FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1.	Details of contracts or arrangements or transactions not at Arm's length basis	NIL
a)	Name(s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions'	NIL
f)	Date of approval by the Board	NIL
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL
2.	Details of contracts or arrangements or transactions at Arm's length basis.	
a)	Name(s) of the related party & nature of relationship	Please refer - Note 1
b)	Nature of contracts/arrangements/transaction	Leasing of property, other business expenses and availing of other services in the normal course of business, remuneration, sitting fees at arm's length basis
c)	Duration of the contracts/arrangements/transaction	Regular and normal course of business and at arm length basis
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Please refer - Note 2
e)	Date of approval by the Board	27th July 2020
f)	Amount paid as advances, if any	NIL

Note - 1

Related parties during the year

Particulars	Relationship
Life Insurance Corporation of India (LIC)	Associate
LIC Housing Finance Limited*	Associate
Dinesh Pangtey, Chief Executive Officer	Key Management Personnel (KMP)
Pawan Baheti, Chief Financial Officer (up to 26th October, 2020)	Key Management Personnel (KMP)
M. Govindaraju, Chief Financial Officer	Key Management Personnel (KMP)
Mayank Arora, Company Secretary	Key Management Personnel (KMP)
Kailash Bang, Independent Director	Independent Director
Raghunandan Maluste, Independent Director	Independent Director
Sanjay Muthal, Independent Director	Independent Director
Satish K Kamat, Independent Director	Independent Director
Vijay Sharma, Independent Director	Independent Director

* No transactions during the year

Note - 2	
The related party transaction are as under :	
	(₹ in '000)
Particulars	2020-21
Life Insurance Corporation of India (LIC)	
Transactions:	
Rent, rates and taxes & other operating expenses	20,942.89
Contribution to provident and other funds	787.52
Gratuity	496.84
Insurance expenses	1,151.65
Contribution to Gratuity Fund	15,000.00
Receivables and deposits:	
Advances recoverable in cash or kind	728.27
Key Management Personnel (KMP)	
Transactions:	
Remuneration [#]	11,623.44
Independent Directors of AMC	
Sitting fees to Independent Directors	600.00
[#] The above figures do not include liability towards gratuity and leave encashment as separate figure for KMP are not available. Perquisites have been valued in accordance with the provisions contained in the Income Tax Rules,1962.	

ANNEXURE B

NOMINATION & REMUNERATION COMMITTEE POLICY DOCUMENT

Background & Constitution

Pursuant to Section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014; since the Company has a paid up capital of more than Rs. 10 Crores; the Nomination and Remuneration Committee (NRC) was required to be constituted. Accordingly, the NRC had been constituted at the Board Meeting dated June 21, 2014. The NRC has been constituted at the Board Meeting dated February 07, 2020 with the following members:-

1. Mr. Sanjay Muthal
2. Mr. Satish K Kamat
3. Mr. Kailash Kumar Bang

Overall objectives of the NRC Committee

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the formulation of criteria for evaluation of Independent Director and the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan.
- To assist the Board in fulfilling its responsibilities.
- To implement and monitor policies and processes regarding principles of corporate governance.

APPLICABILITY

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

DEFINITIONS

- The 'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- Board means Board of Directors of the AMC.
- Directors mean Directors of the Company.
- Key Managerial Personnel (KMP) means :
 - Chief Executive Officer
 - Whole-time director
 - Chief Financial Officer
 - Company Secretary
 - Such other officer as may be prescribed.
- Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Policy for appointment, removal and retirement of Director, KMP and Senior Management

Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board for his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

Term / Tenure

Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time.

No re-appointment shall be made earlier than one year before the expiry of term.

Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

The secretary of this committee will be the Company Secretary of the Company.

Annexure C

[illegible]