

Kotak Mahindra (International) Limited
Annual Report 2016-17



**CHANGING
WITH INDIA.
FOR INDIA.**



DIRECTORS' REPORT

Directors' report to the shareholders

The directors present their report and the audited financial statements of Kotak Mahindra (International) Limited (the "Company") for the year ended 31 March 2017.

Principal activity

The Company acts as an investment manager to various funds which invest into equity and debt capital markets in India (including private equity strategies). It also carries on business in other financial services including dealing in securities on an execution-only basis, advisory services, distribution of various collective investment schemes and products of third parties, issuance of Participatory Notes ("P Notes") [as per regulations prescribed for Offshore Derivative Instruments ("ODI") by the Securities and Exchange Board of India ("SEBI")], etc. The Company also undertakes investments in shares, bonds and other securities for its own account.

Market and business update:

Being largely focused on Indian investments, the Company's activities are impacted by the performance or otherwise of the Indian capital markets. This in turn is dependent on the economic growth in India along-with developments at the macro and micro level and those of other major global economies.

The Company experienced steady activity in its multiple businesses of investment management, investment advisory and dealing in securities.

During the year, the Company continued to earn from its investments which are classified as available-for-sale and other derivative financial instruments. The available-for-sale investments are predominantly into debt instruments and have low duration risk.

The Company expects the Indian economy will grow at a steady rate backed by the various reforms initiated by the Government of India (for e.g. the Goods and Service Tax ("GST") Bill) subject to various political and macro-economic factors. The flows into Indian capital markets remain upbeat with global investors coming back to India. The Company, hence looks forward to the next financial year with lots of positivity though it tracks global and domestic developments with caution.

Results and dividend

The Company's profit for the financial year ended 31 March 2017 amounted to ₹ 529,606,299 (2016: ₹ 502,204,725).

The Company declared and paid a dividend of ₹ NIL (2016: ₹ NIL) during the year.

Statement of directors' responsibilities in respect of the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 March 2017, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001.

The Board of Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors has made an assessment of the Company's ability to continue as a going concern and has no reason to believe that the business will not be a going concern in the year ahead.

Auditors

The auditors, KPMG, have indicated their willingness to continue in office.

INDEPENDENT AUDITOR'S REPORT

To

The Members of

Kotak Mahindra (International) Limited.

The financial statements of Kotak Mahindra (International) Limited (the "Company") as at 31st March, 2017, being a company registered in the Mauritius, are audited by KPMG, Licensed by FRC, Mauritius and we have been furnished with their audit report dated 20th April, 2017.

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with requirements of section 129 of Companies Act, 2013 ("the Act"). We give our report hereunder:

Report on the Financial Statements

We have verified the accompanying financial statements duly converted in Indian Rupees from audited accounts in USD of **Kotak Mahindra (International) 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 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 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 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 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

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

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 under the provisions of the Act and the Rules made thereunder.

We conducted our verification 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 gives 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 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

In view of the facts specified in Para 1 and 2 herein above, the requirements of Companies (Auditor's Report) Order, 2016, report under section 143(3) of the Act, report on directors disqualification in terms of subsection (2) of section 164 of the Companies Act , 2013 are not applicable.

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

Place: Mumbai
Date: 25th April, 2017

A. N. Shah
Partner
M. No. 042649

BALANCE SHEET

AS AT 31ST MARCH, 2017

	Note No.	As at 31 March 2017	As at 31 March 2016
		₹	₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3.1	161,597,644	161,597,644
(b) Reserves and surplus	3.2	4,508,853,770	4,085,885,212
2 Non-current liabilities			
(a) Long-term provisions	3.3	4,363,842	2,747,350
3 Current liabilities			
(a) Short-term borrowings	3.4	5,106,100,908	3,499,997,938
(b) Trade payables		2,139,767,597	513,278,158
(c) Other current liabilities	3.5	67,990,130	105,784,118
(d) Short-term provisions	3.6	6,816,560	3,490,209
TOTAL		11,995,490,451	8,372,780,629
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
Property, Plant and Equipment	3.7	808,637	1,997,532
(b) Non-current investments	3.8	959,805,021	1,092,978,527
(c) Long-term loans and advances	3.9	25,845,008	26,468,544
(d) Other Non-current assets	3.10	88,226,953	121,956,635
2 Current assets			
(a) Current investments	3.8	7,827,542,792	5,642,821,992
(b) Trade receivables	3.11	427,551,657	256,813,545
(c) Cash and bank balance	3.12	2,578,301,604	838,204,262
(d) Short-term loans and advances	3.13	5,211,576	4,775,973
(e) Other current assets	3.14	82,197,203	386,763,619
TOTAL		11,995,490,451	8,372,780,629
Significant Accounting Policies and Notes to Accounts	2&3		

In terms of our report of even date
For **V . C. Shah & Co.**
Chartered Accountants
Firm Registration No.: 109818W

A.N. Shah
Partner
Membership No.: 042649

Mumbai
Dated: 25 April 2017

For and on Behalf of the Board of Directors

Baboo Teeruth Rajsing Ramgolam **Doomraj Sooneelall**
Director Director

Dated: 24 April 2017

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2017

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	₹	₹
Cash Flow from Operating Activities		
Net Profit before taxation	548,919,399	521,283,549
Adjustments for:		
Depreciation and Amortisation Expense	1,220,740	1,230,601
Dividend Income	(72,912,222)	(5,045,367)
Interest Income	(287,115,822)	(296,181,788)
Interest and other Financial Charges	71,801,578	52,122,582
Exchange Adjustments	(106,634,873)	214,136,696
Amortisation of premium/ accretion of discount on bonds and convertible bonds	100,915,049	128,142,265
Unrealised loss/(gain) on investments	(7,273,880)	9,729,795
Realised loss/ (gain) on investments	-	681,151
Realised loss/ (gain) on disposal of available-for-sale investments	(10,937,957)	(53,958,867)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	237,982,012	572,140,617
Adjustments for:		
(Increase) / Decrease in Loans and advances - Long term	932,921	(1,377,235)
(Increase) / Decrease in Loans and advances - Short term	(435,603)	770,679
(Increase) / Decrease in Other Non current assets	33,729,682	(5,898,138)
(Increase) / Decrease in Trade receivables	(170,738,112)	610,365,346
(Increase) / Decrease in current assets	314,206,561	(46,070,811)
Increase / (Decrease) in Trade payables	1,626,489,439	185,420,322
Increase / (Decrease) in Other current liabilities	(37,793,988)	35,059,453
Increase / (Decrease) in long term provision	1,616,492	1,166,309
Increase / (Decrease) in Short term provision	1,793,329	265,792
CASH GENERATED FROM OPERATIONS	2,007,782,733	1,351,842,334
Income taxes paid	(18,089,462)	(17,298,063)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	1,989,693,271	1,334,544,271
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(1,468,926)	(37,319,495)
Purchase of AFS investments and other investment	(11,577,012,965)	(9,262,621,050)
Sale of investments	14,549,656	31,905,383
Proceeds from sale of available-for-sale investments	9,429,681,729	8,511,945,177
Deposits (placed) / redeemed with Banks	2,813,253	(490,144,556)
Purchase of fixed assets	(34,713)	(424,931)
Dividend Received	72,912,222	5,045,367
Interest Received	277,475,677	275,392,502
NET CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (B)	(1,781,084,067)	(966,221,603)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2017

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES		
Movement in share capital		
Short term loan accepted	1,606,102,970	(669,721,147)
Interest and other Financial Charges Paid	(71,801,578)	(52,122,582)
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (C)	1,534,301,392	(721,843,729)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	1,742,910,595	(353,521,061)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	348,059,706	701,580,767
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,090,970,301	348,059,706
	1,742,910,595	(353,521,061)

Notes:

- 1 The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the 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.
- 2 Figures in brackets indicate cash outflow.
- 3 The previous year's figures have been re-grouped, wherever necessary in order to conform to this year's presentation.

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

For **V . C. Shah & Co.**

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Mumbai

Dated: 25 April 2017

For and on Behalf of the Board of Directors

Baboo Teeruth Rajsing Ramgolam

Director

Doomraj Sooneelall

Director

Dated: 24 April 2017

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

1 Organisation and Nature of Business

Kotak Mahindra (International) Limited ("KMIL" or the "Company") which was incorporated on 29 March 1994 in Mauritius as a private company with limited liability holds a Category 1 Global Business Licence and is regulated by the Financial Services Commission. The Company has by special resolution converted itself into a public company on 12th June 2007.

The Company acts as an investment manager to various funds which invests into equity and debt capital markets in India (including private equity strategies). It also carries on business in other financial services including dealing in securities on an execution-only basis, advisory services, distribution of various collective investment schemes and products of third parties, issuance of Participatory Notes ("P Notes") [as per regulations prescribed for Offshore Derivative Instruments ("ODI") by the Securities and Exchange Board of India ("SEBI")], etc. The Company also undertakes investments in shares, bonds and other securities for its own account.

The Company operates a Representative office (the "Representative office") in Abu Dhabi, United Arab Emirates. The Company has an associate and fellow subsidiary in the United Kingdom, Kotak Mahindra (UK) Limited ("KMUK") and also an associate and fellow subsidiary in United Arab Emirates, Kotak Mahindra Financial Services Limited ("KMFSL").

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

2. Summary of significant accounting policies

2.1 Basis of Preparation

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

2.2 Conversion to Indian Rupees

For the purpose of accounts, all income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities (except share capital and investment in subsidiaries and associates) are translated at the closing rate as on the Balance Sheet date. The Share Capital and investment in subsidiaries and associates are carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year end is transferred to Translation Reserve Account and the said account is being treated as "Reserves and Surplus".

2.3 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. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

2.4 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Commission, fees and other revenues are invoiced and recognised on an accrual basis to the extent there is a reasonable certainty of its ultimate realization/corrections and the revenue can be reliably measured.

Interest income is recognized in statement of profit and loss, using effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not the future credit losses.

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Dividend income is recognised in profit or loss on the date that the right to receive payment is established. For quoted securities this is usually the ex-dividend date. For unquoted equity securities this is usually the date when the shareholders have approved the payment of a dividend.

2.5 Expenses

Expenses are accounted for in the profit and loss on the accrual basis.

2.6 Fixed assets

Property, Plant and Equipment

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

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

Office Equipment	3 years
Computers	3 years

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

2.7 Investments

Investments in Associate/ fellow subsidiaries are stated at cost.

The Company has classified its investments in equity securities and debt securities as current investment. Investments are initially recognised at cost, including transaction costs. The equity securities are subsequently carried at cost or market value whichever is less. The market values are based on the quoted prices. When quoted prices are unavailable, the price of the most recent transaction is used. The debt securities are subsequently measured at amortized cost using the effective interest method or market value, whichever is less.

All derivative financial instruments are classified as held for trading. Derivative financial instruments are measured at fair value as at each Balance Sheet date.

In accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India effective on 1 April 2016, the Company has changed its accounting policy to recognise all mark to market gains or losses on derivative contracts in the statement of profit and loss. Earlier mark to market gains or losses on derivative contracts were determined on a portfolio basis with net unrealised losses being recognised and the net unrealised gains ignored on grounds of prudence as enunciated in Accounting Standard – 1 (AS-1) 'Disclosure of Accounting Policies'. The cumulative impact (net of taxes) amounting to ₹ Nil crore as on 31 March 2016 has been recognized in Reserves and Surplus in accordance with the transitional requirements of guidance note. The impact of the above change in accounting policy is an increase in profit before tax by ₹ 2.06 crore (net of tax of ₹ 2.06 crore).

Futures contracts are collateralised by cash and changes in the futures contracts values are settled with the exchange on a daily basis. The fair values of open positions in futures contracts are calculated as the difference between the contract prices and the settlement prices established each day by the exchange on which the contracts are traded.

All investment transactions are recognised using trade date accounting.

In case of unlisted open-ended investments funds, the net asset value per share as reported by the administrator of such funds is considered market value.

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

2.8 Employee benefits

Provision for employees' end of service benefits represents the liability that would arise if the employment of all eligible staff of the representative office were terminated as of the balance sheet date and is calculated in accordance with the UAE Federal Labour Law.

2.9 Leases

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease.

2.10 Taxes

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustments payable in respect of previous years.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable income and 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.

2.11 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

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.

2.12 Provisions

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is measured based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the current best estimate. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2.13 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalent consists of cash in hand, bank balances and short-term deposits with an original maturity of three months or less.

2.14 Employee Share based payments

Cash-settled scheme:

The cost of cash-settled scheme (stock appreciation rights) is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This intrinsic value is amortised on a straightline basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the settlement date with changes in intrinsic value recognised in statement of profit and loss under 'Employee cost'.

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3 Notes to accounts

3.1 (a) Share capital

	As at 31 March 2017	As at 31 March 2016
	₹	₹
Authorised shares		
4,081,650 (31st March 2014: 4,081,650) equity shares of USD 1 each	\$4,081,650	\$4,081,650
	₹	₹
Issued, Subscribed and fully Paid up		
4,081,650 (31st March 2014: 4,081,650) equity shares of USD 1 each	161,597,644	161,597,644
Total	161,597,644	161,597,644

(b) Equity shares

Reconciliation of number of shares	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016
	Quantity	₹	Quantity	₹
Share capital outstanding at the beginning of the year	4,081,650	161,597,644	4,081,650	161,597,644
Issued during the period	-	-	-	-
Number of shares at the end	4,081,650	161,597,644	4,081,650	161,597,644

(c) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of USD 1 per share. Each holder of equity shares is entitled to one vote per share.

The company declares and pays dividends in USD. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

Number of shares	As at 31 March 2017	As at 31 March 2016
Kotak Mahindra Bank Limited, the holding company	2,081,650	2,081,650
Kotak Mahindra Capital Company Limited, subsidiary of Kotak Mahindra Bank Limited	2,000,000	2,000,000

(e) Details of shareholders holding more than 5% shares in the company

Equity shares of USD 1 fully paid up

	As at 31 March 2017		As at 31 March 2016	
	Number of shares	% holding	Number of shares	% holding
Kotak Mahindra Bank Limited, holding company	2,081,650	51	2,081,650	51
Kotak Mahindra Capital Company Limited, subsidiary of Kotak Mahindra Bank Limited	2,000,000	49	2,000,000	49

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.2 RESERVES AND SURPLUS

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Translation Reserve		
Opening Balance	992,566,428	778,280,075
Additions/(deductions) during the year	(106,637,741)	214,286,353
Closing Balance	885,928,687	992,566,428
Surplus in the statement of profit and loss		
Opening balance	3,093,318,784	2,591,114,059
(+) Net Profit/(Net Loss) for the year	529,606,299	502,204,725
Less: Appropriation		
Dividend on equity shares	-	-
Closing Balance	3,622,925,083	3,093,318,784
Total	4,508,853,770	4,085,885,212

3.3 LONG-TERM PROVISIONS

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Provision for Stock-appreciation Rights	2,167,429	336,402
Provision for employee benefit (gratuity)	2,196,413	2,410,948
Total	4,363,842	2,747,350

3.4 SHORT-TERM BORROWINGS

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Unsecured borrowings		
Loan from fellow subsidiary	51,880,000	66,255,000
Secured borrowings		
Banks	5,054,220,908	3,433,742,938
(against floating charge on the assets)		
Total	5,106,100,908	3,499,997,938

3.5 OTHER CURRENT LIABILITIES

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
MTM provisions - Derivatives	32,322,087	34,139,886
Income received in advance	35,668,043	71,542,089
Other liabilities	-	102,143
Total	67,990,130	105,784,118

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.6 SHORT-TERM PROVISIONS

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Provision for income tax (net of advance tax ₹ 14,138,727 (Previous year ₹ 15,806,364))	4,735,152	3,202,130
TDS payable	22,373	2,497
Provision for Stock-appreciation Rights	2,059,035	285,582
Total	6,816,560	3,490,209

3.7 Fixed Assets

	GROSS BLOCK			Balance as at 31st March, 2017	DEPRECIATION			NET BLOCK		Balance as at 31st March, 2016
	Balance as at 1st April, 2016	Additions	Deductions / Adjustments*		Balance as at 1st April, 2016	For the Period	Deductions / Adjustments*	Balance as at 31st March, 2017	Balance as at 31st March, 2017	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Office Equipment	3,444,995	-	73,039	3,371,956	2,035,877	823,056	70,553	2,788,380	583,576	1,409,118
Computers	1,817,838	34,713	39,702	1,812,849	1,229,424	397,684	39,320	1,587,788	225,061	588,414
Total	5,262,833	34,713	112,741	5,184,805	3,265,301	1,220,740	109,873	4,376,168	808,637	1,997,532
Previous year	4,558,849	424,931	279,053	5,262,833	1,905,304	1,230,601	129,396	3,265,301	1,997,532	

* Deductions/ adjustments include effect of translation reserve

3.8 Investments

	Quantity 31st March, 2017	Book Value as at 31st March, 2017	Quantity 31st March, 2016	Book Value as at 31st March, 2016
		₹		₹
Non-trade Investments (Fully paid, cost)				
Investment in equity instruments (unquoted)				
Associate				
Kotak Mahindra (UK) Limited	470,000	26,287,575	470,000	26,287,575
Kotak Mahindra Financial Services Limited	450,000	25,898,375	450,000	25,898,375
Fellow Subsidiary				
Kotak Mahindra, Inc	1	45	1	45
Total		52,185,995		52,185,995
Equity and other similar funds (Unquoted) and deb funds				
Kotak India Venture Fund I	386	25,032	1,000	66,255
Seaf India Investment and Growth Fund	69,030	447,660	69,030	457,358
Kotak India Real Estate Fund I	999	64,785	999	66,189
Kotak India Private Equity Fund Ltd	1,000	64,850	1,000	66,255
Kotak India Private Equity Fund Ltd III - Class B	1,000	64,850	-	-
Core Infrastructure India Fund Pte. Ltd	3,743,468	242,763,900	2,645,883	175,302,978
Core Infrastructure India Pte. Fund Ltd- Class B	1,000	64,850	1,000	66,255
Total		243,495,927		176,025,290
Less: Provision for diminution		57,195,806		-

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

	Quantity 31st March, 2017	Book Value as at 31st March, 2017	Quantity 31st March, 2016	Book Value as at 31st March, 2016
		₹		₹
Equity and other similar funds (Unquoted) and debt funds		186,300,121		176,025,290
Debt funds (Unquoted)				
Kotak India Fixed Income Fund	964,053	721,318,905	1,131,265	864,767,242
Total		721,318,905		864,767,242
Total Non-current Investments		959,805,021		1,092,978,527
Aggregate value of unquoted investments		959,805,021		1,092,978,527
Current Investments				
Equity and other similar funds (Unquoted) and deb funds				
Alps Kotak India Growth Fund	39,515	25,916,638	54,791	36,650,542
Kotak India Growth Fund Class C GBP ACC	-	-	34	33,128
Kotak India Midcap Fund Class C GBP DIST	-	-	50	47,021
Total		25,916,638		36,730,691
Bonds and Convertible Bonds (Quoted)				
Foreign Currency Bonds				
BOBIN 4.875 07/23/19	15,000,000	1,023,068,876	-	-
QNBK FLOAT 05/20/18	10,000,000	649,422,269	-	-
HDFCB 3% 03/06/18	3,850,000	251,885,515	-	-
INDIANOVERSEAS BANK 4.625% 02/21/18	5,000,000	328,459,722	-	-
ONGCIN 2.5% 05/07/18	2,070,000	134,804,491	-	-
EBIUH FLOAT 01/26/20	10,000,000	649,806,365	-	-
ONGCIN 3.25% 07/15/19	1,700,000	112,136,113	-	-
BANK OF BARODA 6.625% Lon BRN	27,000	1,789,421	-	-
RILIN 4.125% 01/28/25	50,000	3,383,766	-	-
DIALIN 6 1/8 02/03/22	50,000	3,462,892	-	-
ICICI 4.8% 05/22/19	8,895,000	603,846,338	-	-
INRCIN 3.917% 02/26/19	586,000	39,079,565	-	-
EXIMBK 2 3/4 04/01/20	130,000	8,370,092	-	-
ICICI 3.5% 03/18/20	104,000	6,833,095	-	-
ONGCIN 4.625% 07/15/24	103,000	6,846,189	-	-
PERTIJ 5 5/8 05/20/43	4,000	241,370	-	-
RELIANCE IND 5.875 02/28/49	700,000	46,393,690	-	-
AXSBIN 2.875% 06/01/21	70,000	4,473,850	-	-
ICICI BANK 5.3/4% 11/16/20	141,000	9,980,681	-	-
ICICI 6.375% 04/30/2022	450,000	29,237,978	-	-
SBIIN 3.25% 01/24/22	2,500,000	163,320,262	-	-
AXSBIN 3.25% 05/21/20	100,000	6,529,632	-	-

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

	Quantity 31st March, 2017	Book Value as at 31st March, 2017	Quantity 31st March, 2016	Book Value as at 31st March, 2016
		₹		₹
UPLLN 3.25% 10/13/21	70,000	4,448,531	-	-
BEIAIJ 3.875% 04/06/24	200,000	12,963,256	-	-
AXIS BANK LIMITED 4.3/4% 05/02/2016	-	-	9,500,000	630,804,068
AXISBIN 5.125 09/05/17	2,022,000	132,793,199	2,000,000	138,056,390
Bank of Baroda 5% 08/24/2016	-	-	10,776,000	723,461,569
Bank of India 3.625 09/21/18	10,064,000	662,725,211	1,064,000	72,238,088
Canara Bank London 5.125% 09/09/16	-	-	4,817,000	323,554,720
CBKIN 5.25% 10/18/18	15,550,000	1,050,074,347	4,666,000	327,492,515
HDFCB 3% 11/30/2016	-	-	3,510,000	233,120,326
ICICI 4.7% 02/21/18	200,000	13,288,861	2,650,000	182,892,853
IDBI 4.375% 03/26/18	5,000,000	328,426,884	4,500,000	305,597,398
Indian Overseas 5% 10/19/2016	-	-	7,500,000	504,042,535
Syndicate Bank 4.75 11/06/2016	-	-	10,750,000	722,249,763
SYNDICATE BANK 4.125% 04/12/18	5,192,000	341,024,069	4,286,000	290,914,941
SNDBIN 3.875% 12/04/19	4,540,000	300,178,017	50,000	3,366,528
SBIIN 4.125% 08/01/17	-	-	5,505,000	374,977,450
TATAIN 4.85% 01/31/20	-	-	40,000	2,613,933
UBI 4.625% 08/22/2017	-	-	3,256,000	222,275,661
Bank of India Jersey VAR 29/03/2049	27,000	1,782,888	27,000	1,821,793
STATE BANK OF INDIA 3.25% 04/18/18	102,000	6,698,661	50,000	3,377,215
SBIN 3.622% 04/17/19	499,000	33,129,519	2,000	135,024
State Bank of India 7.14% 06/29/49	-	-	18,000	1,214,651
UNBKIN 4.5% 10/28/19	3,964,000	267,365,126	54,000	3,730,584
NTPCIN 4.75% 10/03/22	20,000	1,390,074	10,000	701,214
INRCIN 3.417% 10/10/17	-	-	2,000,000	134,696,168
TTMTIN 5.75% 10/30/24	-	-	62,000	4,357,845
IDBI 4.125% 04/23/20	-	-	35,000	2,363,788
BOIIN 3 1/8 05/06/20	160,000	10,240,187	52,000	3,440,471
UNION BANK OF INDIA 3.625% 10/25/18	8,620,000	567,249,298	5,820,000	393,990,132
Total Foreign Currency Bonds		7,817,150,300		5,607,487,623
Total		7,817,150,300		5,607,487,623
Less: Provision for diminution		15,524,146		1,396,321
Total Bonds and Convertible Debentures		7,801,626,154		5,606,091,302
Total Current Investments		7,827,542,792		5,642,821,992
Aggregate value of quoted investments		7,801,626,154		5,606,091,302
Aggregate market value of quoted investments		7,813,253,930		5,611,431,666
Aggregate value of unquoted investments		25,916,638		36,730,691
Total investments		8,787,347,813		6,735,800,519

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.9 LONG TERM LOANS AND ADVANCES

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
a. Security Deposits		
Unsecured, considered good	2,005,642	1,818,029
	2,005,642	1,818,029
b. Loans and advances to related parties		
Unsecured, considered good	23,524,338	24,644,872
	23,524,338	24,644,872
c. Advance Tax		
Income tax paid in advance (net of provision for tax ₹ 38,290,926 (Previous year ₹ 20,320,658))	315,028	5,643
Total	25,845,008	26,468,544

3.10 OTHER NON-CURRENT ASSETS

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Margin money for Derivatives	88,226,953	121,956,635
	88,226,953	121,956,635

3.11 TRADE RECEIVABLES

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	427,551,657	256,813,545
Considered doubtful	-	6,690,617
Less: Provision for doubtful debts	-	(6,690,617)
Total	427,551,657	256,813,545

3.12 CASH AND BANK BALANCES

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Cash and cash equivalents		
Cash on hand	-	2,494
Balances with banks:		
On current accounts	2,090,970,301	348,057,212
Deposits with original maturity of more than three months	487,331,303	490,144,556
Total	2,578,301,604	838,204,262

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.13 SHORT-TERM LOANS AND ADVANCES

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Prepaid expenses		
Unsecured, considered good	5,211,576	4,775,973
Total	5,211,576	4,775,973

3.14 OTHER CURRENT ASSETS

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Interest accrued on loan	713,350	728,805
Interest accrued on Bonds	80,238,765	70,794,184
Interest accrued on Deposits	1,245,088	1,034,069
Margin money for Derivatives	-	312,321,975
Income receivable	-	1,884,586
Total	82,197,203	386,763,619

3.15 OTHER INCOME

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Interest Income on Fixed Deposit	8,507,181	7,097,082
Interest income on Loans	805,020	785,490
Other income	400,901	678,352
Total	9,713,102	8,560,924

3.16 EMPLOYEE COST

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Salaries, bonus and allowances	72,239,912	56,224,542
Stock appreciation rights	4,646,255	1,909,145
Deferred Incentive	1,022,779	-
Staff welfare expenses	1,721,602	1,292,543
Total	79,630,548	59,426,230

3.17 FINANCE CHARGES

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Interest on borrowings	65,438,437	46,537,298
Interest on OD	6,363,141	5,585,284
Total	71,801,578	52,122,582

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.18 OTHER EXPENSES

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Auditor's remuneration	2,973,585	2,352,306
- Statutory fees	2,910,190	2,290,449
- Reimbursement of expenses	63,395	61,857
Bank Charges	2,456,283	2,666,748
Communication expenses	3,734,066	4,264,375
Custodial Charges	6,936,922	6,872,234
Foreign Exchange Loss (net)	54,375,929	2,869,603
Legal & professional charges	10,556,988	21,839,751
Miscellaneous expenses	15,859,653	15,356,110
Rent	2,403,860	2,430,253
Travel expenses	2,428,116	1,900,707
Business Sourcing Expenses	29,519,633	35,060,748
Other expenses	805,020	-
Provision/ (write back) on other receivables	(6,774,433)	6,610,084
Total	125,275,623	102,222,919

3.19 The Company is a subsidiary of Kotak Mahindra Bank Limited ("KMBL"). The accounts have been prepared and audited to attach with the accounts of KMBL, the holding Company to comply with the provisions of the Indian Companies Act, 2013.

3.20 Contingent Liability

Guarantee secured against margin deposit in Dubai amounted to ₹ 318,478 (previous year ₹ 325,378)

3.21 Capital Commitment

The Company has made a total commitment of ₹ 648,500,000 (Previous year ₹ 662,550,000) of which ₹ 242,763,900 (Previous year ₹ 175,302,978) was called upon by Core Infrastructure India Fund Pte. Ltd. till 31st March 2017. The Company will be called upon at a later date to pay ₹ 405,736,100 (Previous year ₹ 487,247,022) to meet its total commitment in Core Infrastructure India Fund Pte. Ltd.

3.22 Short-term borrowings

The loan from Kotak Mahindra Inc, with a term of 365 days, bear an interest rate of 1.85% per annum per annum.

The loans from JP Morgan International Bank Ltd., with terms of up to 30 days bear an interest rate of 1.10% to 1.50% (2016 : 0.80% to 1.20% per annum).

The Company has a banking facility of ₹ 1,621,250,000 (Previous year ₹ 1,656,375,000) which is against floating charge on the assets of the company. The assets that are subject to the floating charge shall have book value of at least 1.5 times of the total outstanding amounts at all times during which there are an outstanding borrowing against the facility. Interest is payable on the amounts drawn at LIBOR plus 1.0% to 2.5%. The amount outstanding as at 31 March 2017 was ₹ 123,662,513 (2016: ₹ 38,372,378).

3.23 The Company is subject to income tax in Mauritius at the rate of 15%. However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source income. The maximum effective tax rate is thus reduced to 3%.

3.24 Derivatives

Currency forwards

During the year, the Company has entered into various non-deliverable currency forwards in order to hedge its investments in Indian Rupee. The details of outstanding contracts as at 31 March 2017 and the corresponding fair values are shown below:

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Non deliverable forwards

31st March, 2017

Currency Pair	Fair value	Notional Contract Value
	USD	USD
USD-INR	(665,409)	11,000,000

31st March, 2016

Non deliverable forwards

Currency Pair	Fair value	Notional Contract Value
	USD	USD
USD-INR	(438,592)	Long: 13,000,000

The details of outstanding Credit Default Swaps and the corresponding unrealised gain / (loss) are shown below:

Reporting period	Unrealised Gain/ (Loss)	Notional Contract Value
	USD	USD
31st March, 2017	-	-
31st March, 2016	(39,094)	(40,000,000)

The details of outstanding Interest rate swap and the corresponding unrealised gain / (loss) are shown below:

Reporting period	Unrealised Gain/ (Loss)	Notional Contract Value
	USD	USD
31st March, 2017	307,594	(68,500,000)
31st March, 2016	(241,912)	(40,500,000)

The details of outstanding Total Return swap and the corresponding unrealised gain / (loss) are shown below:

Reporting period	Unrealised Gain/ (Loss)	Notional Contract Value
	USD	USD
31st March, 2017	(140,598)	5,335,985
31st March, 2016	(234,274)	8,003,978

Summary and total outstanding derivative financial instruments outstanding as at March 31, 2017

	As at 31 March 2017		As at 31 March 2016	
	Fair Value	Notional	Fair Value	Notional
	USD	USD	USD	USD
Foreign Currency Forward Contracts	(665,409)	11,000,000	(438,592)	13,000,000
Credit Default Swap	-	-	(39,094)	(40,000,000)
Total Return Swap	(140,598)	5,335,985	(234,274)	8,003,978
Interest Rate Swap	307,594	(68,500,000)	(241,912)	(40,500,000)

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.25 Earnings per equity share

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Earnings / (loss) used in the computation of basic and diluted earnings per share (A)	529,606,299	502,204,725
Weighted average number of equity shares used in computation of basic earnings per share (B)	4,081,650	4,081,650
Nominal value of Equity shares	\$1	\$1
Basic and diluted earnings / (loss) per share (₹) A/B	129.75	123.04

3.26 Stock appreciation rights (SARs)

At the General Meeting of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolution on 29th June, 2015 to grant stock appreciation rights (SARs) to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 has been formulated and adopted. Subsequently, the SARs have been granted under this scheme and the existing SARs will continue.

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

Detail of activity under SAR is summarized below:

	For the year ended 31st March, 2017	No. of SARs For the year ended 31st March, 2016
Outstanding at the beginning of the year	10,440	-
Granted during the year	20,660	12,380
Additions/Reduction due to transfer of employees	-	-
Exercised during the year	3,132	1,940
Expired/Forfeited during the year	-	-
Outstanding at the end of the year	27,968	10,440

Effect of cash-settled options to employees on the profit and loss account and on its financial position

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	₹	
Total Employee Compensation Cost pertaining to cash-settled options	4,646,255	1,909,145
Closing balance of liability for cash-settled options	4,226,464	621,984

Had the company recorded the compensation cost computed on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 257,132 (Previous year ₹ 334,488) and the profit after tax would have been lower (Previous year ₹ 324,453) by ₹ 249,418.

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.27 Transactions and balances arising from the Participating Notes Programme (“Notes Programme”) of the Company

According to the Offering Circular dated 05 August 2013 and the regulations of the Securities and Exchange Board of India (“SEBI”), the Company issues Participating Notes (“Notes”) under the Notes Programme (also called Overseas Derivative Instruments (“ODI”) as per SEBI) to clients who are regulated entities outside India seeking exposure of Indian capital markets. By way of the Notes the economic benefits of the underlying securities bought by the Company in India are passed onto the clients.

The Company buys the security in the Indian capital market only after a firm order is received from the client for the security, against which a Note is issued to the client simultaneously. Similarly, it will dispose the underlying security following a firm instruction from the client and the Note will be redeemed simultaneously. All the gains and losses pertaining to the underlying security are paid to the client on Settlement Date, which is the date Notes are redeemed, less any applicable withholding taxes and transaction costs such as bank charges. The Company will charge the client a Fee income for this service. Throughout the whole cycle of the transaction, the Company holds the underlying security only on behalf and for the benefit of the client in return for an agreed fee income.

The Directors have applied judgement and have concluded on the following:

- The business purpose of the Notes Programme for the Company is only to act as an agent for the client and to hold the underlying security on behalf of the client, on their instructions, in return for a fee income.
- All the significant risks and rewards associated with the underlying security rests with the client under the Notes Programme as stipulated under the Offering Circular dated 05 August 2013.

Therefore, the underlying securities held at year end under the Notes Programme are not deemed to be part of the on-balance sheet assets of the Company.

The balance due from clients on account of unsettled issuance of Notes as at the reporting year end is included under trade receivables. The balance due to clients on account of unsettled exercise/redemption of notes and on account of monies payable to client on Notes exercised/ redeemed during the year or due to income generated (other than change in fair value) on the underlying investment is included in trade payables. Similarly, amount due from or due to brokers as at the reporting year end on underlying investments have been included under trade receivables or trade payables respectively.

Details of the transactions and balances under the Notes Programme for the year are as follows:

Particulars	As at 31 March 2017 ₹	As at 31 March 2016 ₹
Fee income from dealing in securities	121,819,719	59,352,606
Amount due from clients	4,507,140	186,577,061
Amount due to clients	2,062,003,090	168,185,667
Amount due from broker	169,616,472	-
Amount due to broker	-	241,848,573

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.28 Related Party Transactions

(₹)

Related Parties	Nature of relationship	Nature of transactions	Volume of transaction for the period ended		Receivable / (Payable)	
			31st March, 2017	31st March, 2016	Balance as at	
					31st March, 2017	31st March, 2016
Kotak Mahindra (UK) Limited	Associate	Facilitation charges/ Brokerage expenses	6,402,458	15,763,148	-	-
		Referral income	21,646,384	43,803,243	-	-
		Distribution Fees	49,228,046	42,374,960	-	-
		Calculation agency expense	805,020	-	-	-
		Portfolio management expense	21,293,047	-	-	-
		Interest expense	945,899	-	-	-
		Subordinated loan given	-	-	4,069,338	4,768,372
		Current account	-	-	143,134,910	3,402,393
Kotak Investment Advisors Limited	Fellow Group Entities	Advisory expense	160,194,418	116,157,279	739,744	6,824
Kotak India Realty Fund	Investment Manager	Investment management income	8,021,152	22,176,805	712,377	(258,792)
Kotak India Venture (Offshore) Limited	Investment Manager	Investment management fee	7,526,266	8,863,666	12,516	9,025,322
		Dividend income	72,299,852	-	-	-
Kotak India Private Equity Fund	Investment Manager	Investment management income	46,034,264	59,901,075	65,628	86,463
Kotak India Private Equity Fund - III	Investment Manager	Investment management fee	42,189,622	1,052,033	569,448	13,801,049
K-India Opportunities Fund Limited	Investment Manager	Investment Management, performance & service fee income	53,323,116	36,255,796	13,111,762	2,080,606
Kotak Securities Limited	Fellow Group Entities	Equity & derivative Brokerage	11,165,762	10,454,545	(372,304)	(138,804)
Kotak Mahindra Financials Services Limited	Associate	Loan given	-	-	19,455,000	19,876,500
		Interest Income	805,020	785,490	713,350	728,805
		Upfront fees	12,792,841	-	(3,280,437)	-
Kotak Mahindra, Inc.	Fellow Group Entities	Loan taken	13,417,000	65,457,500	(51,880,000)	(66,255,000)
		Interest Expense	742,832	306,079	(103,760)	(102,165)
		Referral expenses	30,883,452	29,633,396	(6,720,535)	(1,938,356)
Kotak Mahindra Bank Limited	Holding Company	Clearing Charges, outsourcing expenses & advisory expenses	23,988,925	16,610,757	(186,768)	(1,968,304)
		Bank Balances	-	-	13,043,864	151,787,687

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(₹)

Related Parties	Nature of relationship	Nature of transactions	Volume of transaction for the period ended		Receivable / (Payable)	
			31st March, 2017	31st March, 2016	Balance as at	
					31st March, 2017	31st March, 2016
Kotak Mahindra Asset Management Company Limited	Fellow Group Entities	Investment Advisory Fees	15,794,492	11,081,955	-	-
Premier Investments Fund Limited	Investment Manager	Investment management & performance fee income	167,042,858	138,385,664	17,261,903	9,625,725
		Interest income	423,910	-	-	-
INQ Holdings LLC	Investment Manager	Investment management income	95,013,693	95,415,958	1,191,878	6,853,550
Green Maidan A 2013 Trust	Investment Manager & other services	Investment management fees & service fee income	94,161,043	127,922,807	1,304,847	11,340,206
CPPIB Credit Investment INC	Investment Manager	Investment management income	66,733,005	-	34,220,891	-
Kotak Mahindra Mutual Fund	Fellow Group Entities	Referral/ trail fees	4,948,391	2,045,743	1,078,650	592,253
Kotak Infinity Fund	Investment Manager & other services	Investment Management, performance & service fee income	31,357,944	25,235,503	-	499,894
CIM Fund Services Limited	Administrator	Administration & payroll expense	992,858	968,771	(716,982)	(546,272)
Directors remuneration included in "Employee cost"			14,466,545	13,444,054		

During the year compensation to Key Managerial Personnel was ₹ 14,298,832 (Previous year ₹ 13,280,410).

3.29 Previous years figures have been regrouped, reclassified wherever necessary to conform with figures of the current year.

In terms of our report of even date

For **V . C. Shah & Co.**

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Mumbai

Dated: 25 April 2017

For and on Behalf of the Board of Directors

Baboo Teeruth Rajsing Ramgolam

Director

Doomraj Sooneelall

Director

Dated: 24 April 2017

