

Kotak Infrastructure Debt Fund Limited
(Formerly Known As Kotak Forex Brokerage Limited)
Annual Report 2016-17



**CHANGING
WITH INDIA.
FOR INDIA.**



DIRECTORS' REPORT

To

The Members of,

KOTAK INFRASTRUCTURE DEBT FUND LIMITED (formerly known as Kotak Forex Brokerage Limited)

The Directors to present their Twenty Ninth Annual Report together with the audited accounts of the Company for the year ended 31st March 2017.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Total Revenue	8,19,12,205	15,70,991
Profit / (Loss) for the year	3,38,35,288	(9,63,398)

DIVIDEND

In view of the accumulated losses, the Directors do not recommend any Dividend.

OPERATIONS

The Company continues its efforts to improve its revenue.

CHANGE OF NAME

The Registrar of Companies vide Certificate of Incorporation pursuant to change of name dated 25th June 2016 has approved the change of name of the Company from Kotak Forex Brokerage Limited to Kotak Infrastructure Debt Fund Limited.

CHANGE OF REGISTERED OFFICE

The Registered Office of the Company has been changed from Bakhtawar, 1st Floor, 229, Nariman Point, Mumbai 400 021 to 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 with effect from 14th June 2016.

NEW BUSINESS ACTIVITY

Your Company has received a Certificate of Registration as Non- Banking Financial Company (NBFC) from the Reserve Bank of India permitting the Company to commence and carry on the business of an NBFC. In view of the aforesaid, your Company will commence new business activity of an Infrastructure Debt Fund.

PREFERENTIAL ALLOTMENT OF EQUITY SHARES

During the year under review, the Company has allotted 30,59,00,000 equity shares of ₹10 each, for cash, at par, aggregating to ₹305,90,00,000 on preferential basis through private placement as detailed below:

Name of the Allottee	No. of equity shares of face value ₹ 10 each	Amount (₹)
Kotak Mahindra Bank Ltd.	8,89,00,000	88,90,00,000
Kotak Securities Ltd.	9,30,00,000	93,00,00,000
Kotak Investment Advisors Ltd.	6,20,00,000	62,00,00,000
Kotak Mahindra Capital Company Ltd.	6,20,00,000	62,00,00,000
Total	30,59,00,000	305,90,00,000

DIRECTORS

Changes in Directors during the year

Mr. Chetan Desai, Mr. Himanshu Vasa and Mr. Devang Gheewalla resigned as Directors of the Company with effect from 21st October 2016. Your Directors place on record their appreciation for the valuable advice and guidance rendered by Mr. Desai, Mr. Vasa and Mr. Gheewalla during their tenure as Directors of the Company.

Mr. Dipak Gupta (DIN:00004771), Mr. K.V.S. Manian (DIN:00031794) and Mr. Arvind Kathpalia (DIN:02630873) were appointed as Additional Directors

with effect from 20th October 2016. They hold office up to the date of the ensuing Annual General Meeting of the Company and are eligible to be appointed as Directors. In terms of Section 160 of the Companies Act, 2013, the Company has received notices in writing from three members along with requisite deposit of ₹1,00,000 each, proposing the candidatures of Mr. Dipak Gupta, Mr. K.V.S. Manian and Mr. Arvind Kathpalia for their appointment as Director.

Mr. Dipak Gupta, B.E. (Electronics), PGDM-IIM, Ahmedabad, aged 56 years, is the Joint Managing Director of Kotak Mahindra Bank Limited and has over 31 years of experience in the financial services sector, 25 years of which have been with the Kotak Group. Mr. Dipak Gupta is responsible for overseeing the wealth management business, alternative investments business which includes private equity funds and real estate funds, treasury and asset reconstruction business of the Bank. Mr. Dipak Gupta was responsible for leading the Kotak Group's initiatives into the banking arena. He was the Executive Director of Kotak Mahindra Prime Limited. Prior to joining the Kotak Group, he was with A. F. Ferguson & Company.

Mr. K.V.S. Manian, aged 55 years is an Electrical engineer from IIT (BHU) - Varanasi, Post Graduate in Financial Management from Jamnalal Bajaj Institute of Management Studies and a Cost and Works Accountant. He has 29 years of rich experience in areas like Financial Accounting and Control, Management Accounting, Project Management, Operations, Investment Banking, Corporate Banking and Consumer Banking. He started his stint with Kotak in the Investment Banking business in February 1995 in the Compliance function and then moved on to businesses like Corporate Finance & Retail Loans etc. before getting involved with the Banking business of the group.

Mr. Manian took on the mantle of leadership of branch banking at Kotak at its inception in 2003, and in 2010 he assumed responsibility for the entire Consumer Banking Business for the Kotak group. He ably steered the Bank from its founding of a single branch to over 600 branches across the country. Since 2013, Manian has oversight responsibility for the retail brokerage business in Kotak Securities as well. Currently, he heads Corporate & Investment Banking and is designated President – Corporate & Investment Banking, Kotak Mahindra Bank Limited.

Mr. Arvind Kathpalia, aged 59 years, is a University Ranker in B.A. (Hons) - Economics from Delhi University and has completed MBA from Faculty of Management Studies (FMS), Delhi with specialization in Marketing & Finance. He is currently the President and Group Chief Risk Officer, Kotak Mahindra Bank Limited. He has been with the Kotak Group for over a decade. He holds overall responsibility for Integrated Risk Management across the Group, and enables the organization to maximize value by embedding common Risk Management systems and framework. He is also responsible in ensuring that the Bank is Basel compliant. He joined Kotak in 2003 as Group Head – Operations, Technology and Finance. In this role, he built a robust platform for the Organized Trading Facility (OTF) functions which led to the Bank winning 14 IT Awards including the IT team of the Year for three consecutive years. Prior to joining Kotak, Mr. Kathpalia held several leadership positions both in India and overseas with ANZ Grindlays and Standard Chartered Bank.

Number of Board Meetings

During the year, 6 meetings of the Board of Directors were held.

AUDITORS

The shareholders of the Company at the 26th Annual General Meeting had re-appointed Messrs. V. C. Shah & Co., Chartered Accountants, Mumbai, (Firm Registration No. 109818W) as Statutory Auditors of the Company for a period of five years, to hold office from the conclusion of the 26th Annual General Meeting till the conclusion of the 31st Annual General Meeting of the Company (AGM).

Consequent to the increase in the paid-up share capital of the Company, the provisions of Section 139(2) of the Companies Act, 2013 have become applicable to the Company and accordingly, the existing auditors are not eligible for re-appointment.

In view of the above, it is proposed to recommend the appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, as Auditors of the Company from the conclusion of the Twenty Ninth AGM till the conclusion of Thirty Fourth AGM. You are requested to appoint them and to fix their remuneration.

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 Notes to Accounts under clause no.26.

PARTICULARS OF LOAN GUARANTEES OR INVESTMENTS

During the year the company has not given any loans, guarantees or has made investment which attracts the provisions of Section 186 of Companies Act, 2013.

WHISTLE BLOWER POLICY & VIGIL MECHANISM

Your Company has also put in place the Whistle Blower Policy to raise concerns internally and to disclose information, which the individual believes shows malpractice, serious irregularities, fraud, unethical business conduct, abuse or wrong doing or violation of any Indian law.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013, your Company has appointed RJSY & Associates, Company Secretaries, as its Secretarial Auditor. The Secretarial Audit Report for the financial year ended 31st March 2017 is annexed to this Report.

EMPLOYEES

The Company did not have any employees as on 31st March 2017. Accordingly, the details pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

DEPOSIT

The Company did not accept any deposits from the public during the year. Also there are no deposits due and outstanding as on 31st March 2017.

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 the year, the Company had foreign exchange inflow of ₹ NIL (Previous Year: Nil) while the outgo of foreign exchange was ₹ NIL (Previous Year: Nil).

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- 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 the Company as at 31st March 2017 and of the profit of the Company for the financial year ended 31st March 2017;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ANNEXURES

Extract of Annual Return under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of Companies (Management and Administration) Rules, 2014 (Annexure A) and Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013 (Annexure – B) are annexed.

ACKNOWLEDGEMENTS

The Board takes this opportunity to place on record, its gratitude for the valuable guidance and support received from the statutory and the regulatory authorities.

For and on behalf of the Board of Directors

Dipak Gupta
Director
DIN: 00004771

K.V.S. Manian
Director
DIN: 00031794

Place: Mumbai

Dated: 21st April 2017

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	U65910MH1988PLC048450
ii.	Registration Date	10th August 1988
iii.	Name of the Company	Kotak Infrastructure Debt Fund Limited (Previously known as Kotak Forex Brokerage Limited)
iv.	Category / Sub-Category of the Company	Forex Broking
v.	Address of the Registered office and contact details	27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Tel No. : (022) 61660000 Fax No.: (022) 67132403
vi.	Whether listed company Yes / No	NO
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

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	Forex Broking		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 Ltd. 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	L65110MH1985PLC038137	Holding	100.00	2(87)

* Direct and indirect holdings

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	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	217,000,000	217,000,000	70.00	70.00
e) Banks / FI	-	4,100,000	4,100,000	100.00	-	93,000,000	93,000,000	30.00	(70.00)
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	-	4,100,000	4,100,000	100.00	-	310,000,000	310,000,000	100.00	0.00
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	4,100,000	4,100,000	100.00	-	310,000,000	310,000,000	100.00	0.00
B. Public Shareholding as per classification given by Depository									
1. Institutions									
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 - (Please Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-

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)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Bodies Corporate	-	-	-	-	-	-	-	-	-
Foreign Bank	-	-	-	-	-	-	-	-	-
Foreign Bodies	-	-	-	-	-	-	-	-	-
Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-	-
HUF	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	4,100,000	4,100,000	100.00	-	310,000,000	310,000,000	100.00	0.00

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 LTD.	40,99,940	100.00	0	9,29,99,940	30.00	0.00	(70.00)
2.	KOTAK SECURITIES LTD.	0	0	0	9,30,00,000	30.00	0.00	30.00
3.	KOTAK INVESTMENT ADVISORS LTD.	0	0	0	6,20,00,000	20.00	0.00	20.00
4.	KOTAK MAHINDRA CAPITAL COMPANY LTD.	0	0	0	6,20,00,000	20.00	0.00	20.00
5.	NOMINEES OF KOTAK MAHINDRA BANK LTD. (JOINTLY WITH KOTAK MAHINDRA BANK LTD.)							
	Mr. T.V. Raghunath	10	0.00	0	10	0.00	0.00	0.00
	Mr. K.V.S. Manian	10	0.00	0	10	0.00	0.00	0.00
	Mr. R. Sundarraman	10	0.00	0	10	0.00	0.00	0.00
	Ms. Cynthia Gomes	10	0.00	0	10	0.00	0.00	0.00
	Mr. Dipak Gupta	10	0.00	0	10	0.00	0.00	0.00
	Mr. Jaimin Bhatt	10	0.00	0	10	0.00	0.00	0.00
	Total	41,00,000	100.00	0	31,00,00,000	100.00	0.00	0.00

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

Sl. No.	Particulars			No. of Shares	% of total Shares of the Company	Cumulative Shareholding during the year	
						No. of Shares	% of total Shares of the Company
	At the beginning of the year					4,100,000	100.00
	Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):						
1	KOTAK MAHINDRA BANK LTD.	Allotment	20th October 2016	88,900,000			
2	KOTAK SECURITIES LTD.	Allotment	20th October 2016	93,000,000			
3	KOTAK INVESTMENT ADVISORS LTD.	Allotment	20th October 2016	62,000,000			
4	KOTAK MAHINDRA CAPITAL COMPANY LTD.	Allotment	20th October 2016	62,000,000			
	At the End of the year					310,000,000	100.00

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of shares - Decrease	No. of shares - Increase	Reason		No. of shares	% of total shares of the company
NIL									

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of shares - Decrease	No. of shares - Increase	Reason		No. of shares	% of total shares
DIRECTORS									
	Mr. Dipak Gupta	N.A.	N.A.	N.A.	N.A.		20-10-2016	10	0.00
	Mr. K.V.S. Manian	N.A.	N.A.	N.A.	N.A.		20-10-2016	10	0.00
KEY MANAGERIAL PERSONNEL									
NIL									

Note : Mr. Dipak Gupta and Mr. K.V.S. Manian were appointed as Directors with effect from 20th October 2016.

V. INDEBTEDNESS:

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

(₹ in Lacs)

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lacs)

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

B. Remuneration to other directors

Sl. no.	Particulars	Name of Directors					Total Amount in ₹
1	Independent Directors	NIL					
	Fee for attending board / committee meetings						
	Commission						
	Others, please specify						
	Total (1)						
2	Other Non-Executive Directors	NIL					
	Fee for attending board / committee meetings						
	Commission						
	Others, please Specify						
	Total (2)						
	Total (B)=(1+2)						
	Total Managerial Remuneration						
	Overall Ceiling as per the Act						

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

(₹ in Lac)

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

KOTAK INFRASTRUCTURE DEBT FUND LIMITED
(Formerly known as KOTAK FOREX BROKERAGE LIMITED)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kotak Infrastructure Debt Fund Limited (hereinafter called the "Company").

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Kotak Infrastructure Debt Fund Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Kotak Infrastructure Debt Fund Limited for the financial year ended on 31st March 2017, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under (Not applicable);
3. The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under (Not applicable);
4. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings (Not Applicable);
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the Audit Period as the Company is not a listed entity:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. Other laws to the extent applicable to the Company as per the representations made by the Company;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted in accordance with the provisions of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

1. A Special Resolution was passed at the Extra- Ordinary General Meeting of the Company held on 20th June, 2016 by the Members pursuant to section 13(1) of the Companies Act, 2013 for approving the change in the name of the Company from '**Kotak Forex Brokerage Limited**' to '**Kotak Infrastructure Debt Fund Limited**'.
2. A Special Resolution was passed at the Extra-Ordinary General Meeting of the Company held on 20th June, 2016 by the Members pursuant to section 13 of the Companies Act, 2013 for approving the change in the main object clause of the Company.
3. An Ordinary Resolution was passed at the Extra-Ordinary General Meeting of the Company held on 29th September, 2016 by the Members pursuant to section 61 of the Companies Act, 2013 approving the increase in authorised share capital of the company from ₹ 4,85,00,000/- divided into 41,50,000 Equity Shares of ₹ 10/- each and 14 Preference Shares of ₹ 5,00,000/- each to ₹ 310,75,00,000/- divided into 31,00,50,000 Equity Shares of ₹ 10/- each and 14 Preference Shares of ₹ 5,00,000/- each.
4. A Special Resolution was passed at the Extra-Ordinary General Meeting of the Company held on 29th September, 2016 by the Members pursuant to section 13 of the Companies Act, 2013 approving the substitution of Clause V of the Memorandum of Association of the Company.
5. A Special Resolution was passed at the Extra-Ordinary General Meeting of the Company held on 29th September, 2016 by the Members in pursuance to section 42 of the Companies Act, 2013 for approving private placement of equity shares up to 30,59,00,00 equity shares of face value ₹10/- each at par on preferential basis.

**For RJSY & ASSOCIATES,
Company Secretaries**

**Sadhana Yadav
ACS No: 27559**

Place: Mumbai
Date: 24/04/2017

Certificate of Practice No. 16932

*This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report*

Annexure A

To,
The Members

KOTAK INFRASTRUCTURE DEBT FUND LIMITED
(Formerly known as KOTAK FOREX BROKERAGE LIMITED)

Our report of even date is to be read along with this letter.

'Annexure A'

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For RJSY & ASSOCIATES,
Company Secretaries

Place: Mumbai
Date: 24/04/2017

Sadhana Yadav
ACS No: 27559
Certificate of Practice No. 16932

INDEPENDENT AUDITORS' REPORT

To the members of

Kotak Infrastructure Debt Fund Limited

(Formerly known as Kotak Forex Brokerage Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of Kotak Infrastructure Debt Fund Limited (formerly known as Kotak Forex Brokerage Limited), (the "Company"), which comprise the Balance Sheet as at 31st March, 2017, 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

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 and the Companies (Accounting Standards) Amendment Rules, 2016. 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.

Auditors' Responsibility

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

We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit 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 we have obtained 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 31st March, 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 'the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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 written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 B". 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at 31st March, 2017 on its financial position in its financial statements – Refer Note 20;
 - ii. The Company does not have any long term contracts including derivative contracts as at 31st March, 2017.
 - iii. There were no amounts as at 31st March, 2017 which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 22.

For V. C. Shah & Co.
Chartered Accountants
Firm Registration No.109818W

V. C. Shah
Partner

Membership No.: 10360

Mumbai, 25th April, 2017.

"ANNEXURE A" TO INDEPENDENT AUDITOR'S REPORT

{Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Kotak Infrastructure Debt Fund Limited (formerly known as Kotak Forex Brokerage Limited) for the year ended 31st March, 2017}

- i. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been verified by the management at reasonable intervals and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable properties. Therefore, the requirements of clause (i)(c) of paragraph 3 of the Order, are not applicable.
- ii. The Company did not have any inventory during the year. Hence, the clause (ii) of paragraph 3 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 Act. Therefore, the provisions of clause (iii) of paragraph 3 of the Order are not applicable to the Company during the year under report.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Therefore, the provisions of Clause (iv) of paragraph 3 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 to 76 of the Act and the rules framed thereunder.
- vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act, for any of the services rendered by the Company
- vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues where applicable to it. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, or value added tax which have not been deposited on account of any dispute except as follows:

Name of Statute	Nature of dues	Amount ₹	Assessment Year	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	3,900	2011-12	The Assessing Officer

- viii. Based on our audit procedures, in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution. The Company did not have any borrowings from government, bank or debenture holders during the year.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or any term loans during the year. Accordingly, the provisions of clause (ix) of paragraph 3 of the Order is 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, no instance of material fraud by the Company or on the Company by its officers or employees, has been noticed or reported during the course of our audit, nor have we been informed of any such case by the Management.
- xi. The Company has neither paid nor provided for any managerial remuneration during the year. Accordingly, the provisions of clause (xi) of paragraph 3 of the Order are not applicable to the Company.

- xii. The Company is not a nidhi company. Accordingly, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such 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. According to the information and explanations given to us, the company has made preferential issue of equity shares during the year under review. In respect of the said issue, we further report that the requirements of Section 42 of the Act, as applicable, have been complied with and the amounts raised have been utilized for the purposes for which the funds were raised.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is 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, paragraph 3(xvi) of the Order is not applicable to the Company.

For V. C. Shah & Co.
Chartered Accountants
Firm Registration No.109818W

V. C. Shah
Partner

Membership No.: 10360

Mumbai, 25th April, 2017.

“ANNEXURE B” TO INDEPENDENT AUDITOR’S REPORT

{Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Kotak Infrastructure Debt Fund Limited (formerly known as Kotak Forex Brokerage Limited) for the year ended 31st March, 2017}

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 Infrastructure Debt Fund Limited (formerly known as Kotak Forex Brokerage Limited) {“the Company”} as of 31st March, 2017 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

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

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 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.

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 judgment, 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 31st March, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. C. Shah & Co.
Chartered Accountants
Firm Registration No.109818W

V. C. Shah
Partner

Membership No.: 10360

Mumbai, 25th April, 2017

BALANCE SHEET

AS AT 31ST MARCH 2017

Particulars	Note No.	As at	As at
		31 st March 2017	31 st March 2016
		Amount in ₹	Amount in ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	3,107,000,000	48,000,000
(b) Reserves and surplus	4	(7,615,612)	(41,450,901)
2 Current liabilities			
(a) Trade payables	5	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		175,118	191,425
(b) Other current liabilities	6	18,659	3,499
(c) Short-term provisions	7	1,040,008	15,000
TOTAL		3,100,618,173	6,759,023
II. ASSETS			
Non-current assets			
1 (a) Property, Plant and Equipment	8A	-	-
(b) Intangible assets	8	-	-
(c) Non-current investments	9	-	1
(d) Long-term loans and advances	10	86,470	1,426,051
2 Current assets			
(a) Trade receivables	11	-	150,115
(b) Cash and bank balance	12	3,096,346,603	4,755,535
(c) Short-term loans and advances	13	167,789	241,588
(d) Other current assets	14	4,017,311	185,733
TOTAL		3,100,618,173	6,759,023

See accompanying notes to the financial statements

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

For and on behalf of the Board of Directors

V. C. Shah
Partner
Membership No. 10360
Mumbai
Dated: 25th April, 2017

KVS Manian
Director

Dipak Gupta
Director

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH 2017

(₹)

Particulars	Note No.	Year ended 31 st March, 2017	Year ended 31 st March, 2016
I. Revenue from operations			
Revenue from operations	15	300,000	1,111,811
Other Income	16	81,612,455	459,180
Total Revenue		81,912,455	1,570,991
II. Expenses:			
Employee Benefits Expense	17	-	1,107,371
Interest and Finance Costs	18	230,281	48,321
Depreciation and Amortization Expense		-	-
Other expenses	19	31,146,886	1,370,736
Total expenses		31,377,167	2,526,428
III. Profit / (Loss) before tax		50,535,288	(955,437)
IV. Tax expenses:			
Current tax			
- Pertaining to profit for the current year		16,700,000	-
V. Profit / (Loss) for the Year		33,835,288	(955,437)
VI. Earnings per equity share:			
Basic and Diluted earnings per share (Refer Note no. 24)		0.24	(0.23)

See accompanying notes to the financial statements

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

For and on behalf of the Board of Directors

V. C. Shah
Partner
Membership No. 10360
Mumbai
Dated: 25th April, 2017

KVS Manian
Director

Dipak Gupta
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/Loss before taxation	50,535,288		(955,437)	
Adjustments for :				
Depreciation	-		-	
Filing Fees	22,953,543			
Stamping Expenses	7,962,700			
Interest on borrowings	230,281		48,321	
Interest on fixed deposits	(81,454,270)		(316,360)	
Investments Written off	1			
Operating Profit Before Working Capital Changes	227,543		(1,223,476)	
Adjustments for :				
(Increase)/Decrease in Trade Receivables	150,115		697,815	
Increase / (Decrease) in Trade Payables	(16,307)		(457,393)	
Increase / (Decrease) in Other Current Liabilities	15,160		(451,100)	
Increase / (Decrease) in Provisions	-		(1,313,693)	
(Increase) / Decrease in Long term Loans & Advances	-		94,500	
(Increase) / Decrease in Short term Loans & Advances	73,799		96,522	
Increase / (Decrease) in Other Long term liabilities	-		(296,042)	
(Increase)/ Decrease in Other Current Assets	174,375		(1,862,695)	
Cash flow Used In Operations	624,686		(990,172)	
(Income Taxes paid) / Refund Received	(14,335,411)		444,306	
Net Cash flow (Used in)/ from Operating Activities (A)		(13,710,725)		(545,866)
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from sale of Fixed assets			11,694	
Fixed Deposits (Placed) / Redeemed (net)	(3,091,523,292)		1,420,330	
Interest on fixed deposits	77,448,317		312,510	
Net Cash flow (Used in)/ from Investing Activities (B)		(3,014,074,975)		1,744,534
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	3,059,000,000		-	
Filing Fees	(22,953,543)		-	
Stamping Expenses	(7,962,700)		-	
Repayment of Debentures	-		(1,000,000)	
Interest on borrowings	(230,281)		(48,321)	
Net Cash flow (Used in)/ from Financing Activities (C)		3,027,853,476		(1,048,321)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)		67,776		150,347
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		203,340		52,993
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		271,116		203,340
Notes :				
1. Cash and cash equivalent include :				
Balances with bank				
on current account		271,116		203,340
Total cash and cash equivalents		271,116		203,340

- The Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
- The corresponding amounts of previous year have been re-grouped, wherever necessary.

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

For and on behalf of the Board of Directors

V. C. Shah
Partner
Membership No. 10360
Mumbai
Dated: 25th April, 2017

KVS Manian
Director

Dipak Gupta
Director

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

1. Corporate Information

Kotak Infrastructure Debt Fund Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act. The company was formerly known as Kotak Forex Brokerage Limited and engaged in the business of providing foreign exchange related services. The Company has planned to foray into the business of Infrastructure Debt Funding and had applied to Reserve Bank of India (RBI) for obtaining licence as Infrastructure Debt Fund - Non-Banking Financial Company (IDF-NBFC) on October 27, 2016. Consequently, the Company has registered to carry on business as IDF-NBFC without accepting public deposits from RBI vide Certificate of Registration No. N-13.02177 dated April 06, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

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 under section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014, the 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.

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

B. USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as at 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.

C. REVENUE RECOGNITION

Revenue is recognized if it is measurable and no uncertainty exists regarding its ultimate collection.

- a. Brokerage, referral and advisory fees are recognized as income on accrual basis.
- b. Interest Income is accounted on accrual basis.

D. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. Gain or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and recognized as income or expense in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment 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 property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end. Estimated useful lives over which assets are depreciated are as follows:

Asset Type	Useful life in years
Office Equipment	5
Computers	3
Furniture and Fixtures	6

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Used property, plant and equipment purchased are depreciated over the residual useful life from the date of original purchase. For property, plant and equipment purchased and sold during the year, depreciation is provided on pro rata basis by the Company.

Property, plant and equipment costing less than ₹5,000 are fully depreciated in the year of purchase.

E. INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Intangible assets are amortized over their estimated useful lives on a straight line basis, from the date they are available for use. A rebuttable presumption that the useful life of an Intangible asset will not exceed 10 years from the date the asset is available for use is considered by the Management. Estimated useful life over which intangible assets are depreciated are as follows:

Asset Type	Useful life in years
Forex Broking Business Rights	10
Goodwill	5

F. 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 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 investments are made, are classified as current investments. Brokerage, stamping and additional charges paid are included in the cost of investments.

Long term investments are accounted at cost (applying weighted average cost method) 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 fair value whichever is lower. In case of investments in units of mutual fund, the net asset value is considered as the fair value.

G. EMPLOYEE BENEFITS

i. 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.

ii. Gratuity – Defined Benefit Plan:

The Company accounts for the liability for future gratuity benefits based on an actuarial valuation conducted by an independent actuary. The gratuity obligation is wholly unfunded. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

iii. Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss and are not deferred.

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

v. Compensated Absences - Other Long-Term Employee Benefits:

The Company accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary. The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.

vi. Long Service Award - Other Long-Term 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 of Life Insurance fellow subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

H. 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 adjustments comprises of changes in the deferred tax assets and liabilities. 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 periods.

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 substantially enacted at 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.

I. BORROWING COST

Borrowing costs are recognised as an expense in the period in which they are incurred.

J. SEGMENTAL ACCOUNTING

- a. Segment revenue includes income directly attributable / allocable to the segment.
- b. Expenses that are directly attributable / allocable to segments are considered for determining the Segment Results. The expenses which relate to the Company as a whole and are not allocable to segments are included under Un-allocable expenses.
- c. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment. Unallocated assets mainly comprise of Advance payment of taxes and tax deducted at source (net of provision for taxation) and Deferred tax. Unallocated liabilities include Provision for employee benefits and Other liabilities.

K. EARNINGS 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.

L. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but disclosed in the notes. Contingent assets are neither recognised nor disclosed in financial statements.

M. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Note 3 - Share Capital	As at 31 st March 2017	As at 31 st March 2016
	Amount in ₹	Amount in ₹
Authorised		
310,050,000 (P.Y 4,150,000) Equity Shares of ₹ 10/- each	3,100,500,000	41,500,000
14 7.5% Preference Shares of ₹ 5,00,000/- each	7,000,000	7,000,000
	3,107,500,000	48,500,000
Issued, Subscribed and fully Paid up		
310,000,000 (P.Y 41,00,000) Equity Shares of ₹ 10/- each	3,100,000,000	41,000,000
14 7.5% Non-Cummulative Redeemable Preference Shares of ₹ 5,00,000/- each	7,000,000	7,000,000
Total	3,107,000,000	48,000,000

a. Reconciliation of number of shares and Equity share capital	As at 31 st March 2017		As at 31 st March 2016	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
Outstanding at the beginning of the year	4,100,000	41,000,000	4,100,000	41,000,000
Add: Issued during the year	305,900,000	3,059,000,000	-	-
Less: Buy back during the year	-	-	-	-
Outstanding at the end of the year	310,000,000	3,100,000,000	4,100,000	41,000,000

b. Reconciliation of number of shares and Preference share capital	As at 31 st March 2017		As at 31 st March 2016	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
Outstanding at the beginning of the year	14	7,000,000	14	7,000,000
Add: Issued during the period	-	-	-	-
Less: Buy back during the year	-	-	-	-
Outstanding at the end of the year	14	7,000,000	14	7,000,000

c. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. 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 of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Terms/rights attached to preference shares

The Company had issued one class of preference shares of ₹5,00,000/- each fully paid up, redeemable at par at the end of 10 years with a Put / Call option to redeem them earlier, after completion of 3 years from the date of issue being 31st December 2012. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. Each holder of the preference shares is entitled to one vote per share only on the resolution placed before the company which directly affect the rights attached to Preference Shares.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

e. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries are as below:

Number of shares	As at 31 st March, 2017	As at 31 st March, 2016
Equity Shares:		
Kotak Mahindra Bank Limited, the Ultimate holding company w.e.f 21st October, 2016 (Holding Company upto 20th October, 2016)	93,000,000	4,100,000
Kotak Securities Limited, subsidiary of Kotak Mahindra Bank Limited, w.e.f 21st October, 2016	93,000,000	-
Kotak Investment Advisors Limited, subsidiary of Kotak Mahindra Bank Limited, w.e.f 21st October, 2016	62,000,000	-
Kotak Mahindra Capital Company Limited, subsidiary of Kotak Mahindra Bank Limited, w.e.f 21st October, 2016	62,000,000	-
	310,000,000	4,100,000
Preference Shares:		
Kotak Mahindra Bank Limited, the Ultimate holding company w.e.f 21st October, 2016 (Holding Company upto 20th October, 2016)	14	14

f. Details of Equity shareholders holding more than 5% shares in the company

Equity shares of ₹ 10 fully paid up

	As at 31 st March 2017		As at 31 st March 2016	
	No. of shares	% holding	No. of shares	% holding
Kotak Mahindra Bank Limited	93,000,000	30.00	4,100,000	100
Kotak Securities Limited	93,000,000	30.00	-	-
Kotak Investment Advisors Limited	62,000,000	20.00	-	-
Kotak Mahindra Capital Company Limited	62,000,000	20.00	-	-

Details of Preference shareholders holding more than 5% shares in the company

Preference shares of ₹ 5,00,000/- fully paid up

	As at 31 st March 2017		As at 31 st March 2016	
	No. of shares	% holding	No. of shares	% holding
Kotak Mahindra Bank Limited	14	100	14	100

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Note 4 - Reserves and Surplus	As at	As at
	31 st March 2017	31 st March 2016
	Amount in ₹	Amount in ₹
a. Capital Redemption Reserve		
Balance as at the beginning and end of the year	1,900,000	1,900,000
b. Debenture Redemption Reserve		
Balance as at the beginning of the year	-	250,347
Add: Amount transferred to General Reserve	-	(250,347)
Balance as at the end of the year	-	-
c. General Reserve		
Balance as at the beginning of the year	250,347	-
Add: Amount transferred from Debenture Redemption Reserve	-	250,347
Balance as at the end of the year	250,347	250,347
d. Deficit in the Statement of Profit and Loss		
Balance as at the beginning of the year	(43,601,248)	(42,637,850)
Add: Net Profit / (Loss) for the current year	33,835,288	(963,398)
Balance as at the end of the year	(9,765,960)	(43,601,248)
Total	(7,615,613)	(41,450,901)

Note 5 - Trade payables	As at	As at
	31 st March 2017	31 st March 2016
	Amount in ₹	Amount in ₹
Total outstanding dues of creditors other than micro enterprises and small enterprises*		
Trade Payables	-	-
Sundry Creditors	175,118	191,425
Total	175,118	191,425

* The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid / payable as required under the said act have not been given.

Note 6 - Other current liabilities	As at	As at
	31 st March 2017	31 st March 2016
	Amount in ₹	Amount in ₹
Other Payables:		
Statutory dues	18,659	3,499
Total	18,659	3,499

Note 7 - Short-term Provisions	As at	As at
	31 st March 2016	31 st March 2015
	Amount in ₹	Amount in ₹
(a) Provision for Taxation		
Provision for Income Tax	1,040,008	15,000
(Net of Advance Taxes ₹1,56,74,992 (P.Y. ₹Nil))		
Total	1,040,008	15,000

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Note 8A - Property, Plant and Equipment

DESCRIPTION	GROSS BLOCK			Balance as at 31st March 2017	Balance as at 1st April 2016	DEPRECIATION		NET BLOCK		
	Balance as at 1st April 2016	Additions during the year	Disposals during the year			Depreciation Charge for the year	On Disposals	Balance as at 31st March 2017	As at 31st March 2017	As at 31st March 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-
Computers	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Previous Year	1,378,002	-	1,378,002	-	1,358,347	7,961	1,366,308	-	-	19,655

Note 8B - Intangible Assets

DESCRIPTION	GROSS BLOCK			Balance as at 31st March 2017	Balance as at 1st April 2016	DEPRECIATION		NET BLOCK		
	Balance as at 1st April 2016	Additions during the year	Disposals during the year			Depreciation Charge for the year	On Disposals	Balance as at 31st March 2017	As at 31st March 2017	As at 31st March 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Goodwill	18,840,000	-	18,840,000	-	18,840,000	-	18,840,000	-	-	-
Forex Broking Business Rights	38,300,000	-	38,300,000	-	38,300,000	-	38,300,000	-	-	-
Total	57,140,000	-	57,140,000	-	57,140,000	-	57,140,000	-	-	-
Previous Year	57,140,000	-	-	57,140,000	57,140,000	-	-	57,140,000	-	-

Note 9 - Non Current Investments

	As at 31st March 2017	As at 31st March 2016
	Amount in ₹	Amount in ₹
Investment in debentures: (Non-trade, at cost)		
Unquoted and fully paid up debentures		
1,567 Debentures of Kitply Industries Ltd. (Face Value ₹ 10,000)	-	1
Total	-	1
Aggregate amount of unquoted investments - at cost	-	1

Note 10 - Long term Loans and Advances

	As at 31st March 2017	As at 31st March 2016
	Amount in ₹	Amount in ₹
Other loans and advances		
Advance Taxes paid and tax deducted at source	86,470	1,426,051
(Net of Provision for Taxes ₹Nil (P.Y. ₹Nil))		
Total	86,470	1,426,051

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Note 11 - Trade Receivables	As at 31 st March 2017	As at 31 st March 2016
	Amount in ₹	Amount in ₹
Unsecured, considered good		
- Outstanding for a period of more than six months	-	-
- Others	-	150,115
Total	-	150,115

Note 12 - Cash and cash equivalents	As at 31 st March 2017	As at 31 st March 2016
	Amount in ₹	Amount in ₹
Cash and cash equivalents		
Balances with banks:		
In current accounts	271,116	203,340
Other bank balances		
Deposits with residual maturity of less than 12 months	3,096,075,487	4,552,195
Total	3,096,346,603	4,755,535

Notes 13 - Short-term loans and advances	As at 31 st March 2017	As at 31 st March 2016
	Amount in ₹	Amount in ₹
Security Deposit		
Unsecured, considered good	55,660	94,500
Other loans and advances		
Unsecured, considered good	-	21,158
Cenvat credit receivable		
Unsecured, considered good	112,129	125,930
Total	167,789	241,588

Note 14 - Other current assets	As at 31 st March 2017	As at 31 st March 2016
	Amount in ₹	Amount in ₹
Unsecured, considered good		
Interest accrued on Fixed Deposits	4,017,311	11,358
Unbilled Revenue	-	174,375
Total	4,017,311	185,733

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Particulars	For the year ended 31 st March 2017	For the year ended 31 st March 2016
	Amount in ₹	Amount in ₹
Note 15 - Revenue from Operations		
Brokerage, referral and advisory fees (Gross)	300,000	2,165,317
Less: Sub-brokerage and discounts	-	(1,053,506)
Total	300,000	1,111,811
Note 16 - Other Income		
Interest on Employee loan	-	3,584
Interest on Tax refunds	91,645	84,880
Interest income on fixed deposits	81,454,270	316,360
Provision/liabilities no longer required written back	-	54,356
Miscellaneous Income	66,540	-
Total	81,612,455	459,180
Note 17 - Employee Benefits Expense		
Salaries, allowances and bonus	-	983,160
Contribution to provident fund and other funds	-	54,917
Staff welfare expenses	-	69,294
Total	-	1,107,371
Note 18 - Interest and Finance Costs		
Interest expense on borrowings	230,281	48,321
Total	230,281	48,321
Note 19 - Other expenses		
Rent	-	360,000
Rates and taxes	2,500	44,569
Communication expenses	8,511	159,042
Membership & Subscription	-	588,275
Repairs and maintenance - others	-	29,945
Travelling and Conveyance	3,341	9,247
Electricity	-	8,515
Legal and Professional charges	110,467	70,096
Auditor's remuneration:		
Statutory audit fees	60,000	60,000
Tax audit fees	25,000	-
Reimbursement of Expenses	-	4,500
Filing Fees	22,953,543	11,548
Stamping Expenses	7,962,700	-
Common Establishment Expenses - Reimbursements	-	11,073
Miscellaneous expenses	20,824	13,926
Total	31,146,886	1,370,736

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

20. CONTINGENT LIABILITIES AND COMMITMENTS:

Contingent Liabilities:

Contingent Liability in respect of demands from Income Tax authorities of ₹3,900/- (P.Y ₹3,900/-)

21. Employee Benefits

Gratuity

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of ₹10.00 lakhs.

The gratuity benefit is provided through unfunded plan and annual contributions are charged to the statement of profit and loss. Under the scheme, the settlement obligation remains with the Company.

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

	As at 31st March 2017	As at 31 st March 2016
	(Amount in ₹)	(Amount in ₹)
Change in Unfunded defined benefit obligations		
Present value of unfunded benefit obligations	-	991,979
Current Service cost	-	-
Interest cost	-	-
Benefits paid settled on divestiture	-	(987,830)
Actuarial (gain)/loss on obligations	-	(4,149)
Present value of unfunded benefit obligations	-	-
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets		
Present value of unfunded benefit obligations	-	-
Net liability	-	-
Cost recognised for the period		-
Current service cost	-	-
Interest cost	-	-
Benefits Paid	-	-
Actuarial (gain)/loss	-	(4,149)
Net gratuity cost	-	(4,149)

Actuarial assumptions used

	As at 31st March 2017	As at 31 st March 2016
Discount rate	Nil	Nil
Salary escalation rate	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Experience adjustments

Amounts for the current and previous four years are as follows:

	Gratuity				
	Year ended 31st March,				
	2017	2016	2015	2014	2013
Defined benefit obligation	-	987,830	991,979	687,852	599,657
Plan assets	-	-	-	-	-
Surplus / (deficit)	-	(987,830)	(991,979)	(687,852)	(599,657)
Experience adjustments on plan liabilities	-	(4,149)	90,190	34,377	(25,326)
Experience adjustments on plan assets	-	-	-	-	-

Provident fund

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident and administered by a Board of Trustees. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The investments of the funds are made according to rules prescribed by the Government of India.

Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation.

Long Service Award

The Company provides for long service awards as at the balance sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance fellow subsidiary.

During the previous year, consequent to transfer of all the employees to Kotak Mahindra Bank Limited (KMBL), liability in respect of employee benefits was also transferred. The Company did not have any employees during the financial year ended 31st March, 2017, accordingly, there is no expense in respect of employee benefits incurred during the current year and there is no liability in respect of employee benefits as at the year end.

22. 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

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016 with entity / entity branches	Nil	Nil	Nil
Add : Permitted receipts	Nil	Nil	Nil
Less : Permitted payments	Nil	Nil	Nil
Less: Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil

Note:

The above excludes amount deposited by customer/representatives of customers directly in the bank account of the Company, as the information pertaining to SBNs and other denomination is not available with the Company.

* 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.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

26. Related Party Disclosures:

Parties where control exists:

Nature of relationship	Related Party
Holding Company	Kotak Mahindra Bank Limited holds 30% (P.Y. 100%) of the equity share capital along with its nominees Uday S. Kotak along with relatives and entities controlled by him holds 32.02% (P.Y.33.64%) of the equity share capital of Kotak Mahindra Bank Limited as on 31st March, 2017.

Other related parties:

Fellow Subsidiary	Kotak Mahindra Capital Company Limited Kotak Investment Advisor Limited Kotak Securities Limited Kotak Mahindra Investments Limited
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The following transactions were carried out with the related parties in the ordinary course of business:

Nature of Transaction	(Amount in ₹)	
	Holding Company	Fellow Subsidiary
Shares issued		
Kotak Mahindra Bank Limited	889,000,000	
	(-)	
Kotak Securities Limited		930,000,000
		(-)
Kotak Investment Advisor Limited		620,000,000
		(-)
Kotak Mahindra Capital Company Limited		620,000,000
		(-)
Term Deposits		
Term Deposits placed/renewed	3,109,475,487	
	(4,552,195)	
Term Deposits redeemed	20,900,000	
	(400,000)	
Outstanding		
Balance in Current accounts	237,983	
	(129,077)	
Term Deposit	3,096,075,487	
	(4,552,195)	
Interest accrued on Term Deposits placed	4,017,311	
	(11,358)	
Brokerage receivable	-	
	(66,000)	
Referral fees Receivable	-	
	(28,625)	

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

(Amount in ₹)

Nature of Transaction	Holding Company	Fellow Subsidiary
Income		
Interest on Fixed Deposits	8,14,54,270	
	(76,862)	
Brokerage Income	-	
	(772,200)	
Referral Fee Income	300,000	
	(25,000)	
Expenses		
Rent Paid	-	
	(360,000)	
Demat Charges	1,100	
	(1,100)	
Kotak Mahindra Capital Company Limited		
Interest Paid on Debentures		-
		(48,321)
Kotak Mahindra Investments Limited		
Interest on borrowings		230,281
		(-)
Documentation Charges		2,875
		(-)
Other Transactions		
Kotak Mahindra Bank Limited		
Expense Reimbursements to companies	-	
	(97,917)	
Assets transferred to Holding Company	-	
	(131,872)	
Fixed Assets transferred to Holding Company	-	
	(11,695)	
Gratuity transferred to Holding Company	-	
	(987,830)	
Compensated absences transferred to Holding Company	-	
	(297,025)	
Long service awards transferred to Holding Company	-	
	(64,210)	

Figures in bracket indicate previous year figures.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

24. Earnings Per Share (EPS)

The numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit/ (Loss) attributable to the Equity Shareholders (₹) (A)	3,38,35,288	(963,398)
Weighted average number of equity shares outstanding during the period (B)	139,869,315	4,100,000
Nominal Value of Equity Share (₹) (C)	10	10
Basic and Diluted Earnings Per Share (₹) D = (A) / (B)	0.24	(0.23)

25. Segment Reporting

In accordance with Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India and specified under the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules 2016 the Company has determined one geographical segment, i.e. India and one business segment with principal activity of foreign exchange related services.

26. The Company has taken office premise under operating lease. The same is cancellable and renewable by mutual consent on mutually agreeable terms. Lease payments recognized in the Statement of Profit and Loss under the head 'Rent Expenses' NIL (P.Y. ₹3,60,000/-).
27. There was no expenditure and / or earnings in foreign currency during the year.
32. Previous year's figures have been regrouped / reclassified wherever necessary to conform to figures of the current year.

As per our attached report of even date

For V.C.Shah & Co.

Chartered Accountants

For and on behalf of the Board of Directors

V. C. Shah

Partner

Membership No.10360

Mumbai

Dated: 25th April, 2017

KVS Manian

Director

Dipak Gupta

Director

