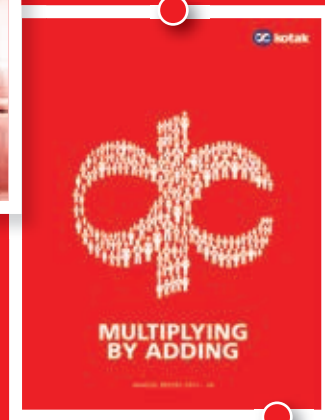


2016-17



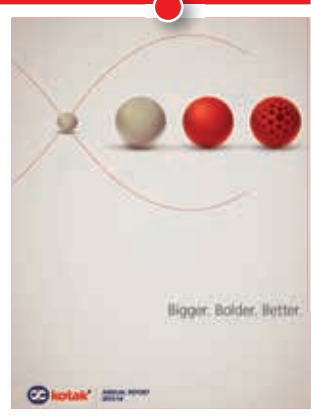
2015-16



# Actions speak.



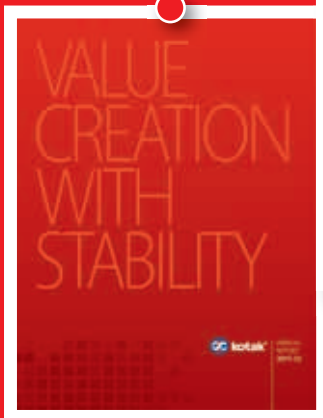
2014-15



2013-14



2012-13



2011-12

# DIRECTORS' REPORT

To the Members of

## **KOTAK MAHINDRA TRUSTEE COMPANY LIMITED**

Your Directors present their Twenty Third Annual Report together with the Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March 2018.

### **1. FINANCIAL HIGHLIGHTS**

	(₹ In Lac)	
	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
Gross income	4636	2656
Profit before Depreciation and Tax	4539	2536
Depreciation	-	-
Profit before Tax	4539	2536
Profit after Tax	3379	1745
Balance of Profit from previous years	6632	5965
Amount available for appropriation	10011	7710
Appropriations:		
Proposed dividend including dividend distribution tax	452	903
Transfer to General reserves	175	175
Surplus carried forward to the Balance Sheet	9384	6632

### **2. DIVIDEND**

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

#### **Transfer to reserves:**

Your Directors recommend transfer of ₹ 175 lakhs to the General Reserves of the Company. The proposed transfer amounts to approximately 5% of profits after tax of the Company for FY 2017 – 18.

### **3. SHARE CAPITAL**

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

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

### **4. REVIEW OF OPERATIONS OF THE COMPANY:**

The growth in the mutual funds industry continues at impressive pace. The industry registered a growth of 26% for FY18 with the Quarterly Average Assets Under Management (QAAUM) for Q4-FY18 at ₹23.05 lakh crore.

On the basis of percentage growth in QAAUM, Kotak Mahindra Mutual Fund (KMMF) is among the fastest growing Mutual Fund houses - Among the top 10 Fund Houses by QAAUM. The QAAUM which stood at ₹ 1,24,691 crore for Jan-Mar 2018 has seen growth of around 35% YOY and 270% in last 3 years. The KMMF continues to be the 7<sup>th</sup> largest Fund House in the country in terms of QAAUM. Market Share in QAAUM has grown to 5.41% from 3.73% from 3 years back. The cumulative number of non-gold SIPs with the mutual fund stood at 9.67 lakhs at the financial year end as compared to 3.96 lacs in FY-17.

**New schemes launched:**

- One close ended diversified equity fund was launched which garnered a total of ₹ 425 crs
- Sixteen Fixed Maturity Plans (FMPs) were launched which collected ₹ 3721 crs during their NFO periods.

**Market influences:****Equity Market Overview:**

While FY18 was the year of reforms, in FY19 the focus of the Government could be on consolidation and building on reforms like GST, bank recapitalization plan, bankruptcy and insolvency process. The recommendations of the Committee on Direct tax reforms with the focus on improving tax buoyancy and compliance, is awaited. The later part of 2018, will see many states coming up for elections, the outcome of which could have a bearing on many macro parameters and set the expectations for the General Elections scheduled in 2019.

The current valuations do not appear to be cheap, the expectations of a better year for corporate earnings is what is supporting the markets. As earnings recovery takes places, the overall macro indicators appear challenging especially on the back of a rising current account deficit (CAD). The fiscal deficit too needs close monitoring given the election heavy calendar. All these factors would mean navigating the equity market in FY19 would be more challenging than in FY18 with volatility being a key factor to contend with.

**Debt Market Overview**

FY18 was largely an uphill journey for the fixed income markets. The 10-yr gilt yields moved from 6.65% levels at the beginning of April 2017 to 7.39% levels at the end of March 2018, i.e. a rise of almost ~75 bps (i.e. 0.75%).

The key influencers of interest rates in FY18 were fiscal deficit, inflation, liquidity in the banking system, GDP & growth rates and global impact from actions and policies of other central bankers. Since the year gone by has displayed excessive pessimism w.r.t. bond yields and has also discounted negative news multiple times, one could expect a more muted impact on rates in FY19.

**KEY SEBI Circulars**

- SEBI/HO/IMD/DF2/CIR/P/2017/39 dated May 8, 2017 - Instant Access Facility and Use of e-wallet for investment in Mutual Funds** – which permits instant payment of redemption proceeds up to ₹ 50,000 and accepting investment by investors through e-wallets (prepaid Payments instruments (PPI)) up to ₹ 50,000
- SEBI/HO/IMD/DF2/CIR/P/2017/109 dated September 27, 2017 – Norms for participation in interest rate derivatives by Mutual Funds**
- SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 and December 4, 2017 - Categorization and Rationalization of Schemes of Mutual Fund**

SEBI, vide the referred circulars has stated that all open ended schemes of Mutual Fund would be now broadly classified in the following groups

- Equity Schemes
- Debt Schemes
- Hybrid Schemes
- Solution Oriented Schemes
- Other Schemes

This is expected to provide a level playing field in the market place and also enable easier comparison for investors of MF schemes across the industry

- d) **SEBI/HO/IMD/DF3/CIR/P/2018/04 dated January 4, 2018** - Benchmarking of Scheme's performance to Total Return Index against the earlier Price Return Index.
- e) **SEBI/HO/IMD/DF2/CIR/P/2018/15 dated February 2, 2018**- Charging of additional expenses of upto 0.20% in terms of Regulation 52 (6A) (c) of SEBI (Mutual Funds) Regulations, 1996 has since been reduced to 0.05% for schemes which do not levy exit load or are not leviable.
- f) **SEBI/HO/IMD/DF2/CIR/P/2018/16 dated February 2, 2018** - Review of additional expenses of up to 0.30% towards inflows from beyond top 15 cities (B15) – The said additional expenses has been restricted to inflows from Beyond Top 30 cities against the earlier Top 15 cities.
- g) **SEBI/HO/IMD/DF2/CIR/P/2018/18 dated February 5, 2018 - Total Expense Ratio( TER) – change and disclosure.** – In order to prevent frequent changes in TER and appropriate disclosure to investors, SEBI has directed that all increases be subject to prior notice and reductions be notified to investors.

Thus the focus of SEBI has been on increased transparency, reduction of costs in the hands of the unit holders and product standardization in the industry. All this should auger well for the future of the MF industry.

## 5. SUBSIDIARY

Your Company does not have any subsidiary.

## 6. DIRECTORS

### Directors retiring by rotation

Mr. Arun Palkar (DIN 00310510) retires by rotation at the Twenty Third Annual General Meeting and being eligible, has offered himself for re-appointment.

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

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

## 7. NUMBER OF BOARD MEETINGS

During the financial year ended 31<sup>st</sup> March 2018,6 meetings of the Board of Directors were held.

## 8. COMMITTEES

### (a) AUDIT COMMITTEE

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

During the financial year ended 31<sup>st</sup> March 2018, 5 meetings of Committee were held. There were no cases where recommendations of the Audit Committee were not accepted by the Board of Directors of your Company.

### (B) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

During the financial year ended 31<sup>st</sup> March 2018, 1 meeting of Committee was held.

**(C) APPOINTMENT COMMITTEE**

In terms of the requirement laid down by Reserve Bank of India (RBI), the company has constituted an Appointment Committee. The Scope of the Committee is to ensure 'fit & proper' status of proposed/existing Directors of the organization. The Committee presently comprises of Mr. Balan Wasudeo - Chairman and Mr. Noshir Dastur.

During the financial year ended 31<sup>st</sup> March 2018, 1 meeting of Committee was held.

**9. AUDITORS**

Your Company's Auditors M/s Price Waterhouse, Chartered Accountants, Mumbai, retire at the Twenty Third Annual General Meeting. M/s Price Waterhouse, Chartered Accountants, Mumbai, have consented to act as Auditors of the Company and are eligible for reappointment. You are requested to ratify the appointment of statutory auditors for the current financial year and fix their remuneration.

**10. INTERNAL FINANCIAL CONTROLS**

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

**11. RELATED PARTY TRANSACTIONS**

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

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

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

**12. PARTICULARS OF LOAN GUARANTEES OR INVESTMENTS**

During the financial year ended 31<sup>st</sup> March, 2018, the company has not given any loans, guarantees or made investments which attract the provisions of Section 186 of Companies Act, 2013.

**13. CORPORATE SOCIAL RESPONSIBILITY**

Your Company has constituted a Corporate Social Responsibility (CSR) Committee and consists of the following Directors:

- Mr. Balan Wasudeo - Chairman
- Mr. Arun Palkar
- Mr. Chandrashekhar Sathe

Your Company's CSR Committee drives the CSR programme of the Company. Your Company has a Board approved CSR policy, charting out its CSR approach. This policy articulates the Company's aim to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda. The Company's CSR agenda is driven by its key focus areas:

- a. Education
- b. Vocational skills and livelihood
- c. Preventive healthcare and sanitation
- d. Reducing inequalities faced by socially and economically backward groups

- e. Sustainable development
- f. Relief and rehabilitation
- g. Clean India
- h. Sports

Your Company's CSR Policy is available on the Company's website viz. URL: [assetmanagement.kotak.com](http://assetmanagement.kotak.com)

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

The average net profit U/S 198 of the Company for the last three financial years preceding 31<sup>st</sup> March, 2018 is ₹ 1,817 lakh.

The prescribed CSR expenditure required U/S 135, of the Act for FY 2017-18 is ₹ 36 lakh.

The CSR expenditure incurred for the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018 under Section 135 of Companies Act, 2013 amounts to ₹ 2 lakh as against ₹ 5 lakh CSR spend in the financial year 2017-18. The unspent amount for FY2017-18 is ₹ 34 lakh.

CSR expenditure of ₹ 2 lakh in FY 2017-18 as a percentage of average net profit U/S 198 of the Company at ₹ 1817 is 0.11%.

Your Company has been spending CSR budgets on sectors and programmes, which have been approved by the Board CSR Committee and the Board. Your Company's CSR spending is guided by the vision of creating long-term benefit to the society. Your Company is building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years. Your Company identifies suitable NGO partners for carrying out its CSR programmes and undertakes CSR programmes that are scalable, sustainable and have the potential to be replicated across locations and create a sustainable and measurable impact in the communities that it is working with. Most of the CSR programmes are - in sectors such as education, health, livelihood and environmental to name a few, designed for medium to long term period and the full implementation of the programmes takes several years. Further, the CSR footprint – both sectorally and geographically, and expenditure have been consistently increasing over the years and the Company is committed to stepping-up its CSR programmes and expenditure in the years ahead. In FY 2016-17, your Company's CSR spend was ₹ 5 lakh, in FY 2015-16 it was ₹ 5 lakh. In the reporting period, FY 2017-18, the CSR expenditure was to ₹ 2 lakh. Your Company does not consider "administrative overheads" as a part of its CSR spends.

The details of CSR activities and spends under Section 135 of the Companies Act, 2013 for FY 2016-17 is enclosed.

#### **14. RISK MANAGEMENT**

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

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

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

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

**Liquidity Management:**

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

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

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

**15. EMPLOYEES**

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

**16. DEPOSITS**

Your Company neither invited nor accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014 during the year. Also, there are no deposits due and outstanding as on 31<sup>st</sup> March 2018.

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

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

During the financial year ended 31<sup>st</sup> March 2018 the Company has no foreign exchange inflow and outgo.

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

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

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

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

**20. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. Your Company has, in the preparation of the annual financial statements for the financial year ended March 31, 2018, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2018 and of the Profit of your Company for the financial year ended March 31, 2018;
- iii. The Directors had taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual financial statements on a going concern basis; and
- v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **ANNEXURES**

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

- (a) Extract of Annual Return under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of Companies (Management & Administration) Rules, 2014. (Annexure – A).
- (b) Report on CSR activities pursuant to the provisions of Section 135(4)(a) of the Companies Act, 2013, read with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (Annexure – B)

## **ACKNOWLEDGEMENT**

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

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

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

**Mumbai**  
**April 25, 2018**

**Balan Wasudeo**  
(DIN 00073697)

**Chandrashekhar Sathe**  
(DIN 00017605)



# Form No. MGT-9

## EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2018

[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:

1. CIN	U65990MH1995PLC090279
2. Registration Date	July 5, 1995
3. Name of the Company	Kotak Mahindra Trustee Company Limited
4. Category/Sub-Category of the Company	Public Company limited by shares
5. Address of the Registered office and contact details	27BKC, Plot No. C 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400051 Tel No. : (022) 22-61152100 Fax No.: (022) 66384455
6. Whether listed Company (Yes/No)	No
7. 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:-

Sr. No	Name and Description of Main Product/ Services	NIC Code of the Product	% to total turnover of the Company
1.	Management of Mutual Funds	66301	100%

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

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



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	
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>	<b>50,070</b>	<b>50,070</b>	<b>100</b>	<b>-</b>	<b>50,070</b>	<b>50,070</b>	<b>100</b>	<b>-</b>	<b>50,070</b>

## (ii) Shareholding of Promoters

Sr No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	Pledged / encumbered to total shares	
1.	Kotak Mahindra Bank Limited	50,070	100	-	Kotak Mahindra Bank Limited	50,070	-	100

## (iii) Change in Promoters' Shareholding

Sr No		Share holding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat	-	-	-	-
	At the end of the year	-	-	-	-

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

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

	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 –

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

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

### B. Remuneration to other directors:

(₹ In Lakhs)

Sr No	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	• Fee for attending board / committee meetings		
	• Commission		
	• Others, please specify	- - - -	-
	<b>Total (1)</b>	- - - -	-
2.	<b>Other Non-Executive Directors</b>	<b>Mr. Amit Desai</b> <b>Mr. Balan Wasudeo</b> <b>Mr. Noshir Dastur</b> <b>Mr. Arun Palkar</b> <b>Mr. Chandrashekhar Sathe</b>	
	Fee for attending board / committee meetings	0.5   4.4   3.5   2.0   4.2	14.6
	Commission *	2.0   2.0   2.0   2.0   2.0	10.0
	Others, please specify	- - - -	-
	<b>Total (2)</b>	2.5   6.4   5.5   4.0   6.2	24.6
	<b>Total (B)=(1+2)</b>	2.5   6.4   5.5   4.0   6.2	24.6
	<b>Total Managerial Remuneration</b>	- - - -	-
	<b>Overall Ceiling as per the Act#</b>	- - - -	-

\* Payment of Commission is subject to approval of members at the AGM of 2017 – 2018.

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

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sr No	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
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:**

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	-	-	-	-	-

**Balan Wasudeo**  
 Director

**Chandrashekhar Sathe**  
 Director

## CSR ANNEXURE

Annexure B

₹

Sl. No	CSR project/ activity identified	Sector in which the project is covered	Area of project implementation (Name of the District/s, State/s where project / programme was undertaken)	Programme / project wise budgeted amount	Programme / project wise actual spend during the year – Direct expenditures	Programme / project wise actual spend during the year – Overheads	Cumulative Expenditure for FY 2014-15 upto reporting period	Amount spent through implementing agency
1	<p>Education and Livelihood. Implemented through Kotak Education Foundation (KEF), which was set up in 2007 with a purpose to support children and youth from underprivileged families through different education based interventions and skilling programmes. KEF takes a holistic and innovative approach to helping the urban poor break free from the vicious cycle of extreme poverty and generational disadvantages.</p> <p>The 'Mid-day Meal ' programme catering to approximately 8293 students from 17 partner schools, provides nutritious meal to pre-primary, 9<sup>th</sup> std and 10<sup>th</sup> std school children who are excluded from Government's mid-day-meal programme.</p> <p>KEF has partnered with 44 schools, majority of which are Located in the poorest wards of Mumbai. KEF conducts intensive training / mentoring programme for Principals, Teachers, Students and Parents for sensitisation and empowerment. It also supports the schools with infrastructure like providing Hand wash points, replacement of roofs, water storage tanks, water purifiers, doors, windows, electrification etc. It has touched 40,636 beneficiaries.</p> <p>Livelihood training is provided at 6 centres spread across the poorest neighbourhoods of the city. In 2017- 18, 1371 aspirants were trained and several of them were placed at an average monthly salary of ₹ 10000/-</p>	Promoting Education & Livelihood	Mumbai	200,000.00	163,000.00	32,000.00	₹ 1,695,000.00 (Out of this donation, Kotak Education Foundation has not utilised ₹5,000/- The same will be used towards meeting expenses for FY2018-19)	195,000 (Implemented through the Kotak Education Foundation- KEF)
<b>TOTAL CSR SPEND U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2017-18</b>							<b>195,000.00</b>	

**Balan Wasudeo**  
Director

**Chandrashekhhar Sathe**  
Director

# INDEPENDENT AUDITOR'S REPORT

TO  
THE MEMBERS OF  
**KOTAK MAHINDRA TRUSTEE COMPANY LIMITED**

## **REPORT ON THE FINANCIAL STATEMENTS**

1. We have audited the accompanying financial statements of Kotak Mahindra Trustee Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, 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**

2. 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 to 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **AUDITOR'S RESPONSIBILITY**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. 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.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **OPINION**

8. 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, 2018, and its profit and its cash flows for the year ended on that date.



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company does not have any pending litigations as at March 31, 2018 which would impact its financial position.
    - ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

**Vivek Prasad**  
Partner  
Membership Number: 104941

Mumbai  
April 25, 2018

# Annexure A

TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the Members of Kotak Mahindra Trustee Company Limited on the financial statements for the year ended March 31, 2018**

## **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT**

1. We have audited the internal financial controls over financial reporting of Kotak Mahindra Trustee Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

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

### **AUDITORS' RESPONSIBILITY**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

6. 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**

7. 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**

8. In our opinion, 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Vivek Prasad**  
Partner  
Membership Number: 104941

Mumbai  
April 25, 2018

# Annexure B

## TO INDEPENDENT AUDITORS' REPORT

### **Referred to in paragraph 9 of the Independent Auditors' Report of even date to the Members of Kotak Mahindra Trustee Company Limited on the financial statements as of and for the year ended March 31, 2018**

- i. The Company does not hold any fixed assets during the year ended March 31, 2018. Therefore, the provisions of Clause 3(i) of the Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii.
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax, service tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax, goods and service tax and any other material statutory dues which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.
- xvii. The Company did not have any holdings or dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 – Refer Note 18

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

**Vivek Prasad**  
Partner  
Membership Number: 104941

Mumbai  
April 25, 2018

# Balance Sheet

as at 31<sup>st</sup> March 2018

	Note No.	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	5.01	5.01
Reserves and Surplus	4	10,543.66	8,066.87
<b>Non-current Liabilities</b>			
Other Long Term Liabilities	5	2.50	2.50
<b>Current liabilities</b>			
Other Current Liabilities	6	146.73	13.23
Short term Provisions	7	50.41	26.88
		<b>10,748.31</b>	<b>8,114.49</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Long term Loans and Advances	8	1.52	-
<b>Current assets</b>			
Current Investments	9	10,346.23	7,829.74
Trade Receivables	10	398.53	275.31
Cash and Bank Balance	11	2.03	4.79
Short term Loans and Advances	12	-	4.65
<b>TOTAL</b>		<b>10,748.31</b>	<b>8,114.49</b>
Summary of significant accounting policies	2		

The accompanying notes forming part of the financial statements

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

For and on behalf of the Board of Directors

**Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 301112E

Chartered Accountants

**Vivek Prasad**

Partner

Director

Director

Membership No. 104941

Place : Mumbai

Date: April 25, 2018

# Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2018

	Note No.	For the year ended 31 <sup>st</sup> March 2018	For the year ended 31 <sup>st</sup> March 2017
		₹ in lakhs	₹ in lakhs
<b>REVENUE</b>			
Revenue from Operations	13	3,909.28	2,444.52
Other Income	14	727.19	211.80
<b>TOTAL INCOME</b>		<b>4,636.47</b>	<b>2,656.32</b>
<b>EXPENSES</b>			
Other Expenses	15	97.00	120.51
<b>TOTAL EXPENSES</b>		<b>97.00</b>	<b>120.51</b>
<b>Profit before Tax</b>		<b>4,539.47</b>	<b>2,535.81</b>
<b>Tax Expense :</b>			
Current tax		1,160.00	805.00
Income Tax Prior Years		-	(13.98)
<b>Profit for the year</b>		<b>3,379.47</b>	<b>1,744.79</b>
Earnings per equity share [nominal value of share ₹ 10] Basic and diluted [in Rupees]	16	6,749	3,485
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

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

For and on behalf of the Board of Directors

**Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 301112E

Chartered Accountants

**Vivek Prasad**

Partner

Membership No. 104941

Director

Director

Place : Mumbai

Date: April 25, 2018

# Cash Flow Statement

for the year ended 31<sup>st</sup> March 2018

Particulars	For the year ended 31 <sup>st</sup> March 2018		For the year ended 31 <sup>st</sup> March 2017	
	Amount (₹. in lakhs)	Amount (₹ in lakhs)	Amount (₹ in lakhs)	Amount (₹ in lakhs)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation		4,539.47		2,535.81
Adjustments for:				
Profit on sale of current investments		(727.19)		(211.80)
Dividend income		-		-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>3,812.28</b>		<b>2,324.02</b>
Increase / (decrease) in short-term provisions		-		-
Increase/ (decrease) in other current liabilities	133.50		(0.60)	
Decrease / (increase) in trade receivables	(123.21)		(112.86)	
Decrease / (increase) in short-term loans and advances	4.65		(0.48)	
		<b>14.94</b>		<b>(113.94)</b>
<b>CASH GENERATED FROM OPERATIONS</b>		3,827.22		2,210.07
Payment of taxes (net of refunds)		(1,138.00)		(801.27)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		<b>2,689.22</b>		<b>1,408.80</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Proceeds from sale/maturity of current investments		2,113.20		687.56
Purchase of Investments		(3,902.50)		(2,095.60)
Dividend received		-		-
<b>NET CASH FROM / (USED) IN INVESTMENT ACTIVITIES (B)</b>		<b>(1,789.30)</b>		<b>(1,408.04)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividend paid on equity shares		(750.00)		-
Tax on equity dividend paid		(152.68)		-
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		<b>(902.68)</b>		<b>-</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		(2.76)		0.76
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		4.79		4.03
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		2.03		4.79
<b>Components of cash and cash equivalents</b>				
Balance with banks- in current account		2.03		4.79
<b>Total cash and cash equivalents (note 11)</b>		<b>2.03</b>		<b>4.79</b>
Significant accounting policies		2		



Note:

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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

For and on behalf of the Board of Directors

**Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 301112E

Chartered Accountants

**Vivek Prasad**

Partner

Membership No. 104941

Director

Director

Place : Mumbai

Date: April 25, 2018

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

## 1. CORPORATE INFORMATION

Kotak Mahindra Trustee Company Limited is a Company incorporated on July 5, 1995. The Company is approved by SEBI to act as the Trustee for the Schemes of Kotak Mahindra Mutual Fund.

## 2. SIGNIFICANT ACCOUNTING POLICIES

(a) (i) 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, read with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for the change in accounting policies disclosed hereafter.

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

### (b) 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 of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates and assumptions.

### (c) Investments

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.

### (d) Revenue Recognition

Trusteeship fees are recognized on accrual basis as per the rates agreed.

Interest income is recognized on a time proportion basis taking into account amount outstanding and the rates applicable.

Dividend income is recognized when the right to receive dividend is established.

### (e) Taxes

The Income Tax expense comprises of 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 Income Tax Act, 1961. Deferred tax adjustment comprises of changes in the deferred tax assets and liabilities. Deferred tax asset and liabilities are recognized for the future tax consequences of timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on account of timing differences are recognized only to the extent that there is reasonable

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially 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 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.

## (f) Provisions and contingent liabilities

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate 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 recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## (g) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

## (h) Earning per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period 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.

## (i) Accounting For Proposed Dividend

As per the requirements of pre-revised AS 4 – 'Contingencies and Events Occurring after the Balance sheet date', the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. As per AS 4(Revised), the Company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. The Company has disclosed the same in notes to the financial statements in accordance with AS 4 (Revised).

Had the company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹ 452.08 lacs and short-term provisions would have been higher by ₹ 452.08 ( including dividend distribution tax of ₹ 77.08 lacs).

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
	₹ in lakhs	₹ in lakhs
<b>NOTE 3 - SHARE CAPITAL</b>		
<b>Authorised :</b>		
1,000,000 (March 31, 2017:1,000,000) equity shares of ₹ 10 each	100.00	100.00
<b>Issued,Subscribed and Paid Up:</b>		
50,070 (March 31, 2017:50,070) equity shares of ₹ 10 each, fully paid up	5.01	5.01
<b>Total</b>	<b>5.01</b>	<b>5.01</b>

**(a) Reconciliation of number of shares**

Equity Shares:	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017	
	No. of shares	Amount	No. of shares	Amount
Balance as at the beginning of the year	50,070	5.01	50,070	5.01
Issued during the year	-	-	-	-
Balance as at the end of the year	50,070	5.01	50,070	5.01

**(b) Rights, preferences and restrictions attached to shares**

Equity Shares: The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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.

**(c) Shares held by holding company and subsidiary of holding company**

Equity Shares:	As at March 31, 2018	As at March 31, 2017
50,070 Shares (March 31, 2017: 50,070 Shares) held by Kotak Mahindra Bank Limited, India,the Holding Company and nominees	50,070	50,070

**(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Equity Shares:	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017	
	Percentage	No. of shares	Percentage	No. of shares
Kotak Mahindra Bank Limited, India,the Holding Company and nominees	100%	50,070	100%	50,070

**(e) Proposed dividend on Equity shares**

Equity Shares:	March 31, 2018	March 31, 2017
On Equity shares of ₹ 10 each		
Amount of dividend proposed	375.00	750.00
Dividend per Equity Share	748.95	1,497.90

The Board of Directors, in their meeting held on April 25, 2018 have proposed a final dividend of ₹ 748.95 per equity share (Previous year ₹ 1497.90 per share) exclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting.

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	March 31, 2018	March 31, 2017
	₹ in lakhs	₹ in lakhs
<b>NOTE 4 - RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as at the beginning of the year	356.83	356.83
Add-Transferred from Surplus in Statement of Profit and Loss during the year	175.00	-
Balance as at the end of the year	531.83	356.83
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	7,710.04	5,965.25
Add-Transferred from Surplus in Statement of Profit and Loss during the year	3,379.47	1,744.79
Less: Appropriations		
Dividend on Equity Shares	750.00	-
Dividend distribution tax on dividend on Equity Shares	152.68	-
Transfer to General Reserve	175.00	-
Balance as at the end of the year	10,011.83	7,710.04
<b>Total</b>	<b>10,543.66</b>	<b>8,066.87</b>

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
	₹ in lakhs	₹ in lakhs
<b>NOTE 5: OTHER LONG TERM LIABILITIES</b>		
Initial corpus	2.50	2.50
<b>Total</b>	<b>2.50</b>	<b>2.50</b>

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
	₹ in lakhs	₹ in lakhs
<b>NOTE 6: OTHER CURRENT LIABILITIES</b>		
Other Creditors * (other than small scale industrial undertakings/Companies registered under Micro, Small and Medium Enterprise Development Act, 2006 #)	15.77	11.24
Statutory Payables	130.96	1.99
<b>Total</b>	<b>146.73</b>	<b>13.23</b>

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

# Determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
	₹ in lakhs	₹ in lakhs
<b>NOTE 7: SHORT TERM PROVISIONS</b>		
Other Provisions		
Provision for Tax (Net of advance tax and Tax deducted at source of ₹ 2,038.59 Lacs (March 31, 2017:1,707.12 Lacs))	50.41	26.88
<b>Total</b>	<b>50.41</b>	<b>26.88</b>

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
	₹ in lakhs	₹ in lakhs
<b>NOTE 8: LONG TERM LOANS AND ADVANCES</b>		
Advance Tax (Net of Provision for Tax of ₹ 805 Lacs (March 31, 2017 Nil))	1.52	-
<b>Total</b>	<b>1.52</b>	<b>-</b>

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
	₹ in lakhs	₹ in lakhs
<b>NOTE 9: CURRENT INVESTMENTS</b>		
<b>Investment in Mutual Fund Units (Unquoted, at cost or market value whichever is lower )</b>		
Kotak Floater Short Term - Growth 63,349.8744 (March 31, 2017: 140,299.3124) Units of ₹ 1,000 each	1,141	2,527
Kotak Floater Short Term-Direct Plan - Growth 366,452.0717 (March 31, 2017: 225,036.0969) Units of ₹ 1,000 each	9,205	5,303
<b>Total</b>	<b>10,346.23</b>	<b>7,829.74</b>
Aggregate value of unquoted investments at market value	12,253.09	9,744.37

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
	₹ in lakhs	₹ in lakhs
<b>NOTE 10: TRADE RECEIVABLES</b>		
Unsecured, considered good		
Over 6 months	-	-
Others	398.53	275.31
<b>Total</b>	<b>398.53</b>	<b>275.31</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 <sup>st</sup> March 2018 ₹ in lakhs	As at 31 <sup>st</sup> March 2017 ₹ in lakhs
<b>NOTE 11: CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with Banks in :		
Current Accounts	2.03	4.79
<b>Total</b>	<b>2.03</b>	<b>4.79</b>

	As at 31 <sup>st</sup> March 2018 ₹ in lakhs	As at 31 <sup>st</sup> March 2017 ₹ in lakhs
<b>NOTE 12: SHORT TERM LOANS AND ADVANCES</b>		
Prepaid Expenses	-	3.50
Input Credit Receivable	-	1.15
<b>Total</b>	<b>-</b>	<b>4.65</b>

	As at 31 <sup>st</sup> March 2018 ₹ in lakhs	As at 31 <sup>st</sup> March 2017 ₹ in lakhs
<b>NOTE 13: REVENUE FROM OPERATIONS</b>		
Trustee Fee	3,909.28	2,444.52
<b>Total</b>	<b>3,909.28</b>	<b>2,444.52</b>

	As at 31 <sup>st</sup> March 2018 ₹ in lakhs	As at 31 <sup>st</sup> March 2017 ₹ in lakhs
<b>NOTE 14: OTHER INCOME</b>		
Dividend on units of Mutual Fund - Current Investments	-	-
Profit on sale of current investments	727.19	211.80
<b>Total</b>	<b>727.19</b>	<b>211.80</b>

	As at 31 <sup>st</sup> March 2018 ₹ in lakhs	As at 31 <sup>st</sup> March 2017 ₹ in lakhs
<b>NOTE 15: OTHER EXPENSES</b>		
Directors' sitting fees and remuneration	29.10	23.00
Reimbursement of common administrative cost	52.94	73.78
Insurance	3.50	2.46
Legal and Professional Fees	1.05	1.21
Rent, rates and taxes	5.17	10.97
Auditors' remuneration		
Audit Fees	1.65	1.65
Out of Pocket Expenses	0.06	0.06
Expenditure towards Corporate Social Responsibility (CSR) activities (Refer Note below)	2.00	5.00
Miscellaneous	1.53	2.38
	<b>97.00</b>	<b>120.51</b>

# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

## Corporate Social Responsibility Expenditure

(a) Gross amount required to be spent during the year ₹ 36.34 Lakhs (Previous year ₹ 26.21 Lakhs)

(b) Amount spent during the year ending on:

	In Cash	In Cash
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	2.00	5.00
<b>Total</b>	<b>2.00</b>	<b>5.00</b>

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
	₹ in lakhs	₹ in lakhs
<b>NOTE 16: EARNINGS PER SHARE (EPS)</b>		
EPS computation:	3,379.47	1,744.79
Net profit after tax		
Weighted average number of equity shares	50,070	50,070
Earnings Per Share (basic and diluted) in Rupees	6,749	3,485

## NOTE 17: RELATED PARTY DISCLOSURES

The following table provides the total amount of balances and transactions that have been entered into with related parties for the relevant financial year:

<b>Names of related parties and related party relationship</b>			
<b>Related parties where control exists</b>			
Holding company	Kotak Mahindra Bank Limited		
Fellow subsidiary	Kotak Mahindra Asset Management Company Limited (KMAMC)		
Mutual Fund managed by Fellow Subsidiary	Kotak Mahindra Mutual Fund (KMMF), managed by Kotak Mahindra Asset Management Company Limited		
	Holding Company	Fellow Subsidiary Company	Mutual Fund managed by Fellow Subsidiary (KMMF)
	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>Balances Outstanding</b>			
Bank Balance	1.64	-	-
	(4.69)	(-)	(-)
Current Investment - Investments in Mutual Fund	-	-	10,346.23
	(-)	(-)	(7,829.74)
Trade Receivables	-	-	398.54
	(-)	(-)	(275.31)



# NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Holding Company	Fellow Subsidiary Company	Mutual Fund managed by Fellow Subsidiary (KMMF)
	₹ in lakhs	₹ in lakhs	₹ in lakhs
Other Long term Liabilities - Initial Corpus	2.50	-	-
	(2.50)	(-)	(-)
Transactions during the year			
Purchase / Subscription of Units	-	-	3,902.50
	(-)	(-)	(2,095.60)
Sale / Redemption of Units	-	-	2,113.20
	(-)	(-)	(687.55)
Trusteeship Fees	-	-	3,909.28
	(-)	(-)	(2,444.52)
Reimbursement of Expenses (KMAMC)	-	58.11	-
	(-)	(84.75)	(-)

Figures in brackets relate to the previous year.

## NOTE 18: DISCLOSURES RELATING TO SPECIFIED BANK NOTES ("SBN")

- (a) The disclosures relating to Specified Bank Notes ("SBN") is not applicable to the Company during the year.
- (b) In previous year, the Company did not held and transacted in Specified Bank Notes ("SBN") during the period Novemebr 08, 2016 to December 30, 2016.

## NOTE 19: 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, 2018 and the Statement of Profit and Loss for the year ended March 31, 2018 pertain to one business segment.

## NOTE 20:

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

For and on behalf of the Board of Directors

### Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 301112E  
Chartered Accountants

### Vivek Prasad

Partner  
Membership No. 104941

Director

Director

Place : Mumbai

Date: April 25, 2018



Kotak Mahindra Bank Limited, 27BKC, C 27,  
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BSE: 500247 | NSE: KOTAKBANK | Bloomberg: KMB:IN

CIN: L65110MH1985PLC038137