

Kotak Mahindra Trusteeship Services Limited  
Annual Report 2016-17



**CHANGING  
WITH INDIA.  
FOR INDIA.**



# DIRECTORS' REPORT

To the Members

## KOTAK MAHINDRA TRUSTEESHIP SERVICES LIMITED

The Directors present their Seventeenth Annual Report together with the audited accounts of your Company for the financial year ("FY") ended 31st March, 2017

### FINANCIAL SUMMARY/ HIGHLIGHTS

Particulars	(₹ in Lacs)	
	<b>For the FY ended 31st March 2017</b>	For the FY ended 31st March 2016
Gross Income	606.21	424.31
Profit before Tax	284.66	143.96
Profit after Tax	193.12	99.29
Add: Surplus brought forward from the previous financial year	725.38	626.09
Amount available for appropriation	918.50	725.38
Surplus carried to the Balance Sheet	918.50	725.38

### OPERATIONS

The Company acts as trustee to domestic funds operating in the alternate assets domain. The aggregate commitment as on 31st March 2017, across domestic funds where the Company acts as trustee, is ₹ 2,441 Crore. During FY 2016-17, certain funds for which the Company acts as trustee made distributions to investors aggregating to ₹ 548 Crore comprising of income and divestment proceeds.

The estate planning business of the Company which is primarily engaged in rendering trusteeship services to private trusts set up for the clients, has also seen growth in FY 2016-17. As on 31st March, 2017, the Company is acting as a trustee for 115 private trusts and one testamentary trust, with aggregate assets under trusteeship of about ₹ 9,108 Crores. The Company is also appointed as trust manager for 2 trusts and executor for 6 wills.

The investment manager of funds for which the Company acts as Trustee, has adopted comprehensive risk management process and procedures. With respect to the Estate Planning business, while granting any approval on any critical matter, the internal committee examines various risks, pertaining to the matter. Additionally, the Company maintains records for each trust for the purpose of identification, assessment and management of the risks. The Board of Directors confirms that there are internal controls in place commensurate with the size, scale and complexity of its operations with reference to the Financial Statements and that such control are operating effectively.

### DIVIDEND

The Directors do not recommend any dividend for FY 2016-17.

### DIRECTORS

#### Directors retiring by rotation

Mr. K. M. Gherda and Mr. Shivaji Dam retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

#### Board Meetings & Attendances

During FY 2016-17, five meetings of the Board of directors were held on the following dates:

Sr. No	Date
1	25/04/2016
2	01/07/2016
3	22/07/2016
4	18/11/2016
5	20/01/2017

Details of the Board Meetings held and attended by each Director are as under:

Name of Director	No. of meetings entitled to attend	No. of meetings attended
Mr. K. M. Gherda	5	5
Mr. Chetan Desai	5	3
Mr. Chandrashekhar Sathe	5	4
Mr. Shivaji Dam	5	2
Mr. Tushar Mavani	5	5

#### **INTERNAL FINANCIAL CONTROLS**

The Board of Directors confirms that Company has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively.

During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

#### **AUDITORS**

The members of the Company in the fourteenth annual general meeting appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (Regn. No. 117366WW-100018), as the Auditors of the Company, for five financial years subject to the ratification every year by the members. Accordingly, the matter shall be placed before the members in the ensuing annual general meeting.

#### **EMPLOYEES**

As on 31st March, 2017, the Company has four employees.

A statement giving the particulars of employees as required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the representations of the operational management of Kotak Investment Advisors Limited, who is entrusted for the maintenance of the books of accounts of the Company, the Directors confirm in pursuance of Section 134(5) of the Companies Act, 2013, that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed 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 and fair view of the state of affairs of your Company as at the end of financial year and of the profits of your Company for FY ended 31st March, 2017;
- (iii) they 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;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not made any loans/investment or given guarantee covered under Section 186 of the Companies Act, 2013, therefore no disclosure is made in this regard.

**CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

The Company is not covered under the criteria of forming CSR Committee or making contributions towards CSR.

**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.

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

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The provisions pertaining to the Conservation of Energy and Technology Absorption are not applicable to your Company

During FY 2016-17 there was no Foreign Exchange Earnings and outgo.

**ANNEXURE**

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 is annexed.

**ACKNOWLEDGEMENTS**

We thank our members, investors of funds for which the Company acts as trustee, Securities and Exchange Board of India and bankers for their continued support during FY 2016-17.

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

**K. M. Gherda**  
**Chairman**

Date: 24th April, 2017  
Place: Mumbai

# ANNEXURE "A" FORM NO. MGT-9

## Extract of Annual Return as on the financial year ended on 31st March 2017

[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	U65991MH2000PLC125008
ii)	Registration Date	16/03/2000
iii)	Name of the Company	Kotak Mahindra Trusteeship Services Limited
iv)	Category / Sub-Category of the Company	Public Limited Company
v)	Address of the Registered office and contact details	27-BKC, 6th Floor, Plot No. C-27, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
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	Trusteeship Services	6619	100%

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kotak Mahindra Bank Limited	L65110MH1985PLC038137	Holding Company	100%	2(87)(ii)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
*i) Category-wise Share Holding*

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>A. Promoters &amp; Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	89,619 <sup>1</sup>	89,619	100%	-	89,619 <sup>2</sup>	89,619	100%	-
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	89,619	89,619	100%	-	89,619	89,619	100%	-
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	89,619	89,619	100%	-	89,619	89,619	100%	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others - (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

<sup>1</sup> 60 Shares are held jointly with nominees

<sup>2</sup> 60 Shares are held jointly with nominees

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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2)</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	89,619	89,619	100%	-	89,619	89,619	100%	-

(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 shareholding 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	89,619*	100%	None	89,619*	100%	None	-
	<b>TOTAL</b>	<b>89,619*</b>	<b>100%</b>	<b>None</b>	<b>89,619*</b>	<b>100%</b>	<b>None</b>	<b>-</b>

\*60 Shares are held jointly with nominees

(iii) Change in Promoters' Shareholding ( please specify, if there is no change):

There is no change in the Promoters' Holding during the financial year ended on 31st March, 2017.

Sl. No.	Particulars	Shareholding 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*
1.	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.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year ( or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel: None

Sl. No.	For Each of the Directors and KMP	Shareholding 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 Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

#### V. INDEBTEDNESS: None

(₹ in Lac)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b>				
• Addition				
• Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: None**

*A. Remuneration to Managing Director, Whole-time Directors and/or Manager: None*

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total
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					
	<b>Total (A)</b>					
	Ceiling as per the Act					

*B. Remuneration to other directors:*

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
<b>1.</b>	<b>Independent Directors</b>					
	• Fee for attending board committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	-	-	-	-	-
<b>2.</b>	<b>Other Non-Executive Directors</b>	<b>Mr. K. M. Gherda</b>	<b>Mr. Chandrashekhar Sathe</b>	<b>Mr. Shivaji Dam</b>	<b>Mr. Tushar Mavani</b>	
	• Fee for attending board meetings	2,00,000	1,60,000	80,000	2,00,000	
	• Commission*	1,00,000	1,00,000	1,00,000	1,00,000	
	• Others, (for chairing contributors' meetings)	80,000	-	-	-	
	<b>Total (2)</b>	<b>3,80,000</b>	<b>2,60,000</b>	<b>1,80,000</b>	<b>3,00,000</b>	<b>11,20,000</b>
	<b>Total (B)=(1+2)</b>	<b>3,80,000</b>	<b>2,60,000</b>	<b>1,80,000</b>	<b>3,00,000</b>	<b>11,20,000</b>
	<b>Total Managerial Remuneration</b>	<b>3,80,000</b>	<b>2,60,000</b>	<b>1,80,000</b>	<b>3,00,000</b>	<b>11,20,000</b>
	<b>Overall Ceiling as per the Act</b>					

\*To be paid subject to the approval of the members in ensuing AGM

**Note:** Mr. Chetan Desai is in the service of Kotak Mahindra Bank Limited ("KMBL") and draws remuneration from KMBL. Mr. Desai is not paid any commission, or sitting fees separately for attending the meetings of the Board and/or any Committee of the Company.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: None

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
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				
	<b>Total</b>				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF

### KOTAK MAHINDRA TRUSTEESHIP SERVICES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of KOTAK MAHINDRA TRUSTEESHIP SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

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 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, 2017, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable, 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, and the 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 prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
- 2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W - 100018)

**Rukshad N. Daruvala**  
Partner  
Membership No. 111188

Place: Mumbai  
Date : April 24, 2017

# ANNEXURE A

## TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph '1(f)' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of KOTAK MAHINDRA TRUSTEESHIP SERVICES LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W - 100018)

Place: Mumbai  
Date : April 24, 2017

**Rukshad N. Daruvala**  
Partner  
Membership No. 111188

# ANNEXURE B

## TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3 (i) (c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause 3 (ii) of the Order is not applicable.
- (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 Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder are not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 and hence reporting under clause 3 (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

Having regard to the nature of the Company's business / activities, Employees' State Insurance, Sales Tax, Custom Duty, Excise Duty, and Value Added Tax are not applicable.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax or Service Tax as on March 31, 2017 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. The

managerial remuneration includes commission to non-executive directors shown under "Directors' Fees and Expenses" in Note 20 - "Other Expenses" to the financial statements, which is provided subject to the approval of the shareholders in a general meeting.

- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W - 100018)

**Rukshad N. Daruvala**  
Partner  
Membership No. 111188

Place: Mumbai  
Date : April 24, 2017



# BALANCE SHEET

## AS AT MARCH 31, 2017

₹ in lacs

	Note	As at March 31, 2017	As at March 31, 2016
<b>I Equity and Liabilities</b>			
<b>1 Shareholders' funds</b>			
a) Share capital	3	8.96	8.96
b) Reserves and surplus	4	1,414.53	1,221.41
<b>2 Non-current liabilities</b>			
a) Long term provisions	5	21.26	16.11
<b>3 Current liabilities</b>			
a) Trade Payables	6	17.71	15.05
b) Other Current liabilities	7	54.92	31.98
c) Short-term provisions	8	9.35	11.93
<b>Total</b>		<b>1,526.73</b>	<b>1,305.44</b>
<b>II Assets</b>			
<b>1 Non-current assets</b>			
a) Fixed assets	9		
Property, Plant and Equipment		14.61	-
Intangible assets		0.50	1.36
		15.11	1.36
b) Deferred Tax Assets (net)	10	7.99	7.91
c) Long-term loans and advances	11	5.58	26.19
<b>2 Current assets</b>			
a) Current investments	12	1,281.85	1,039.62
b) Trade receivables	13	201.30	109.76
c) Cash and bank balances	14	10.82	115.21
d) Short Term Loans and Advances	15	3.87	2.30
e) Other current assets	16	0.21	3.09
<b>TOTAL</b>		<b>1,526.73</b>	<b>1,305.44</b>

See accompanying notes 1 to 29 to the financial statements.

**In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants**

**Rukshad N. Daruvala**  
Partner

Mumbai  
Date: April 24, 2017

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

**K M Gherda**  
Chairman

**Chetan Desai**  
Director

# STATEMENT OF PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED MARCH 31, 2017

₹ in lacs

	Note	March 31, 2017	March 31, 2016
1 Revenue from Operations	17	544.58	319.76
2 Other income	18	61.63	104.55
<b>3 Total Revenue</b>		<b>606.21</b>	<b>424.31</b>
<b>4 Expenses</b>			
Employee Benefits Expenses	19	229.76	185.45
Depreciation and Amortisation expense	9	3.53	0.98
Other Expenses	20	88.26	93.92
<b>Total Expenses</b>		<b>321.55</b>	<b>280.35</b>
<b>5 Profit Before Tax</b>		<b>284.66</b>	<b>143.96</b>
<b>6 Tax Expenses</b>			
Current Tax			
- Pertaining to profit for the current period		95.79	48.23
- Adjustment of tax relating to earlier periods		(4.17)	-
Deferred Tax		(0.08)	(3.56)
<b>Total Tax expense</b>		<b>91.54</b>	<b>44.67</b>
<b>7 Profit for the year from continuing operations</b>		<b>193.12</b>	<b>99.29</b>
<b>8 Earnings per equity share (₹)</b>			
Basic and Diluted (Face Value of ₹ 10/-)		215.49	115.68
(Refer Note 23)			

See accompanying notes 1 to 29 to the financial statements.

**In terms of our report attached**  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

**Rukshad N. Daruvala**  
 Partner

Mumbai  
 Date: April 24, 2017

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

**K M Gherda**  
 Chairman

**Chetan Desai**  
 Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2017

₹ in lacs

	March 31, 2017	March 31, 2016
<b>Cash Flow From Operating Activities</b>		
<b>Profit Before Taxes</b>	<b>284.66</b>	<b>143.96</b>
Add adjustments for :		
Interest income	(4.54)	(48.69)
Depreciation and Amortisation expense	3.53	0.98
Profit on Sale of fixed assets (net)	(1.65)	-
Interest on Income Tax Refunds	(2.07)	-
Profit on sale of current investments (net)	(53.37)	(55.86)
<b>Operating Profit Before working capital changes</b>	<b>226.56</b>	<b>40.39</b>
Adjustments for changes in working capital :		
- Current liabilities	27.71	22.04
- Non Current liabilities	5.15	0.85
- Trade receivables	(91.54)	(39.80)
- Loans and advances - short term	(1.57)	(0.46)
<b>Cash generated from operations</b>	<b>166.31</b>	<b>23.02</b>
- Taxes Paid (net of refunds)	(73.64)	(55.52)
<b>Net cash generated from operating activities (A)</b>	<b>92.67</b>	<b>(32.50)</b>
<b>Cash flow from investing activities</b>		
Purchase of Fixed Assets	(17.28)	-
Proceeds from sale of fixed assets	1.65	-
Purchase of investments - current	(1,511.48)	(1,531.50)
Sale of investments - current	1,322.63	1,120.23
Interest received	7.42	45.60
<b>Net cash used in investing activities (B)</b>	<b>(197.06)</b>	<b>(365.67)</b>
<b>Cash flow from financing activities</b>		
Equity Share Issued	-	499.99
<b>Net cash generated from financing activities (C)</b>	<b>-</b>	<b>499.99</b>
<b>Net Increase In Cash and cash Equivalents (A) + (B) + (C)</b>	<b>(104.39)</b>	<b>101.82</b>
Cash and cash equivalents at the beginning of the year	115.21	13.39
Cash and cash equivalents at the end of the year	10.82	115.21
<b>Notes</b>		
1. Cash and cash equivalent comprise of		
Cash on hand	-	-
Balances with scheduled bank	10.82	<b>115.21</b>
<b>TOTAL</b>	<b>10.82</b>	<b>115.21</b>

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statements" specified under Section 133 of the Companies Act, 2013, as applicable.
- The corresponding amounts of previous year have been re-grouped, wherever necessary.

**In terms of our report attached**  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

**Rukshad N. Daruvala**  
 Partner

Mumbai  
 Date: April 24, 2017

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

**K M Gherda**  
 Chairman

**Chetan Desai**  
 Director

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### Corporate Information

The Company acts as trustee to domestic venture capital / private equity and realty funds operating in the alternate assets domain.

The estate planning business of the Company comprises, forming trusts for various clients and rendering trusteeship services to trusts which have been set up for the clients.

### Significant Accounting Policies

#### I) BASIS OF ACCOUNTING

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting standards notified under Section 133 of the Companies Act, 2013/ the Companies Act, 1956, as applicable.

#### II) USE OF ESTIMATES

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively.

#### III) OPERATING CYCLE

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

#### IV) REVENUE RECOGNITION

Revenue is recognised when there is reasonable certainty of its ultimate realisation/collection. Interest income is accounted on accrual basis. Dividend income is accounted when the right to receive is established.

#### V) PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment/ Intangible assets are stated at acquisition cost inclusive of incidental expenses, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. The estimated useful lives of assets based on technical evaluation by management are as follows:

Asset Type	Useful life in years
Computers	3
Motor Vehicles	4
Software	3

Note: Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Losses arising from the retirement of and gains or losses arising from disposal of Property, Plant and Equipment which are carried at cost, are recognised in the Statement of Profit and Loss.

#### VI) INVESTMENTS

Investments are classified into long term investments and current investments. Investments, which are intended to be held for more than one year from the date on which the investments are made, are classified as long term investments and investments, which are intended to be held for less than one year from the date on which the investments are made, are classified as current investments. Long term investments are carried at cost and provision for diminution in value is made to recognise a decline other than temporary in the value of investment, such reduction being determined and made for each investment individually. Current investments are valued at cost (calculated by applying weighted average cost method) or market / fair value whichever is lower. In case of investments in units of a mutual fund, the NAV of units is considered as market / fair value. Brokerage, stamping and additional charges paid are included in the cost of investments.

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### VII) TAXES ON INCOME

The Income Tax expense comprises current tax and deferred 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. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets arising mainly on account of carry forward losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted before the Balance Sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Statement of Profit and Loss in the period of the change. The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Deferred tax assets and deferred tax liabilities are off set when there is legally enforceable right to set-off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### VIII) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provision is recognised when there is a present obligation as a result of past event; 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. Provisions (other than reirement benefits) are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes unless the outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

### IX) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and stock split.

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

### X) EMPLOYEE BENEFITS

#### Long Term Employee Benefits

##### Provident Fund - Defined Contribution Plan

Contribution as required by the statute made to the Government Provident Fund is debited to the Statement of Profit and Loss when incurred. The company has no further obligations.

##### Gratuity - Defined Benefit Plan

The Company provided for Gratuity, a defined benefit plan covering employees in accordance with the Payment of Gratuity Act, 1972. The company's liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date.

The gratuity obligation is wholly unfunded. The defined benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as on the Balance Sheet date.

Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss.

##### Compensated Absences - Other Long-term Employee Benefit

The Company accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Company's obligation is determined based on the Projected Unit Credit Method as at the Balance Sheet date. Actuarial Gains / Losses are recognised in the Statement of Profit and Loss in the year in which they arise.

##### Other Employee Benefits

As per the company policy, employees of the company are eligible for an award after completion of a specified number of years of service with the company. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary, done for the group as a whole and charge allocated to the Company.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

### Stock Appreciation Rights

The cost of cash-settled transactions (stock appreciation rights of the holding Company) is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This intrinsic value is amortised on a straight-line basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each Balance Sheet date up to and including the settlement date with changes in intrinsic value recognised in the Statement of Profit and Loss in 'Employee Benefits Expense'.

		₹ in lacs	
		As at March 31, 2017	As at March 31, 2016
<b>3</b>	<b>Share Capital</b>		
	<b>a. Authorised</b>		
	1,00,000 Equity Shares of ₹ 10 each	10.00	10.00
	<b>b. Issued, Subscribed &amp; Paid up</b>		
	89,619 Equity Shares of ₹ 10/- Each, Fully Paid Up	8.96	8.96
	<b>Total</b>	<b>8.96</b>	<b>8.96</b>

### Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
Shares outstanding at the beginning of the year	89,619	8.96	50,000	5.00
Shares Issued during the year	-	-	39,619	3.96
Shares outstanding at the end of the year	89,619	8.96	89,619	8.96

### Rights , Preferences and Restrictions attached to 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. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### Details of Shares held by the holding company, ultimate holding company, their subsidiaries and associates :

	March 31, 2017 No. of Shares	March 31, 2016 No. of Shares
Kotak Mahindra Bank Limited (of the above 60 Shares are held jointly with its nominees)	89,619	89,619

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Details of shares held by shareholders holding more than 5% of the aggregate shares in the company</b>				
Kotak Mahindra Bank Limited (with nominees)	89,619	100.00%	89,619	100.00%

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in lacs

	As at March 31, 2017	As at March 31, 2016
<b>4 Reserves and Surplus</b>		
<b>Securities Premium Account</b>		
Balance as at the beginning of the year	496.03	-
Add: Additions during the year	-	496.03
<b>Balance as at the end of the year</b>	<b>496.03</b>	<b>496.03</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	725.38	626.09
Add: Net profit for the current year	193.12	99.29
<b>Balance as at the end of the year</b>	<b>918.50</b>	<b>725.38</b>
<b>Total</b>	<b>1,414.53</b>	<b>1,221.41</b>
<b>5 Long Term Provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity	10.17	8.17
Stock Appreciation Rights Scheme	4.83	2.97
Compensated Absences	6.26	4.97
<b>Total</b>	<b>21.26</b>	<b>16.11</b>
<b>6 Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note 25)	17.71	15.05
<b>Total</b>	<b>17.71</b>	<b>15.05</b>
<b>7 Other Current Liabilities</b>		
<b>Statutory Liabilities</b>		
Service Tax Payable	0.01	0.14
Statutory dues (Contribution to Provident Fund, Tax deducted at source and Professional Tax)"	4.91	6.84
<b>Other payables</b>		
Employee Benefits Payable	50.00	25.00
<b>Total</b>	<b>54.92</b>	<b>31.98</b>
<b>8 Short Term Provisions</b>		
<b>(a) Provision for employee benefits</b>		
Gratuity	1.08	1.25
Stock Appreciation Rights Scheme	7.43	5.31
Compensated Absences	0.84	0.68
<b>(b) Others</b>		
Provision for Tax (Net of Advance Tax ₹ 48.57 lacs ; Previous Year ₹ 168.18 lacs)	-	4.69
<b>Total</b>	<b>9.35</b>	<b>11.93</b>

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### 9 Fixed Assets

₹ in lacs

	Gross Block (At Cost)				Depreciation /Amortisation			Net Block		
	April 01, 2016	Additions	Disposal	March 31, 2017	April 01, 2016	For the year	Disposal	March 31, 2017	March 31, 2017	March 31, 2016
<b>A. Property, Plant and Equipment</b>										
Vehicles	4.22	17.28	4.22	17.28	4.22	2.67	4.22	2.67	14.61	-
	(4.22)	-	(-)	(4.22)	(4.22)	(-)	(-)	(4.22)		
Computers	0.71	-	-	0.71	0.71	-	-	0.71	-	-
	(0.71)	-	(-)	(0.71)	(0.59)	(0.12)	(-)	(0.71)		
<b>TOTAL</b>	<b>4.93</b>	<b>17.28</b>	<b>4.22</b>	<b>17.99</b>	<b>4.93</b>	<b>2.67</b>	<b>4.22</b>	<b>3.38</b>	<b>14.61</b>	<b>-</b>
Previous Year	(4.93)	-	-	(4.93)	(4.81)	(0.12)	-	(4.93)	-	-
<b>B. Intangible Asset (Acquired)</b>										
Software	2.57	-	-	2.57	1.21	0.86	-	2.07	0.50	1.36
	(2.57)	(-)	(-)	(2.57)	(0.35)	(0.86)	-	(1.21)		
<b>TOTAL</b>	<b>2.57</b>	<b>-</b>	<b>-</b>	<b>2.57</b>	<b>1.21</b>	<b>0.86</b>	<b>-</b>	<b>2.07</b>	<b>0.50</b>	<b>1.36</b>
Previous Year	(2.57)	(-)	(-)	(2.57)	(0.35)	(0.86)	-	(1.21)	-	

₹ in lacs

	As at March 31, 2017	As at March 31, 2016
<b>10 Deferred Tax Assets (Net)</b>		
Depreciation	0.15	0.59
Provision for gratuity, compensated absences and stock appreciation rights	7.84	7.32
<b>Total</b>	<b>7.99</b>	<b>7.91</b>
<b>11 Long Term Loans and Advances</b>		
Advance Income Tax	5.58	26.19
(Net of Provision for Taxation ₹ 101.34 lacs; (Previous Year ₹ 89.65 lacs))		
<b>Total</b>	<b>5.58</b>	<b>26.19</b>
<b>12 Current Investments</b>		
<b>Investments in Mutual Funds (Un-quoted)</b>		
Kotak Liquid Plan A-Direct Plan-Growth	1,281.85	1,039.62
40,073.69 (Previous year 34,097.83) units of face value of ₹ 1,000 each		
<b>Total</b>	<b>1,281.85</b>	<b>1,039.62</b>
<b>13 Trade Receivables (unsecured, considered good)</b>		
Trade receivables outstanding for more than six months from the date they were due for payment	6.90	1.12
Others	194.40	108.64
<b>Total</b>	<b>201.30</b>	<b>109.76</b>



# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

₹ in lacs

	As at March 31, 2017	As at March 31, 2016
<b>14 Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents (Refer Note 28)</b>		
Balances with Banks		
- In Current Accounts	2.83	1.21
<b>Other Bank Balances</b>		
Deposits with residual maturity of less than 12 months	7.99	114.00
<b>Total</b>	<b>10.82</b>	<b>115.21</b>
<b>15 Short - Term Loans and Advances</b>		
<b>(Unsecured considered good)</b>		
Balances with Government Authorities		
- Service Tax Credit Receivable	3.87	2.30
<b>Total</b>	<b>3.87</b>	<b>2.30</b>
<b>16 Other Current Assets</b>		
Interest accrued on Fixed Deposits	0.21	3.09
<b>Total</b>	<b>0.21</b>	<b>3.09</b>
<b>17 Revenue from Operations</b>		
Trusteeship Fees	544.58	319.76
<b>Total</b>	<b>544.58</b>	<b>319.76</b>
<b>18 Other Income</b>		
Interest Income :		
On Deposits with Bank	4.54	48.69
On Income Tax Refunds	2.07	-
Profit on Sale of Current Investments (Mutual Fund Units)	53.37	55.86
Profit on Sale of Fixed Assets	1.65	-
<b>Total</b>	<b>61.63</b>	<b>104.55</b>
<b>19 Employee Benefits Expenses</b>		
Salary and Wages	219.47	177.03
Contribution to Provident Funds (Refer note 21)	8.46	7.33
Gratuity (Refer note 21)	1.83	1.09
<b>Total</b>	<b>229.76</b>	<b>185.45</b>

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	₹ in lacs	
	March 31, 2017	March 31, 2016
<b>20 Other Expenses</b>		
Rent Office Premises	40.62	50.84
Rates and Taxes	0.03	0.22
Director's Fees and Expenses *	10.40	12.40
Statutory Auditor's Fees		
Audit fees	2.50	2.00
Out of pocket expenses	-	-
Legal and Professional Charges	20.51	15.38
Other Expenses	14.20	13.08
<b>Total</b>	<b>88.26</b>	<b>93.92</b>

\* includes commission of ₹ 4 lacs (Previous year ₹ 4 lacs) payable to directors subject to approval of shareholders in general meeting

### 21 Employee benefits

#### a. Defined Contribution Plan : Provident Fund

The Company has recognised the following amounts in the Statement of Profit and Loss towards contributions to Provident Fund and Other Funds.

	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
Provident Fund - (Refer Note 19)	8.46	7.33

#### b. Defined Benefit Plan : Gratuity

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below :

	₹ in lacs	
	As at March 31, 2017	As at March 31, 2016
<b>Change in benefit obligations</b>		
Liability at the beginning of the Period as at April 1	9.42	8.32
Current Service Cost	1.02	0.61
Interest cost	0.78	0.67
Benefits Paid	-	-
Actuarial (gain) / loss on obligation	0.03	(0.18)
Liabilities Assumed on Acquisition	-	-
Liability at the end of the Period as at March 31	11.25	9.42
<b>Expenses recognised in the Income Statement:</b>		
Current Service Cost	1.02	0.61
Interest Cost	0.78	0.67
Expected Return on Plan Asset	-	-
Net Actuarial (Gain) /Loss to be Recognised	0.03	(0.18)
Expense Recognised in P & L	1.83	1.10
<b>Actuarial Assumption:</b>		
Discount Rate Current Period	7.18% p.a.	7.95% p.a.
Salary Escalation Current Period	7.00% p.a.	8.50% p.a.
Mortality Rate	Indian Assured Lives Mortality (2006-2008)	Indian Assured Lives Mortality (2006-2008)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### Experience adjustments

Amounts for the current year:

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Gratuity					
Defined benefit obligation	11.25	9.42	8.32	7.42	6.03
Plan assets	-	-	-	-	-
Surplus / (deficit)	(11.25)	(9.42)	(8.32)	(7.42)	(6.03)
Experience adjustments on plan liabilities	(0.47)	(0.21)	(0.38)	(0.11)	-

₹in lacs

The Company expects to contribute ₹ 1.08 lacs (Previous Year ₹ 1.25 lacs) to gratuity in financial year 2017-2018.

The above information is certified by the actuary and relied upon by the Auditors.

### **Compensated absences**

The actuarially determined liability for compensated absences of accumulated leave of the employees of the Company is given below:

	As at March 31, 2017	As at March 31, 2016
Total liability	7.10	5.66
<b>Assumptions :</b>		
Discount rate	7.18% p.a.	7.95% p.a.
Salary escalation rate	7.00% p.a.	8.50% p.a.

₹in lacs

## 22 Related party disclosures

Holding Company	Kotak Mahindra Bank Limited holds 100% of the share capital along with nominees
Individuals owning directly or indirectly interest in the voting power of the reporting enterprise	Uday S. Kotak along with his relatives and entities controlled by him holds 32.02% of the equity share capital of Kotak Mahindra Bank Limited as on March 31, 2017
Enterprise where the Company exercises control by virtue of being the trustee	Kotak SEAF India Fund and its scheme India Growth Fund Kotak Mahindra Realty Fund and its schemes - Kotak India Real Estate Fund – I, Kotak India Real Estate Fund – IV and Kotak India Real Estate Fund – V Kotak Alternate Opportunities (India) Fund Kotak India Venture Fund I Kotak India Growth Fund II Kotak India Growth Fund III India Whizdom Fund
Fellow Subsidiary	Kotak Mahindra Old Mutual Life Insurance Company Limited Kotak Mahindra General Insurance Company Limited Kotak Securities Limited

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The following transactions were carried out with related parties in the ordinary course of the business:

₹ in lacs

Nature of Transaction	Holding Company	Enterprise where the Company exercises control by virtue of being the trustee	Fellow Subsidiary Kotak Securities Limited	Fellow Subsidiary Kotak Mahindra Old Mutual Life Insurance Limited	Fellow Subsidiary Kotak Mahindra General Insurance Company Limited
<b>I) INCOME</b>					
Interest on Fixed Deposits	4.54	Nil	Nil	Nil	Nil
	(48.69)	Nil	Nil	Nil	Nil
<b>II) INCOME - TRUSTEE FEES</b>					
Kotak SEAF India Fund and it's scheme - India Growth Fund	Nil	15.00	Nil	Nil	Nil
Kotak Mahindra Realty Fund and it's schemes	Nil	(15.00)	Nil	Nil	Nil
Kotak India Real Estate Fund – I	Nil	15.00	Nil	Nil	Nil
	Nil	(15.00)	Nil	Nil	Nil
Kotak India Real Estate Fund – IV	Nil	15.00	Nil	Nil	Nil
	Nil	(15.00)	Nil	Nil	Nil
Kotak India Real Estate Fund – V	Nil	10.00	Nil	Nil	Nil
	Nil	(10.00)	Nil	Nil	Nil
Kotak Alternate Opportunities (India) Fund	Nil	15.00	Nil	Nil	Nil
	Nil	(15.00)	Nil	Nil	Nil
Kotak India Venture Fund I	Nil	10.00	Nil	Nil	Nil
	Nil	(10.00)	Nil	Nil	Nil
Kotak India Growth Fund III	Nil	7.31	Nil	Nil	Nil
	Nil	Nil	Nil	Nil	Nil
India Whizdom Fund	Nil	14.67	Nil	Nil	Nil
	Nil	Nil	Nil	Nil	Nil
Kotak India Growth Fund II	Nil	15.00	Nil	Nil	Nil
	Nil	(15.00)	Nil	Nil	Nil
<b>III) EXPENSES</b>					
Payment of premium	Nil	Nil	Nil	0.15	0.43
	Nil	Nil	Nil	(0.09)	Nil
Other Operating Expenses	6.37	Nil	Nil	Nil	Nil
	(7.57)	(0.10)	(0.01)	Nil	Nil
Rent	40.62	Nil	Nil	Nil	Nil
	(50.84)	Nil	Nil	Nil	Nil
<b>IV) CASH AND BANK BALANCES</b>					
Bank Balance	2.68	Nil	Nil	Nil	Nil
	(1.21)	Nil	Nil	Nil	Nil
Fixed Deposits placed during the year	194.00	Nil	Nil	Nil	Nil
	(1,370.00)	Nil	Nil	Nil	Nil
Fixed Deposits matured during the year	300.01	Nil	Nil	Nil	Nil
	(1,256.00)	Nil	Nil	Nil	Nil
Fixed Deposits (Closing balance)	7.99	Nil	Nil	Nil	Nil
	(114.00)	Nil	Nil	Nil	Nil
<b>V) OTHER CURRENT ASSETS</b>					
Others	0.21	Nil	Nil	Nil	Nil
	(3.09)	Nil	Nil	Nil	Nil
<b>VI) TRADE PAYABLE</b>					
	0.71	Nil	Nil	Nil	Nil
	(0.71)	Nil	Nil	Nil	Nil
<b>VII) TRANSACTIONS DURING THE YEAR</b>					
Issuance of Equity Shares	Nil	Nil	Nil	Nil	Nil
	(499.99)	Nil	Nil	Nil	Nil

(Figures in brackets represent previous year's figures)

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### 23 Earnings Per Share (EPS)

The numerator and denominator used to calculate basic and diluted earnings per share:

	Ref	31st March, 2017	31st March, 2016
Profit attributable to equity shareholders (₹ in lacs)	A	193.12	99.29
Weighted Average number of Equity Shares outstanding during the year	B	89,619	85,830
Nominal Value of Equity Share (₹)	C	10.00	10.00
Basic and Diluted Earnings Per Share (₹)	D = (A) / (B)	215.49	115.68

### 24 Equity Settled Options

A) At the General Meetings of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolutions on 5th July 2007, 21st August 2007 and 29th June 2015, to grant options to the eligible employees of the Bank and its subsidiary and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

- Kotak Mahindra Equity Option Scheme 2007; and
- Kotak Mahindra Equity Option Scheme 2015

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank (IVBL) with the Bank, the Bank has renamed and adopted the ESOP Schemes of the erstwhile IVBL, as given below:

- Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2007
- Kotak Mahindra Bank Ltd. (IVBL) Employee Stock Option Scheme 2010; and
- Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2013

Consequent to the above, the Bank has granted stock options to employees of the Company. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments", the excess, if any, of the market price of the share, preceding the date of grant of the option under ESOSs over the exercise price of the option is amortised on a straight-line basis over the vesting period. The Company has reimbursed the Bank ₹ NIL (Previous Year ₹ NIL) during the year on account of such costs and the same is forming part of Employee costs and included under the head "Reimbursement of expense on ESOP Scheme" under Note 19 Employee Benefit Expenses.

#### B) Stock appreciation rights (SARs)

In the previous year, the management had approved SARs to be granted to eligible employees as and when deemed fit. The SARs are linked to share prices of Kotak Mahindra Bank Limited (KMBL) and are to be settled in cash and will vest in the manner as provided in the scheme / grant letter to employees.

The contractual life (which is equivalent to the vesting period) of the SARs ranges from 1.37 years to 3.65 years.

Detail of activity under SARs is summarised below:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Outstanding at the beginning of the year	2,158	1,640
Granted during the year	1,480	1,820
Additions/Reduction due to transfer of employees	-	-
Exercised during the year	1,032	1,302
Expired during the year	-	-
Outstanding at the end of the year	2,606	2,158

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Effect of grant of SARs to employees on the Statement of Profit and Loss and on its financial position

₹ in lacs

	Year Ended March 31, 2017	Year Ended March 31, 2016
Total Employee Compensation Cost pertaining to share-based payment plans	11.82	11.20
Closing balance of liability for cash-settled options	12.26	8.28

### C) Impact of Equity settled options and SARs

Had the company recorded the compensation cost computed on the basis of Fair Valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 8.98 lacs, (Previous year ₹ 4.67 lacs) and the profit after tax would have been lower by ₹ 6.01 lacs (Previous year ₹ 3.12 lacs). Consequently the basic and diluted EPS would have been ₹ 208.80 (Previous Year ₹ 110.25).

**25** As per the information available with the Company, none of the creditors have confirmed that they are registered under the Micro, Small and Medium Enterprise Development Act, 2006. Accordingly no disclosure has been made under the said provisions.

**26** The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged.

### 27 SEGMENT REPORTING

The Company operates in a single business and geographical segment namely "providing trusteeship services to venture capital funds, private equity funds and other private trusts including estate planning trusts". As such there are no reportable primary business segments. The Company caters only to the domestic market where there are no differing risks and returns and there are no reportable geographical segments.

### 28 Disclosure on Specified Bank Notes (SBN):

Disclosure on details of SBN held and transacted during the period from 8th November, 2016 to 30th December, 2016

	Specified Bank Notes	Other Denomination Notes	Total
Closing Cash in hand as on 8 Nov 16 with entity/ entity branches	500	482	982
Add: Permitted Receipts	-	46,000	46,000
Less: Permitted Payments	-	43,355	43,355
Less: Amount Deposited in Bank	500	-	500
Closing Cash in hand as on 30 Dec 16	-	3,127	3,127

Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

**29** The corresponding amounts of previous year have been re-grouped, wherever necessary.

