Annual Report 2018-19

kotak

# Courage
of Conviction.
# Constancy
of Change.

# Board's Report

To the Members of

**KOTAK MAHINDRA TRUSTEE COMPANY LIMITED**

Your Directors present their Twenty Fourth Annual Report together with the Audited Financial Statement of the Company for the year ended March 31,2019 .

## 1. FINANCIAL HIGHLIGHTS

(₹ In Lakhs)

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Gross income | 5954 | 4629 |
| Profit before Depreciation and Tax | 5810 | 4532 |
| Depreciation | - | - |
| Profit before Tax | 5810 | 4532 |
| Profit after Tax | 4224 | 3369 |
| Balance of Profit from previous years | 11474 | 9183 |
| Amount available for appropriation | 15698 | 12552 |
| **Appropriations:** | | |
| Dividend paid including dividend distribution tax | (452) | (903) |
| Transfer to General reserves | (175) | (175) |
| Surplus carried forward to the Balance Sheet | 15071 | 11474 |

## 2. DIVIDEND

Your Directors recommend a dividend of ₹ 375 lakhs excluding dividend distribution tax.

**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 Mutual fund industry registered a growth of 6% YOY in Q4 FY19 over Q4 FY18 with the Quarterly Average Assets Under Management (QAAUM) for Q4 FY19 at ₹ 24.52 Lakh cr.

During the same period, on the basis of percentage growth in QAAUM, KMMF was amongst the second fastest growing Mutual Fund House – within the top 10 Fund Houses ranked by QAAUM. The QAAUM which stood at ₹1,50,271 cr for Q419 has seen growth of around 21% in Q4 FY19 over Q4 FY18.. The KMMF continues to be the 7th largest Fund House in the country in terms of QAAUM. Market Share in QAAUM has grown to 6.13% in Q4 FY19 from 5.41% in Q4 FY18 .

The AAUM for FY19 was 1,38,215 crs against a AAUM of ₹ 1,15,399 cr in FY18 a growth of 20%. This resulted in an increase in revenues of the Company by 24%,, also being aided by a better mix of the schemes . The costs of the firm have increased by 50% largely due to the CSR expenditure. Resultantly the Profit after Tax of the Company has increased by 8% from 33.79 cr in FY18 to 36.46 cr in FY19.

**New schemes launched:**

- Thirty Two Fixed Maturity Plans (FMPs) were launched which collected ₹6,186.17 cr during their NFO period.
- Three Interval Scheme were launched which collected ₹219.17 cr during their NFO period.
- Two close ended diversified equity funds were launched, which garnered a total of ₹405.14 cr during their NFO period.
- KMAMC had a successful launch of its Balanced Advantage Fund, which witnessed a collection of ₹ 1877.97 cr during its NFO period. This was an all time high for KMAMC in its NFO collection since inception of the business.
- KMAMC launched its Overnight Fund, which collected ₹1015.52 cr during its NFO period.

**KEY SEBI Circulars**

Post SEBI circulars dated October 6, 2017 and December 4, 2017 on scheme categorization, all the changes of the aforesaid circular have been incorporated in the offer documents of schemes of Kotak Mahindra Mutual fund and the same was completed by June 2018. Further following key circular have been issued by SEBI during the year:

- SEBI (Mutual Funds) (Second Amendment) Regulations, 2018 read with SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2018/91 dated June 5, 2018 stated that additional expenses in lieu of exit load, have been reduced to 0.05 per cent from 0.20 percent of daily net assets of the scheme from May 29, 2018.
- SEBI, vide circular No. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018, has stated that all scheme related expenses including commission paid to distributors, shall necessarily be paid from the scheme only. MFs/ AMCs shall adopt full trail model of commission in all schemes, without payment of any upfront commission or upfronting of any trail commission, directly or indirectly, in cash or kind, through sponsorships, or any other route.
- SEBI, vide Gazette Notification no. No. SEBI/LAD-NRO/GN/2018/51- dated December 13, 2018 has recalibrated the Total Expense Ratio (TER), which will reduce the cost of investment for the investors w.e.f 1st April 2019 . For open ended schemes, TER reduction ranges from 5 Bps to 40 Bps where the AUM of the scheme is between ₹3,000 Cr to ₹ 50,000 Cr. For Close Ended Equity schemes, TER reduced from 2.25 % to 1.25% and 1% for debt Schemes.
- SEBI vide circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018, has permitted segregation of portfolio in mutual fund schemes, in case of a credit event at the issuer level i.e. downgrade or subsequent downgrades in credit rating to below investment grade by a SEBI registered Credit Rating Agency (CRA).

## 5. SUBSIDIARY

Your Company does not have any subsidiary.

## 6. DIRECTORS

Directors retiring by rotation

Mr. Chandrashekhar Sathe (DIN 00017605) retires by rotation at the Twenty fourth Annual General Meeting and, being eligible, has offered himself for re-appointment.

During the year there was no appointment/resignation of Directors.

Approval of shareholders for payment of profit based commission to Independent Directors of the Company is being sought at the ensuing Annual General Meeting of the Company.

## 7. NUMBER OF BOARD MEETINGS

During the financial year ended March 31,2019, 9 meetings of the Board of Directors were held.

## 8. COMMITTEES

### (A) AUDIT COMMITTEE

In terms of requirement of SEBI circular MFD/CIR/010/024/2000 dated January 17, 2000, the Audit Committee presently comprises of Mr. Balan Wasudeo - Chairman, Mr. Noshir Dastur and Mr. Chandrashekhar Sathe. The quorum comprises of any two members.

During the financial year ended March 31,2019, 6 meetings of Committee were held. There were no cases where recommendations of the Audit Committee were not accepted by the Board of Directors.

### (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. Balan Wasudeo - Chairman, Mr. Arun Palkar and Mr. Chandrashekhar Sathe. The quorum comprises of any two members.

During the financial year ended March 31,2019, 1 meeting of Committee was held.

### (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 organization. The Committee presently comprises of Mr. Balan Wasudeo - Chairman and Mr. Noshir Dastur.

## 9. AUDITORS

In terms of Section 139 of the Companies Act, 2013, Price Waterhouse, 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 2013-2014 until the conclusion of the Annual General Meeting of FY 2018-2019 of the Company, subject to ratification by the members every year. Since the term of Price Waterhouse will expire in the ensuing Annual General Meeting 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 March 31,2019, 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

Your Company's CSR Committee drives the CSR programme of the Company. Your Company has a Board approved CSR policy, charting out its CSR approach. This policy articulates the Company's aim to positively contribute towards economic, environmental and social well-being of communities through its CSR interventions. The core CSR focus areas outlined are:

- Education
- Vocational skills and livelihood
- Preventive healthcare and sanitation
- Reducing inequalities faced by socially and economically backward groups
- Sustainable development

- Relief and rehabilitation
- Clean India
- Sports

The Company's CSR Policy is available on the Company's website: assetmanagement.kotak.com

Pursuant to the provisions of Section 135, Schedule VII of the Companies Act, 2013 (the Act), read with the Companies (Corporate Social Responsibility) Rules, 2014 the report of the expenditure on CSR by the Company is as under:

The average net profit U/S 198 of the Company for the last three financial years preceding March 31, 2019 is ₹ 29.71 cr.

The prescribed CSR expenditure required U/S 135, of the Act for FY 2018-19 is ₹ 59.42 Lakhs.

The CSR expenditure incurred FY19 under section 135 of the Companies Act, 2013 amounts to ₹ 30.00 Lakhs as against ₹ 2.00 Lakhs incurred in FY 2017-18. The unspent CSR Expenditure amount for FY 19 is ₹ 28.00 Lakhs.

CSR expenditure of ₹ 30.00 Lakh as a percentage of average net profit U/S 198 of the Company at ₹ 29.71 cr, which is 1.01 %.

The Company's budget in CSR focussed sectors and programs are approved by the Board CSR Committee and the Board. The Company's CSR budget is guided by the vision of creating long-term benefits for the society. The Company has been building its CSR capabilities on a sustainable basis and is committed to gradually increasing its CSR spending in the coming year for its long-term projects. The Company identifies suitable NGO partners for carrying out its CSR programs. It undertakes CSR programs that are scalable, sustainable and have the potential to be replicated across locations and create a sustainable and measurable impact in communities.

The CSR programs undertaken are in the area of education and livelihood. The Company's CSR footprint has been increasing over the years. The Company is committed to stepping-up its CSR programs and expenditure in the years ahead.

The Company's CSR Expenditure in FY 2018-19 of ₹ 30.00 Lakhs, which is over 1400.00 % higher than its CSR Expenditure of ₹ 2.00 Lakhs in FY 2017-18.

Your Company does not consider "administrative overheads" as part of its CSR Expenditure.

The details of CSR Programs and Expenditure U/S 135 of the Companies Act, 2013, for FY 2018-19, are annexed to this report.

## 14. RISK MANAGEMENT

SEBI Circular MFID/CIR/15/19133/2002 dated September 30, 2002 governs Mutual Funds on Risk management. The said circular details guidelines in the areas of Fund management, Operations, Customer Service, Marketing and Distribution and other business risks. These practices are being audited by the Internal Auditors and the audit report on risk management is presented to the Boards of the Kotak Mahindra Asset Management Company Limited and Kotak Mahindra Trustee Company Limited every six months. Over and above this, SEBI has mandated a system audit for mutual funds to be conducted once every two years, by an independent auditor. The same has been implemented by your company.

Risk Management function is operational at two levels. The first level is an integral part of the concerned functions like Fund Management, Information Technology, Operations and Treasury; while the internal operational and regulatory functions like the investment positions are managed at a floor level.

The risks in Fund Management are managed by the Investment Committee of Kotak Mahindra Asset Management Company Ltd. The Investment Committee is responsible for monitoring the credit and interest rate risks, whereas, the Risk Management Committee oversees the operational risk function.

Your Company has robust risk management policies and practices in all the above related areas of functioning.

**Liquidity Management:**

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 have adopted Liquidity Risk Management Policy which is line with the Kotak Bank Policy.

The Company invests its surplus Funds in the Liquid schemes of the Kotak Mahindra Mutual Fund. The Company's surplus Funds were invested by the authorized personnel of the KMAMC, as per the mandate of the Board of Directors.

## 15. EMPLOYEES

Your Company does not have personnel of its own and uses the services of Kotak Mahindra Asset Management Company Limited personnel.

## 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 March 31,2019.

## 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 March 31,2019 the Company has no foreign exchange inflow and outgo.

## 18. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THEFINANCIAL 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 March 31, 2019, 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 March 31, 2019 and of the Profit of your Company for the financial year ended March 31, 2019;

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.

## ANNEXURES

**Following statements/documents/reports are set out as Annexures to the Directors' Report:**

(a) Extract of Annual Return under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of Companies (Management & Administration) Rules, 2014. (Annexure – A).

(b) Report on CSR activities pursuant to the provisions of Section 135(4)(a) of the Companies Act, 2013, read with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (Annexure – B)

## 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**

| | | |
|---|---|---|
| **Mumbai** | **Chandrashekhar Sathe** | **Noshir Dastur** |
| **June 14, 2019** | (Director) | (Director) |
| | (DIN 00017605) | (DIN 00493177) |

# FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

**as on the financial year ended on March 31, 2019**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| i) | CIN | U65990MH1995PLC090279 |
| ii) | Registration Date | July 5, 1995 |
| iii) | Name of the Company | Kotak Mahindra Trustee Company Limited |
| iv) | Category / Sub-Category of the Company | Public Company limited by shares |
| v) | Address of the Registered office and contact details | 27 BKC, Plot No. C 27, G Block,<br>Bandra Kurla Complex, Bandra East,<br>Mumbai – 400051<br>Tel No. : (022) 22-61152100<br>Fax No.: (022) 66384455 |
| vi) | Whether listed company Yes / No | No |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Not Applicable |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | Management of Mutual Funds | 66301 | 81.28% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| | Holding Company | | | | |
| 1 | Kotak Mahindra Bank Limited<br>**Address:** 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051 | L65110MH1985PLC038137 | Holding Company | 100% | 2(46) |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding – Kotak Mahindra Trustee Company Ltd is 100% subsidiary of Kotak Mahindra Bank Ltd

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) Individual / HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | - | - | - | - | - | - | - | - | - |
| e) Banks/FI | - | 50,070 | 50,070 | 100 | - | 50,070 | 50,070 | 100 | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub total (A) (1)** | | | | | | | | | |
| **2) Foreign** | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other…. | - | - | - | - | - | - | - | - | - |
| **Sub total (A) (2)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0.00** |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | **-** | **50,070** | **50,070** | **100** | **-** | **50,070** | **50,070** | **100** | **-** |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total(B)(2):-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **C. Shares held by Custodian for GDRs & ADRs** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Grand Total (A+B+C)** | **50,070** | **50,070** | **100** | **-** | **50,070** | **50,070** | **100** | **-** | **50,070** |

**(ii) Shareholding of Promoters**

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share-holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | KOTAK MAHINDRA BANK LIMITED | 50,070 | 100 | - | | 50,070 | - | 100 |

**(iii) Change in Promoters' Shareholding**

| Sl. No. | | share holding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | - | - | - | - |
| | At the End of the year | - | - | - | - |

**(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sl. No. | | share holding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | - | - | - | - |
| | At the End of the year ( or on the date of separation, if separated during the year) | - | - | - | - |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of share | % of total shares of the company | No. of shares | % of total shares |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Share holding during the year | - | - | - | - |
| | At the End of the year | - | - | - | - |

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ in lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| **Total (i+ii+iii)** | - | - | - | - |
| **Change in Indebtedness during the financial year** | - | - | - | - |
| - Addition | | | | |
| - Reduction | | | | |
| **Net Change** | - | - | - | - |
| **Indebtedness at the end of the financial year** | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| **Total (i+ii+iii)** | **-** | **-** | **-** | **-** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNE-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---|---|---|---|---|---|---|
| 1 | Gross salary * | - | - | - | - | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 @ | - | | | | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | | | | - |
| 2 | Stock Option | | | | | |
| 3 | Sweat Equity | - | | | | - |
| 4 | Commission | - | | | | - |
| | - as % of profit | | | | | |
| | - Others, specify… | | | | | |
| 5 | Others, please specify | - | | | | - |
| | **Total (A)** | **-** | | | | **-** |
| | Ceiling as per the Act | - | - | - | - | - |

### B. Remuneration to other directors

(₹ in lakh)

| Sl. no. | Particulars of Remuneration | Name of Directors | | | | | Total Amount in ₹ |
|---|---|---|---|---|---|---|---|
| 1 | Independent Directors | - | - | - | - | - | - |
| | Fee for attending board committee meetings | | | | | | |
| | Commission | | | | | | |
| | Others, please specify | | | | | | |
| | **Total (1)** | **-** | **-** | **-** | **-** | | **-** |
| 2 | Other Non-Executive Directors | Mr. Amit Desai | Mr. Balan Wasudeo | Mr. Noshir Dastur | Mr. Arun Palkar | Mr. Chandra-shekhar Sathe | |
| | Fee for attending board committee meetings | 1.0 | 5.9 | 5.7 | 3.7 | 5.2 | 21.5 |
| | Commission* | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 20 |
| | Others, please specify | - | - | - | - | - | - |
| | **Total (2)** | **5.0** | **9.9** | **9.7** | **7.7** | **9.2** | **41.5** |
| | **Total (B)=(1+2)** | **5.0** | **9.9** | **9.7** | **7.7** | **9.2** | **41.5** |
| | **Total Managerial Remuneration** | **-** | **-** | **-** | | **-** | **-** |
| | Overall Ceiling as per the Act | - | - | - | - | - | - |

** Payment of Commission is subject to approval of members at the AGM of 2018 – 2019.*

*#Remuneration of Directors of the Company is governed under Companies Act, 2013.*

**C. Remuneration to key managerial personnel other than md/manager/wtd**

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---|---|---|---|---|
| | | (CFO) | (CS) | |
| 1 | Gross salary * | - | - | - |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 @ | | | |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | | | |
| | - others, specify… | | | |
| 5 | Others, please specify | - | - | - |
| | **Total** | **-** | **-** | **-** |

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| **B. DIRECTORS** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

**For and on behalf of the Board of Directors**

**Chandrashekhar Sathe**
(Director)
(DIN 00017605)

**Noshir Dastur**
(Director)
(DIN 00493177)

**Details of CSR activities and expenditure U/S 135 of The Companies Act, 2013**

| CSR project/ activity identified | Sector in which the project is covered | Area of project implementation (Name of the District / s, State / s where project / programme was undertaken | Programme / project wise budgeted amount (₹ Lakh) | Programme / project wise actual spend during the year – Direct expenditures (₹ Lakh) | Programme / project wise actual spend during the year – Overheads (₹ Lakh) | Cumulative Expenditure up to reporting period (Since FY 2014-15) (₹ Lakh) | Amount spent Direct or through implementing agency (₹ Lakh) |
|---|---|---|---|---|---|---|---|
| Promoting education | Education | Mumbai | 30.00 | 21.12 | 4.02 | 47.00 (Out of ₹ 30.00 Lakh, the NGO has not utilised ₹4.86 Lakh The same will be used towards meeting expenses for FY2019-20) | Implementing Agency - 30.00 |
| **TOTAL CSR SPEND U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2018-19** | | | | | | | **30** |

**Summary of CSR Programmes implemented in FY 2018-19**

- Kotak Education Foundation (KEF) is the Company's long-term CSR partner and primary vehicle to implement its CSR Programmes in Education and Livelihood. Founded in 2006, KEF empowers young people from underprivileged families through various education-based initiatives and equips them with employable skills. KEF also organises various livelihood programmes for Below Poverty Line (BPL) families in the regions of Mumbai, Thane and Raigad.

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Balan Wasudeo** | **Chandrashekhar Sathe** | **Noshir Dastur** |
| Chairman of CSR Committee | (Director) | (Director) |
| | (DIN 00017605) | (DIN 00493177) |

# Independent Auditor's Report

To the Members of Kotak Mahindra Trustee Company Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

1. We have audited the accompanying financial statements of Kotak Mahindra Trustee Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

### BASIS FOR OPINION

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

### OTHER INFORMATION

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

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

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

   We have nothing to report in this regard.

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

## OTHER MATTER

11. The financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 1, 2017 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2018 and March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 28, 2018 and April 22, 2017 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

    Our opinion is not modified in respect of this matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

13. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

    (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A".

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements;

        ii. The Company has long-term contracts including derivative contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2019.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

**Vivek Prasad**
Partner
Membership Number: 104941

Place: Mumbai
Date: June 14, 2019

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13 (f) of the Independent Auditors' Report of even date to the Members of Kotak Mahindra Trustee Company Limited on the financial statements for the year ended March 31, 2019

### REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls with reference to financial statements of Kotak Mahindra Trustee Company Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITORS' RESPONSIBILITY

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

## OPINION

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019 , based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

**Vivek Prasad**
Partner
Membership Number: 104941

Place: Mumbai
Date: June 14, 2019

## ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Kotak Mahindra Trustee Company Limited on the financial statements as of and for the year ended March 31, 2019

i. The Company does not own any fixed assets during the year ended March 31, 2019. Therefore, the provisions of clauses 3 (i) of the Order are not applicable to the Company.

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

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore provisions of Clause 3(iii), (iii) (a), (iii) (b) and (iii) (c) of the said order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax, cess , goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax, cess and goods and services tax and other material statutory dues, as applicable which have not been deposited on account of any dispute.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

**Vivek Prasad**
Partner
Membership Number: 104941

Place: Mumbai
Date: June 14, 2019

# Balance Sheet
as at 31st March, 2019

Amount in Lakhs

| Particulars | | Note No. | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non Financial assets** | | | | | |
| **1** | **Non-current assets** | | | | |
| | Non Current tax assets (Net) | | 1.52 | 1.52 | - |
| **Non-current assets** | | | **1.52** | **1.52** | **-** |
| **2** | **Current assets** | | | | |
| | (a) Financial Assets | | | | |
| | (i) Current Investments | 2 | 16,150.53 | 12,253.09 | 9,744.37 |
| | (ii) Trade receivables | 3 | 492.18 | 398.43 | 275.21 |
| | (iii) Cash and cash equivalents | 4 | 1.49 | 2.03 | 4.79 |
| | (b) Other current assets | 5 | 1.38 | 1.14 | 3.81 |
| | **Current assets** | | **16,645.58** | **12,654.69** | **10,028.18** |
| | **TOTAL ASSETS** | | **16,647.10** | **12,656.21** | **10,028.18** |
| **EQUITY AND LIABILITIES** | | | | | |
| | **Equity** | | | | |
| | (i) Equity share capital | 6 | 5.01 | 5.01 | 5.01 |
| | (ii) Other Equity | 7 | 15,778.26 | 12,006.22 | 9,539.67 |
| | **Total equity** | | **15,783.27** | **12,011.23** | **9,544.68** |
| | **Liabilities** | | | | |
| | **Non Financial liabilities** | | | | |
| | **(1) Non current liabilities** | | | | |
| | Deferred tax liabilities | 21 | 621.09 | 444.19 | 441.72 |
| | Other non-current liabilities | 8 | 2.50 | 2.50 | 2.50 |
| | | | **623.59** | **446.69** | **444.22** |
| | **(2) Current liabilities** | | | | |
| | (a) **Financial liabilities** | | | | |
| | (i) Trade payables | 9 | 20.18 | 15.77 | 11.25 |
| | (b) Other current liabilities | 10 | 159.32 | 132.10 | 1.16 |
| | (c) Current tax liabilities (Net) | | 60.74 | 50.42 | 26.87 |
| | **Total current liabilities** | | **240.24** | **198.29** | **39.28** |
| | **TOTAL EQUITY AND LIABILITIES** | | **16,647.10** | **12,656.21** | **10,028.18** |
| Significant Accounting Policies & Notes on Accounts | | 1 | | | |

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board of Directors

**Vivek Prasad**
Partner
Membership No. 104941

Director

Director

Place: Mumbai
Date: June 14, 2019

# Statement of Profit and Loss

for the year ended 31st March, 2019

Amount in Lakhs

| | Particulars | Note No. | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---|---|---|---|---|
| I. | Revenue From Operations | 11 | 4,840.01 | 3,909.28 |
| II. | Other Income | 12 | 1,114.45 | 719.42 |
| | **Total Income** | | **5,954.46** | **4,628.70** |
| III. | **EXPENSES** | | | |
| | Other Expenses | 13 | 144.37 | 97.00 |
| | **Total Expenses** | | 144.37 | 97.00 |
| IV. | **Profit before tax** | | 5,810.09 | 4,531.70 |
| V. | Tax Expense: | | | |
| | (a) Current Tax | | 1,409.07 | 1,160.00 |
| | (b) Deferred Tax | | 176.90 | 2.47 |
| VI. | **Profit after Tax** | | **4,224.12** | **3,369.23** |
| | Earnings per equity share [nominal value of share ₹ 10] Basic and diluted [in Rupees] | 14 | 8,436.43 | 6,729.05 |
| | Significant Accounting Policies & Notes on Accounts | 1 | | |

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board of Directors

**Vivek Prasad**
Partner
Membership No. 104941

Director | Director

Place: Mumbai
Date: June 14, 2019

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# Cash Flow Statement

for the year ended 31st March, 2019

Amount in Lakhs

| | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 5,810.09 | 4,531.70 |
| Adjustments for: | | |
| Profit on sale of current investments | (357.34) | (727.19) |
| Impairment under Financial assets | 0.05 | 0.01 |
| Net gain/(loss) on fair value changes : - Investments | (757.11) | 7.77 |
| **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | **4,695.69** | **3,812.29** |
| Increase/ (decrease) in trade payables | 4.41 | 4.52 |
| Increase/ (decrease) in other current liabilities | 27.22 | 130.95 |
| Decrease / (increase) in trade receivables | (93.80) | (123.21) |
| Decrease / (increase) in other current assets | (0.24) | 2.67 |
| | **(62.41)** | **14.93** |
| **CASH GENERATED FROM OPERATIONS** | 4,633.28 | 3,827.22 |
| **Payment of taxes (net of refunds)** | **(1,398.74)** | **(1,138.00)** |
| **NET CASH FROM OPERATING ACTIVITIES (A)** | **3,234.54** | **2,689.22** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale/maturity of current investments | 2,244.00 | 2,113.20 |
| Purchase of Investments | (5,027.00) | (3,902.50) |
| **NET CASH FROM / (USED) IN INVESTMENT ACTIVITIES (B)** | **(2,783.00)** | **(1,789.30)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Dividend paid on equity shares | (375.00) | (750.00) |
| Tax on equity dividend paid | (77.08) | (152.68) |
| **CASH FLOW FROM FINANCING ACTIVITIES (C)** | **(452.08)** | **(902.68)** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)** | **(0.54)** | **(2.76)** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **2.03** | **4.79** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | 1.49 | 2.03 |
| **Reconciliation of cash and cash equivalents with the balance sheet** | | |
| Cash and cash equivalents as per balance sheet (refer note 2) | | |
| Balances with banks in current account | 1.49 | 2.03 |
| Less: Impairment loss allowance | (0.00) | (0.00) |
| **Cash and cash equivalents as restated as at the year end** | **1.49** | **2.03** |

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

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board of Directors

**Vivek Prasad**
Partner
Membership No. 104941

Director

Director

Place: Mumbai
Date: June 14, 2019

# Statement of Changes in Equity

for the year ended 31st March, 2019

**A. Equity share capital**

(Amount in Lakhs)

| Particulars | Balance at the beginning of the period | Changes in equity share capital during the year | Balance at the end of the period |
|---|---|---|---|
| Equity shares of ₹ 10 each fully paid up | | | |
| As on 1-April-2017 | 5.01 | - | 5.01 |
| As on 31-March-2018 | 5.01 | - | 5.01 |
| As on 31-March-2019 | 5.01 | - | 5.01 |

**B. Other equity**

(Amount in Lakhs)

| Particulars | Reserves and Surplus | | Total |
|---|---|---|---|
| | General Reserve | Profit and loss account balance | |
| **Opening balance as on 1-April-2017** | **356.83** | **9,182.84** | **9,539.67** |
| Profit for the year | - | 3,369.23 | 3,369.23 |
| Dividend on Equity Shares | - | (750.00) | (750.00) |
| Dividend distribution tax on dividend on Equity Shares | - | (152.68) | (152.68) |
| Transfer to General Reserve | 175.00 | (175.00) | - |
| **Changes during the year** | **175.00** | **2,291.55** | **2,466.55** |
| **Closing balance as at 31-March-2018** | **531.83** | **11,474.39** | **12,006.22** |
| Opening balance as at 31-March-2018 | 531.83 | 11,474.39 | 12,006.22 |
| Profit for the year | - | 4,224.12 | 4,224.12 |
| Dividend on Equity Shares | - | (375.00) | (375.00) |
| Dividend distribution tax on dividend on Equity Shares | - | (77.08) | (77.08) |
| Transfer to General Reserve | 175.00 | (175.00) | - |
| **Changes during the year** | **175.00** | **3,597.04** | **3,772.04** |
| **Closing balance as at 31-March-2019** | **706.83** | **15,071.43** | **15,778.26** |

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board of Directors

**Vivek Prasad**
Partner
Membership No. 104941

Director

Director

Place: Mumbai
Date: June 14, 2019

# Schedules forming part of Balance Sheet and Profit and Loss Account

## 1. CORPORATE INFORMATION

Kotak Mahindra Trustee Company Limited ('the Company') is a company domiciled in India and incorporated on 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.

## 2. BASIS OF PREPARATION

### A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Companies Act, 2013 ( "Act") .

The Company has adopted Ind AS from 1st April 2018 with effective transition date of 1st April 2017. Accordingly, these financial statements together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in lnd AS, prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with the relevant rules issued thereunder and other relevant provisions of the Act. The transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and other generally accepted accounting principles in India (collectively referred to as 'the Previous GAAP'). Accordingly, the impact of transition has been recorded in the opening reserves as at 1st April 2017 and the comparative previous year has been restated / reclassified. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Equity, Statements of Profit and Loss and Cash Flows are provided in Note 20.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April 2017 being the 'date of transition to Ind AS'. These financial statements were authorized for issue by the Company's Board of Directors on 14th June 2019.

### B. Functional and presentation currency

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

### C. Basis of measurement

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

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments).

### D. Use of estimates and judgements

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

Judgment, estimates and assumptions are required in particular for:

#### I. Revenue

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

#### 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 and depreciation carry-forwards could be utilized.

# Schedules forming part of Balance Sheet and Profit and Loss Account

**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 2.

**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 measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

**VI. Effective Interest Rate (EIR) method**

The Company's EIR methodology, recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of financial instruments and recognizes the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

**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.

**Standard issued but not effective**

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs ('MCA') on March 30, 2019) which are effective for annual period beginning after April 1, 2019. The Company intends to adopt these standards or amendments from the effective date.

**Ind AS 116 – Leases**

Ind AS 116 is applicable for financial reporting periods beginning on or after April 1, 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-Balance Sheet lease accounting model for lessees. A lessee recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

As the Company does not have any leases, therefore the adoption of this standard is not likely to have impact in its financial statements.

**E. Amendments to existing Ind AS:**

The following amended standards are not expected to have a significant impact on the Company's standalone financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective amended standards.

**I. Amendment to Ind AS 12 Income Taxes: Appendix C – Uncertainty over Income Tax Treatments**

The Appendix addresses how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

**II. Amendments to Ind AS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized.

**3. Significant accounting policies**

**A. Revenue recognition of income**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognizes revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

Trusteeship fees

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. The revenue for such contracts is recognized over the term of the contract as per the agreed rates.

Interest income:

Interest income on financial assets is recognized on an accrual basis using effective interest method. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under impairment stages 1 and 2 as against on amortized cost for the assets falling under impairment stage 3.

Dividend Income:

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

**B. Income Tax**

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

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

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

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

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

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

Deferred tax assets are reviewed at each reporting date and based on management's judgment, are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

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

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

**D. Impairment of non-financial assets**
The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognized for such excess amount in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

**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 to be 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:

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

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

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

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

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

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

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

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

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

**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.

**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 include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

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

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

- Financial assets that are not credit impaired at the reporting date:

  ECL has been estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and loss given default ('LGD').

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

- Financial assets that are credit impaired at the reporting date:

  ECL has been estimated as the difference between the gross carrying amount and the present value of estimated future cash flows.

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

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

- If the expected restructuring will not result in derecognition of the existing asset, expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset and the recognition of modified asset, the modified asset is considered as a new financial asset. The date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The impairment loss allowance is measured at an amount equal to 12 month expected credit losses until there is a significant increase in credit risk. If modified financial asset is credit-impaired at initial recognition, the financial asset is recognized as originated credit impaired asset.

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

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

**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.

# Schedules forming part of Balance Sheet and Profit and Loss Account

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. Modifications of financial assets and financial liabilities**

**Financial assets**

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

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

**Financial liabilities**

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

**I. Measurement of fair values**

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

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

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

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

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

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

**J. Cash and cash equivalents**

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

**K. Cash Flow Statement**

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

**L.** 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.

**Mandatory exemptions:**

**I. Estimates**

The estimates at 1st April 2017 and 31st March 2018 are consistent with those made for the same dates in accordance with the Indian GAAP (after adjustments to reflect any differences if any, in accounting policies). The Company has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Fair valuation of financial instruments at FVTPL and / or FVOCI
- Impairment of financial assets based on expected credit loss model.

**II. Derecognition of financial assets and financial liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

**III. Classification of financial assets**

The Company has classified and measured the financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 2 CURRENT INVESTMENTS

Amount in Lakhs

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|
| Investment in mutual funds | 16,150.53 | 12,253.09 | 9,744.37 |
| | **16,150.53** | **12,253.09** | **9,744.37** |

## NOTE 3 TRADE RECEIVABLES

Amount in Lakhs

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|
| Unsecured, considered good | 492.35 | 398.54 | 275.31 |
| Impairment under ECL | (0.17) | (0.11) | (0.10) |
| | **492.18** | **398.43** | **275.21** |

## NOTE 4 CASH AND CASH EQUIVALENTS

Amount in Lakhs

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|
| Balance with banks : | | | |
| In current account | 1.49 | 2.03 | 4.79 |
| Impairment under ECL# | (0.00) | (0.00) | (0.00) |
| | **1.49** | **2.03** | **4.79** |

# Amount below 1 Lakh

## NOTE 5 OTHER CURRENT ASSETS

Amount in Lakhs

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|
| Prepaid expenses | - | - | 3.50 |
| Input Tax credit | 1.38 | 1.14 | 0.31 |
| | **1.38** | **1.14** | **3.81** |

## NOTE 6 : EQUITY SHARE CAPITAL

Amount in Lakhs

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|
| **Authorized** | | | |
| 1,000,000 equity shares of ₹ 10 each | 100.00 | 100.00 | 100.00 |
| **Issued, subscribed and paid-up** | | | |
| 50,070 equity shares of ₹ 10 each, fully paid up | 5.01 | 5.01 | 5.01 |
| | **5.01** | **5.01** | **5.01** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

| Particulars | No. of shares | (Amount in Lakhs) |
|---|---|---|
| Equity shares of ₹ 10 each, fully paid-up | | |
| As at 1 April 2017 | 50,070 | 5.01 |
| Add : Issued during the year | - | - |
| As at 31 March 2018 | 50,070 | 5.01 |
| Add : Issued during the year | - | - |
| **As at 31 March 2019** | **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/ ultimate holding company and/ or their subsidiaries/ associates**

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | | As at 1st April 2017 | |
|---|---|---|---|---|---|---|
| | Number of shares | % Holding | Number of shares | % Holding | Number of shares | % Holding |
| Kotak Mahindra Bank Limited | 50,070 | 100 | 50,070 | 100 | 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 31st March 2019 | | As at 31st March 2018 | | As at 1st April 2017 | |
|---|---|---|---|---|---|---|
| | Number of shares | % Holding | Number of shares | % Holding | Number of shares | % Holding |
| Kotak Mahindra Bank Limited | 50,070 | 100 | 50,070 | 100 | 50,070 | 100 |
| | 50,070 | 100 | 50,070 | 100 | 50,070 | 100 |

**Dividends**

The Board of Directors recommended a final dividend of ₹ 748.95 per equity share for the financial year ended 31st March, 2019. The payment is subject to approval of the shareholders in the ensuing Annual general meeting of the company, and if approved would result in a cash outflow of approximately ₹ 452.08 Lakhs, including dividend distribution tax. Dividends on equity shares are recorded as a liability on the date of approval by the shareholders.

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 7 OTHER EQUITY

Amount in Lakhs

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|
| General reserve | 706.83 | 531.83 | 356.83 |
| Profit and loss account balance | 15,071.43 | 11,474.39 | 9,182.84 |
| | **15,778.26** | **12,006.22** | **9,539.67** |

## NOTE 8 OTHER NON-CURRENT LIABILITIES

Amount in Lakhs

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|
| Other payables | 2.50 | 2.50 | 2.50 |
| | **2.50** | **2.50** | **2.50** |

## NOTE 9 CURRENT - TRADE PAYABLES

Amount in Lakhs

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|
| Trade payables | 20.18 | 15.77 | 11.25 |
| | **20.18** | **15.77** | **11.25** |

## NOTE 10 OTHER CURRENT LIABILITIES

Amount in Lakhs

| Particulars | As at 31st March 2019 | As at 31st March 2018 | As at 1st April 2017 |
|---|---|---|---|
| Statutory dues payable | 159.32 | 132.10 | 1.16 |
| | **159.32** | **132.10** | **1.16** |

## NOTE 11 REVENUE FROM OPERATIONS

Amount in Lakhs

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---|---|---|
| Trustee fees | 4,840.01 | 3,909.28 |
| | **4,840.01** | **3,909.28** |

## NOTE 12 OTHER INCOME

Amount in Lakhs

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---|---|---|
| Net gain/(loss) on fair value changes of Investments | 1,114.45 | 719.42 |
| | **1,114.45** | **719.42** |

Total Net gains (losses) on fair value changes include ₹ 757.11 lakhs (previous year: ₹ (7.77 lakhs) as 'Net gain or loss on sale of investments'.

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 13 OTHER EXPENSES

Amount in Lakhs

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---|---|---|
| Rent | 5.17 | 5.17 |
| Legal, professional and consultancy charges | 1.70 | 1.05 |
| Insurance | 3.60 | 3.50 |
| Directors sitting fees | 42.00 | 29.10 |
| Payment to auditors | 2.72 | 1.71 |
| Contribution towards corporate social responsibility (Refer note 15) | 30.00 | 2.00 |
| Reimbursement of common administrative cost | 57.79 | 52.94 |
| Impairment on financial instruments | 0.05 | 0.01 |
| Miscellaneous expenses | 1.34 | 1.52 |
| | **144.37** | **97.00** |
| **Details of Auditors fees and expenses** | | |
| (a) As auditor | 2.65 | 1.65 |
| (b) Reimbursement of expenses | 0.07 | 0.06 |
| | **2.72** | **1.71** |

## NOTE 14 :EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

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

(Amount in Lakhs)

| Sr. No. | Particulars | As on 31-Mar-19 | As on 31-Mar-18 |
|---|---|---|---|
| A) | **i. Profit attributable to Equity holders of Company** | | |
| | Profit attributable to equity holders of the Company | 4,224.12 | 3,369.23 |
| B) | Profit attributable to equity holders of the Company for basic earnings | 4,224.12 | 3,369.23 |
| | **ii. Weighted average number of ordinary shares** | | |
| | Issued ordinary shares | 50,070 | 50,070.00 |
| C) | Weighted average number of shares | 50,070 | 50,070 |
| D) | Basic and Diluted earnings per shares | 8,436.43 | 6,729.05 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 15 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 ₹ 59.42 Lakhs (Previous year 36.34 Lakhs) during the year on CSR activities.

Details of Corporate Social Responsibility expenditure

Amount in Lakhs

| Sr no | Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---|---|---|---|
| a) | Gross amount required to be spent during the year | 59.42 | 36.34 |
| b) | Amount spent during the period | | |
| (i) | Construction/acquisition of any asset | - | - |
| (ii) | On purposes other than (i) above | 30.00 | 2.00 |

## NOTE 16 RELATED PARTY DISCLOSURES

Names of Related Parties

| Particulars | Country of Incorporation | Proportion of ownership interest |
|---|---|---|
| **Holding Company** | | |
| Kotak Mahindra Bank Limited | India | 100% |
| | | |
| **Fellow subsidiary** | | |
| Kotak Mahindra Asset Management Company Limited | India | |
| | | |
| **Directors** | | |
| Mr. Arun Palkar | | |
| Mr. Noshir Dastur | | |
| Mr. Amit Desai | | |
| Mr. Chandrashekhar Sathe | | |
| Mr. Balan Wasudeo | | |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Related party relationships, transactions and balances**

Amount in Lakhs

| Nature of Transaction | Year ended March 31 | Holding Company | Fellow Subsidiaries |
|---|---|---|---|
| **Balances Outstanding** | | | |
| Balance in Current Account | 2019 | 0.84 | |
| | 2018 | 1.64 | |
| | 2017 | 4.69 | |
| Other Long term Liabilities - Initial Corpus | 2019 | 2.50 | |
| | 2018 | 2.50 | |
| | 2017 | 2.50 | |
| Transactions during the year | | | |
| Reimbursement of Expenses | 2019 | | 62.97 |
| | 2018 | | 58.11 |

**Transactions with key management personnel**

i. Key management personnel compensation

| Sr. No. | Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|---|
| | **Directors** | | |
| i. | Director Sitting Fees | 22.00 | 19.10 |
| ii. | Director Commission | 20.00 | 10.00 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

## NOTE 17 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

**A. Classification of financial assets and financial liabilities:**

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

Amount in Lakhs

| Particulars | As at 31-Mar-19 | | | As at 31-Mar-18 | | | As at 01-Apr-17 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortized cost | FVTPL | FVTOCI | Amortized cost | FVTPL | FVTOCI | Amortized cost |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | - | - | 1.49 | | | 2.03 | | | 4.79 |
| Receivables: | | | | | | | | | |
| Trade receivables | - | - | 492.18 | | | 398.43 | | | 275.21 |
| Current Investments | 16,150.53 | | | 12,253.09 | | | 9,744.37 | | |
| **Total financial assets** | **16,150.53** | **-** | **493.67** | **12,253.09** | **-** | **400.46** | **9,744.37** | **-** | **280.00** |
| **Financial liabilities** | | | | | | | | | |
| Payables | | | | | | | | | |
| Trade Payables | | | 20.18 | | | 15.77 | | | 11.25 |
| **Total financial liabilities** | **-** | **-** | **20.18** | **-** | **-** | **15.77** | **-** | **-** | **11.25** |

**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-Mar-19 | | | | As at 31-Mar-18 | | | | As at 01-Apr-17 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | | | | |
| Investments at FVTPL | | | | | | | | | | | | |
| - Mutual funds | 16,150.53 | | | 16,150.53 | 12,253.09 | | | 12,253.09 | 9,744.37 | | | 9,744.37 |
| **Total financial assets** | **16,150.53** | **-** | **-** | **16,150.53** | **12,253.09** | **-** | **-** | **12,253.09** | **9,744.37** | **-** | **-** | **9,744.37** |

**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)

# Schedules forming part of Balance Sheet and Profit and Loss Account

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

**Fair value of financial assets and liabilities measured at amortized cost**

| Particulars | As at 31-Mar-19 | | As at 31-Mar-18 | | As at 01-Apr-17 | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | | | |
| Cash and cash equivalents | 1.49 | 1.49 | 2.03 | 2.03 | 4.79 | 4.79 |
| | | | | | | |
| Receivables: | | | | | | |
| Trade receivables | 492.18 | 492.18 | 398.43 | 398.43 | 275.21 | 275.21 |
| | 493.67 | 493.67 | 400.46 | 400.46 | 280.00 | 280.00 |
| | | | | | | |
| Financial liabilities | | | | | | |
| Payables | | | | | | |
| Trade Payables | 20.18 | 20.18 | 15.77 | 15.77 | 11.25 | 11.25 |
| Other Financial liabilities | | | | | | |
| **Total Financial liabilities** | **20.18** | **20.18** | **15.77** | **15.77** | **11.25** | **11.25** |

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 ; and
- Liquidity risk

## NOTE 18 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 loans and Cash and cash equivalents.

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

(Amount in lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 | As at 1st April, 2017 |
|---|---|---|---|
| Trade receivables | 492.18 | 398.43 | 275.21 |
| Cash and cash equivalents | 1.49 | 2.03 | 4.79 |
| **Total** | **493.67** | **400.46** | **280.00** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**a. Credit quality analysis**

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

(Amount in lakhs)

| Particulars | As at 31st March, 2019 | | | |
|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| **Trade receivables** | | | | |
| Past due 1–30 days | - | 492.35 | - | 492.35 |
| Past due 31–60 days | - | - | - | - |
| Past due 61–90 days | - | - | - | - |
| Past due 90 days | - | - | - | - |
| | - | 492.35 | - | 492.35 |
| Impairment loss allowance | - | (0.17) | | (0.17) |
| Carrying amount | - | 492.18 | - | 492.18 |
| | | | | |
| | | | | |
| **Other financial assets** | | | | |
| Current | 1.49 | - | - | 1.49 |
| Past due 1–30 days | - | - | - | - |
| Past due 31–60 days | - | - | - | - |
| Past due 61–90 days | - | - | - | - |
| Past due 90 days | - | - | - | - |
| | 1.49 | - | - | 1.49 |
| Impairment loss allowance | (0.00) | - | - | (0.00) |
| Carrying amount | 1.49 | - | - | 1.49 |

(Amount in lakhs)

| Particulars | As at 31st March, 2018 | | | |
|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| Trade receivables | | | | |
| Past due 1–30 days | - | 398.54 | - | 398.54 |
| Past due 31–60 days | - | - | - | - |
| Past due 61–90 days | - | - | - | - |
| Past due 90 days | - | - | - | 0.00 |
| | - | 398.54 | - | 398.54 |
| Impairment loss allowance | - | (0.11) | | (0.11) |
| Carrying amount | - | 398.43 | - | 398.43 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

(Amount in lakhs)

| Particulars | As at 31st March, 2018 | | | |
|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| **Other financial assets** | | | | |
| Current | 2.03 | - | - | 2.03 |
| Past due 1–30 days | | - | - | - |
| Past due 31–60 days | - | - | - | - |
| Past due 61–90 days | - | - | - | - |
| Past due 90 days | - | - | - | - |
| | 2.03 | - | - | 2.03 |
| Impairment loss allowance | (0.00) | - | - | (0.00) |
| Carrying amount | 2.03 | - | - | 2.03 |

(Amount in lakhs)

| Particulars | As at 31st March, 2017 | | | |
|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
| Trade receivables | | | | |
| Past due 1–30 days | - | 275.31 | - | 275.31 |
| Past due 31–60 days | - | - | - | - |
| Past due 61–90 days | - | - | - | - |
| Past due 90 days | - | - | - | - |
| | - | 275.31 | - | 275.31 |
| Impairment loss allowance | - | (0.10) | - | (0.10) |
| Carrying amount | - | 275.21 | - | 275.21 |
| **Other financial assets** | | | | |
| Current | 4.79 | - | - | 4.79 |
| Past due 1–30 days | - | - | - | - |
| Past due 31–60 days | - | - | - | - |
| Past due 61–90 days | - | - | - | - |
| Past due 90 days | - | - | - | - |
| | 4.79 | - | - | 4.79 |
| Impairment loss allowance | (0.00) | - | - | (0.00) |
| Carrying amount | 4.79 | - | - | 4.79 |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Concentration of credit risk**

**c. Amounts arising from ECL**

**i. Inputs, assumptions and techniques used for estimating impairment**

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

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

0-30 days past due

31- 90 days past due

More than 90 days past due

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

**Assumption considered in the ECL model:**

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

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

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

# Schedules forming part of Balance Sheet and Profit and Loss Account

ii. **Impairment loss allowance**

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

| Particulars | Past due 1–30 days | Past due 31–60 days | Past due 61–90 days | Past due more than 90 days |
|---|---|---|---|---|
| Trade receivables | | | | |
| **Balance as at April 1, 2017** | **0.10** | | | |
| New financial assets originated during the year | 0.11 | | | |
| Financial assets that have been derecognized during the period | (0.10) | | | |
| **Balance as at March 31, 2018** | **0.11** | **-** | **-** | **-** |
| New financial assets originated during the year | 0.17 | - | | |
| Financial assets that have been derecognized during the period | (0.11) | | | |
| **Balance as at March 31, 2019** | **0.17** | **-** | **-** | **-** |

| Particulars | Past due 1–30 days | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired |
|---|---|---|---|
| Cash and cash equivalents | | | |
| **Balance as at April 1, 2017** | **0.00** | | |
| Net remeasurement of loss allowance | (0.00) | | |
| **Balance as at March 31, 2018** | **0.00** | | |
| Net remeasurement of loss allowance | (0.00) | | |
| **Balance as at March 31, 2019** | **0.00** | **-** | **-** |

**Liquidity Risk**

**Trade Receivables**

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

**Maturity Profile of Financial Liabilities**

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

(Amount in lakhs)

| Particulars | As on 31-Mar-19 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Total | On demand | Less than 6 months | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
| **Financial Liabilities** | | | | | | | | |
| Trade and other Payables | 20.18 | 20.18 | | 20.18 | | | | |
| **Carrying Amount** | **20.18** | **20.18** | **-** | **20.18** | **-** | **-** | **-** | **-** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

(Amount in lakhs)

| Particulars | As on 31-Mar-18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Total | On demand | Less than 6 months | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
| **Financial Liabilities** | | | | | | | | |
| Trade and other Payables | 15.77 | 15.77 | | 15.77 | | | | |
| **Carrying Amount** | **15.77** | **15.77** | - | **15.77** | - | - | - | - |

(Amount in lakhs)

| Particulars | As on 31-Mar-17 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Total | On demand | Less than 6 months | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
| **Financial Liabilities** | | | | | | | | |
| Trade and other Payables | 11.25 | 11.25 | | 11.25 | | | | |
| **Carrying Amount** | **11.25** | **11.25** | - | **11.25** | - | - | - | - |

## NOTE 19 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

(Amount in Lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-19 | 31-Mar-18 |
| Revenue from contracts with customers | 4,840.01 | 3,909.28 |
| Revenue from other sources | 1,114.45 | 719.42 |
| **Total Revenue** | **5,954.46** | **4,628.70** |

**Disaggregation of revenue from contracts with customers**

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

(Amount in Lakhs)

| Particulars | Year ended 31-Mar-19 | Year ended 31-Mar-18 |
|---|---|---|
| Type of services | | |
| Trustee Fees | 4,840.01 | 3,909.28 |
| **Total** | **4,840.01** | **3,909.28** |
| Geographical markets | | |
| India | 4,840.01 | 3,909.28 |
| Outside India | - | - |
| **Total** | **4,840.01** | **3,909.28** |
| Timing of revenue recognition | | |
| At a point in time | - | - |
| Over a period of time | 4,840.01 | 3,909.28 |
| **Total** | **4,840.01** | **3,909.28** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Contract Balances**

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

(Amount in Lakhs)

| Particulars | As at 31-Mar-19 | As at 31-Mar-18 | As at 1-Apr-17 |
|---|---|---|---|
| Receivables | 492.18 | 398.43 | 275.21 |

## NOTE 20 TRANSITION TO IND AS:

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the "transition date"). In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

**A. Reconciliation of equity as at 1 April 2017**

(Amount in Lakhs)

| Particulars | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|
| **(1) Current Assets** | | | |
| (a) Financial Assets | | | |
| (i) Current Investments | 7,829.74 | 1,914.62 | 9,744.37 |
| (ii) Trade receivables | 275.31 | (0.10) | 275.21 |
| (iii) Cash and cash equivalents | 4.79 | (0.00) | 4.79 |
| (b) Other current assets | 3.81 | - | 3.81 |
| **Total current assets** | **8,113.65** | **1,914.52** | **10,028.18** |
| **TOTAL ASSETS** | **8,113.65** | **1,914.52** | **10,028.18** |
| **EQUITY AND LIABILITIES** | | | |
| **(1) Equity** | | | |
| (a) Equity share capital | 5.01 | - | 5.01 |
| (b) Other equity | 8,066.86 | 1,472.81 | 9,539.67 |
| Equity attributable to equity holders of the Company | 8,071.87 | 1,472.81 | 9,544.68 |
| **Total equity** | **8,071.87** | **1,472.81** | **9,544.68** |
| **(2) Non current liabilities** | | | |
| Deferred tax liabilities (net) | - | 441.72 | 441.72 |
| Other non-current liabilities | 2.50 | - | 2.50 |
| **Total non current liabilities** | **2.50** | **441.72** | **444.22** |
| **(3) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 11.25 | - | 11.25 |
| (iii) Other financial liabilities | - | - | - |
| (b) Other current liabilities | 1.16 | - | 1.16 |
| (c) Current tax liabilities (Net) | 26.87 | | 26.87 |
| **Total Current liabilities** | **39.28** | **-** | **39.28** |
| **Total liabilities** | **41.78** | **441.72** | **483.50** |
| **TOTAL EQUITY AND LIABILITIES** | **8,113.65** | **1,914.53** | **10,028.18** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**B. Reconciliation of equity as at 31 March 2018**

(Amount in Lakhs)

| Particulars | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|
| **(1) Non-current assets** | | | |
| Financial Assets | | | |
| (i) Investments | - | - | - |
| Non Current tax assets (Net) | 1.52 | - | 1.52 |
| **Total non current assets** | **1.52** | **-** | **1.52** |
| **(2) Current Assets** | | | |
| (a) Financial Assets | | | |
| (i) Current Investments | 10,346.24 | 1,906.85 | 12,253.09 |
| (ii) Trade receivables | 398.54 | (0.11) | 398.43 |
| (iii) Cash and cash equivalents | 2.03 | (0.00) | 2.03 |
| (b) Other current assets | 1.14 | - | 1.14 |
| **Total current assets** | **10,747.95** | **1,906.74** | **12,654.69** |
| **TOTAL ASSETS** | **10,749.47** | **1,906.74** | **12,656.21** |
| **II. EQUITY AND LIABILITIES** | | | |
| **(1) Equity** | | | |
| (a) Equity share capital | 5.01 | - | 5.01 |
| (b) Other equity | 10,543.68 | 1,462.54 | 12,006.22 |
| Equity attributable to equity holders of the Company | 10,548.69 | 1,462.54 | 12,011.23 |
| **Total equity** | **10,548.69** | **1,462.54** | **12,011.23** |
| **(2) Non current liabilities** | | | |
| Deferred tax liabilities (net) | - | 444.19 | 444.19 |
| Other non-current liabilities | 2.50 | - | 2.50 |
| **Total non current liabilities** | **2.50** | **444.19** | **446.69** |
| **(3) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 15.77 | - | 15.77 |
| (b) Other current liabilities | 132.10 | - | 132.10 |
| (c) Current tax liabilities (Net) | 50.42 | | 50.42 |
| **Total Current liabilities** | **198.29** | **-** | **198.29** |
| **Total liabilities** | **200.79** | **444.19** | **644.98** |
| **TOTAL EQUITY AND LIABILITIES** | **10,749.48** | **1,906.73** | **12,656.21** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**C. Reconciliation of profit or loss for the year ended 31 March 2018**

(Amount in Lakhs)

| Particulars | Amount as per IGAAP | Effects of transition to Ind AS | Amount as per Ind AS |
|---|---|---|---|
| **Revenue** | | | |
| I. Revenue from Operations (Gross) | 3,909.28 | - | 3,909.28 |
| II. Other income | 727.19 | (7.77) | 719.42 |
| **III. Total Income (I+II)** | **4,636.47** | **(7.77)** | **4,628.70** |
| **IV. Expenses** | | | |
| Other Expenses | 96.99 | 0.01 | 97.00 |
| **Total Expenses** | **96.99** | **0.01** | **97.00** |
| **Profit/(loss) before Exceptional Items, Share of Net Profits and Tax** | **4,539.48** | **(7.78)** | **4,531.70** |
| **V. Profit/(loss) before Exceptional Items and Tax** | **4,539.48** | **(7.78)** | **4,531.70** |
| **VI. Exceptional Items** | **-** | **-** | **-** |
| **VII. Profit/(loss) before Tax** | **4,539.48** | **(7.78)** | **4,531.70** |
| **VIII. Tax expense:** | | | |
| 1. Current Tax | 1,160.00 | - | 1,160.00 |
| 2. Deferred Tax | - | 2.47 | 2.47 |
| 3. Tax provision for earlier years | | | |
| **IX. Profit/(Loss) for the period from continuing operations** | **3,379.48** | **(10.25)** | **3,369.23** |
| **X. Profit/(Loss) for the year** | **3,379.48** | **(10.25)** | **3,369.23** |
| **XI. Other comprehensive income** | | | |
| **(i) Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of defined benefit liability (asset) | - | | |
| Income tax related to items that will not be reclassified to profit or loss | | | |
| | **-** | **-** | **-** |
| **(ii) Items that will be reclassified to profit or loss** | | | |
| Items that will be reclassified to profit or loss | - | - | - |
| Income tax related to items that will be reclassified to profit or loss | - | - | - |
| | - | - | - |
| **Other comprehensive income (net of tax)** | **-** | **-** | **-** |
| **XII. Total comprehensive income for the year ( X + XI )** | **3,379.48** | **(10.25)** | **3,369.23** |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**D. Cash flow statement**

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101.

**Reconciliation of net worth**

(Amount in Lakhs)

| Particulars | Footnote ref. | As on 31 March 2018 | As on 1 April 2017 |
|---|---|---|---|
| Net worth under IGAAP | | 10,548.69 | 8,071.88 |
| **Summary of Ind AS adjustments** | | | |
| Fair valuation of investment | (i) | 1,906.85 | 1,914.62 |
| Impairment on financial instruments | (ii) | (0.12) | (0.10) |
| Tax effects of Ind AS adjustments | (iii) | (444.19) | (441.72) |
| **Total Ind AS adjustments** | | **1,462.54** | **1,472.80** |
| **Net worth under Ind AS** | | **12,011.23** | **9,544.68** |

**Reconciliation of Net Profit**

| Particulars | Footnote ref. | For the year ended 31 March 2018 |
|---|---|---|
| Net Profit After Tax for year ended 31 March , 2018 | | 3,379.48 |
| Fair Valuation of Investments | (i) | (7.77) |
| Impairment on financial instruments | (ii) | (0.01) |
| Tax effects of Ind AS adjustments | (iii) | (2.47) |
| **Total Ind AS adjustments** | | **(10.25)** |
| **Net Profit After Tax as per Ind AS as on 31 March 2019** | | **3,369.23** |

**Notes to the reconciliation:**

(i) Under IGAAP, Investment in Mutual Funds were carried at cost . Under Ind AS, Investment in Mutual Funds are fair valued at the period end and resulting mark to market loss or gain is transferred to Statement of Profit and Loss

(ii) Under IGAAP, the Company has not created provision for doubtful debts on receivables and other financial assets. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

(iii) Under IGAAP, deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of the balance sheet approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

# Schedules forming part of Balance Sheet and Profit and Loss Account

**NOTE 21 TAX EXPENSE :**

**(a) Amounts recognised in profit and loss**

(Amount in Lakhs)

| Particulars | For the year ended 31-Mar-2019 | For the year ended 31-Mar-2018 |
|---|---|---|
| Current tax expense | | |
| Current period | 1,409.07 | 1,160.00 |
| Changes in estimated related to prior years | | |
| **Total current tax expense (A)** | **1,409.07** | **1,160.00** |
| Deferred income tax liability / (asset), net | | |
| Change in recognised deductible temporary differences | 176.90 | 2.47 |
| Deferred tax expense (B) | 176.90 | 2.47 |
| **Tax expense for the year (A)+(B)** | **1,585.97** | **1,162.47** |

**(b) Reconciliation of effective tax rate**

(Amount in Lakhs)

| Particulars | For the year ended 31-Mar-19 | | For the year ended 31-Mar-18 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| **Profit before tax** | 5,810.09 | | 4,531.70 | |
| Tax using the Company's domestic tax rate (Current year % Previous Year %) | 1,690.85 | 29.102% | 1,306.94 | 28.840% |
| Reduction in tax rate | | | | |
| **Tax effect of:** | | | | |
| Tax effects of amounts which are not deductible for taxable income | 5.59 | 0.10% | 9.62 | 0.212% |
| Effect of incomes which are taxed at different rate | (113.86) | -1.96% | (158.38) | -3.495% |
| Effect of different tax rate | 3.39 | 0.06% | 4.29 | 0.095% |
| Total income tax expenses | 1,585.97 | 27.30% | 1,162.47 | 25.65% |

# Schedules forming part of Balance Sheet and Profit and Loss Account

**Movement in deferred tax balances**

(Amount in Lakhs)

| Particulars | For the year ended 31-Mar-19 | | | | |
|---|---|---|---|---|---|
| | Net balance 31-Mar-18 | Recognised in profit or loss | Net | Deferred tax asset | Deferred tax liability |
| **Deferred tax asset/(liabilities)** | | | | | |
| Profit on sale of Mutual Fund | - | 4.20 | 4.20 | 4.20 | - |
| Impairment on financial instruments | 0.02 | 0.02 | 0.04 | 0.04 | - |
| Investments | (444.21) | (181.12) | (625.33) | - | (625.33) |
| **Total** | **(444.19)** | **(176.90)** | **(621.09)** | **4.24** | **(625.33)** |

(Amount in Lakhs)

| Particulars | For the year ended 31-Mar-19 | | | | |
|---|---|---|---|---|---|
| | Net balance 1-Apr-17 | Recognised in profit or loss | Net | Deferred tax asset | Deferred tax liability |
| **Deferred tax asset/(liabilities)** | | | | | |
| Profit on sale of Mutual Fund | - | - | - | - | - |
| Impairment on financial instruments | 0.02 | 0.00 | 0.02 | 0.02 | - |
| Investments | (441.74) | (2.47) | (444.21) | - | (444.21) |
| **Total** | **(441.72)** | **(2.47)** | **(444.19)** | **0.02** | **(444.21)** |

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 22**

The Company received a Show Cause Notice ('SCN') dated 31st May 2019 with regard to certain investments made in two Fixed Maturity Plans of schemes of KMMF which matured in April 2019, in respect of which proceeds pertaining to these investments were not paid to investors on maturity of the FMPs as the maturity of these investments was extended by these FMPs. SEBI has initiated adjudication proceedings vide Show cause Notice dated 31st May 2019 against the Company and some of company officials. The Company intends to file appropriate responses in consultation with its lawyers. Hence, at this stage the financial impact of the same, if any, can not be determined.

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