



BOARD OF DIRECTORS : S.A.A. Pinto, Shailesh Haribhakti, Shailesh Mahimtura

DIRECTORS' REPORT

The Directors present their Second Annual Report together with the audited accounts of the Company for the year ended 31st March 2002.

1. FINANCIAL RESULTS

	For the year ended 31st March 2002	For the period 16th March 2000 to 31st March 2001
	(Rupees)	(Rupees)
Gross Income	203,458	196,703
Profit before Tax	95,340	89,075
Provision for Tax	37,000	38,000
Net Profit after Tax carried to Balance Sheet	58,340	51,075

2. DIVIDEND

The Directors do not recommend any dividend for this financial year.

3. OPERATIONS

Kotak Mahindra Venture Capital Fund (KMVCF) was formed on April 7, 2000, and has been registered with the Securities and Exchange Board of India (SEBI), as a 'venture capital fund'. During the year under review, KMVCF made one portfolio investment in Divi's Laboratories Limited.

The Company has no office premises or employees of its own and uses the facilities of Kotak Mahindra Finance Limited (KMFL), the investment manager of KMVCF. Members of the investment management team, who are the employees of KMFL, carry out all routine administrative functions of the Company. The proportionate cost of these services is debited to the Company.

4. DIRECTORS

During the year Mr. Shivaji Dam resigned as a Director of the Company. The Directors place on record their appreciation of the valuable service rendered by Mr. Shivaji Dam during his tenure as a Director.

Mr. S. A. A. Pinto retires by rotation at the Annual General Meeting, and being eligible, offers himself for re-appointment.

5. AUDITORS

The Company's auditors, Messrs. C. C. Chokshi & Co., Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

6. STATUTORY INFORMATION

The Company did not have any employees falling within the scope of sub-section (2A) of Section 217 of the Companies Act, 1956, nor did it accept any deposit during the year. It had no foreign exchange earnings or outgo. The other particulars prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable since the Company is not a manufacturing company.

7. DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217 (2AA) of the Companies Act, 1956, the Directors state, as an averment of their responsibility, that:

- a. the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2002 and of the Profit and Loss Account of the Company for the financial year ended 31st March 2002;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. the Directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board of Directors

S. A. A. PINTO
Chairman

Mumbai, April 26th, 2002



REPORT OF THE AUDITORS TO THE MEMBERS OF KOTAK MAHINDRA PRIVATE-EQUITY TRUSTEE LIMITED

We have audited the attached Balance Sheet of Kotak Mahindra Private-Equity Trustee Limited as at 31st March, 2002 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that: -

1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have 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 appears from our examination of the books;
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the books of account of the Company;
 - d) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; and
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For C.C. CHOKSHI & CO.
Chartered Accountants
R. LAXMINARAYAN
Partner

Mumbai, 26th April, 2002

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2002 of Kotak Mahindra Private-Equity Trustee Limited.

1. The Company did not have any fixed assets during the year. Hence the requirements of items (i) and (ii) of Clause A of paragraph 4 of the order are not applicable to the Company.
2. The nature of the Company's activities is such that the provisions of items (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv), and (xvi) of clause 4A of the aforesaid order are not applicable to the Company for the year under report.
3. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
4. The Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
5. The Company has not given loans or advances in the nature of loans to any party.
6. The Company has not accepted any deposits from the public during the year.
7. The Company's paid-up capital did not exceed Rs. 25 lakhs as at the commencement of the year and this being the second financial year the average annual turnover of the Company for the preceding three financial years being more than Rs. 2 crores is not applicable and hence the requirement of having an internal audit system does not arise.
8. According to the information and explanations given to us, the provisions of the Provident Funds Act and Employees' State Insurance Act are not applicable to the Company. The Company did not have any other Provident Fund Scheme since there were no employees during the year.
9. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Customs duty and Excise duty were outstanding as at 31st March, 2002 for a period of more than six months from the date they became payable.
10. According to the information and explanations given to us, no personal expenses of Directors have been charged to revenue account.
11. The Company is not an Industrial Company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.
12. The nature of service activities carried on by the Company does not require a system of recording receipts, issues and consumption of materials and allocation thereof and labour to jobs. Further, the question of having the system of authorisation and internal control on issue of stores and allocation of stores and labour does not arise.

For C.C. CHOKSHI & CO.
Chartered Accountants
R. LAXMINARAYAN
Partner

Mumbai, 26th April, 2002

**BALANCE SHEET AS AT 31ST MARCH, 2002**

	Schedule	As at 31st March 2002 Rupees	As at 31st March 2001 Rupees
I. SOURCES OF FUNDS			
1) Shareholders' Funds			
SHARE CAPITAL	1	700	700
RESERVES & SURPLUS	2	109,415	51,075
TOTAL		110,115	51,775
II. APPLICATION OF FUNDS			
1) Current Assets, Loans and Advances			
CASH AND BANK BALANCES	3	98,274	36,109
LOANS AND ADVANCES	4	79,707	36,454
		177,981	72,563
Less Current Liabilities and Provisions			
CURRENT LIABILITIES	5	10,500	6,300
PROVISIONS	6	75,000	38,000
		85,500	44,300
NET CURRENT ASSETS		92,481	28,263
2) Miscellaneous Expenditure (to the extent not written off or adjusted)			
PRELIMINARY EXPENSES		17,634	23,512
TOTAL		110,115	51,775
Significant Accounting Policies and Notes on Accounts	7		

As per our attached report of even date
For C.C.CHOKSHI & Co
Chartered Accountants

For and on behalf of the Board of Directors
S.A.A. PINTO SHAILESH HARIBHAKTI
Chairman Director

R.LAXMINARAYAN
Partner
Mumbai, 26th April, 2002

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Schedule	2001-2002 Rupees	Previous year (16.3.00 - 31.3.01) Rupees
INCOME			
Trustee Fees		200,000	196,703
Interest on Bank Deposits		3,458	—
TOTAL		203,458	196,703
EXPENDITURE			
Auditors' Remuneration		10,500	11,550
Printing and Stationery		—	1,210
Shared Service Expenses		90,840	88,990
ROC Filing Fees		600	—
Miscellaneous Expenses		300	—
Preliminary Expenses written off		5,878	5,878
TOTAL		108,118	107,628
Profit before Tax		95,340	89,075
Provision for Tax		37,000	38,000
Net Profit after Tax carried to Balance Sheet		58,340	51,075
Basic Earnings Per Share		833	730
Significant Accounting Policies and Notes on Accounts	7		

As per our attached report of even date
For C.C.CHOKSHI & Co
Chartered Accountants

For and on behalf of the Board of Directors
S.A.A. PINTO SHAILESH HARIBHAKTI
Chairman Director

R.LAXMINARAYAN
Partner
Mumbai, 26th April, 2002


SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	As at 31st March 2002	As at 31st March 2001
	Rupees	Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
10,000 Equity Shares of Rs 10 each	100,000	100,000
Issued and Subscribed		
70 Equity Shares of Rs 10 each, fully paid up (All the above shares are held by Kotak Mahindra Finance Ltd., the Holding Company, and its nominees)	700	700
TOTAL	700	700
SCHEDULE 2 : RESERVES AND SURPLUS		
Surplus in Profit and Loss Account	109,415	51,075
TOTAL	109,415	51,075
SCHEDULE 3 : CASH AND BANK BALANCES		
Cash on Hand	100	700
Balance with Scheduled Bank		
In Current Account	51,899	5,409
In Deposit Account	46,275	30,000
TOTAL	98,274	36,109
SCHEDULE 4 : LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Interest accrued but not due on Bank Deposits	2,361	—
Advance payment of Tax and Tax Deducted at Source	77,346	36,454
TOTAL	79,707	36,454
SCHEDULE 5 : CURRENT LIABILITIES		
Sundry Creditors (Other than Small Scale Industries)	10,500	6,300
SCHEDULE 6 : PROVISIONS		
Provision for Taxation	75,000	38,000

SCHEDULE 7 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2002
A) SIGNIFICANT ACCOUNTING POLICIES

- i) The Company adopts accrual concepts in preparation of accounts.
- ii) Contingent liabilities, if any, are disclosed by way of notes to the Accounts.
- iii) Revenue is recognised when no significant uncertainty as to measurability or collectibility exists.
- iv) Preliminary expenses are being amortised over a period of five years in equal annual instalments from the year in which the Company makes profit.

B) NOTES TO ACCOUNTS

- i) The corresponding amounts of previous year have been re-grouped, wherever necessary.
- ii) Auditors' Remuneration includes:

	Rupees	Rupees
Audit Fees	10,000	6,000
Other services - Certification work	—	5,000
Service Tax on above	500	550
TOTAL	10,500	11,550
iii) Working of Earnings Per Share		
Net Profit after Tax available to equity shareholders	58,340	51,075
No. of Equity Shares outstanding as on 31st March 2002	70	70
Basic Earnings per Share	833	730
Nominal Value of Equity Share	10	10



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration details
 Registration Number

	1	2	5	0	0	8
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 State code

1	1
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 Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	2
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 Date Month Year

II Capital raised during the year (Amount in Rs)
 Public Issue

	N	I	L
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 Rights Issue

	N	I	L
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 Bonus Issue

	N	I	L
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 Private placement

	N	I	L
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III Position of mobilisation and deployment of funds (Amount in Rs)
 Total Liabilities

		1	1	0	1	1	5
--	--	---	---	---	---	---	---

 Total Assets

		1	1	0	1	1	5
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Sources of Funds
 Paid up Capital

				7	0	0
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 Reserves and Surplus

		1	0	9	4	1	5
--	--	---	---	---	---	---	---

 Secured Loans

					N	I	L
--	--	--	--	--	---	---	---

 Unsecured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

Application of Funds
 Net Fixed Assets

					N	I	L
--	--	--	--	--	---	---	---

 Investments

						N	I	L
--	--	--	--	--	--	---	---	---

 Net Current Assets

			9	2	4	8	1
--	--	--	---	---	---	---	---

 Misc Expenditure

			1	7	6	3	4
--	--	--	---	---	---	---	---

 Accumulated Losses

						N	I	L
--	--	--	--	--	--	---	---	---

IV Performance of Company(Amount in Rs)
 Turnover

		2	0	3	4	5	8
--	--	---	---	---	---	---	---

 Total Expenditure

		1	0	8	1	1	8
--	--	---	---	---	---	---	---

 + — Profit /Loss before tax

+		9	5	3	4	0
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 + — Profit/Loss after Tax

+		5	8	3	4	0
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 Earnings per share in Rs

	8	3	3
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 Dividend Rate(%)

	N	I	L
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V Generic Names of three Principal Products/Services of the Company (as per monetary terms)
 Item Code No (ITC Code)

N	A
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 Product Description

T	R	U	S	T	E	E	F	O	R	V	E	N	T	U	R	E
C	A	P	I	T	A	L	F	U	N	D						

Signatures to Schedules 1 to 7
 As per our attached report of even date

For C.C.CHOKSHI & Co
 Chartered Accountants

R.LAXMINARAYAN
 Partner

Mumbai, 26th April, 2002

For and on behalf of the Board of Directors

S.A.A. PINTO
 Chairman

SHAILESH HARIBHAKTI
 Director