Independent Auditor's Report

To The Members of Kotak Mahindra Trustee Company Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Kotak Mahindra Trustee Company Limited ("the Company"), which comprise the Balance Sheet as at March 31 2020, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year then ended, and notes to the financial statements, including 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, cash flows and changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit 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 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 ("ICAI") 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 ICAI's 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 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's report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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 aforesaid financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 financial statements and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"** to this report; Our report expresses an unmodified opinion on an adequacy and operating effectiveness of the Company's internal financial controls over financial statement.

    (g) 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 in its financial statements – refer Note 25 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.

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

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

Viral J. Shah
Partner
Membership No.: 110120

Mumbai, June 09, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the financial statements of Kotak Mahindra Trustee Company Limited for the year ended March 31, 2020

Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of KOTAK MAHINDRA TRUSTEE COMPANY LIMITED ("the Company") as of March 31, 2020 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

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 deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 system 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these 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

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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
Firm Registration No.109818W

Viral J. Shah
Partner
Membership No.: 110120

Mumbai, June 09, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the financial statements of Kotak Mahindra Trustee Company Limited for the year ended March 31, 2020

(i) The Company does not own any fixed assets during the year ended March 31, 2020. Accordingly, the provisions of clause 3(i) of the Order are not applicable to the Company.

(ii) The Company is in the business of rendering services, and consequently, does not hold any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable to the Company.

(iii) 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 Act. Accordingly, the provisions of clause 3(iii) of the Order are not applicable to the Company.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act, to the extent applicable, in respect of the loans or investments made, or guarantees or security provided by it.

The Company has not granted any loans or made any investments, or provided any guarantees or security, in connection with any loan taken by the parties covered under Section 185 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder are not applicable. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) To the best of our knowledge and the according to the information and explanation provide to us, the Central Government has not prescribed the maintenance of cost record under section 148(1) of the Act in respect of the services rendered by the Company and hence reporting under clause 3 (vi) of the Order is not applicable to the Company.

(vii) According to the information and explanations given to us and the books and records examined by us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Goods and Service Tax, Income-tax and other material statutory dues applicable to it to the appropriate authorities.

Having regard to the nature of the Company's business / activities, Provident Fund, Employees' State Insurance, Custom Duty and Excise Duty, are not applicable.

(b) There were no undisputed amounts payable in respect of Income-tax, Goods and Service Tax, and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax or Service Tax or Goods and Service Tax as on March 31, 2020 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures and hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

The managerial remuneration includes commission to non-executive directors shown under "Directors sitting fees" in Note 15 - "Other Expenses" to the financial statements, which is provided subject to the approval of the shareholders in a general meeting.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with the provisions of Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3 (xiii) of the Order are not applicable to the Company.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Act are not applicable. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Viral J. Shah
Partner
Membership No.: 110120

Mumbai, June 09, 2020

Balance Sheet

as at 31st March, 2020

Amount in Lakhs

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
1 Non-current assets			
(a) Non Current tax assets (Net)	3	2.88	1.52
Total Non-current assets		**2.88**	**1.52**
2 Current assets			
(a) Financial Assets			
(i) Investments	4	21,394.12	16,150.53
(ii) Trade receivables	5	538.41	492.18
(iii) Cash and cash equivalents	6	2.02	1.49
(b) Other current assets	7	1.35	1.38
Total Current assets		**21,935.90**	**16,645.58**
TOTAL ASSETS		**21,938.78**	**16,647.10**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	8	5.01	5.01
(b) Other Equity	9	20,772.71	15,778.26
Total equity		**20,777.72**	**15,783.27**
Liabilities			
(1) Non current liabilities			
(a) Deferred tax liabilities (net)	24	887.02	621.09
(b) Other non-current liabilities	10	2.50	2.50
Total Non current liabilities		**889.52**	**623.59**
(2) Current liabilities			
(a) Financial liabilities			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11	29.45	20.18
(b) Other current liabilities	12	193.28	159.32
(c) Current tax liabilities (Net)	13	48.81	60.74
Total current liabilities		**271.54**	**240.24**
TOTAL EQUITY AND LIABILITIES		**21,938.78**	**16,647.10**
See accompanying notes forming part of the financial statements	1		

For **V. C. Shah & Co**
Firm Registration Number: 109818W
Chartered Accountants

For and on behalf of the Board of Directors

Viral J. Shah
Partner
Membership Number: 110120

Chandrashekhar Sathe
Director
DIN : 00017605

Noshir Dastur
Director
DIN : 00493177

Place: Mumbai
Date: June 09, 2020

Statement of Profit and Loss

for the year ended March 31, 2020

Amount in Lakhs

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
I.	Revenue From Operations	14	6,154.27	4,840.01
II.	Other Income	15	1,261.43	1,114.45
III.	**Total Income (I+II)**		**7,415.70**	**5,954.46**
IV.	**EXPENSES**			
	Other Expenses	16	174.68	144.37
	Total Expenses (IV)		**174.68**	**144.37**
V.	**Profit before tax (III-IV)**		**7,241.02**	**5,810.09**
VI.	Tax Expense:	24		
	(a) Current Tax		1,528.56	1,409.07
	(b) Deferred Tax		265.93	176.90
	Tax Expense (a)+(b)		**1,794.49**	**1,585.97**
VII.	Profit after Tax and Total Comprehensive Income (V-VI)		5,446.53	4,224.12
VIII.	Earning per equity share [nominal value of share ₹10] Basic and diluted [in Rupees]	17	10,877.83	8,436.43
	See accompanying notes forming part of the financial statements	1		

For **V. C. Shah & Co**
Firm Registration Number: 109818W
Chartered Accountants

Viral J. Shah
Partner
Membership Number: 110120

For and on behalf of the Board of Directors

Chandrashekhar Sathe
Director
DIN : 00017605

Noshir Dastur
Director
DIN : 00493177

Place: Mumbai
Date: June 09, 2020

Cash Flow Statement

for the year ended March 31, 2020

Amount in Lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,241.02	5,810.09
Adjustments for:		
Profit on sale of current investments	(43.80)	(357.34)
Impairment under Financial assets	0.17	0.05
Net gain/(loss) on fair value changes : - Investments	(1,217.63)	(757.11)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**5,979.76**	**4,695.69**
Increase/ (decrease) in trade payables	9.27	4.41
Increase/ (decrease) in other current liabilities	33.95	27.22
Decrease / (increase) in trade receivables	(46.40)	(93.80)
Decrease / (increase) in other current assets	0.03	(0.24)
	(3.15)	**(62.41)**
CASH GENERATED FROM OPERATIONS	**5,976.61**	**4,633.28**
Payment of taxes (net of refunds)	**(1,541.84)**	**(1,398.74)**
NET CASH FROM OPERATING ACTIVITIES (A)	**4,434.77**	**3,234.54**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale/maturity of current investments	2,461.84	2,244.00
Purchase of Investments	(6,444.00)	(5,027.00)
NET CASH FROM / (USED) IN INVESTMENT ACTIVITIES (B)	**(3,982.16)**	**(2,783.00)**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid on equity shares	(375.00)	(375.00)
Tax on equity dividend paid	(77.08)	(77.08)
CASH FLOW FROM FINANCING ACTIVITIES (C)	**(452.08)**	**(452.08)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**0.53**	**(0.54)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**1.49**	**2.03**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**2.02**	**1.49**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet (refer note 6)		
Balances with banks in current account	2.02	1.49
Less: Impairment loss allowance #	(0.00)	(0.00)
Cash and cash equivalents as restated as at the year end	**2.02**	**1.49**

Amount below 1 Lakh

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

For **V. C. Shah & Co**
Firm Registration Number: 109818W
Chartered Accountants

Viral J. Shah
Partner
Membership Number: 110120

Place: Mumbai
Date: June 09, 2020

For and on behalf of the Board of Directors

Chandrashekhar Sathe
Director
DIN : 00017605

Noshir Dastur
Director
DIN : 00493177

Statement of Changes in Equity

for the year ended March 31, 2020

A. Equity share capital

Amount in Lakhs

Particulars	Balance at the beginning of the period	Changes in equity share capital during the year	Balance at the end of the period
Equity shares of Rs. 10 each fully paid up			
As on April 01, 2018	5.01	-	5.01
As on March 31, 2019	5.01	-	5.01
As on March 31, 2020	5.01	-	5.01

B. Other equity

Amount in Lakhs

Particulars	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Opening balance as at April 01, 2019	**706.83**	**15,071.43**	**15,778.26**
Profit for the year	-	5,446.53	5,446.53
Appropriations :			
Dividend on Equity Shares	-	(375.00)	(375.00)
Dividend distribution tax on dividend on Equity Shares	-	(77.08)	(77.08)
Transfer to General Reserve		-	-
Changes during the year	**-**	**4,994.45**	**4,994.45**
Closing balance as at March 31, 2020	**706.83**	**20,065.88**	**20,772.71**

For **V. C. Shah & Co**
Firm Registration Number: 109818W
Chartered Accountants

For and on behalf of the Board of Directors

Viral J. Shah
Partner
Membership Number: 110120

Chandrashekhar Sathe
Director
DIN : 00017605

Noshir Dastur
Director
DIN : 00493177

Place: Mumbai
Date: June 09, 2020

Schedules

forming part of Balance Sheet and Profit and Loss Account

1. CORPORATE INFORMATION

Kotak Mahindra Trustee Company Limited ('the Company') is a company domiciled in India and incorporated on July 5, 1995 with its Registered Office situated at 27 BKC C-27, G Block, Bandra-Kurla Complex, Bandra East, Mumbai. The Company is approved by the Securities and Exchange Board of India (SEBI), to act as the Trustee for the Schemes of Kotak Mahindra Mutual Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Preparation

a) Statement of compliance

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

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. These financial statements were authorized for issue by the Company's Board of Director's on 09th June 2020.

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The outbreak was identified in China and on March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. Various governments have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of virus. Thereafter, a partial lockdown with relaxed rules was implemented till May 31, 2020 which has been further extended to June 30, 2020 in the state of Maharashtra.

Due to uncertainty around the course of the COVID-19 pandemic, we do not have visibility into the extent to which it will impact the Company's results and it will depend upon on future developments. The impact of the global health pandemic may be different from that estimated as at the date of approval of Company's financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

b) Basis of measurement

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

- Certain financial assets and liabilities - Measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans - Plan assets are measured at fair value;
- Share-based payments - Measured at fair value

B. Functional and presentation currency

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

C. Use of estimates and judgements

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

Judgment, estimates and assumptions are required in particular for:

I. Recognition of revenue

The Company acts as the Trustee for the Schemes of Kotak Mahindra Mutual Fund. The Company recognizes revenue from trusteeship services over time as the customer simultaneously receives and consumes the benefits as the services are rendered.

Schedules

forming part of Balance Sheet and Profit and Loss Account

II. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and carry forward losses. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, depreciation carry-forwards and unused tax credits could be utilized.

III. Recognition and measurement of provisions and contingencies

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

IV. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e.an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please refer Note 20.

V. Business model assessment

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

VI. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments and recognises the effect of potentially different interest rates at various stages and other characteristics of the financial instrument. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to benchmark rate and other fee income/expense that are integral parts of the instrument.

VII. Impairment of financial assets

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

VIII. Determination of lease term

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

IX. Discount rate for lease liability

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

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X. Estimation uncertainty relating to the global health pandemic on COVID-19

a) Revenue recognition

The Company acts a trustee to Kotak Mahindra Mutual Fund and does not foresee any immediate impact due to COVID-19. However, impact assessment due to COVID-19 is a continuous process given the uncertainties associated with its nature and duration.

b) Impairment on Financial Assets

In assessing the recoverability of loans, investment in debt instruments and trade receivables including unbilled receivables, the Company has considered internal and external information upto the date of approval of these financial statements including credit reports and economic forecasts. Basis the above information, the Company has assessed the staging criteria, macro-economic factors and loss given default. Accordingly, computed the impairment on the financial assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

c) Fair value of financial instruments

Fair value hierarchy of financial assets which carried at fair value is either at Level 1, Level 2 and Level 3.

Financial assets which are classified as Level 1 is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and accordingly, any material volatility is not expected. Financial assets which are classified as Level 2 and Level 3, uncertainties arising out of COVID-19 is incorporated in discounts rates, credit spread and expected cashflows. Accordingly, impact has been considered while fair value the financial assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

D. New standards and amendments to existing Ind AS:

New standard or amendments to the existing standards which would have been applicable from April 1, 2020 has not been notified by Ministry of Corporate Affairs (“MCA”).

Significant accounting policies

A. Revenue recognition of income

Rendering of services

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

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

The Company principally generates revenue by providing trusteeship services to Kotak Mahindra Mutual fund.

Trusteeship fees (net of indirect tax) from mutual fund schemes are recognised on an accrual basis in accordance with the Trust Deed. Fees earned for the provision of services are recognized over time as the customer simultaneously receives and consumes the benefits, as the services are rendered.

Interest income:

Interest income on financial assets is recognized on an accrual basis using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under impairment stages 1 and 2 as against on amortized cost for the assets falling under impairment stage 3.

Dividend Income:

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

B. Income Tax

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

Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred tax assets are reviewed at each reporting date and based on management's judgment, are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

Deferred tax assets and liabilities are offset only if:

a. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

C. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

D. Provisions and contingent liabilities

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

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Contingent liabilities are not recognized but are disclosed in the notes.

E. Financial Instruments

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

Financial assets

Recognition, Initial measurement and Derecognition

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

All regular way purchase or sale of financial assets are recognized and derecognized on a trade date basis. Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The profit / loss on sale of investments is recognized in the Statement of Profit and Loss on the trade date, using the weighted average cost method.

Classification

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

Business model assessment

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

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

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

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

Subsequent measurement

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

Financial assets at amortized cost

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

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the Statement of Profit and Loss. The losses if any, arising from impairment are recognized in the Statement of Profit and Loss.

Financial asset at fair value through Other Comprehensive Income (FVOCI)
A financial asset is measured at FVOCI if it meets both of the following conditions:

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

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

Financial asset at fair value through profit and loss (FVTPL)
Any financial asset, which does not meet the criteria for classification as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

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

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

Financial liabilities
The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Liabilities which are classified at fair value through profit or loss shall be subsequently measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

Impairment of Financial Assets

Methodology for computation of Expected Credit Losses (ECL)
The financial instruments covered within the scope of ECL include financial assets measured at amortized cost and FVOCI, such as trade receivables, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

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

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

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

ECL are a probability weighted estimate of credit losses, measured as follows:

- Financial assets that are not credit impaired at the reporting date:
  ECL has been estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and loss given default ('LGD').

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

- Financial assets that are credit impaired at the reporting date:
  ECL has been estimated as the difference between the gross carrying amount and the present value of estimated future cash flows.

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

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

- If the expected restructuring will not result in derecognition of the existing asset, expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset and the recognition of modified asset, the modified asset is considered as a new financial asset. The date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The impairment loss allowance is measured at an amount equal to 12 month expected credit losses until there is a significant increase in credit risk. If modified financial asset is credit-impaired at initial recognition, the financial asset is recognized as originated credit impaired asset.

Method used to compute lifetime ECL:
The Company uses long term default rates published by accredited rating agencies for rating grades. The trades receivable are mapped to a suitable external rating grade using expert judgment. To determine impairment loss allowance, statistical techniques are employed to estimate lifetime ECL.

Manner in which forward looking assumptions has been incorporated in ECL estimates:
The Company uses reasonable forecasts of future economic conditions to estimate forward looking default rate. The methodology and assumptions including forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively.

F. Derecognition of financial assets and financial liabilities

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

- The rights to receive cash flows from the asset have expired, or

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

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

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

G. Write-offs

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

H. Modifications of financial assets and financial liabilities

Financial assets

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

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

Financial liabilities

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

I. Measurement of fair values

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

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

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

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

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

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

J. Cash and cash equivalents

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

K. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

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Since, the primary activity of the Company is to act as trustee for the schemes of Kotak Mahindra Mutual Fund, there are no separate reportable segments identified as per the Ind AS 108 - Segment Reporting.

L. Cash Flow Statement

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

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

N. Rounding of amounts

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

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NOTE 3 NON-CURRENT ASSETS

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current tax assets (Net)	2.88	1.52
[Net of Provision for Tax of ₹ 2,214.06 Lakhs (March 31, 2019 ₹ 805 Lakhs)]		
Total	**2.88**	**1.52**

NOTE 4 INVESTMENTS

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Investment in mutual funds (quoted)	21,394.12	16,150.53
Total	**21,394.12**	**16,150.53**
Aggregate Amount	**17,512.53**	**13,486.57**

NOTE 5 TRADE RECEIVABLES

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good	538.75	492.35
Impairment under ECL	(0.34)	(0.17)
Total	**538.41**	**492.18**

NOTE 6 CASH AND CASH EQUIVALENTS

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance with banks :		
In current account	2.02	1.49
Impairment under ECL#	(0.00)	(0.00)
Total	**2.02**	**1.49**

Amount below 1 Lakh

NOTE 7 OTHER CURRENT ASSETS

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Input Tax credit	1.35	1.38
Total	**1.35**	**1.38**

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NOTE 8 : EQUITY SHARE CAPITAL

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorized		
1,000,000 equity shares of Rs. 10 each	100.00	100.00
Issued, subscribed and paid-up		
50,070 equity shares of ₹ 10 each, fully paid up	5.01	5.01
Total	**5.01**	**5.01**

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

Particulars	No. of shares	Amount in Lakhs
Equity shares of Rs 10 each, fully paid-up		
As at April 01, 2018	50,070	5.01
Add : Issued during the year	-	-
As at March 31, 2019	50,070	5.01
Add : Issued during the year	-	-
As at March 31, 2020	**50,070**	**5.01**

b. Terms/ rights attached to equity shares

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

c. Shares held by holding company

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Bank Limited	50,070	100	50,070	100
	50,070	100	50,070	100

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% Holding	Number of shares	% Holding
Kotak Mahindra Bank Limited	50,070	100	50,070	100
	50,070	100	50,070	100

e. Dividend on equity shares:

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Dividend paid for the year ended March 31, 2019 of Rs.748.95/- (March 31, 2018: Rs.748.95/-) per share	375.00	375.00
Dividend distribution tax (DDT)	77.08	77.08
	452.08	**452.08**

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NOTE 9 : OTHER EQUITY

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
General reserve	706.83	706.83
Retained Earnings	20,065.88	15,071.43
Total	**20,772.71**	**15,778.26**

NOTE 9.1 NATURE AND PURPOSE OF RESERVE

General reserve

General Reserve represents appropriation of net profit of the Company and is available for distribution to the shareholders.

Retained Earnings

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

NOTE 9.2 OTHER EQUITY MOVEMENT

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
General reserve		
Opening balance	706.83	531.83
Addition during the year	-	175.00
Closing balance	**706.83**	**706.83**
Retained Earnings		
Opening balance	15,071.43	11,474.39
Addition during the year	5,446.53	4,224.12
Dividend on Equity Shares	(375.00)	(375.00)
Dividend distribution tax on dividend on Equity Shares	(77.08)	(77.08)
Transfer to General Reserve	-	(175.00)
Closing balance	**20,065.88**	**15,071.43**

NOTE 10 : OTHER NON-CURRENT LIABILITIES

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other payables	2.50	2.50
Total	**2.50**	**2.50**

NOTE 11 : CURRENT - TRADE PAYABLES

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	29.45	20.18
Total	**29.45**	**20.18**

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NOTE 12 : OTHER CURRENT LIABILITIES

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Statutory dues payable	193.28	159.32
Total	**193.28**	**159.32**

NOTE 13 : CURRENT TAX LIABILITIES (NET)

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for income tax	48.81	60.74
[Net of advance tax and Tax deducted at source of ₹ 3,568.74 Lakhs (March 31, 2019: ₹3,437.32 Lakhs)]		
Total	**48.81**	**60.74**

NOTE 14 : REVENUE FROM OPERATIONS

Amount in Lakhs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Provision for income tax	6,154.27	4,840.01
Total	**6,154.27**	**4,840.01**

NOTE 15 : OTHER INCOME

Amount in Lakhs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Net gain/(loss) on fair value changes of Investments classified as FVTPL	1,261.43	1,114.45
Total	**1,261.43**	**1,114.45**

NOTE 16 : OTHER EXPENSES

Amount in Lakhs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rent	5.17	5.17
Legal, professional and consultancy charges	1.77	1.34
Insurance	8.55	3.60
Directors sitting fees	38.60	42.00
Payment to auditors	3.09	3.08
Contribution towards corporate social responsibility (Refer note 18)	43.00	30.00
Reimbursement of common administrative cost	73.52	57.79
Impairment on financial instruments	0.17	0.05
Miscellaneous expenses	0.80	1.34
Total	**174.68**	**144.37**
Details of Auditors fees and expenses		
(a) As auditor	2.65	2.65
(b) Reimbursement of expenses	0.06	0.07
(c) Tax Auditor	0.38	0.36
Total	**3.09**	**3.08**

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NOTE 17 : EARNINGS PER SHARE

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

Amount in Lakhs

Sr No	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A)	**i. Profit attributable to Equity holders of Company**		
	Profit attributable to equity holders of the Company	5,446.53	4,224.12
B)	**Profit attributable to equity holders of the Company for basic earnings**	**5,446.53**	**4,224.12**
	ii. Weighted average number of ordinary shares		
	Issued ordinary shares	50,070	50,070
C)	**Weighted average number of shares**	50,070	50,070
D)	**Basic and Diluted earnings per shares**	10,877.83	8,436.43

NOTE 18 : CORPORATE SOCIAL RESPONSIBILITY

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

As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹ 85.90 Lakhs (Previous year ₹ 59.42 Lakhs) during the year on CSR activities.

Details of Corporate Social Responsibility expenditure

Amount in Lakhs

Sr No	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a)	Gross amount required to be spent during the year	85.90	59.42
b)	Amount spent during the period :		
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	43.00	30.00

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Note 19 : Related Party Disclosures
Names of Related Parties under Ind AS 24 and nature of relationship

Particulars	Country of Incorporation	Proportion of ownership interest
I) Parties where control exists		
Holding Company		
Kotak Mahindra Bank Limited	India	100%
(Mr. Uday S. Kotak along with his relatives and enterprises in which he has beneficial interest holds 29.92% of the equity share capital and 19.65% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2020)		
Fellow subsidiary		
Kotak Mahindra Asset Management Company Limited	India	
Mutual Fund Managed by Fellow subsidiary		
Kotak Mahindra Mutual Fund (KMMF), managed by Kotak Mahindra Asset Management Company Limited	India	
II) Parties with whom transactions are carried out		
Key Managerial Personnel - Directors		
Mr. Arun Palkar		
Mr. Noshir Dastur		
Mr. Amit Desai		
Mr. Chandrashekhar Sathe		
Mr. Balan Wasudeo		

Related party transactions and balances

Amount in Lakhs

Nature of Transaction	Year ended March 31	Holding Company	Fellow Subsidiaries	Kotak Mahindra Mutual Fund
Balances Outstanding				
Balance in Current Account	2020	0.99		
	2019	0.84		
Current Investment - Investments in Mutual Fund	2020			21,394.12
	2019			16,150.53
Trade Receivables	2020			538.74
	2019			492.34
Other Long term Liabilities - Initial Corpus	2020	2.50		
	2019	2.50		
Current - Trade payables	2020		5.02	
	2019		-	
Transactions during the year				
Purchase / Subscription of Units	2020			6,444.00
	2019			5,027.00
Sale / Redemption of Units	2020			2,461.84
	2019			2,244.00
Trusteeship Fees	2020			6,154.27
	2019			4,840.01
Reimbursement of Expenses	2020		87.24	
	2019		66.57	
Dividend	2020	375.00		
	2019	375.00		
Bank & Demat Charges	2020	0.04		
	2019	0.01		

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Transactions with key management personnel

i. Key management personnel compensation

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Directors		
i.	Director Sitting Fees	18.60	22.00
ii.	Director Commission	20.00	20.00

NOTE 20 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Classification of financial assets and financial liabilities:

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

Amount in Lakhs

Particulars	As at March 31, 2020			As at 31st March, 2019		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Cash and cash equivalents	-	-	2.02			1.49
Receivables:						
Trade receivables	-	-	538.41			492.18
Current Investments	21,394.12			16,150.53		
Total financial assets	**21,394.12**	**-**	**540.43**	**16,150.53**	**-**	**493.67**
Financial liabilities						
Payables						
Trade Payables			29.45			20.18
Total financial liabilities	**-**	**-**	**29.45**	**-**	**-**	**20.18**

B. Fair value hierarchy:

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

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
- Mutual funds	21,394.12			21,394.12	16,150.53			16,150.53
Total financial assets	**21,394.12**	**-**	**-**	**21,394.12**	**16,150.53**	**-**	**-**	**16,150.53**

C. Measurement of fair values

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

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The categories used are as follows:

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

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

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

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

Fair value of financial assets and liabilities measured at amortized cost

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	2.02	2.02	1.49	1.49
Receivables:				
Trade receivables	538.41	538.41	492.18	492.18
	540.43	540.43	493.68	493.67
Financial liabilities				
Payables				
Trade Payables	29.45	29.45	20.18	20.18
Other Financial liabilities				
Total Financial liabilities	**29.45**	**29.45**	**20.18**	**20.18**

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

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

D. Financial risk management

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

- Credit risk ;
- Liquidity risk; and
- Market risk.

Note 21 Financial instruments – Fair values and risk management (Continued)

i. Credit risk

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

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

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade receivables	538.41	492.18
Cash and cash equivalents	2.02	1.49
Total	**540.43**	**493.67**

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a. Credit quality analysis

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

Amount in lakhs

	As at 31st March, 2020		
	12-month ECL	Lifetime ECL	Total
Trade receivables			
Current	-	538.75	538.75
Past due 1–30 days			
Past due 31–60 days	-	-	-
Past due 61–90 days	-	-	-
Past due 90 days	-	-	-
	-	538.75	538.75
Impairment loss allowance	-	(0.34)	(0.34)
Carrying amount	-	538.40	538.40
Other financial assets			
Current	2.02	-	2.02
Past due 1–30 days	-	-	-
Past due 31–60 days	-	-	-
Past due 61–90 days	-	-	-
Past due 90 days	-	-	-
	2.02	-	2.02
Impairment loss allowance	(0.00)	-	(0.00)
Carrying amount	**2.02**	**-**	**2.02**

Amount in lakhs

	As at 31st March, 2019		
	12-month ECL	Lifetime ECL	Total
Trade receivables			
Current	-	492.35	492.35
Past due 1–30 days			
Past due 31–60 days	-	-	-
Past due 61–90 days	-	-	-
Past due 90 days	-	-	-
	-	492.35	492.35
Impairment loss allowance	-	(0.17)	(0.17)
Carrying amount	-	492.18	492.18
Other financial assets			
Current	1.49	-	1.49
Past due 1–30 days		-	-
Past due 31–60 days	-	-	-
Past due 61–90 days	-	-	-
Past due 90 days	-	-	-
	1.49	-	1.49
Impairment loss allowance	(0.00)	-	(0.00)
Carrying amount	**1.49**	**-**	**1.49**

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Concentration of credit risk

c. Amounts arising from ECL

i. Inputs, assumptions and techniques used for estimating impairment

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

The company categorises Financial assets into stages based on the days past due status.
S1-0 to 30 days past due
S2-31 to 90 days past due
S3-More than 90 days past due

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

Assumption considered in the ECL model:

- ""Loss given default"" (LGD) is an estimate of loss from a transaction given that a default occurs.
- ""Probability of default"" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.
- ""Exposure at default"" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company."

Forward looking information:

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

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

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

Amount in Lakhs

Particulars	Current	Past due 1–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days
Trade receivables					
Balance as at March 31, 2019	**0.17**	**-**	**-**	**-**	**-**
New financial assets originated during the year	0.34	-	-	-	-
Financial assets that have been derecognized during the period	(0.17)	-	-	-	-
Balance as at March 31, 2020	**0.34**	**-**	**-**	**-**	**-**

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Amount in Lakhs

Particulars	12-month ECL	Lifetime ECL
Cash and cash equivalents #		
Balance as at March 31, 2019	**(0.00)**	**-**
Net remeasurement of loss allowance	0.00	-
Balance as at March 31, 2020	**0.00**	**-**

Amount below 1 Lakh

ii. Liquidity Risk

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

Maturity Profile of Financial Liabilities

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

Amount in Lakhs

Particulars	As at 31st March, 2020								
	Carrying amount	Total	On demand	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities									
Trade and other Payables	29.45	29.45			29.45				
Carrying Amount	**29.45**	**29.45**	**-**	**-**	**29.45**	**-**	**-**	**-**	**-**

Amount in Lakhs

Particulars	As at 31st March, 2019								
	Carrying amount	Total	On demand	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities									
Trade and other Payables	20.18	20.18			20.18				
Carrying Amount	**20.18**	**20.18**	**-**	**-**	**20.18**	**-**	**-**	**-**	**-**

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Since, the Company has only invested in mutual funds, it has no material exposure to market risk.

NOTE 22 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Amount in Lakhs

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Revenue from contracts with customers	6,154.27	4,840.01
Revenue from other sources	1,261.43	1,114.45
Total Revenue as per Statement of Profit and Loss	7,415.71	5,954.46

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Disaggregation of revenue from contracts with customers

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

Amount in Lakhs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Type of services		
Trustee Fees	6,154.27	4,840.01
Total	**6,154.27**	**4,840.01**
Geographical markets		
India	6,154.27	4,840.01
Outside India	-	-
Total	**6,154.27**	**4,840.01**
Timing of revenue recognition		
At a point in time	-	-
Over a period of time	6,154.27	4,840.01
Total	**6,154.27**	**4,840.01**

Contract Balances

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

Amount in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Receivables - Unsecured, considered good	538.75	492.35
Impairment under ECL	(0.34)	(0.17)
Total	**538.41**	**492.18**

Note 23 : Segment information:

The Company acts as a Trustee for the schemes of Kotak Mahindra Mutual Fund. As the Company is engaged only in one business segment and no geographical segments, the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss for the year ended March 31, 2020 pertain to one business segment and hence, there are no reportable geographical segments.

NOTE 24 TAX EXPENSE :

(a) Amounts recognised in profit and loss

Amount in Lakhs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current tax expense		
Current period	1,528.56	1,409.07
Changes in estimated related to prior years		
Total current tax expense (A)	**1,528.56**	**1,409.07**
Deferred income tax liability / (asset), net		
Change in recognised deductible temporary differences	265.93	176.90
Deferred tax expense (B)	265.93	176.90
Tax expense for the year (A)+(B)	**1,794.49**	**1,585.97**

Schedules

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(b) Reconciliation of effective tax rate

Particulars	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
	Amount	%	Amount	%
Profit before tax	7,241.02		5,810.09	
Tax using the Company's domestic tax rate	1,822.42	25.17%	1,690.85	29.10%
Reduction in tax rate				
Tax effect of:				
Tax effects of amounts which are not deductible from taxable income	8.09	0.11%	5.59	0.10%
Effect of incomes which are taxed at different rate	(25.44)	-0.35%	(113.86)	-1.96%
Effect of different tax rate	(10.57)	-0.15%	3.39	0.06%
Total income tax expenses	**1,794.49**	**24.78%**	**1,585.97**	**27.30%**

Movement in deferred tax balances

Amount in Lakhs

Particulars	For the year ended 31st March, 2020				
	Net balance March 31, 2019	Recognised in profit or loss	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)					
Profit on sale of Mutual Fund	4.20	4.45	8.65	8.65	-
Impairment on financial instruments	0.04	0.05	0.09	0.09	-
Investments	(625.33)	(270.43)	(895.76)	-	(895.76)
Total	**(621.09)**	**(265.93)**	**(887.01)**	**8.74**	**(895.76)**

Amount in Lakhs

Particulars	For the year ended 31st March, 2019				
	Net balance March 31, 2019	Recognised in profit or loss	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)					
Profit on sale of Mutual Fund		4.20	4.20	4.20	-
Impairment on financial instruments	0.02	0.02	0.04	0.04	-
Investments	(444.21)	(181.12)	(625.33)	-	(625.33)
Total	**(444.19)**	**(176.90)**	**(621.09)**	**4.24**	**(625.33)**

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

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

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Note 25 : Details on pending litigations

The Company has received a show cause notice dated May 31, 2019 w.r.t to delayed payment of part proceeds in certain FMP's, on account of delay in realization from underlying investments in Essel Group of companies by these FMP's. The company has appropriately responded to these notices in consultation with lawyers. No order have been received there against till date.

Note 26 : Capital Management

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves . The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment. For dividend declared refer note 8(e).

For V. C. Shah & Co
Firm Registration Number: 109818W
Chartered Accountants

Viral J. Shah
Partner
Membership Number: 110120

For and on behalf of the Board of Directors

Chandrashekhar Sathe
Director
DIN : 00017605

Noshir Dastur
Director
DIN : 00493177

Place: Mumbai
Date: June 09, 2020