

BOARD OF DIRECTORS: MR. AMIT K. DESAI (C), MR. GIRISH C. SHAREDALAL, MR. ANIRUDHA BARWE, MR. TUSHAR A. MAVANI, MR. CHANDRASHEKHAR SATHE

## Director's Report

To the Members of  
Kotak Mahindra Trustee Company Limited

The Directors present their Twelfth Annual Report together with the audited accounts of your Company for the year ended March 31, 2007.

### 1. FINANCIAL RESULTS

	(Rs. In Lakhs)	
	2006-07	2005-06
Gross Income	735.42	414.07
Profit before Tax	674.45	376.74
Provision for Tax	(210.17)	(120.01)
Profit after Tax	464.28	256.73
Profit brought forward from previous year	756.03	499.30
Profit carried to Balance Sheet	1220.31	756.03

The Management fee income of your company has increased by 65% along with an increase of 65% in the Average AUM during the year. The overall expenditure of the company has increased by 64% largely due to increase in compliance/administrative cost. The net impact of the above has resulted in the increase in the Profit after tax in the current year by 81%.

### 2. DIVIDEND

Your Directors do not recommend any dividend.

### 3. HIGHLIGHTS OF PERFORMANCE

During the year under review, the mainstream debt schemes of the Fund continued their commendable performance. Lipper Fund Awards India 2007 adjudged Kotak Bond Regular Plan-Growth as "Best Fund over Five years in the Bond Indian Rupee General Category". Kotak Mutual Fund also received the "Best Fund group over three year" in the Bond category from Lipper Fund Awards India 2007.

Debt schemes of Kotak Mahindra Mutual Fund also won two awards at the ICRA Mutual Fund Awards 2007. The 'Kotak Flexi Debt Fund' was ranked ICRA - MFR 1 and awarded the Gold Award for 'Best Performance' in the category of 'Open Ended Debt - Short Term' for one-year period ending December 31, 2006. The 'Kotak Bond Short Term Plan' was ranked ICRA - MFR 1 and awarded the Gold Award for 'Best Performance' in the category of 'Open Ended Debt - Short Term' for three-year period ending December 31, 2006. The debt schemes managed by Kotak Mahindra Mutual Funds have received over 13 Performance awards over the past seven years from CNBC, CRISIL, OUTLOOK MONEY, ICRA online and Lipper Fund Awards.

Kotak Mutual Fund was also adjudged the Best Mutual Fund and received "NDTV Profit Business Leadership Award" in the Mutual Fund category.

The performance of the diversified equity schemes (Kotak 30, Kotak Midcap, Kotak Opportunities) remained satisfactory. During the year under review, Kotak 30, Kotak Opportunities, Kotak Midcap, Kotak Tax Saver, Kotak Global India declared dividends to their unitholders.

The total Assets Under Management ('AUM') of the Fund as on March 31, 2007 were Rs. 12,125 crores, as compared to Rs. 10,409 crores as of March 31, 2006, a growth of 16.48%. The number of folios as on March 31, 2007 was more than 5.36 lakhs as compared to over 4.0 lakhs as of March 31, 2006.

### 4. NEW SCHEMES LAUNCHED DURING 2006-2007

The year saw the launch of several new schemes, increased distribution reach and market expansion.

Schemes	Scheme Type	Collections (Rs. in crores)
Kotak Flexi FOF – Series I and II	Fund of Funds	687
Kotak Dynamic Asset Allocation Scheme	Close ended Balanced Scheme	673
Kotak Twin Advantage - Series 2 and 3	Close ended debt scheme	410
Kotak Wealth Builder Series 1	Close ended debt scheme	283
Kotak Emerging Equity Scheme	Close ended Equity scheme	251
Kotak FMP Series (Cumulative)*	Fixed Maturity Plans	7401
<b>Total</b>		<b>9705</b>

\* 27 Fixed Maturity Plans were launched during the year.

**GEOGRAPHICAL EXPANSION:** In order to reach out to more and widely dispersed investors, we increased our presence from 47 to 57 locations across 17 states, and empanelled more than 3480 new agents/distributors during the last financial year.

### 5. MANAGEMENT DISCUSSION AND ANALYSIS

#### ➤ Industry structure, developments and segment wise performance

##### • Market related developments

The total Assets Under Management (AUM) for the Mutual Fund Industry as on 31st March, 2007 stood at Rs 3,26,388 crores (Rs. 2,31,862 crores as on 31st March, 2006), which is a 41% growth over the last year. Total Equity AUM as on 31st March, 2007, was Rs. 1,32,707 crores as against Rs. 1,06,949 as on 31st March, 2006, a growth of 24%. The year saw over 30 New Fund Offers (NFO's) in the open-ended Equity growth schemes segment which contributed significantly in the Equity AUM growth in industry.

This year also witnessed new kind of product structures with capital protection oriented schemes being offered by fund houses. The year also saw launch of two Gold ETF Schemes.

Interest rates were on the upward move through the financial year 2006-07. The RBI has affected progressive hikes in the benchmark rates as well as the reserve requirements. This impacted both debt and equity markets alike.

## Director's Report (Contd)

10 yr bond yields which opened the year at 7.55%, closed at around 8% on 31st March, 2007. Likewise equity markets failed to deliver performance akin to last year with the Sensex posting around 11% returns for the year ended 31st March, 2007. Rising Interest rates may act as a dampener to the overall sentiment, but it is likely to be temporary in nature and the long-term bull market signs still remain intact.

Fundamentals still continue to favour a strong earnings momentum.

### ➤ Internal control systems and their adequacy

Before the launch of any new scheme, the Trustee reviews the adequacy of internal controls, audit and systems through checks carried out by professionals specialising in the mutual fund sphere. An independent firm of Chartered Accountants carries out continuous internal audit of operations of mutual fund, regulatory compliance and adequacy of internal controls. An Audit Committee oversees the Internal Audit carried out by an Independent Internal Audit team.

### ➤ Material developments in Human Resources/Industrial Relations front, including number of people employed.

Your Company does not have personnel or infrastructure of its own and uses the services of KMAMCL.

## 6. DIRECTORS

During the year, nine meetings of the board of directors were convened to review the affairs of the existing schemes, state of compliance with regulations and to consider launch of new schemes.

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

## 7. AUDITORS

Your Company's Auditors, Messrs Price Waterhouse, Chartered Accountants, Mumbai, retire at the Annual General Meeting and are eligible for re-appointment.

## 8. STATUTORY INFORMATION

Your Company did not have any employee during the year, nor did it accept any deposits 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 your Company is not a manufacturing company.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

Based on representations from the Management of KMAMCL who is entrusted with maintenance of the books of account of your Company, in pursuance of Section 217 (2AA) of the Companies Act, 1956, we state that:

- (i) Your Company has, in the preparation of the annual accounts for the year ended 31st March 2007, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true profit and fair view of the state of affairs of your Company as at 31st March 2007 and of the Profit and loss of your Company for the financial year ended 31st March, 2007;
- (iii) The Directors have 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; and
- (iv) The Directors have prepared the annual accounts on a going concern basis.

## 10. AUDIT COMMITTEE

Pursuant to SEBI circular MFD/CIR/010/024/2000 dated January 17, 2000, your Company has constituted an Audit Committee of the Board consisting of Mr. Girish Sharedalal, Mr. Amit Desai, Mr. Anirudha Barwe and Mr. Tushar Mavani. Mr. Girish Sharedalal, Independent Director on the Board, is the Chairman of the Audit Committee. The committee met five times during the year to review accounts, operations and compliance relating to schemes.

## 11. ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for the valuable guidance and support received from the Securities and Exchange Board of India, Reserve Bank of India and other Government and Regulatory agencies.

For and on behalf of the Board of Directors

Girish Sharedalal  
Director

Anirudha Barwe  
Director

Place : Mumbai

Date : 27th April, 2007.

## Auditor's Report

To the members of

### Kotak Mahindra Trustee Company Limited

1. We have audited the attached Balance Sheet of Kotak Mahindra Trustee Company Limited ("The Company"), as at March 31, 2007, the related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the 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 the Management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, given in the prescribed manner, the information required by the Companies Act, 1956 of India (The Act), and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
  - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
4. 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.
5. 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 those books.
6. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
7. In our opinion, the financial statements dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act.
8. On the basis of written representations received from the Directors of the Company as on March 31, 2007, and taken on record by the Board of Directors of the Company, none of the Directors of the Company is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
9. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
  - (i) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.  
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - (ii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business in respect of sale of services. Further on the basis of our examination of the books of account and according to the information and explanations given to us, we have not come across nor have been informed of any instance of major weaknesses in the internal control system.
  - (iii) In our opinion and according to the information and explanations given to us, there were no transactions during the year that need to be entered into the register in pursuance of Section 301 of the Act.
  - (iv) The Company has not accepted any deposits from the public under the provision of Sections 58A and 58AA of the Act and the rules framed there under.
  - (v) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
  - (vi) (a) According to the books of account and records of the Company as produced and examined by us in accordance with the generally accepted auditing practices in India and also Management representations, in our opinion the Company is generally regular in depositing undisputed statutory dues in respect of investor education and protection fund, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities in India. As informed by the Management, the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 of India and the Employees State Insurance (General) Regulations, 1950 of India are not applicable to the Company during the year.  
(b) According to the information and explanations given to us, as at March 31, 2007, there are no dues which have not been deposited on account of any dispute in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess.

## Auditors' Report (Contd.)

- (vii) The Company has neither accumulated losses as at March 31, 2007 nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
- (viii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (ix) The Company is dealing in securities for which proper records have been maintained of the transactions and timely entries have been made therein. Further, such securities have been held by the Company in its own name, except to the extent of exemption granted under Section 49 of the Act.
- (x) The Company has not made any preferential allotment of shares to parties and companies listed in the register maintained under Section 301 of the Act during the year.
- (xi) During the course of our examination of the books of account and records of the Company carried out in accordance with the

generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

- (xii) The other clauses of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India, are not applicable to the Company during the year.

**Vivek Prasad**  
Partner  
Membership No. F104941

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Place: Mumbai  
Date : 27th April, 2007

## Balance Sheet as at March 31, 2007

	Schedule	March 31, 2007 Rupees	March 31, 2006 Rupees
<b>Sources of Funds</b>			
<b>Shareholders' Funds:</b>			
Capital	1	500,700	500,700
Reserves and Surplus	2	122,214,451	75,786,507
		<b>122,715,151</b>	<b>76,287,207</b>
Deferred Tax Liability (Net) (Refer Schedule 7 - Note 3)		126,650	124,400
<b>Total</b>		<b>122,841,801</b>	<b>76,411,607</b>
<b>Application of Funds</b>			
Investments	3	113,920,288	72,587,290
<b>Current Assets, Loans and Advances</b>			
Trusteeship Remuneration Receivable		6,069,145	4,161,617
Cash and Bank Balances	4	197,827	115,392
Interest Accrued on Debentures		3,668,903	372,603
Loans and Advances	5	297,809	116,943
		<b>10,233,684</b>	<b>4,766,555</b>
<b>Less: Current Liabilities And Provisions</b>			
Liabilities	6	1,312,171	942,238
		<b>1,312,171</b>	<b>942,238</b>
Net Current Assets		<b>8,921,513</b>	<b>3,824,317</b>
<b>Total</b>		<b>122,841,801</b>	<b>76,411,607</b>
Notes to the financial statements	7		

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

Vivek Prasad  
Partner  
Membership No. F-104941

For and on behalf of

Price Waterhouse  
Chartered Accountants

Mumbai.  
Date: 27th April, 2007

For and on behalf of the Board of Directors

Girish Shredalal  
Director

Anirudha Barwe  
Director

## Profit and Loss Account for the Year Ended March 31, 2007

Schedule	April 1, 2006 to March 31, 2007 Rupees	April 1, 2005 to March 31, 2006 Rupees
<b>Income</b>		
Trusteeship fees - Gross (Tax deducted at source Rs. 4,037,870 (Previous year Rs. 2,397,418))	64,176,187	38,779,091
Dividend on units of mutual fund	2,339,710	1,098,456
Interest on debentures - Gross (Tax deducted at source Rs. 953,700 (Previous year Rs. Nil))	4,250,000	372,603
Profit on sale of current investments	2,776,288	1,156,976
<b>Total</b>	<b>73,542,185</b>	<b>41,407,126</b>
<b>Expenditure</b>		
Compliance and administrative	4,569,690	2,705,587
Directors' sitting fees	552,500	275,000
Legal and professional	427,056	262,282
Rent, rate and taxes	282,636	299,897
Auditors' remuneration (Refer Schedule 7 - Note 5)	127,221	125,320
Insurance	77,484	54,705
Miscellaneous	60,404	9,884
<b>Total</b>	<b>6,096,991</b>	<b>3,732,675</b>
<b>Profit Before Tax</b>	<b>67,445,194</b>	<b>37,674,451</b>
<b>Provision For Taxation</b>		
Current tax	21,015,000	11,876,900
Deferred tax	2,250	124,400
<b>Profit After Tax</b>	<b>46,427,944</b>	<b>25,673,151</b>
Profit and loss account balance brought forward from previous year	75,603,507	49,930,356
Profit and loss account balance carried forward to the Balance Sheet	122,031,451	75,603,507
Earnings per share - Basic and Diluted	927	513
Face Value of Rs. 10 each (Refer Schedule 7 - Note 9)		
Notes to the financial statements	7	

This is the Profit and Loss Account referred to in our report of even date

**Vivek Prasad**  
Partner  
Membership No. F-104941

For and on behalf of

**Price Waterhouse**  
Chartered Accountants

Mumbai.  
Date: 27th April, 2007

For and on behalf of the Board of Directors

**Girish Shredalal**  
Director

**Anirudha Barwe**  
Director

## Schedules Forming Part of The Balance Sheet

	March 31, 2007 Rupees	March 31, 2006 Rupees
<b>Schedule 1: Capital</b>		
Authorised		
1,000,000 equity shares of Rs. 10 each	10,000,000	10,000,000
Issued, Subscribed and Paid Up		
50,070 equity shares of Rs. 10 each, fully paid up (all the above shares are held by Kotak Mahindra Bank Limited, the Holding Company and its nominees)	500,700	500,700
	500,700	500,700
<b>Schedule 2: Reserves and Surplus</b>		
General Reserve		
As per last Balance Sheet	183,000	183,000
	183,000	183,000
Profit and Loss Account	122,031,451	75,603,507
	122,214,451	75,786,507
<b>Schedule 3: Investments</b>		
<b>Long Term Investments: (Non Trade)</b>		
(At Cost)		
Unquoted, fully paid up		
500,000 (Previous year - 500,000) debentures of Rs. 100 each of Kotak Mahindra Investments Ltd (rate of interest 8.5% per annum)	50,000,000	50,000,000
<b>Current Investments:</b>		
(At Cost or Market Value whichever is lower)		
Unquoted, fully paid up		
Nil (Previous Year - 2,151,238.993) units of Rs. 10 each of Kotak Mahindra Floating Rate Scheme - Growth Option	—	22,329,962
2,599,031.287 (Previous Year - Nil) units of Rs. 10 each of Kotak Mahindra Flexi Debt Scheme - Dividend Option	26,170,179	—
3,521,197.282 (Previous year - Nil) units of Rs. 10 each of Kotak FMP 3 M Series - 11 Dividend option	35,212,100	—
207,555.2072 (Previous Year - 21,044.0273) units of Rs. 10 each of Kotak Mahindra Liquid Scheme Institutional Plan - Daily Dividend Option	2,538,009	257,328
	113,920,288	72,587,290
Aggregate value of unquoted investments - At book value	113,920,288	72,587,290
<b>Schedule 4: Cash and Bank Balances</b>		
Balances with scheduled banks in current account	197,827	115,392
	197,827	115,392
<b>Schedule 5 : Loans and Advances</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	90,287	93,028
Advance payment of tax and tax deducted at source (Net of provision for taxation of Rs. 41,943,821 (Previous Year Rs. 20,928,821))	207,522	23,915
	297,809	116,943
<b>Schedule 6 : Current Liabilities</b>		
Sundry creditors* (other than small scale industrial undertakings)	1,312,171	942,238
	1,312,171	942,238

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund

\* Includes Rs. 250,000 (Previous year Rs. 250,000) received from Kotak Mahindra Bank Limited towards corpus of Kotak Mahindra Mutual Fund

## Schedules Forming Part of the Balance Sheet and the Profit and Loss Account

### Schedule 7 : Notes to the Financial Statements

#### 1. Significant Accounting Policies

- The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the standards on accounting issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956.
- Investments are classified into long term investments and current investments. Investments which are intended to be held for more than one year, are classified as long term investments and investments, which are intended to be held for less than one year, are classified as current investments. Long term investments are accounted at cost and any decline in the carrying value, other than temporary in nature is provided for. Current investments are valued at cost or market/fair value whichever is lower. In case of investment in mutual funds, the net asset value of units is considered as market/fair value.
- Revenue is recognised when no significant uncertainty as to measurability or collectability exists.
- Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax asset on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

#### 2. Contingent Liabilities:

Taxation matters in respect of which appeal is pending Rs. 132,394 (Previous Year: Nil)

#### 3. Components of deferred tax balances

	March 31, 2007 Rupees	March 31, 2006 Rupees
<b>Deferred tax liability</b>		
Interest accrued and not due on debentures	(126,650)	(125,400)
<b>Deferred tax asset</b>		
Unabsorbed capital loss	—	1,000
<b>Net deferred tax liability</b>	<b>(126,650)</b>	<b>(124,400)</b>

In assessing the realisability of deferred tax assets, Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realised. Based on the level of historical taxable income and projections for future taxable income over the period in which deferred tax assets are deductible, Management is of the view that it is more likely than not that the Company will realise the benefits of these deductible differences.

#### 4. The following Investments have been purchased and sold during the year:

	Purchase	Sale
Units of Rs. 10 each of Kotak Mahindra Floating Rate Scheme - Growth Option	—	2,151,238.993
Units of Rs. 10 each of Kotak Mahindra Flexi Debt Scheme - Dividend Option	2,599,031.287	—
Units of Rs. 10 each of Kotak FMP 3M series 11 Scheme - Dividend Option	3,521,197.282	—
Units of Rs. 10 each of Kotak Mahindra Liquid Scheme Institutional Plan - Daily Dividend Option	5,003,940.157	4,817,428.977

#### 5. Auditors' remuneration:

	March 31, 2007 Rupees	March 31, 2006 Rupees
Audit fees	100,000	100,000
Other services	25,000	25,000
Out of pocket expenses	2,221	320
	<b>127,221</b>	<b>125,320</b>

- Information with regard to matters specified in paragraph 4, 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is either nil or not applicable to the Company for the year ended March 31, 2007.

#### 7. Segment information:

The Company acts as a Trustee for the schemes of Kotak Mahindra Mutual Fund. As the Company is engaged only in one business segment and no geographical segments, the Balance Sheet as at March 31, 2007 and the Profit and Loss Account for the year ended March 31, 2007 pertain to one business segment.

## Schedules Forming Part of the Balance Sheet and the Profit and Loss Account

### Schedule 7 : Notes to the Financial Statements (Contd.)

#### 8. Related Parties Disclosures:

##### (I) Relationships (During the year)

##### A. Related Parties where control exists:

##### Nature of relationship

Holding Company

##### Related Party

Kotak Mahindra Bank Limited (Holds 100% of the equity share capital)  
Uday S. Kotak along with relatives and companies controlled by him holds 51.46% of the equity share capital of Kotak Mahindra Bank Limited

##### B. Other Related Parties:

##### (i) Fellow Subsidiaries:

Kotak Mahindra Asset Management Company Limited (KMAMC)

Kotak Mahindra Investments Limited (KMIL)

##### (ii) Mutual Fund managed by Fellow Subsidiary

Kotak Mahindra Mutual Fund (KMMF), managed by Kotak Mahindra Asset Management Company Limited

##### (II) The following transactions were carried out with related parties in the ordinary course of business

Nature of Transactions	Holding Company	Fellow Subsidiary Company	Mutual Fund Managed by Fellow Subsidiary (KMMF)
	Rupees	Rupees	Rupees
<b>Finance Outstanding</b>			
Bank Balance	143,351 (104,280)	— (—)	— (—)
<b>Investments</b>			
Purchase/Subscription of Units	— (—)	— (—)	122,570,960 (38,913,456)
Sale/Redemption of Units	— (—)	— (—)	84,014,250 (65,706,570)
Dividend received from investment in Units	— (—)	— (—)	2,339,710 (1,098,456)
Purchase/Subscription of Debentures (KMIL)	— (—)	— (50,000,000)	— (—)
Interest on Debentures (KMIL)	— (—)	4,250,000 (372,603)	— (—)
<b>Income</b>			
Trusteeship Fees	— (—)	— (—)	64,176,187 (38,779,091)
<b>Other Receipts and Payments</b>			
Reimbursement of Expenses (KMAMC)	— (—)	4,851,858 (3,005,017)	— (—)
<b>Outstandings</b>			
Receivables	— (—)	— (—)	6,069,145 (4,161,617)
Payables	250,000 (250,000)	— (—)	— (—)
Interest accrued on Debentures (KMIL)	— (—)	3,668,903 (372,603)	— (—)

Figures in brackets relate to the previous year.

#### 9. Earnings Per Share:

	March 31, 2007	March 31, 2006
Profit after tax (Rupees) (A)	46,427,944	25,673,151
Weighted average number of equity shares (B)	50,070	50,070
Earnings per Share - basic and diluted (Rupees) (A/B)	927	513
Nominal Value of Equity Share (Rupees)	10	10

Schedule 7: Notes to the Financial Statements (Contd.)

10. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration Number   9 0 2 7 9 State code  1  1

Balance Sheet Date  3  1  0  3  2  0  0  7  
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue  N  I  L Rights Issue  N  I  L

Bonus Issue  N  I  L Private Placement  N  I  L

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities    1 4 3 9 Total Assets   1 2 4 1 5 4

Sources of Funds

Paid up Capital    5 0 1

Secured Loans  N  I  L

Deferred Tax Liability    1 2 7

Application of Funds

Net Fixed Assets  N  I  L

Net Current Assets   8 9 2 2

Reserves and Surplus

1 2 2 2 1 4

Unsecured Loans

N  I  L

Investments

1 1 3 9 2 0

Miscellaneous Expenditure

N  I  L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover / Income   7 3 5 4 2

+ / - Profit / Loss before tax  
+   6 7 4 4 5

Earning per share in Rs.  
  9 2 7

Total Expenditure

6 0 9 7

+ / - Profit/Loss after Tax  
+   4 6 4 2 8

Dividend Rate(%)

0 0 0

V. Generic Names of three Principal Products/Services of the Company (as per monetary terms)

Item Code No  N  A

(ITC Code)

Product Description

T R U S T E E F O R M U T U A L F U N D S

11. Previous year's figures have been reclassified, wherever necessary, to confirm with current year's classification

Signatures to schedules 1 to 7 forming an integral part of the financial statements

For and on behalf of the Board of Directors

Vivek Prasad  
Partner  
Membership No. F-104941

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Mumbai.  
Date: 27th April, 2007

Girish Shredalal  
Director

Anirudha Barwe  
Director

## Cash Flow Statement for the year ended March 31, 2007

	Rupees	2006-07 Rupees	Rupees	2005-06 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation		67,445,194		37,674,451
Adjustments for:				
Dividend income		(2,339,710)		(1,098,456)
Interest on debentures		(4,250,000)		(372,603)
Profit on sale of current investments		(2,776,288)		(1,156,976)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>58,079,196</b>		<b>35,046,416</b>
(Increase) / Decrease in trusteeship remuneration receivable	(1,907,528)		(1,222,368)	
(Increase) / Decrease in loans and advances	2,741		40,464	
Increase / (Decrease) in current liabilities	369,933		(189,270)	
		<b>(1,534,854)</b>		<b>(1,371,174)</b>
<b>CASH GENERATED FROM OPERATIONS</b>		<b>56,544,342</b>		<b>33,675,242</b>
Payment of taxes (net of refunds)		(20,244,907)		(11,797,418)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		<b>36,299,435</b>		<b>21,877,824</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Purchase) / Sale of Investments(net)		(38,556,710)		(23,206,886)
Dividend received		2,339,710		1,098,456
<b>NET CASH FROM / (USED) IN INVESTMENT ACTIVITIES (B)</b>		<b>(36,217,000)</b>		<b>(22,108,430)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>				
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>		<b>82,435</b>		<b>(230,606)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>115,392</b>		<b>345,998</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>197,827</b>		<b>115,392</b>
		<b>(82,435)</b>		<b>230,606</b>

Note:

The above cash flow statement has been prepared under the indirect method set out in Accounting Standard (AS-3) issued by the Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date

Vivek Prasad  
Partner  
Membership No. F-104941

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Mumbai.  
Date: 27th April, 2007

For and on behalf of the Board of Directors

Girish Shredalal  
Director

Anirudha Barwe  
Director