

CHANGE
CHANGE
CHANGE
CHANGE
CHANGE

Contents

Director's Report.....	02
Independent Auditor's Report.....	10
Balance Sheet.....	16
Statement of Profit and Loss.....	17
Cash Flow Statements	18
Statement of Changes in Equity.....	19
Schedules forming part of the Financial Statements	20

Director's Report

To the Members of

KOTAK MAHINDRA TRUSTEE COMPANY LIMITED

Your Directors present their Twenty Seventh Annual Report together with the Audited Financial Statement of the Company for the year ended 31st March, 2022.

1. FINANCIAL HIGHLIGHTS

(₹ In Lakhs)

	31 st March, 2022	31 st March, 2021
Gross income	11,220	8,243
Profit before Depreciation and Tax	10,889	7,974
Depreciation	-	-
Profit before Tax	10,889	7,974
Profit after Tax	8,385	6,391
Balance of Profit from previous years	26,457	20,066
Amount available for appropriation	-	(0.21)
Appropriations:		
Dividend paid	-	-
Transfer to General reserves	-	-
Surplus carried forward to the Balance Sheet	34,842	26,457

2. DIVIDEND

Your Directors do not recommend any dividend for financial year ended 31st March, 2022.

Transfer to reserves:

Your Directors have not recommended any transfer of profit to the General Reserves of the Company.

3. SHARE CAPITAL

The issued and paid up capital of the Company is ₹ 5,00,700 comprising of 50,070 Equity Shares of ₹ 10 each.

There was no change in the Capital Structure of the Company during the financial year.

4. REVIEW OF OPERATIONS OF THE COMPANY:

The Company is a wholly - owned subsidiary of Kotak Mahindra Bank Limited (KMBL) and is the Trustee for Kotak Mahindra Mutual Fund (KMMF) which is a trust set up under the provisions of The Indian Trusts Act, 1882.

The industry registered a growth of 20% YOY in Q4FY22 over Q4FY21 with the Quarterly Average Assets under Management (QAAUM) for Q4FY22 ₹ 38.84 lakh crore.

The QAAUM of KMMF which stood at ₹ 286,414 crore for Jan-Mar 2022 has seen growth of around 22% in Q4FY22 over Q4FY21. KMMF is now the 5th largest Fund House in the country in terms of QAAUM as on 31st March, 2022

The growth in the revenues and the profit before tax are in line with the growth in the AAUM for the year and the improved mix of equity assets therein.

Impact of Covid-19 on operations

COVID-19 has had an extraordinary impact on macroeconomic conditions in India and around the world post declaration of it as a pandemic by World Health Organisation in March 2020. Nation-wide lockdown in April-May 2020 followed by localized lockdown were imposed to restrict the spread in areas with significant number of cases. The restrictions were gradually lifted leading to improvement in economic activity. This was followed by two waves of COVID-19 with outbreak of new variants which led to the re-imposition of regional lockdowns which were subsequently lifted supported by administration of the COVID vaccines to a large population in the country.

India is emerging from the Covid-19 pandemic. The extent to which any new wave of COVID-19 pandemic will impact the Company's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

KEY SEBI Circulars

Your company has appropriately complied with all applicable circulars issued by SEBI during the year.

Updates on key events:

Kotak Mahindra Trustee Company Limited (Trustee Company) had been served a Show Cause Notice by SEBI dated May 31, 2019 in the matter of FMP series 127 and 183 and Show Cause Notice dated October 12, 2020 in the matter of Kotak FMP Series 187, 189, 193 and 194, Section 11(1), 11B and 11B(2) of Securities and Exchange Board of India Act, 1992 read rule 4 (1) of the SEBI (Procedure for holding Inquiry and imposing Penalties) Rules, 1995 for inquiry and imposing penalty under sections 15D (b) and 15 HB of the act read with provisions of the SEBI (Mutual Fund) Regulations, 1996. Suitable replies for the aforesaid show cause notices were filed with SEBI.

An opportunity was provided by the Adjudicating Officer to file additional submissions on the SCN dated May 31, 2019 served on KMTCL, an additional submission was filed for the referred SCN on October 12, 2021 and personal hearing was held before Adjudicating Officer of SEBI on same date.

Further, opportunity of personal hearing was provided by SEBI for notices dated 31st May, 2019 and 12th October, 2020, which was heard on 25th April, 2022 and additional submissions was made post the personal hearing.

5. SUBSIDIARY

Your Company does not have any subsidiary.

6. DIRECTORS**Directors retiring by rotation**

Mr. Amit Desai (DIN 00310510) would retire by rotation at the Twenty Seventh Annual General Meeting (AGM) and, being eligible, has offered himself for re-appointment.

The Board of Directors recommend re-appointment of Mr. Amit Desai (DIN 00310510), as Director at the ensuing AGM.

Directors appointed during the year

No new Director was appointed during the year.

7. NUMBER OF BOARD MEETINGS

During the financial year ended 31st March, 2022, 8 meetings of the Board of Directors were held. Details are as follows:

Sr No.	Date of Meeting
1.	2 nd April, 2021
2.	30 th April, 2021
3.	26 th June, 2021
4.	19 th July, 2021
5.	23 rd September, 2021
6.	22 nd October, 2021
7.	21 st January, 2022
8.	25 th March, 2022

8. COMMITTEES**(a) AUDIT COMMITTEE**

In terms of requirement of SEBI circular MFD/CIR/010/024/2000 dated 17th January, 2000, the Audit Committee presently comprises of Mr. Uday Phadke - Chairman, Mr. Sharad Bhatia and Mr. Chandrashekhhar Sathe. The quorum comprises of any two members.

During the financial year ended 31st March, 2022, 6 meetings of Committee were held. All recommendations of the audit committee have been accepted by the Board of Directors.

Sr No.	Date of Meeting
1.	30 th April, 2021
2.	26 th June, 2021
3.	19 th July, 2021
4.	22 nd October, 2021
5.	21 st January, 2022
6.	25 th March, 2022

(B) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of the requirement of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee monitors, reviews, approves CSR initiatives and expenditure and makes recommendations to the Board on CSR policy and related matters. The Committee presently comprises of Mr. Chandrashekhar Sathe - Chairman, Mr. Jayesh Merchant and Mr. Uday Phadke. The quorum comprises of any two members.

During the financial year ended 31st March, 2022, 2 meetings of Committee was held.

Sr No.	Date of Meeting
1.	2 nd September, 2021
2.	21 st March, 2022

(C) APPOINTMENT COMMITTEE

In terms of the requirement laid down by Reserve Bank of India (RBI), the company has constituted an Appointment Committee. The Scope of the Committee is to ensure 'fit & proper' status of proposed/existing Directors of the organisation. The Committee presently comprises of Mr. Chandrashekhar Sathe and Mr. Jayesh Merchant.

9. AUDITORS

Statutory Auditors

In terms of Section 139 of the Companies Act, 2013, V.C. Shah & Co. Chartered Accountants, were appointed as the Statutory Auditors of your Company for a period of five years from the conclusion of the Annual General Meeting of FY 2018-19 until the conclusion of the Annual General Meeting of FY 2023-24 of the Company.

The Statutory Auditor's report does not contain any qualifications, reservations or adverse remarks.

Further, no frauds have been reported by the Auditors under Section 143(12) of the Companies Act, 2013.

10. INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that there are internal financial controls with reference to financial statements and that such controls are operating effectively. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

11. RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013, in form AOC-2.

All Related Party Transactions as required under Accounting Standards AS18 are reported in the Notes to Financial Statements.

12. PARTICULARS OF LOAN GUARANTEES OR INVESTMENTS

During the financial year ended 31st March, 2022, the company has not given any loans, guarantees or made investments which attract the provisions of Section 186 of Companies Act, 2013.

13. CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time Kotak Mahindra Trustee Company Limited ("Company"), has constituted a Board Corporate Social Responsibility Committee (CSR Committee) which consists of the following Directors:

1. Mr. Chandrashekhar Sathe (Chairman of the CSR Committee)
2. Mr. Uday Phadke
3. Mr. Jayesh Merchant

Your Company's CSR Committee is responsible to identify, execute and monitor CSR projects, to assist the Board in fulfilling its CSR objectives, to ensure compliance of CSR regulations and to oversee reporting and disclosure of CSR activity. Further, your Company's CSR Committee makes recommendations to the Board to review and approve the CSR Policy, Annual Action Plan, CSR Projects including its budget, design, scope, expenditure payments and related matters

Your Company's CSR policy sets out your Company's vision, mission, governance and CSR focus areas to fulfill its inclusive agenda across many geographies of India. The CSR Policy also highlights your Company's intent to contribute towards the economic, environmental and social growth of the nation and also reflects the organisation's commitment to contribute towards United Nation's ("UN") Sustainable Development Goals ("SDGs").

The Company's CSR policy is available on the Company's website viz. URL: https://www.kotakmf.com/Information/corporate-disclosure/KMTC_CSR_Policy/KMTC_CSR_Policy.pdf

Your Company's CSR Project and CSR Project Expenditure are compliant with the CSR mandate as specified under Section 134, Section 135 read with schedule VII of the Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time

The average net profit under Section 198 of the Act for the last three financial years preceding 31st March, 2022 is ₹ 7008.49 lakh. The 2% of Average net profits of the Company under section 135, of the Act for FY 2021-22 is ₹ 140.17 lakh

The actual CSR Expenditure for the period 1st April, 2021 to 31st March, 2022 as required under Section 135 of the Act, and the Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time to time is ₹ 140.17 lakh Of this amount, the Company's spend on CSR Project Expenditure is ₹ 97.84 lakh for FY 2021-22, and the balance ₹ 42.32 lakh is on account of the unutilised CSR Project Expenditure of Ongoing CSR Projects of FY 2021-22, and ₹ 42.32 lakh has been transferred to the Kotak Mahindra Trustee Company Limited Unspent CSR Account FY 2021-22 in April 2022. Your Company is committed to utilise the unutilised CSR Project Expenditure of Ongoing CSR Project Expenditure FY 2021-22 of ₹ 42.32 Lakh within the stipulated three years i.e. from 1st April, 2022 to 31st March, 2025 towards the Ongoing CSR Project which continues to be under implementation as on 31st March, 2022.

The excess CSR spend of ₹ 7/- for FY 2021-22 is being carried forward to succeeding financial year(s) and would be available for set-off in those financial year(s). The details are more particularly described in section on Annual Report on CSR activities for FY 2021-22.

In FY 2021-22, your Company has undertaken CSR Project in the CSR focus area 'Education & Livelihood' by providing financial assistance to students who have lost a parent/ parents and/or a primary earning family member to COVID-19, for the purposes of completing their education.

The details of CSR Project and Expenditure under Section 135 of the Act, for FY 2021-22, are annexed to this Report as Annexure A

14. RISK AND LIQUIDITY MANAGEMENT

The RBI in its Circular No. DBOD.BP.NO.56/21.04.098/2012-13 dated November 7, 2012 had stipulated that Banks need to put in place a framework for monitoring institution-wide liquidity risk and for overseeing operating subsidiaries and foreign branches. Further, the RBI, in its Annual Financial Inspection Report has directed the Bank to implement a Group wide Liquidity Risk management framework.

Based on the above, Kotak Mahindra Bank Ltd. and its group companies have adopted a Liquidity Risk Management Policy. The Board of Directors has adopted Liquidity Risk Management Policy which is line with the Kotak Bank Policy.

The Company invests its surplus funds in predominantly Liquid / Overnight/money market/arbitrage schemes of the Kotak Mahindra Mutual Fund, which have minimal duration risk and are liquid. The Company also invests in certain schemes launched, other than the statutory stipulated amounts, basis specific approval of the Board.

During the financial year SEBI has issued a revised circular on Risk Management Framework for Mutual Fund effective 1st Apr'22 by rescinding the September 30, 2002 circular. The company has ensured that there are appropriate risk management policies and processes as per the said norms. The Company also has in place, Cyber Security and Cyber Resilience framework in accordance with SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/12 dated 10th January, 2019

15. EMPLOYEES

Your Company had one employee till 31st January, 2022 and company uses the services of Kotak Mahindra Asset Management Company Limited personnel too.

16. DEPOSITS

Your Company neither invited nor accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014 during the year. Also, there are no deposits due and outstanding as on 31st March, 2022.

17. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since, the company does not undertake any manufacturing facility; the provisions pertaining to Section 134(3) (m) of the Companies Act, 2013 regarding conservation of energy and technological absorption are not applicable to the Company.

During the financial year ended 31st March, 2022 the Company has no foreign exchange inflow and outgo.

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

As per 134(3) (l) of the Companies Act, 2013, there have been no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS WHICH IMPACTS GOING CONCERN STATUS AND COMPANY OPERATIONS IN FUTURE.

There have been no orders passed by the Regulators / Courts/Tribunal, which would impact the going concern status of your Company and its future operations, during the financial year.

20. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from management, confirms in pursuance of Section 134(5) of the Companies Act, 2013, that:

- i. Your Company has, in the preparation of the annual financial statements for the financial year ended 31st March, 2022, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March, 2022 and of the Profit of your Company for the financial year ended 31st March, 2022;
- iii. The Directors had taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual financial statements on a going concern basis; and
- v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

21. SECRETARIAL STANDARDS

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

22. CHANGE IN THE NATURE OF BUSINESS

The Company has not undergone any changes in the nature of the business during the Financial Year i.e it acts as a trustee to the schemes of Kotak Mahindra Mutual fund. It also acts as a trustee for Kotak India Renaissance Fund – I AIF which was launched during the year.

23. ANNUAL RETURN

The copy of the Annual Return (MGT-7) is available on the Company's website viz. URL: <https://kotakmf.com/Information/forms-and-downloads>.

ANNEXURES

Report on CSR activities pursuant to the provisions of Section 135(4)(a) of the Companies Act, 2013, read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (Annexure – A)

ACKNOWLEDGEMENT

The Board would like to place on record their gratitude for the valuable guidance received from the Government of India, Securities and Exchange Board of India, Reserve Bank of India, Association of Mutual Funds of India and other Government and Regulatory agencies, investors in the mutual fund schemes and to the shareholders for their continued support extended to your Company.

The Directors also express their gratitude for the unstinted support and guidance received from Kotak Bank and other group companies.

For and on behalf of the Board of Directors

Chandrashekhar Sathe
(Director)
(DIN 00017605)

Sharad Kumar Bhatia
(Director)
(DIN 07327383)

Place: Mumbai
Date : 26th May, 2022

ANNEXURE - A**ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022****1. Brief outline on CSR Policy of the Company.**

Kotak Mahindra Trustee Company Ltd. ("Company") recognises its responsibility to bring about a positive change in the lives of the communities through its business operations and Corporate Social Responsibility ("CSR") initiatives.

Your Company aspires to be a trusted partner and contributes significantly towards the economic, environmental and social growth of the nation. It is also committed to contribute towards United Nation's (UN) Sustainable Development Goals (SDGs). Your Company's CSR policy sets out its vision, mission, governance, and CSR focus areas to fulfill its inclusive growth agenda in India.

While ensuring that its CSR Policy, projects and programmes are compliant with the CSR mandate as specified under section 134, section 135 read with schedule VII of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time, your Company also endeavours to align its CSR projects and programmes with government initiated social development programmes and interventions and last but not the least, United Nation's Sustainable Development Goals (SDGs).

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation Nature Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Chandrashekhar Sathe	Chairman	2	2
2.	Mr. Uday Phadke	Member	2	2
3.	Mr. Jayesh Merchant	Member	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. Weblink: https://www.kotakmf.com/Information/corporate-disclosure/KMTC_CSR_Policy/KMTC_CSR_Policy.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The impact assessment is not mandatory for the Company as its CSR obligation is less than ₹ 10 crore (limit for mandatory Impact assessment prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time)

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1	NA	NA	NA
2			
3			
	TOTAL		

6. Average net profit of the company as per section 135(5). - ₹ 70.08 crore

7. (a) Two percent of average net profit of the company as per section 135(5) – ₹ 1,40,16,993/-
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. Not Applicable
 (c) Amount required to be set off for the financial year, if any - Not Applicable
 (d) Total CSR obligation for the financial year (7a+7b-7c). - ₹ 1,40,16,993/-

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
97,84,159/-	42,32,841	25 th April, 2022 & 28 th April, 2022	N.A	N.A	N.A

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	"Kotak Shiksha Nidhi"	Promoting education	Yes	PAN India	PAN India	48	1,40,17,000	97,84,159	42,32,841	No	Kotak Education Foundation	CSR00001785
TOTAL												

The CSR Project is implemented on PAN India basis and its operation is not restricted to particular states and districts.

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹).	Mode of implementation on - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
NIL									

(d) Amount spent in Administrative Overheads - NIL

(e) Amount spent on Impact Assessment, if applicable - NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) ₹ 97,84,159

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1,40,17,000
(ii)	Total amount spent for the Financial Year	1,40,16,993
(iii)	Excess amount spent for the financial year [(ii)-(i)]	7
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	7

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	FY 2020-21	57,50,000	7,99,912	N.A	N.A	N.A	49,50,088
TOTAL		57,50,000	7,99,912				49,50,088

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration. (in months)	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
1.	01	CSR Programme On Education Project Excel	FY 2020-21	48	77,50,000	7,99,912	27,99,912	Ongoing
TOTAL					77,50,000	7,99,912	27,99,912	

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

- (a) Date of creation or acquisition of the capital asset(s). **Not applicable**
- (b) Amount of CSR spent for creation or acquisition of capital asset. **Nil**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **Not applicable**
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **Not applicable**

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

Sd/-
(Chief Executive Officer or
Managing Director or Director).

Sd/-
(Chairman CSR Committee).

Sd/-
[Person specified under clause (d) of subsection
(1) of section 380 of the Act] (Wherever
applicable).

Independent Auditors' 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 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

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 31st March, 2022 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA's") 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 made 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 obtained by us 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 including Annexures to 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 during the course of our 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 these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e. On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanation given to us, during the current year, the remuneration paid by the Company to its Directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under 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 does not have any pending litigation which would impact its financial position.

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

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

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person

or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

The Company has neither declared nor paid the dividend during the year.

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

Viral J. Shah
Partner

Membership No.: 110120
UDIN: 22110120AJQEJJ9780

Place: Mumbai
Date: May 26, 2022

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Kotak Mahindra Trustee Company Limited on the Ind AS financial statements for the year ended 31st March, 2022)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and to the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. The Company does not have any property, plant and equipment, intangible assets and lease assets. Hence reporting under clause 3(i)(a) to (d) of the Order is not applicable.
 - (a) As represented by the Management, no proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The Company is in the business of rendering services, and consequently, does not hold any inventory. Accordingly, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.
 - (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. The Company has made only the investments of its surplus funds into the Mutual funds' schemes. The Company has not made any investment in, provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties. Hence, reporting under clause 3(iii)(a) to (f) of the Order is not applicable
- iv. The Company has not given any loan to directors and any other Company. Hence, the requirements under Section 185 and 186 of the Act are not applicable. Accordingly reporting under clause 3(iv) of the Order is not applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits, as per the directives issued by Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
- vii. In respect of statutory dues:
 - (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There are no dues of Income-tax or Goods and Service Tax and other material statutory dues as on 31st March, 2021 on account of disputes. Hence, reporting under clause (vii)(b) of the Order is not applicable to the Company.
- viii. As represented by the Management, there were no transactions which were previously not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) to (f) of the Order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Hence, reporting under clause 3(x)(a) of the Order is not applicable.
 - (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally). Hence, reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) As represented by the Management, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
 - (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
 - (c) As represented by the management, there are no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company and hence, reporting under clause 3 (xii) (a) to (c) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
 - (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors as per the provisions of section 192 of the Companies Act, 2013. Hence, reporting under clause 3(xv) of the Order is not applicable to the Company.

- xvi. (i) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the reporting under clauses 3(xvi)(a) to (c) is not applicable.
- (ii) In our opinion and based on the information received there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. Hence, reporting under clause 3(xvii) of the Order is not applicable to the Company.
- xviii. During the year there was No Resignation of the Auditors. Hence reporting under clause 3 (xviii) of the Order is not applicable to the company.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Hence, reporting under clause 3(xx)(a) of the Order is not applicable for the year to the Company.
- (b) The unspent amounts towards Corporate Social Responsibility (CSR) on any ongoing projects has been transferred to a special account in compliance with sub-section (6) of Section 135 of the said Act.

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

Viral J. Shah
Partner

Membership No.: 110120
UDIN: 22110120AJQEJJ9780

Place: Mumbai
Date: May 26, 2022

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of Kotak Mahindra Trustee Company Limited on the Ind AS financial statements for the year ended 31st March, 2022

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 31st March, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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 and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the criteria for internal financial control over financial reporting 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 ICAI.

Management’s Responsibility for Internal Financial Controls

The Management of the Company 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 (the “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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company 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”) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Viral J. Shah
Partner

Membership No.: 110120
UDIN: 22110120AJQEJJ9780

Place: Mumbai
Date: May 26, 2022

Balance Sheet

as at 31st March 2022

₹ in Lakhs

Particulars	Note No.	As at 31 st March, 2022	As at 31 st March, 2021
ASSETS			
1 Non-current assets			
(a) Non Current tax assets (Net)	3	3.62	2.88
Total Non-current assets		3.62	2.88
2 Current assets			
(a) Financial Assets			
(i) Investments	4	35,282.73	27,461.87
(ii) Trade receivables	5	976.28	795.26
(iii) Cash and cash equivalents	6	51.79	5.50
(b) Other current assets	7	2.78	3.16
Total Current assets		36,313.58	28,265.79
TOTAL ASSETS		36,317.20	28,268.67
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	8	5.01	5.01
(b) Other Equity	9	35,548.83	27,163.87
Total equity		35,553.84	27,168.88
2 Liabilities			
(1) Non current liabilities			
(a) Deferred tax liabilities (net)	26	205.07	700.18
(b) Other non-current liabilities	10	2.50	4.03
Total Non current liabilities		207.57	704.21
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	11	120.50	87.03
(b) Provisions	12	-	1.00
(c) Other current liabilities	13	315.71	249.09
(d) Current tax liabilities (Net)	14	119.58	58.46
Total current liabilities		555.79	395.58
TOTAL EQUITY AND LIABILITIES		36,317.20	28,268.67
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

Place: Mumbai

Date: May 26, 2022

For and on behalf of the Board of Directors

Chandrashekhar Sathe

Director

DIN : 00017605

Sharadkumar Bhatia

Director

DIN : 07327383

Statement of Profit and Loss

for the year ended 31st March 2022

₹ in Lakhs

Particulars	Note No.	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
I. Revenue From Operations	15	10,162.03	7,155.87
II. Other Income	16	1,057.93	1,086.75
III. Total Income (I+II)		11,219.96	8,242.62
IV. EXPENSES			
Finance Costs	17	1.49	-
Employee Benefits expense	18	13.36	4.14
Other Expenses	19	316.32	264.11
Total Expenses (IV)		331.17	268.25
V. Profit before tax (III-IV)		10,888.79	7,974.37
VI. Tax Expense:	27		
(a) Current Tax		2,998.94	1,769.76
(b) Deferred Tax		(495.11)	(186.77)
Tax Expense (a)+(b)		2,503.83	1,582.99
VII. Profit for the Year (V-VI)		8,384.96	6,391.38
VIII. Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit plans		-	(0.28)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	0.07
IX. Total comprehensive income for the year (comprising Profit and other comprehensive income for the period)		8,384.96	6,391.17
X. Earning per equity share [nominal value of share ₹ 10] Basic and diluted [in Rupees]	20	16,746.48	12,764.88
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

Place: Mumbai

Date: May 26, 2022

For and on behalf of the Board of Directors

Chandrashekhar Sathe

Director

DIN : 00017605

Sharadkumar Bhatia

Director

DIN : 07327383

Cash Flow Statement

for the year ended 31st March 2022

₹ in Lakhs

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	10,888.79	7,974.36
Adjustments for:		
Profit on sale of current investments	(4,687.06)	(27.04)
Impairment under Financial assets	0.05	(0.13)
Fair Valuation of Defined Obligation	-	(0.28)
Net gain/(loss) on fair value changes : - Investments	3,629.12	(1,059.71)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	9,830.90	6,887.19
Increase/ (decrease) in trade payables	33.47	57.59
Increase/ (decrease) in other current liabilities	66.61	55.82
Increase/ (decrease) in provision	(1.00)	1.00
Increase/ (decrease) in other non-current liabilities	(1.53)	1.53
Decrease / (increase) in trade receivables	(181.02)	(256.72)
Decrease / (increase) in other current assets	0.39	(1.82)
	(83.08)	(142.61)
CASH GENERATED FROM OPERATIONS	9,747.82	6,744.58
Payment of taxes (net of refunds)	(2,938.59)	(1,760.10)
NET CASH FROM OPERATING ACTIVITIES (A)	6,809.23	4,984.47
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale/maturity of current investments	20,876.95	2,998.00
Purchase of Investments	(27,639.89)	(7,979.00)
NET CASH FROM / (USED) IN INVESTMENT ACTIVITIES (B)	(6,762.94)	(4,981.00)
CASH FLOW FROM FINANCING ACTIVITIES		
CASH FLOW FROM FINANCING ACTIVITIES (C)		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	46.29	3.47
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5.50	2.02
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	51.79	5.50
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	51.79	5.50
Less: Impairment loss allowance #	(0.00)	(0.00)
Cash and cash equivalents as restated as at the year end	51.79	5.50

1. # Amount below 1 Lakh

2. 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: May 26, 2022

For and on behalf of the Board of Directors

Chandrashekhar Sathe

Director

DIN : 00017605

Sharadkumar Bhatia

Director

DIN : 07327383

Statement of Changes in Equity

for the year ended 31st March 2022

A. EQUITY SHARE CAPITAL

₹ in Lakhs

Particulars	Balance at the beginning of the period	Changes in equity share capital during the year	Balance at the end of the period
Equity shares of ₹ 10 each fully paid up			
As on 01 st April, 2020	5.01	-	5.01
As on 31 st March, 2021	5.01	-	5.01
As on 31st March, 2022	5.01	-	5.01

B. OTHER EQUITY

₹ in Lakhs

Particulars	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Opening balance as at 01 st April, 2020	706.83	20,065.88	20,772.71
Profit for the year	-	6,391.38	6,391.38
Appropriations :			
Remeasurments of defined benefit plans	-	(0.22)	(0.22)
Changes during the year	-	6,391.16	6,391.16
Closing balance as at 31st March, 2021	706.83	26,457.04	27,163.87
Profit for the year	-	8,384.96	8,384.96
Changes during the year	-	8,384.96	8,384.96
Closing balance as at 31st March, 2022	706.83	34,842.00	35,548.83

For **V. C. Shah & Co.**

Firm Registration Number: 109818W

Chartered Accountants

Viral J. Shah

Partner

Membership Number: 110120

Place: Mumbai

Date: May 26, 2022

For and on behalf of the Board of Directors

Chandrashekhar Sathe

Director

DIN : 00017605

Sharadkumar Bhatia

Director

DIN : 07327383

Notes

Notes to the Financial Statements as at 31st March, 2022

1. CORPORATE INFORMATION

Kotak Mahindra Trustee Company Limited ('the Company') is a company domiciled in India and incorporated on 5th July, 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 and Alternate Investment 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 26th May, 2022.

COVID-19 has had an extraordinary impact on macroeconomic conditions in India and around the world post declaration of it as a pandemic by World Health Organisation in March 2020. Nation-wide lockdown in April-May 2020 followed by localised lockdown were imposed to restrict the spread in areas with significant number of cases. The restrictions were gradually lifted leading to improvement in economic activity. This was followed by two waves of COVID-19 with outbreak of new variants which led to the re-imposition of regional lockdowns which were subsequently lifted supported by administration of the COVID vaccines to a large population in the country.

India is emerging from the Covid-19 pandemic. The extent to which any new wave of COVID-19 pandemic will impact the Company's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

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

c) 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.

d) 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.

B. Functional and presentation currency

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

C. Use of 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:

Notes

Notes to the Financial Statements as at 31st March, 2022

I. Recognition of revenue

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

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 23.

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. Recognition and Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation include discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in Note 22.

IX. 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

Notes

Notes to the Financial Statements as at 31st March, 2022

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.

X. Discount rate for lease liability

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

D. New standards and amendments to existing Ind AS:

The Ministry of Corporate Affairs notifies new standard or amendments to existing standards. There is no such notification which would have been applicable from 01st April, 2022.

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 and and Alternate Investment Fund.

Trusteeship fees (net of indirect tax) from mutual fund schemes and Alternate Investment Fund 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:

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

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.

Notes

Notes to the Financial Statements as at 31st March, 2022

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. Employee benefits

Defined Contribution Plan

Provident Fund/Employee State Insurance Scheme

The Company's contribution to government provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no further obligations.

Defined Benefit Plan

Gratuity

The Company accounts for the liability for future gratuity benefits based on an independent actuarial valuation. The gratuity obligation is unfunded. The net present value of the Company's obligation towards the same is determined based on the Projected Unit Credit method as at the Balance Sheet date.

Remeasurement of all defined benefit plans, which comprise actuarial gains and losses and the effect of asset ceiling, if applicable are recognized immediately in OCI in the year they are incurred. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in the Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent period.

Compensated Absences

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employees performs the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the avilment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

Other Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentives.

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

D. 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

Notes

Notes to the Financial Statements as at 31st March, 2022

during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

E. Provisions and contingent liabilities

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

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

F. 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.

Notes

Notes to the Financial Statements as at 31st March, 2022

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

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

Notes

Notes to the Financial Statements as at 31st March, 2022

G. 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.

H. 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.

I. Modifications of financial assets and financial liabilities

Financial assets

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

Financial liabilities

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

J. 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.

K. 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.

Notes

Notes to the Financial Statements as at 31st March, 2022

L. 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.

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

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 3

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Non-current assets		
Non Current tax assets (Net)	3.62	2.88
[Net of Provision for Tax of ₹ 3,985.31 Lakhs (31 st March, 2021 ₹ 2,214.06 Lakhs)]		
Total	3.62	2.88

NOTE 4

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Investments		
Investment in mutual funds (quoted)	35,282.73	27,461.87
Total	35,282.73	27,461.87

NOTE 5

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Trade receivables		
Unsecured, considered good	976.53	795.47
Impairment under ECL	(0.25)	(0.21)
Total	976.28	795.26

NOTE 6

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Cash and cash equivalents		
Balance with banks :		
In current account	51.79	5.50
Impairment under ECL#	(0.00)	(0.00)
Total	51.79	5.50

Amount below 1 Lakh

NOTE 7

Particulars	₹ in Lakhs	
	As at 31 st March, 2022	As at 31 st March, 2021
Other current assets		
Input Tax credit	2.78	3.16
Total	2.78	3.16

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 8 : EQUITY SHARE CAPITAL

₹ in Lakhs

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Authorized		
10,00,000 (31 st March, 2021 : 10,00,000) equity shares of ₹10/- each	100.00	100.00
Issued, subscribed and paid-up		
50,070 equity shares (31 st March, 2021 : 50,070) 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	₹ in Lakhs
Equity shares of ₹ 10 each, fully paid-up		
As at 01 st April, 2020	50,070	5.01
Add : Issued during the year	-	-
As at 31 st March, 2021	50,070	5.01
Add : Issued during the year	-	-
As at 31st March, 2022	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 ₹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	st As at 31 st March, 2022		As at 31 st March, 2021	
	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 31 st March, 2022		As at 31 st March, 2021	
	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. Shareholding of Promoters

Shares held by promoters at the end of the year 31st March, 2022

Promoter name	Number of Shares	% of total shares	% Change during the year
Kotak Mahindra Bank Limited	50,070	100	Nil
Total	50,070	100	

Shares held by promoters at the end of the year 31 March, 2021

Promoter name	Number of Shares	% of total shares	% Change during the year
Kotak Mahindra Bank Limited	50,070	100	Nil
Total	50,070	100	

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 9

₹ in Lakhs

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Other equity		
General reserve	706.83	706.83
Retained Earnings	34,842.00	26,457.04
Total	35,548.83	27,163.87

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

₹ in Lakhs

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
General reserve		
Opening balance	706.83	706.83
Addition during the year	-	-
Closing balance	706.83	706.83
Retained Earnings		
Opening balance	26,457.04	20,065.88
Addition during the year	8,384.96	6,391.38
Remeasurments of defined benefit plans	-	(0.22)
Closing balance	34,842.00	26,457.04

NOTE 10

₹ in Lakhs

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Other non-current liabilities		
Other payables	2.50	2.50
Provision for employee benefits	-	0.70
Provision for gratuity	-	0.83
Total	2.50	4.03

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 11

₹ in Lakhs

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Current - Trade payables		
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	120.50	87.03
Total	120.50	87.03

(Refer Note 29)

NOTE 12

₹ in Lakhs

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Provisions :		
Incentive Payable	-	1.00
Total	-	1.00

NOTE 13

₹ in Lakhs

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Other current liabilities		
Statutory dues payable	315.71	248.73
Provision for employee benefits	-	0.17
Provision for gratuity	-	0.19
Total	315.71	249.09

NOTE 14

₹ in Lakhs

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Current tax liabilities (Net)		
Provision for income tax	119.58	58.46
[Net of advance tax and Tax deducted at source of ₹ 6,496.91 Lakhs (31 st March, 2021: 5,328.85 Lakhs)]		
Total	119.58	58.46

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 15

₹ in Lakhs

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Revenue From Operations		
Trustee fees	10,162.03	7,155.87
Total	10,162.03	7,155.87

NOTE 16

₹ in Lakhs

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Other Income		
Net gain/(loss) on fair value changes of Investments classified as FVTPL	1,057.93	1,086.75
Total	1,057.93	1,086.75

Total Net gains (losses) on fair value changes include ₹ 4,687.06 Lakhs [previous year: ₹ 27.04 Lakhs] as 'Realised Net gain or loss on sale of investments'.

NOTE 17

₹ in Lakhs

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Finance Costs :		
Other interest expense	1.49	-
Total	1.49	-

NOTE 18

₹ in Lakhs

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Employee Benefits expenses :		
Salaries and wages	12.72	3.97
Contribution to provident and other funds	0.64	0.17
Total	13.36	4.14

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 19

₹ in Lakhs

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Other Expenses		
Rent	4.72	4.27
Legal, professional and consultancy charges	2.01	0.92
Insurance	6.65	7.25
Directors sitting fees	46.30	42.40
Payment to auditors	3.25	3.05
Royalty Expenses	17.89	15.39
Contribution towards corporate social responsibility (Refer note 21)	140.00	117.50
Reimbursement of common administrative cost	94.98	73.17
Impairment on financial instruments	0.05	(0.13)
Miscellaneous expenses	0.47	0.29
Total	316.32	264.11
Details of Auditors fees and expenses		
(a) As auditor	2.80	2.65
(b) Reimbursement of expenses	0.02	0.03
(c) Tax Auditor	0.43	0.38
Total	3.25	3.05

NOTE 20 :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.

₹ in Lakhs

Sr No	Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
A)	i. Profit attributable to Equity holders of Company		
	Profit attributable to equity holders of the Company	8,384.96	6,391.38
B)	Profit attributable to equity holders of the Company for basic earnings	8,384.96	6,391.38
	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	16,746.48	12,764.88

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 21 : 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 ₹ 140 Lakhs (Previous year ₹ 117.50 Lakhs) during the year on CSR activities.

Details of Corporate Social Responsibility expenditure

		₹ in Lakhs	
Sr No	Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
	Contribution to :		
	Kotak Education Foundation	97.84	60.00
	Accrual towards unspent obligations in relation to:		
	Ongoing project	42.16	57.50
	Other than ongoing project	-	-
	Total	140.00	117.50
	Amount required to be spent as per sec. 135 of the Act	140.00	117.50
	Amount of cumulative shortfall at the end of the year	91.66	57.50
	Amount spent during the period :		
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	97.84	60.00

Details of ongoing CSR projects under Section 135(6) of the Act

Balance as at 01 st April, 2021		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 st March, 2022	
With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
-	57.50	140.00	97.84	8.00	42.16	49.50

Balance as at 01 st April, 2020		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 st March, 2021	
With the Company	In Separate CSR Unspent account		From the Company's Bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
-	-	117.50	60.00	-	57.50	-

Particulars	31 st March, 2022	31 st March, 2021
amount required to be spent by the company during the year	140.00	117.50
amount of expenditure incurred	97.84	60.00
shortfall at the end of the year	42.16	57.50
total of previous years shortfall	49.50	-
reason for shortfall	pertains to ongoing projects	pertains to ongoing projects
Nature of CSR Activities		
Education & Livelihood	140.00	117.50

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 22 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 25.98% of the equity share capital and 17.27 % of the paid-up share capital of Kotak Mahindra Bank Limited as on 31 st March, 2022)		
Fellow subsidiary		
Kotak Mahindra Asset Management Company Limited	India	
II) Parties with whom transactions are carried out		
Key Managerial Personnel - Non-Executive Directors		
Mr. Amit Desai - Non Independent - Non Executive Director		
Mr. Uday Phadke - Independent Director		
Mr. Chandrashekhar Sathe - Non Independent - Non Executive Director		
Mr. Sharadkumar Bhatia - Independent Director		
Mr. Jayesh Merchant - Independent Director		

Related party transactions and balances

Nature of Transaction	Year ended 31 st March	Holding Company	Fellow Subsidiaries
Balances Outstanding			
Balance in Current Account	2022	50.60	
	2021	4.04	
Other Long term Liabilities - Initial Corpus	2022	2.50	
	2021	2.50	
Current - Trade payables	2022		-
	2021		2.84
Transactions during the year			
Reimbursement of Expenses	2022		106.35
	2021		84.69
Royalty Expenses	2022	17.89	
	2021	15.39	
Bank & Demat Charges	2022	0.04	
	2021	0.04	

Notes

Notes to the Financial Statements as at 31st March, 2022

Transactions with key management personnel

i. Key management personnel compensation

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Directors		
Director Sitting Fees	21.30	21.40
Director Commission	25.00	21.00

NOTE 23 EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans (Provident Fund):

The Company makes Provident Fund contributions to Recognized Provident Fund for employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 0.64 Lakhs (31st March, 2021 : ₹ 0.16 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the Fund are at rates specified in the Rules of the Scheme.

(ii) Defined Benefit Plan:

Gratuity :

The Company accounts for the liability for future gratuity benefits based on an independent actuarial valuation. The gratuity obligation is unfunded. The net present value of the Company's obligation towards the same is determined based on the Projected Unit Credit method as at the Balance Sheet date.

- A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at balance sheet date:

Particulars	Gratuity	
	31 st March, 2022	31 st March, 2021
Present value of Unfunded defined benefit obligation (A)	-	1.01
Fair value of plan assets (B)	-	-
Net (asset) / liability recognized in the Balance Sheet (A-B)	-	1.01

Notes

Notes to the Financial Statements as at 31st March, 2022

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

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Gratuity					
	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Opening balance	1.01	-	-	-	1.01	-
Included in profit or loss						
Current service cost	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Interest on Net Defined Benefit Liability/ (Assets)	-	-	-	-	-	-
	1.01	-	-	-	1.01	-
Included in OCI						
Remeasurement loss (gain)						
Actuarial loss (gain) arising from						
Demographic assumptions	-	(0.03)	-	-	-	(0.03)
Financial assumptions	-	-	-	-	-	-
Experience adjustment	-	0.31	-	-	-	0.31
Actual return on plan assets less interest on plan assets	-	-	-	-	-	-
	-	0.28	-	-	-	0.28
Other						
Contributions paid by the employer	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-
Liabilities assumed / (settled)*	(1.01)	0.73	-	-	(1.01)	0.73
Closing balance	-	1.01	-	-	-	1.01
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability						
Current					-	0.19
Non-current					-	0.83
					-	1.01

C. Expenses recognized in statement of profit and loss

Particulars	31 st March, 2022	31 st March, 2021
Current service cost	-	-
Past service cost	-	-
Interest on net defined benefit liability / (asset)	-	-
Education & Livelihood	-	-

Notes

Notes to the Financial Statements as at 31st March, 2022

D. Remeasurements recognized in other comprehensive income

Particulars	31 st March, 2022	31 st March, 2021
Actuarial loss / (gain) arising from:		
Financial assumptions	-	(0.03)
Demographic assumptions	-	-
Experience adjustments	-	0.31
Actual return on plan assets less interest on plan assets	-	-
Adjustment to recognize the effect of asset ceiling	-	-
	-	0.28

E. Defined benefit obligations

i. Actuarial assumptions

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

Particulars	31 st March, 2022	31 st March, 2021
Discount rate	N.A.	6.20%
Salary escalation rate (p.a.)	N.A.	7.00%

ii. Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the change in defined benefit obligation compared with the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	Gratuity			
	As at 31 st March, 2022		As at 31 st March, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	-	-	0.03	(0.03)
Salary escalation rate (50 bps movement)	-	-	(0.03)	0.03

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

F. Experience adjustments

The expected future cash flows in	Year ended 31 st Marchst				
	2022	2021	2020	2019	2018
Present value of defined benefit obligation	-	1.01	-	-	-
Fair value of plan assets					
Surplus / (Deficit)	-	(1.01)	-	-	-
Experience adjustments on plan liabilities		-	-	-	-
Experience adjustments on plan assets					

G. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized ₹ 0.07 Lakhs. (Previous year : ₹ 0.07 Lakhs) for Compensated Absences in the Statement of Profit and Loss.

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 24 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.

₹ in Lakhs

Particulars	As at 31 st March, 2022			As at 31 st March, 2021		
	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial assets						
Cash and cash equivalents	-	-	51.79	-	-	5.50
Receivables:						
Trade receivables	-	-	976.28	-	-	795.26
Current Investments	35,282.73			27,461.87		
Total financial assets	35,282.73	-	1,028.07	27,461.87	-	800.76
Financial liabilities						
Payables						
Trade Payables	-	-	120.50	-	-	87.03
Total financial liabilities	-	-	120.50	-	-	87.03

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 31 st March, 2022				As at 31 st March, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments at FVTPL								
- Mutual funds	35,282.73	-	-	35,282.73	27,461.87	-	-	27,461.87
Total financial assets	35,282.73	-	-	35,282.73	27,461.87	-	-	27,461.87

C. Measurement of fair values

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

The categories used are as follows:

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

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

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

Fair value of financial assets and liabilities measured at amortized cost

Particulars	As at 31 st March, 2022		As at 31 st March, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	51.79	51.79	5.50	5.50
Receivables:				
Trade receivables	976.28	976.28	795.26	795.26
	1,028.07	1,028.07	800.77	800.77
Financial liabilities				
Payables				
Trade Payables	120.50	120.50	87.03	87.03
Total Financial liabilities	120.50	120.50	87.03	87.03

Notes

Notes to the Financial Statements as at 31st March, 2022

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 24 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:-

₹ in Lakhs

Particulars	As at	
	31 st March, 2022	31 st March, 2021
Trade receivables	976.28	795.26
Cash and cash equivalents	51.79	5.50
Total	1,028.07	800.76

a. Credit quality analysis

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

₹ in Lakhs

Particulars	Lifetime ECL (simplified approach)	
	As at	
	31 st March, 2022	31 st March, 2021
Trade receivables		
Current	976.53	795.47
Past due 0–30 days	-	-
Past due 31–60 days	-	-
Past due 61–90 days	-	-
Past due 90 days	-	-
	976.53	795.47
Impairment loss allowance	(0.25)	(0.21)
Carrying amount	976.28	795.26

₹ in Lakhs

Particulars	As at 31 st March, 2022		
	12-month ECL	Lifetime ECL	Total
Other financial assets			
Current	51.79	-	51.79
Past due 0–30 days	-	-	-
Past due 31–90 days	-	-	-
Past due 90 days	-	-	-
	51.79	-	51.79
Impairment loss allowance	(0.00)	-	(0.00)
Carrying amount	51.79	-	51.79

Notes

Notes to the Financial Statements as at 31st March, 2022

₹ in Lakhs

Particulars	As at 31 st March, 2021		
	12-month ECL	Lifetime ECL	Total
Other financial assets			
Current	5.50	-	5.50
Past due 1–30 days		-	-
Past due 31–60 days	-	-	-
Past due 61–90 days	-	-	-
Past due 90 days	-	-	-
	5.50	-	5.50
Impairment loss allowance	(0.00)	-	(0.00)
Carrying amount	5.49	-	5.49

Concentration of credit risk

Amounts arising from ECL

i. Inputs, assumptions and techniques used for estimating impairment

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

The probability of default rates are based on the credit worthiness of counter parties and their credit ratings. The PD rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as Gross domestic product, change in gross fixed investments. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

Inputs considered in the ECL model: 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.

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:

₹ in Lakhs

Particulars	Current	Past due 0–30 days	Past due 31–60 days	Past due 61–90 days	Past due more than 90 days
Trade receivables					
Balance as at 31st March, 2021	0.21	-	-	-	-
New financial assets originated during the year	0.25	-	-	-	-
Financial assets that have been derecognized during the period	(0.21)	-	-	-	-
Balance as at 31st March, 2022	0.25	-	-	-	-

Notes

Notes to the Financial Statements as at 31st March, 2022

₹ in Lakhs

Particulars	12-month ECL	Lifetime ECL
Cash and cash equivalents #		
Balance as at 31st March, 2021	(0.00)	-
Net remeasurement of loss allowance	0.00	-
Balance as at 31st March, 2022	0.00	-

Amount less than 1 Lakh for impairment loss allowance

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.

₹ in Lakhs

Particulars	As at 31 st March, 2022							
	Carrying amount	Total	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	120.50	120.50	95.50	25.00	-	-	-	-
Carrying Amount	120.50	120.50	95.50	25.00	-	-	-	-

₹ in Lakhs

Particulars	As at 31 st March, 2021							
	Carrying amount	Total	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	87.03	87.03	66.03	21.00	-	-	-	-
Carrying Amount	87.03	87.03	66.03	21.00	-	-	-	-

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 short duration / debt schemes of mutual funds, it has no material exposure to market risk.

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 25 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

₹ in Lakhs

Particulars	For the year ended	
	31 st March, 2022	31 st March, 2021
Revenue from contracts with customers	10,162.03	7,155.87
Revenue from other sources	1,057.93	1,086.75
Total Revenue as per Statement of Profit and Loss	11,219.96	8,242.63

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:

₹ in Lakhs

Particulars	For the year ended	For the year ended
	31 st March, 2022	31 st March, 2021
Type of services		
Trustee Fees	10,162.03	7,155.87
Total	10,162.03	7,155.87
Geographical markets		
India	10,162.03	7,155.87
Outside India	-	-
Total	10,162.03	7,155.87
Timing of revenue recognition		
At a point in time	-	-
Over a period of time	10,162.03	7,155.87
Total	10,162.03	7,155.87

Contract Balances

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

₹ in Lakhs

Particulars	As at	As at
	31 st March, 2022	31 st March, 2021
Trade Receivables - Unsecured, considered good	976.53	795.47
Impairment under ECL	(0.25)	(0.21)
Total	976.28	795.26

NOTE 26 : SEGMENT INFORMATION:

The Company acts as a Trustee for the schemes of Kotak Mahindra Mutual Fund and Alternate Investment Fund. As the Company is engaged only in one business segment and no geographical segments, the Balance Sheet as at 31st March, 2022 and the Statement of Profit and Loss for the year ended 31st March, 2022 pertain to one business segment and hence, there are no reportable geographical segments.

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 27 TAX EXPENSE :

(a) Amounts recognised in profit and loss

Particulars	₹ in Lakhs	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Current tax expense		
Current period	2,998.94	1,769.76
Changes in estimated related to prior years		
Total current tax expense (A)	2,998.94	1,769.76
Deferred income tax liability / (asset), net		
Change in recognised deductible temporary differences	(495.11)	(186.77)
Deferred tax expense (B)	(495.11)	(186.77)
Tax expense for the year (A)+(B)	2,503.83	1,582.99

(b) Reconciliation of effective tax rate

Particulars	For the year ended 31 st March, 2022		For the year ended 31 st March, 2021	
	Amount	%	Amount	%
Profit before tax	10,888.79		7,974.37	
Tax using the Company's domestic tax rate	2,740.49	25.17%	2,006.99	25.17%
Reduction in tax rate				
Tax effect of:				
Tax effects of amounts which are not deductible from taxable income	34.88	0.32%	28.91	0.36%
Effect of incomes which are taxed at different rate	(283.68)	-2.61%	(439.29)	-5.51%
Effect of different tax rate	12.15	0.11%	(13.62)	-0.17%
Total income tax expenses	2,503.83	22.99%	1,582.98	19.85%

Movement in deferred tax balances

Particulars	For the year ended 31 st March, 2022				
	Net balance 31 st March, 2021	Recognised in profit or loss	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)					
Profit on sale of Mutual Fund	8.87	(0.29)	8.58	8.58	-
Employee benefits	0.45	(0.45)	-	-	-
Impairment on financial instruments	0.05	0.01	0.06	0.06	-
Investments	(709.55)	495.84	(213.71)	-	(213.71)
Total	(700.18)	495.11	(205.07)	8.64	(213.71)

Particulars	For the year ended 31 st March, 2021				
	Net balance 31 st March, 2020	Recognised in profit or loss	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)					
Profit on sale of Mutual Fund	8.65	0.22	8.87	8.87	-
Employee benefits	-	0.45	0.45	0.45	-
Impairment on financial instruments	0.09	(0.03)	0.05	0.05	-
Investments	(895.76)	186.21	(709.55)	-	(709.55)
Total	(887.03)	186.85	(700.18)	9.37	(709.55)

Notes

Notes to the Financial Statements as at 31st March, 2022

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

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

NOTE 28: TRADE RECEIVABLE AGEING SCHEDULE

As on 31st March, 2022

₹ in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	976.28	-	-	-	-	976.28
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

No unbilled dues

As on 31st March, 2021

₹ in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	795.26	-	-	-	-	795.26
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

No unbilled dues

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 29: TRADE PAYABLES AGEING SCHEDULE

As on 31st March, 2022

₹ in Lakhs

Particulars	Unbilled dues	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	120.47	0.03	-	-	-	120.50
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

As on 31st March, 2021

₹ in Lakhs

Particulars	Unbilled dues	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	82.71	4.30	0.02	-	-	87.03
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

NOTE 30: RATIOS

Sr No	Ratios	Numerator	Denominator	As at 31 st March, 2022	As at 31 st March, 2021	Change %
1	Current Ratio	Current Asset	Current Liability	65.34	71.45	-8.56%
2	Return on Equity Ratio	Net Income	Equity	23.58%	23.52%	0.25%
3	Trade Receivables turnover ratio	Net Annual Sales	Average Trade Receivables	11.47	10.73	6.91%
4	Net capital turnover ratio	Total Sales	Net Working Capital	0.28	0.26	10.68%
5	Net profit ratio	Profit after Tax	Net Sales	82.51%	89.32%	-7.62%
6	Return on Capital employed	Earning before Interest and Tax	Capital Employed	30.63%	29.35%	4.34%
7	Return on investment	Net Return on Investment	Cost of Investment	3.37%	4.45%	-24.20%

Explanations:

- i Current Asset is total of (a) Investments (b) Trade Receivables (c) Cash and Cash Equivalents and (d) Other Current Assets
- ii Current Liability is total of (a) Trade Payables (b) Provisions (c) Other current liabilities and (d) Current Tax Liabilities (Net)
- iii Net Income is Profit for the year after tax
- iv Equity includes (a) Equity Share Capital and (b) Other Equity
- v Average Trade Receivables is Average of Opening + Closing Trade receivables
- vi Total Sales is Total Revenue from Operations
- vii Net Working Capital is Current Asset (-) Current Liabilities as at the end of the year
- viii Capital Employed includes (a) Share Capital and (b) Reserves and Surplus
- ix Cost of Investment is Average of Current Investments as at year end

Notes

Notes to the Financial Statements as at 31st March, 2022

NOTE 31 : ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

i) Details of benami property held

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

(ii) Borrowing secured against current assets

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

(iii) Wilful defaulter

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

(iv) Relationship with struck off companies

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

(v) Compliance with number of layers of companies

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

(vi) Compliance with approved scheme(s) of arrangements

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

(vii) Utilisation of borrowed funds and share premium

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

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

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

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

(viii) Undisclosed income

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

(ix) Details of crypto currency or virtual currency

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

(x) Valuation of PP&E, intangible asset and investment property

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

Notes

Notes to the Financial Statements as at 31st March, 2022

Other regulatory information

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

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

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

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

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

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

NOTE 32 : DETAILS ON PENDING LITIGATIONS

The Company has received a show cause notice dated May 10, 2019 / August 13, 2020 and May 31, 2019/ October 12, 2020. w.r.t delayed payment of part proceeds in certain FMPs, on account of delay in realization from underlying investments in Essel Group of companies by these FMPs. The company has appropriately responded to these notices in consultation with lawyers. The matter is pending before SEBI Inspection Authorities.

NOTE 33 : 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 **V. C. Shah & Co.**

Firm Registration Number: 109818W

Chartered Accountants

Viral J. Shah

Partner

Membership Number: 110120

Place: Mumbai

Date: May 26, 2022

For and on behalf of the Board of Directors

Chandrashekhar Sathe

Director

DIN : 00017605

Sharadkumar Bhatia

Director

DIN : 07327383



Kotak Mahindra Trustee Company Limited
27BKC, C 27, G Block, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
Kotak Mahindra Bank Website: www.kotak.com

CIN: U65990MH1995PLC090279