

Kotak Mahindra Capital Company Limited
Annual Report 2016-17



**CHANGING
WITH INDIA.
FOR INDIA.**



DIRECTORS' REPORT

To the Members

Kotak Mahindra Capital Company Limited

The Directors present their Twenty Second Annual Report together with the audited accounts of your Company for the year ended March 31, 2017.

1. FINANCIAL SUMMARY/ HIGHLIGHTS

Particulars	Year ended 31st March, 2017 "₹" in lac	Year ended 31st March 2016 "₹" in lac
Gross Income	13,594.32	11,379.19
Profit before Tax	6,057.38	4,642.10
Provision for Tax	1,496.34	1,402.19
Profit after Tax	4,561.04	3,239.91
Balance of Profit from previous years	38,172.46	34,932.55
Amount available for appropriation	42,733.50	38,172.46
Appropriations:		
Surplus carried forward to the Balance Sheet	42,733.50	38,172.46

2. DIVIDEND

The Directors do not recommend any dividend for the year.

3. OPERATIONS

A. EQUITY CAPITAL MARKETS

In FY- 2017, the Indian equity capital markets saw significant uptick in primary market activity led by 25 IPOs. A total of ₹ 45,232 crore was raised across Initial Public Offerings (IPOs), Qualified Institutional Placements (QIPs) and Rights Issues, while ₹ 8,390 crore was raised from the secondary market through Offers for Sale (OFS) (Source: Prime Database).

KMCC successfully completed twelve marquee transactions across various product formats, including 11 IPOs and 1 QIP, raising a total of ₹ 14,318 crore in FY2017. (Source: Prime Database).

The Equity Deals that were concluded by the Company during the year include:

- Ujjivan Financial Services IPO - ₹ 882 Crore
- Parag Milk Foods IPO - ₹ 751 Crore
- Mahanagar Gas IPO - ₹ 1,039 Crore
- L&T Infotech IPO - ₹ 1,236 Crore
- RBL Bank IPO - ₹ 1,213 Crore
- L&T Technology Services IPO – ₹ 894 Crore
- PNB Housing Finance IPO – ₹ 3,000 Crore
- Varun Beverages IPO – ₹ 1,113 Crore
- Laurus Labs IPO – ₹ 1,331 Crore

- Avenue Supermarts IPO – ₹ 1,870 Crore
- CL Educate IPO – ₹ 239 Crore
- Bharat Financial Inclusion QIP – ₹ 750 Crore

KMCC was ranked #3 Book Running Lead Manager in IPOs in terms of issue size, and #2 in terms of no. of IPOs executed in FY 2017 (Source: PRIME Database).

B. MERGERS & ACQUISITIONS

The total M&A Advisory deal value in India for FY2017 stood at US\$ 94 billion vis-à-vis US\$ 55 billion in FY2016, while deal volumes decreased to 1,750 in FY2017 from 1,903 in FY2016. (Source: Bloomberg, as on April 11, 2017)

In FY2017, KMCC was ranked #1 by volume of deals and #2 by value of deals in the M&A league tables (Source: Bloomberg, as on April 11, 2017; amongst investment banks only). KMCC advised on a diverse array of twenty-six M&A and Private Equity transactions across a wide range of products and sectors, for a total deal value of US\$ 27 billion:

- Across products, ranging from Acquisitions, Divestments, Mergers, Private Equity investments, Restructuring, Delisting Offers, Buyback Offers and Open Offers;
- Across sectors, ranging from Financial Services, Technology, Industrials, Telecom, Auto, Consumer, Infrastructure, etc.

Some of the key Advisory deals that were announced/ concluded by the Company during the year include:

- Financial Advisor to Vodafone Group Plc and Vodafone India for the merger of Vodafone India and Idea Cellular with a joint control construct – INR 86,771 crore
- Manager to the Buyback Offer for Bharti Infratel – INR 2,000 crore
- Financial Advisor to SBI for divestment of stake in SBI Life to KKR and Temasek – INR 1,794 crore
- Financial Advisor to selling shareholders of AU Financiers for investment by domestic investors including Insurance companies, Investment Funds, Family offices and HNIs – INR 750 crore
- Financial advisor to Tata Chemicals for the sale of its Urea Business to Yara International, Norway – INR 2,670 crore
- Financial Adviser to Mahindra CIE for the Acquisition of Bill Forge; followed by equity investment in MCIE by shareholders of Bill Forge and PIA2 – INR 2,421 crore
- Fairness Opinion to Aditya Birla Nuvo for the merger with Grasim Industries; followed by demerger of Financial Services Business – INR 53,038 crore
- Advisor to the committee of Independent Directors of Crompton Greaves Electricals for the Open Offer made by Amalfiaco along with Macritchie Investments – INR 1,695 crore
- Financial Advisor to JTEKT Corporation for the acquisition of 25.1% stake in Sona Koyo Steering Systems Limited from Sona Group followed by a mandatory open offer for the acquisition of 26% stake in Sona Koyo – INR 853 crore

FY17 has been a significantly action-packed year with tremendous growth in M&A deal activity and a slew of economic and structural reforms. Increasing confidence in the Indian economy, FDI reforms and a vibrant primary market have also helped in providing a further impetus to M&A deal activity.

The coming year has the potential to be the year of reckoning for India where implementation of structural policies and reforms such as the GST, seventh pay commission and one rank one pension (OROP) are expected to drive growth. Expected improvements in the banking sector, boost in private investments, pick up in rural demand, a robust primary market and improving utilization rates across industries are likely to drive domestic growth. Globally, India continues to be the bright spot and this is likely to drive resilient growth in deal activity in FY18 as well. (Source: Deal Tracker).

C. AWARDS AND RECOGNITIONS

During the year, KMCC received many prestigious industry awards:

- Best Corporate & Investment Bank for India at the Asia money India Banking Awards 2017
- Best Domestic Investment Bank and Best Domestic Equity House over the last 20 years, Finance Asia Platinum Awards – 20 Years of Excellence
- IPO Dealmaker of the Year in the Business world I-Banking Survey 2016
- Best Domestic Equity House by Asiamoney – 2016
- Securities Advisory Firm of the Year in India in the Corporate INTL Global Awards – 2017
- Best Equity House, India in The Asset Triple A Country Awards 2016
- Best IPO, India; Best QIP, India; Best M&A Deal, India in The Asset Triple A Country Awards 2016
- Telecom Towers Deal of the Year for American Tower Corp's acquisition of Viom Networks at the TMT Finance World Congress Awards 2016

4. INTERNAL CONTROL & RISK MANAGEMENT

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed under the supervision of the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with Generally Accepted Accounting Principles.

Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting standards and that receipts and expenditures are being made only in accordance with authorisations of management and the respective Directors; and provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements. Internal control systems, no matter how well designed, have inherent limitations. During the year your company carried out a third party review of internal financial control of which the results did not bring out any material deficiencies.

The Directors and management of the company have responsibility for ensuring that management maintain an effective system of risk management and internal control and for reviewing its effectiveness. Your company is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage. Risk is managed on group basis as well on an entity basis. Your Company has a risk management policy along with a risk register that identifies and monitors critical risks which may threaten the existence of the Company.

5. DIRECTORS AND BOARD MEETINGS

Mr. Ramesh Srinivasan (DIN no.02787576) and Mr.T.V.Raghunath (DIN no.02143711) retire at the ensuing Annual General Meeting and are eligible for re-appointment.

During the year, the Company held seven meetings of its Board of Directors.

6. AUDITOR

The statutory auditors Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants have been appointed for a period of five years from the financial year 2016-17. However, their appointment would be ratified as prescribed at each subsequent annual general meeting, including at the ensuing annual general meeting.

7. STATUTORY INFORMATION

During the year under review, your Company did not accept any deposits from the public. There are no deposits due and outstanding as on 31st March 2017.

Your Company's foreign exchange income was ₹ 28.26 crores while the outgo was ₹ 2.34 crores.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm in pursuance of Section 134(5) of the Companies Act, 2013, that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at the end of the financial year and of the profit/loss of your Company for the financial year ended March 31, 2017;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

9. CORPORATE SOCIAL RESPONSIBILITY

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

- a. Mr. Krishnan Venkat Subramanian Director & Chairman of CSR Committee : (DIN 00031794)
- b. Mr. Ramesh Srinivasan, Managing Director & CEO : (DIN 02787576)
- c. Mr. T V Raghunath, Director : (DIN 02143711)

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

- a. Promoting education – primary focus area
- b. Enhancing vocational skills and livelihood
- c. Promoting preventive healthcare and sanitation
- d. Reducing inequalities faced by socially and economically backward groups
- e. Sustainable development
- f. Relief and rehabilitation
- g. Clean India
- h. Sports

The Company's CSR policy is available on the Company's website viz. URL: http://www.investmentbank.kotak.com/downloads/kmbi_&_subsidiaries_policy_statement_on_csr.pdf

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

The average net profit U/S 198 of the Company for the last three financial years preceding 31st March, 2017 is ₹. 21.90 crore.

The prescribed CSR expenditure required U/S 135, of the Act for FY 2016-17 is ₹.43.80 lakh.

The CSR expenditure incurred for the period 1st April 2016 to 31st March 2017 under Section 135 of Companies Act, 2013 amounts to ₹. 5 lakh as against ₹ 2 lakh CSR spend in the financial year 2015-16. The unspent amount for FY2016-17 is ₹. 38.80 Lakh.

CSR expenditure of ₹ 5 lakh in FY 2016-17 as a percentage of average net profit U/S 198 of the Company at ₹. 21.90 crore is 0.02%.

Reason for not spending the full amount

The Company directly/ indirectly is building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years.

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

S. No.	CSR project/ activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount spend on the projects or programs Sub heads (1) Direct expenditure on projects or programs (2) overheads	Programs / project wise actual spend during the year – Overheads	Cumulative Expenditure from FY 2014-15 upto reporting period	Amount spent through implementing agency
1	<p>Education and Livelihood. Implemented through Kotak Education Foundation (KEF), which was set up in 2007 with a purpose to support children and youth from underprivileged families through different education based interventions and skilling programmes. KEF takes a holistic and innovative approach to helping the urban poor break free from the vicious cycle of extreme poverty and generational disadvantages.</p> <p>The 'Mid-day Meal' programme catering to approximately 4764 students from 14 partner schools, provides nutritious meal to preprimary, 9th std and 10th std school children who are excluded from Government's mid-day-meal programme.</p> <p>KEF has partnered with 37 schools, majority of which are Located in the poorest wards of Mumbai. KEF conducts intensive training / mentoring programme for Principals, Teachers, Students and Parents for sensitisation and empowerment. It also supports the schools with infrastructure like providing Hand wash points, replacement of roofs, water storage tanks, water purifiers, doors, windows, electrification etc. It has touched 38997 beneficiaries.</p> <p>Livelihood training is provided at 5 centres spread across the poorest neighbourhoods of the city. In 2016-17, 1108 aspirants were trained and several of them were placed at an average monthly salary of ₹. 10000/-</p>	Promoting Education & Livelihood	Mumbai	500,000	Direct expenditure 424,000	63,000	12,00,000 (Out of this, Kotak Education Foundation has not utilised ₹ 13,000/- . This will be used towards meeting expenses for FY 2017-18)	5,00,000.00 (Implemented through the Kotak Education Foundation-KEF)
TOTAL CSR SPEND U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2016-17								5,00,000.00

We the CSR Committee of the Board confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd
Managing Director & CEO

Sd
Chairman CSR Committee

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees or Investments are given in the notes 13, 14, 17 and 24 to notes to financial statements attached to the Directors Report.

11. RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered were of arm's length and there are no transactions to be reported. Details of Related Party Transactions are provided in note 30 to notes forming part of financial statements attached to the Directors Report. There are no material related party transactions, which were at arm's length hence Form AOC-2 is not attached.

12. REPORT ON THE PERFORMANCE OF ASSOCIATE COMPANY

Pursuant to the provision of section 134 of the companies Act, 2013 and rule 8(1) of the Companies (Accounts) Rules, 2014 as amended the report on the performance and financial position of the associate company is Infina Finance Private Limited is as follows

Gross Total Income	27,698.58 Lacs
Net profits	11,486.90 Lacs

13. ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for the valuable support received from Securities, Exchange Board of India, and Reserve Bank of India and other Government and Regulatory agencies. Your Directors acknowledge and wish to place their appreciation of employees for their commendable efforts, teamwork and professionalism.

14. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure "A"**.

For and on behalf of the Board of Directors

SD/-
Chairman

Place: Mumbai
Date: April 21, 2017

ANNEXURE "A" FORM NO. MGT-9

Extract of Annual Return as on the financial year ended on MARCH 31ST, 2017

[Pursuant to section 92(3) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U67120MH1995PLC134050
ii.	Registration Date	27TH JULY 1995
iii.	Name of the Company	KOTAK MAHINDRA CAPITAL COMPANY LIMITED
iv.	Category / Sub-Category of the Company	INVESTMENT BANKING
v.	Address of the Registered office and contact details	27BKC, "G" BLOCK, C-27, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI – 400 051.
vi.	Whether listed company (Yes / No)	NO
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	INVESTMENT BANKING	NA	72.60

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
	HOLDING COMPANY				
1	Kotak Mahindra Bank Limited 27BKC, C-27, "G" Block, Bandra Kurla Complex, Bandra –East, Mumbai-400 051	L65110MHIN85PLC038137	Holding	100.00	2(46)
	ASSOCIATE COMPANIES				
1	INFINA Finance Private Limited 7th Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (East), Mumbai – 400 098.	U67120MH1996PTC098584	Associate	49.99	2(6)

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 & Promoter Group									
(1) Indian									
Individual/HUF	-	-	-	-	-	-	-	-	-
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.(s)	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	310014	3126135	3,436,149	100	310014	3126135	3,436,149	100	0.00
Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	310014	3126135	3,436,149	100	310014	3126135	3,436,149	100	0.00
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	310014	3126135	3,436,149	100	310014	3126135	3,436,149	100	0.00
B. Public Shareholding									
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 - Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non-Resident Individuals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-	-
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)	310014	3126135	3,436,149	100	310014	3126135	3,436,149	100	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 Limited	3,436,143	100.00	0	3,436,143	100.00	0	0.00
2.	Nominees of Kotak Mahindra Bank Limited (Jointly Holding with Kotak Mahindra Bank Limited)	-	-	-	-	-	-	-
	DIPAK GUPTA (NOMINEE OF KOTAK MAHINDRA BANK LTD)	1	0.00	0	1	0.00	0	0.00
	JAIMIN BHATT (NOMINEE OF KOTAK MAHINDRA BANK LTD)	1	0.00	0	1	0.00	0	0.00
	KRISHNAN VENKAT SUBRAMANIAN (NOMINEE OF KOTAK MAHINDRA BANK LTD)	1	0.00	0	1	0.00	0	0.00
	SHANTI EKAMBARAM (NOMINEE KOTAK MAHINDRA BANK LTD)	1	0.00	0	1	0.00	0	0.00
	MOHAN SHENOI (NOMINEE OF KOTAK MAHINDRA BANK LTD)	1	0.00	0	1	0.00	0	0.00
	NARAYAN S.A. (NOMINEE OF KOTAK MAHINDRA BANK LTD)	1	0.00	0	1	0.00	0	0.00
	TOTAL	3,436,149	100.00	0	3,436,149	100.00	0	0.00

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company*
1.	At the beginning of the year				
	Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year				

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

Sl. No.	Name of the Share Holders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
-	-	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	DIRECTORS				
	(Holding Shares as nominee of Kotak Mahindra Bank Ltd. Jointly with Kotak Mahindra Bank Ltd)				
1.	Mr.Dipak Gupta				
	At the beginning of the year	1	0.00	1	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)		-		
	At the end of the year	1	0.00	1	0.00
2.	Mr. Jaimin Bhatt				
	At the beginning of the year	1	0.00	1	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-			
	At the end of the year	1	0.00	1	0.00
3.	Mr. Krishnan Venkat Subramanian				
	At the beginning of the year	1	0.00	1	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)		-		
	At the end of the year	1	0.00	1	0.00

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	DIRECTORS				
4.	Ms. Shanti Ekambaram				
	At the beginning of the year	1	0.00	1	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)		-		
	At the end of the year	1	0.00	1	0.00
5.	Mr. Mohan Shenoi				
	At the beginning of the year	1	0.00	1	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)		-		
	At the end of the year	1	0.00	1	0.00
6.	Mr. Narayan S A				
	At the beginning of the year	1	0.00	1	0.00
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)		-		
	At the end of the year	-	-	-	-
7.	KEY MANAGERIAL PERSONNEL	NIL	NIL	NIL	NIL

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

(₹ in Lac)

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	-	-	-	-
-	-	-	-	-
-	-	-	-	-
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:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
			Ramesh Srinivasan	Sourav Mallik	
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		233.29	269.94	503.23
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	-	-	-	-
	*Ceiling as per the Act				

*As the Directors of the Company are professionals as described in MCA notification dated September 12, 2016 their remuneration is within prescribed limits.

B. REMUNERATION TO OTHER DIRECTORS: NA

Sr. No.	Particulars of Remuneration	Name of Director							Total Amount
1.	Independent Directors								
	Fee for attending board / committee meetings (₹)								
	Commission (₹)								
	Others, please specify (₹)								
	Total (1) (₹)								
2.	Other Non-Executive Directors								
	Fee for attending board / committee meetings (₹)								
	Commission (₹)								
	Others, please specify (₹)								
	Total (2) (₹)								
	Total (B)=(1+2) (₹)								
	Total Managerial Remuneration (A+B) (₹)								
	Overall Ceiling as per the Act (%)	1% of the Net Profits equivalent to ₹ _____ with respect to the ceiling for the Company applicable for the financial year covered by this Report							

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

Section 203 is not applicable to the Company

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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

INDEPENDENT AUDITORS' REPORT

To the Members of Kotak Mahindra Capital Company Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 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 Section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Place: Mumbai
Date: April 21, 2017

R. Laxminarayan
Partner
Membership No. 33023

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of **KOTAK MAHINDRA CAPITAL COMPANY LIMITED (“the Company”)** as of March 31, 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 (“the Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

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

Place: Mumbai
Date: April 21, 2017

R. Laxminarayan
Partner
Membership No. 33023

"ANNEXURE B"

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of Kotak Mahindra Capital Company Limited ("the Company") for the year ended 31st March, 2017)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) With respect to immovable properties viz. buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause 3 (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable to the company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹ in Lakhs)
Service Tax	Tax, Interest and Penalty	Commissioner of Central Excise (Appeal)	Financial Years 2004-05 to 2008-09	67.64
Property Tax	Tax	Assistant Assessor & Collector – Brihanmumbai Mahanagarpalika	Financial Years 2010-11 to 2016-17	48.95*

*net of ₹ 60.72 lakhs paid under protest

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place: Mumbai
Date: April 21, 2017

R. Laxminarayan
Partner
(Membership No. 33023)

BALANCE SHEET

AS AT 31ST MARCH, 2017

(₹ in lakhs)

Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	343.61	343.61
(b) Reserves and surplus	4	48,979.40	44,418.35
		49,323.01	44,761.96
2 Non-current liabilities			
(a) Other long-term liabilities	5	28.76	28.76
(b) Long-term provisions	6	488.98	384.48
		517.74	413.24
3 Current liabilities			
(a) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7	251.54	240.44
		251.54	240.44
(b) Other current liabilities	8	808.56	639.90
(c) Short-term provisions	9	324.77	341.02
		1,384.87	1,221.36
TOTAL		51,225.62	46,396.56
B ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Property, Plant and Equipment		1,669.27	1,755.13
(ii) Intangible assets		16.62	16.59
		1,685.89	1,771.72
(b) Non-current investments	11	28,876.02	23,289.48
(c) Deferred tax assets (net)	12	61.83	61.07
(d) Long-term loans and advances	13	759.62	1,227.10
		31,383.36	26,349.37
2 Current assets			
(a) Current investments	14	11,291.94	14,892.67
(b) Trade receivables	15	637.18	1,451.66
(c) Cash and bank balances	16	7,585.26	3,485.23
(d) Short-term loans and advances	17	254.14	175.10
(e) Other current assets	18	73.74	42.53
		19,842.26	20,047.19
TOTAL		51,225.62	46,396.56
See accompanying notes forming part of the financial statements	1-42		

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

R. Laxminarayan
Partner

For and on behalf of the Board of Directors

Uday Kotak
Chairman

Ramesh Srinivasan
Managing Director

KVS Manian
Director

Milind Deolalkar
Chief Financial Officer

Ajay Vaidya
Company Secretary

Place : Mumbai
Date : 21st April, 2017

Place : Mumbai
Date : 21st April, 2017

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lakhs)

Particulars	Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
1 Revenue from operations (net)	19	9,868.92	9,552.35
2 Other income	20	3,725.40	1,826.84
3 Total revenue (1+2)		13,594.32	11,379.19
4 Expenses			
(a) Employee benefits expense	21	4,469.02	4,156.82
(b) Finance costs	22	3.62	8.45
(c) Depreciation and amortisation expense	10	165.86	167.87
(d) Other expenses	23	2,893.45	2,401.95
(e) Contribution towards Corporate Social Responsibility	41	5.00	2.00
Total expenses		7,536.95	6,737.09
5 Profit before tax (3 - 4)		6,057.37	4,642.10
6 Tax expense:			
(a) Current tax		1,579.30	1,394.01
(b) Deferred tax expense / (Credit)		(0.76)	73.14
(c) Excess provision for tax relating to prior years (net)		(82.22)	(64.96)
		1,496.32	1,402.19
7 Profit for the year from continuing operations (5 - 6)		4,561.05	3,239.91
8 Earnings per share (Face value of ₹ 10/- each):	32		
(a) Basic		132.74	94.29
(b) Diluted		132.74	94.29
See accompanying notes forming part of the financial statements	1-42		

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

R. Laxminarayan
Partner

For and on behalf of the Board of Directors

Uday Kotak
Chairman

Ramesh Srinivasan
Managing Director

KVS Manian
Director

Milind Deolalkar
Chief Financial Officer

Ajay Vaidya
Company Secretary

Place : Mumbai
Date : 21st April, 2017

Place : Mumbai
Date : 21st April, 2017

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2017

(₹ in lakhs)

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
A. Cash flow from operating activities		
Net Profit before extraordinary items and tax	6,057.37	4,642.10
Adjustments for:		
Depreciation and amortisation	165.86	167.87
Diminution in value of current investments	158.93	16.82
Diminution in value of non-current Investments	9.62	-
(Profit) / Loss on sale of current investments	(2,834.34)	(391.63)
(Profit) / Loss on sale of non-current investments	-	(492.81)
Interest received on bank deposits	(476.46)	(241.88)
Interest income from debentures	-	(0.48)
Dividend received from non trade, current investments	(0.03)	(5.03)
Interest received on income tax refund	(100.41)	(107.12)
Interest paid on delayed payment of taxes	3.62	8.45
(Income) / Loss distribution from Venture capital funds	8.70	(104.60)
(Profit) / Loss on sale of fixed assets	(2.01)	(34.88)
	(3,066.52)	(1,185.29)
Operating profit before working capital changes	2,990.85	3,456.81
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	814.48	223.93
Loans and advances	(92.82)	94.36
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	11.10	(65.70)
Other long term and current liabilities	168.66	58.20
Short-term / Long term provisions	234.18	(95.79)
	1,135.60	215.00
Cash generated from operations	4,126.45	3,671.81
Net income tax paid	(1,061.33)	(707.91)
Net cash flow from operating activities (A)	3,065.12	2,963.90
B. Cash flow from investing activities		
Capital expenditure on fixed assets	(105.18)	(145.55)
Proceeds from sale of fixed assets	27.15	85.33
Bank deposits placed during the year not considered as cash & cash equivalents	(10,631.02)	(13,306.47)
Bank deposits matured during the year not considered as cash & cash equivalents	6,602.50	10,968.00
Purchase of current investments	(33,048.00)	(18,540.03)
Purchase of non-current investments	(6,200.00)	(3,250.00)
Proceeds from sale of current investments	39,324.14	13,558.54
Proceeds from sale of non-current investments	603.84	7,012.03
Interest received on bank deposits	445.24	222.68

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Interest income from debentures	-	3.44
Income distribution from Venture Funds	(8.70)	104.60
Dividend received from current investments	0.03	5.03
Dividend received from non trade, non current investments	-	-
Net cash flow used in investing activities (B)	(2,990.00)	(3,282.40)
C. Cash flow from financing activities		
Interest paid on delayed payment of taxes	(3.62)	(8.45)
Net cash flow from / (used in) financing activities (C)	(3.62)	(8.45)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	71.50	(326.95)
Cash and cash equivalents at the beginning of the year	13.76	340.71
Cash and cash equivalents at the end of the year	85.26	13.76

Notes:

1. Reconciliation of Cash and cash equivalents with the Balance Sheet:

Cash and cash balances as per Balance Sheet (Refer Note 16)	7,585.26	3,485.23
Less: Bank deposits with original maturity of more than 3 months not considered as Cash and Cash equivalents as defined in AS 3 Cash Flow Statements	7,500.00	3,471.47
Cash and cash equivalents at the end of the year (Balances with banks in current accounts)	85.26	13.76

- The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 "Cash Flow Statements" specified under Section 133 of the Companies Act, 2013, as applicable.
- Net profit before tax and (Increase) / Decrease in debtors includes unrealized foreign exchange loss amounting to ₹ 14.94 lakhs (Previous year foreign exchange gain of ₹ 0.22 lakhs)
- Figures of the previous year are recast wherever necessary to conform to figures of the current year.

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

R. Laxminarayan
Partner

For and on behalf of the Board of Directors

Uday Kotak
Chairman

Ramesh Srinivasan
Managing Director

KVS Manian
Director

Milind Deolalkar
Chief Financial Officer

Ajay Vaidya
Company Secretary

Place : Mumbai
Date : 21st April, 2017

Place : Mumbai
Date : 21st April, 2017

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

1. CORPORATE INFORMATION

Kotak Mahindra Capital Company Limited (the company) is a Category I Merchant banker registered with SEBI. It operates as a full – service Investment bank and is also a trading cum clearing member of the National Stock Exchange of India on all three segments viz. Cash, Futures & Options and Wholesale Debt Market. During the previous year company applied for surrender of the trading cum clearing membership.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF ACCOUNTING

- (i) The Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis to comply with the accounting standards specified under section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 / the Companies Act, 1956 as applicable.
- (ii) All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the provision of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.2. USE OF ESTIMATES

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

2.3. REVENUE RECOGNITION

- (i) Revenue is recognized when there is a reasonable certainty of its ultimate realization / collection.
- (ii) Issue management and placement fees, underwriting commission and financial advisory fees are accounted on completion of milestones specified in the contract.
- (iii) Interest income is accounted on accrual basis.
- (iv) Dividend income is accounted when the right to receive is established.

2.4. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, DEPRECIATION AND AMORTISATION

Property, plant and equipment / Intangible assets have been stated at cost less accumulated depreciation / amortisation. Cost includes cost of purchase inclusive of freight, duties and other incidental expenses and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to be put to use.

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:

Buildings - 58 years

Computers - 3 years

Furniture and Fixtures - 6 years

Vehicles - 4 years

Office Equipment - 5 years

Computer Software - 3 years

Leasehold improvements - Over the primary period of lease subject to a maximum of 6 years

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Fixed assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

For assets purchased or sold during the year, depreciation is provided on pro rata basis by the company.

2.5. IMPAIRMENT OF ASSETS

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. Impairment loss, if any, is provided in the statement of Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

2.6. INVESTMENTS

Investments are classified into non current investments and current investments. Investments, which are intended to be held for more than one year, from the date from which investments are made, are classified as non current investments and investments, which are intended to be held for less than one year, from the date from which investments are made, are classified as current investments. Current portion of non current investments are also classified as current investments. Non current investments are accounted at cost and any decline in the value, other than temporary, is provided for, such reduction being determined and made for each investment individually.

Current investments other than current portion of non current investments are valued at cost (calculated by applying weighted average cost method) or fair value whichever is lower.

Brokerage, stamping and additional charges paid are included in the cost of investments.

In case of investments in units of mutual funds, the netasset value of units is considered as the fair value.

2.7. FOREIGN CURRENCY TRANSACTIONS

- (i) On initial recognition, all foreign transactions are recorded by applying to the foreign currency amount exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Monetary assets and liabilities denominated in foreign currencies are restated at the rate of exchange prevailing at the Balance Sheet date.
- (iii) Exchange differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in the Statement of Profit and Loss.

2.8. 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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward

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 of losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

Deferred tax assets and deferred tax liabilities are off set when there is legally enforceable right to set-off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

2.9. EMPLOYEE BENEFITS

Defined contribution plan

- Provident fund

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

- Superannuation fund

The company contributes a sum equivalent to 15% subject to a maximum of ₹ 1 lakh per annum per employee, of eligible employees' eligible salary to a Superannuation Fund administered by trustees and managed by a Life Insurance Company. The company recognises such contributions as an expense in the year they are incurred.

- National Pension Scheme - Defined Contribution Plan

The company contributes upto 10% of eligible employees' salary per annum, to the National Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The company recognises such contributions as an expense in the year they are incurred.

Gratuity - 'Defined benefit plan

The company provides for Gratuity, a defined benefit plan covering employees in accordance with the Payment of Gratuity Act, 1972. The company's liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date. The gratuity obligation is wholly unfunded. The defined benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as on the Balance Sheet date.

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

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 which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the company's obligation is determined based on the projected unit credit method as at the Balance Sheet date. Actuarial Gains / Losses are recognized in the statement of Profit and Loss in the year in which they arise.

Other Employee Benefits

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

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

Stock Appreciation Rights

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 straight-line basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the settlement date with changes in intrinsic value recognised in the Statement of Profit and Loss in 'Employee benefits expense'.

2.10. BORROWING COSTS

Borrowing costs other than those directly attributable to qualifying fixed assets are recognized as an expense in the period in which they are incurred.

2.11. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are measured

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes unless the outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

2.12. OPERATING LEASES

As Lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership, are classified as operating leases. Operating lease payments are recognised as an expense in the the Statement of Profit and Loss on a straight-line basis over the lease term.

As Lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

2.13. SEGMENT REPORTING

(a) Segment assets and liabilities:

All Segment assets and liabilities are directly attributable to the segment.

Segment assets include all operating assets used by the segment and consist principally of fixed assets, investments, stock in trade, trade receivables, loans and advances and cash and bank balances. Segment assets and liabilities do not include share capital, reserves and surplus and income tax (both current and deferred).

(b) Segment revenue and expenses:

Segment revenue and expenses are directly attributable to segment. It does not include provision for income tax.

2.14. EARNING PER SHARE

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 3 - SHARE CAPITAL

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
(a) Authorised				
Equity shares of ₹ 10 each	10,000,000	1,000.00	10,000,000	1,000.00
(b) Issued, Subscribed and Paid up				
Equity shares of ₹ 10 each fully paid	3,436,149	343.61	3,436,149	343.61
Total	3,436,149	343.61	3,436,149	343.61

Rights, preferences and restrictions attached to equity shares :

- Right to receive dividend as may be approved by the Board / Annual General Meeting.
- The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act.
- Every member of the company holding equity shares has a right to attend the General Meeting of the company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the company.

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

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number	₹ in lakhs	Number	₹ in lakhs
Shares outstanding at the beginning of the year	3,436,149	343.61	3,436,149	343.61
Shares outstanding at the end of the year	3,436,149	343.61	3,436,149	343.61

Details of shares held by the holding company, the ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company, together with their nominees, in aggregate :

Particulars	Number of Equity shares	
	As at 31 March, 2017	As at 31 March, 2016
Kotak Mahindra Bank Limited, the holding company (alongwith nominees)	3,436,149	3,436,149

Details of shares held by each shareholder, together with their nominees, holding more than 5% shares:

Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% of holding	Number of shares held	% of holding
Kotak Mahindra Bank Limited (alongwith nominees)	3,436,149	100.00	3,436,149	100.00

Aggregate number and class of shares bought back for a period of 5 years immediately preceding the Balance Sheet date:

Particulars	As at 31 March, 2017	Aggregate number of shares				
		As at 31 March, 2016	As at 31 March, 2015	As at 31 March, 2014	As at 31 March, 2013	As at 31 March, 2012
Equity shares of ₹ 10 each	-	-	-	-	680,000	-

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 4 - RESERVES AND SURPLUS

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Securities premium account		
Opening balance	6,177.89	6,177.89
Closing balance	6,177.89	6,177.89
(b) Capital Redemption Reserve		
Opening balance	68.00	68.00
Closing balance	68.00	68.00
(c) Surplus in Statement of Profit and Loss		
Opening balance	38,172.46	34,932.55
Add: Net Profit for the year	4,561.05	3,239.91
Closing balance	42,733.51	38,172.46
Total	48,979.40	44,418.35

SCHEDULE 5 - OTHER LONG-TERM LIABILITIES

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
Others:		
Security Deposits	28.76	28.76
Total	28.76	28.76

SCHEDULE 6 - LONG-TERM PROVISIONS

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits:		
(i) For compensated absences	124.29	137.40
(ii) For gratuity	173.60	168.72
(iii) For other employee benefits - Stock Appreciation Rights	186.33	73.94
(iv) For long service awards	4.76	4.42
Total	488.98	384.48

SCHEDULE 7 - TRADE PAYABLES

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
Trade payables (Other than Micro enterprises and small enterprises)	251.54	240.44
Total	251.54	240.44

SCHEDULE 8 - OTHER CURRENT LIABILITIES

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
Other payables:		
(i) Statutory dues (Contributions to PF, TDS, Service Tax, etc.)	313.30	256.04
(ii) Liabilities towards employees	494.60	383.20
(iii) Others	0.66	0.66
Total	808.56	639.90

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 9 - SHORT-TERM PROVISIONS

(₹ in lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Provision for employee benefits:		
(i) For compensated absences	22.30	22.39
(ii) For gratuity	15.06	23.32
(iii) For other employee benefits - Stock Appreciation Rights	190.34	52.31
(b) Provision for tax (net of advance tax ₹ 960.40 lakhs (Previous year ₹ 2,172.77 lakhs))	97.07	243.00
Total	324.77	341.02

SCHEDULE 10 - FIXED ASSETS

(₹ in lakhs)

A. Tangible assets	Gross block (At Cost)			Accumulated depreciation and impairment				Net block		
	Balance as at 1 April, 2016	Additions	Disposals	Balance as at 31st March, 2017	Balance as at 1 April, 2016	Depreciation expense for the year	Eliminated on disposal of assets	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31 March, 2016
(a) Buildings (Given under operating lease)	1,772.87	-	-	1,772.87	280.78	30.49	-	311.27	1,461.60	1,492.09
	(1,772.87)	-	-	(1,772.87)	(250.29)	(30.49)	-	(280.78)		
(b) Computers	147.17	10.36	9.61	147.92	119.00	19.98	9.23	129.75	18.17	28.17
	(152.95)	(14.15)	(19.93)	(147.17)	(114.81)	(21.76)	(17.57)	(119.00)		
(c) Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-
	(0.94)	-	(0.94)	-	(0.94)	-	(0.94)	-		
(d) Vehicles	415.76	81.71	45.59	451.88	184.44	103.77	22.46	265.75	186.13	231.32
	(549.61)	(115.08)	(248.93)	(415.76)	(278.15)	(107.72)	(201.43)	(184.44)		
(d) Office equipment	9.93	2.97	2.99	9.91	6.38	1.51	1.35	6.54	3.37	3.55
	(10.74)	(2.75)	(3.56)	(9.93)	(8.01)	(1.35)	(2.98)	(6.38)		
Total	2,345.73	95.04	58.19	2,382.58	590.60	155.75	33.04	713.31	1,669.27	1,755.13
	(2,487.11)	(131.98)	(273.36)	(2,345.73)	(652.20)	(161.32)	(222.92)	(590.60)		

(₹ in lakhs)

B. Intangible assets (Acquired)	Gross block (At Cost)			Accumulated amortisation and impairment				Net block		
	Balance as at 1 April, 2016	Additions	Disposals	Balance as at 31st March, 2017	Balance as at 1 April, 2016	Amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31 March, 2016
Computer software	98.24	10.14	-	108.38	81.65	10.11	-	91.76	16.62	16.59
	(91.75)	(13.57)	(7.08)	(98.24)	(82.18)	(6.55)	(7.08)	(81.65)		
Total (A+B)	2,443.97	105.18	58.19	2,490.96	672.25	165.86	33.04	805.07	1,685.89	1,771.72
	(2578.86)	(145.55)	(280.44)	(2443.97)	(734.38)	(167.87)	(230.00)	(672.25)		

Note: Figures in brackets relate to the previous year

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 11 - NON-CURRENT INVESTMENTS

Particulars	Face Value ₹	As at 31 March, 2017		As at 31 March, 2016	
		Quantity	Amount ₹ in lakhs	Quantity	Amount ₹ in lakhs
Non trade investments (Fully paid, at cost)					
(a) Investment in equity instruments (Unquoted)					
(i) of associates					
Kotak Mahindra (International) Limited	US\$ 1	2,000,000	718.00	2,000,000	718.00
Kotak Mahindra Inc	US\$ 0.01	750,000	343.78	750,000	343.78
Kotak Investment Advisors Limited	10	2,250,070	226.01	2,250,070	226.01
Kotak Securities Limited	10	400,010	12,300.00	400,010	12,300.00
Infina Finance Private Limited	10	1,100,240	110.02	1,100,240	110.02
Kotak Infrastructure Debt Limited	10	62,000,000	6,200.00	-	-
(ii) of Joint Venture					
Kotak Mahindra Old Mutual Life Insurance Limited	10	63,366,753	6,336.68	63,366,753	6,336.68
(iii) of other entities					
9X Media Private Limited	10	128,400	12.84	128,400	12.84
(b) Investment in mutual funds (Unquoted)					
Kotak Mahindra Mutual Fund - FMP Series 147 Growth (maturing on 12th April 2018)	10	25,000,000	2,500.00	25,000,000	2,500.00
Kotak Mahindra Mutual Fund - FMP Series 148 Growth (maturing on 3rd April 2017)	10	-	-	7,500,000	750.00
(c) Investment in Venture Capital Funds (Unquoted)					
Kotak India Growth Fund	1,000	22,413.12	49.39	-	-
Kotak India Real Estate Fund	100,000	115.30	96.77	-	-
Total			28,893.49		23,297.33
Less: Provision for diminution in value of investments			17.47		7.85
Total			28,876.02		23,289.48

SCHEDULE 12 - DEFERRED TAX ASSETS (NET)

Components of deferred tax balances:	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
<u>Deferred tax liability</u>		
Depreciation	197.50	193.78
<u>Deferred tax asset</u>		
Provision for gratuity, compensated absences and stock appreciation rights & Incentives	210.41	218.52
Provision for doubtful debts	-	10.28
Others (including Service tax & Property tax liability)	48.92	26.05
Net deferred tax asset	61.83	61.07

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 13 - LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Security deposits	202.20	202.20
(b) Prepaid expenses	16.78	3.00
(c) Advance income tax (net of provisions ₹ 4,497.13 lakhs (Previous year ₹ 1,641.75 lakhs))	540.64	1,021.90
Total	759.62	1,227.10

SCHEDULE 14 - CURRENT INVESTMENTS INCLUDING CURRENT PORTION OF NON CURRENT INVESTMENTS (Non trade, fully paid at cost or fair value which ever is lower)

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Investment in mutual funds (Quoted)		
3,17,504.66 (Previous year 2,24,465.04) units of ₹ 1000 each of Kotak Liquid Scheme Plan A - Direct Plan - Growth	10,226.05	6,708.07
NIL (Previous year 9,93,164.86) units of ₹ 10 each of Birla Sunlife Mutual Fund Cash Plus Scheme - Direct Plan - Growth	-	2,395.00
7,500,000 (Previous year NIL) units of ₹ 10 each of Kotak Mahindra Mutual Fund Kotak Mahindra Mutual Fund - FMP Series 148 Direct Growth (maturing on 3rd April 2017)	750.00	-
(b) Investment in Venture Capital Funds (Unquoted)		
NIL (Previous year 24,234.74) units of ₹ 1,000 each of Kotak India Growth Fund	-	67.00
NIL (Previous year 277.91) units of ₹ 100,000 each of Kotak India Real Estate Fund	-	96.77
Kotak Alternate Opportunities (India) Fund *	315.89	625.83
(c) Investment in preference shares (Unquoted)		
NIL (Previous year 5,00,000) units of ₹ 10 each of Kotak Mahindra Prime Limited (date of redemption 15th April 2016)	-	5,000.00
Total	11,291.94	14,892.67

* Represents Company's share of beneficial interest in a trust.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 15 - TRADE RECEIVABLES

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment (unsecured, considered doubtful)	-	29.72
Less: Provision for doubtful trade receivables	-	29.72
	-	-
(b) Other Trade receivables (Unsecured, considered good)	637.18	1,451.66
Total	637.18	1,451.66

SCHEDULE 16 - CASH AND BANK BALANCES

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
(a) Cash and cash equivalents		
Balances with banks on current accounts	85.26	13.76
	85.26	13.76
(b) Other bank balances (Refer note below)		
Deposits with residual maturity of less than 12 months	7,500.00	3,471.47
Total	7,585.26	3,485.23

Notes:

- (i) Other bank balances include margin money ₹ 50 lakhs (As at 31 March, 2016 ₹ 50 lakhs) under lien of National Securities Clearing Corporation Limited

SCHEDULE 17 - SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Advances to related parties (refer note 30)	25.49	34.41
(b) Security deposits	9.67	-
(c) Loans and advances to employees	0.24	3.15
(d) Prepaid expenses	21.31	46.02
(e) Balances with government authorities		
Service tax input credit receivable	161.59	59.49
(f) Other receivables - Leases	35.84	32.03
Total	254.14	175.10

SCHEDULE 18 - OTHER CURRENT ASSETS

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Interest accrued on deposits with banks	73.74	42.53
Total	73.74	42.53

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 19 - REVENUE FROM OPERATIONS

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Sale of services:		
(i) Issue management and placement fees and underwriting commission (Refer Note 37)	5,166.85	4,289.91
(ii) Financial advisory fees (Refer Note 38)	4,702.07	5,262.44
Total	9,868.92	9,552.35

SCHEDULE 20 - OTHER INCOME

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Interest income (Refer Note (i) below)	576.87	349.48
(b) Dividend income:		
from non trade, current investments	0.03	5.03
(c) Net gain on sale of: current investments		
units of mutual fund	839.76	391.63
preference shares	1,994.58	-
(d) Net gain on sale of non-current investments	-	492.81
(e) Income distribution on Venture capital fund (Net)	-	104.60
(f) Other non-operating income (Refer Note (ii) below)	314.16	483.29
Total	3,725.40	1,826.84

Notes	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(i) Interest income comprises:		
Interest from bank deposits	476.46	241.88
Interest income from debentures	-	0.48
Interest on income tax refund	100.41	107.12
	576.87	349.48
(ii) Other non-operating income comprises:		
Rental income from operating leases	304.57	265.25
Profit on disposal of fixed assets (net)	2.01	34.88
Provision for doubtful debts no longer required written back	7.47	182.59
Miscellaneous income	0.11	0.57
	314.16	483.29

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 21 - EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Salaries and wages	4,376.58	4,056.32
Contributions to provident and other funds	188.30	198.59
Expense on employee stock option (ESOP) scheme (Refer Note 33(a))	-	-
Gratuity	56.98	67.92
Staff welfare expenses	34.83	41.87
Less : Recovery of Expenses (Refer Note 39)	(187.67)	(207.88)
Total	4,469.02	4,156.82

SCHEDULE 22 - FINANCE COSTS

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Interest on delayed / deferred payment of taxes	3.62	8.45
Total	3.62	8.45

SCHEDULE 23 - OTHER EXPENSES

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Electricity	52.53	58.27
Rent including lease rentals (Refer Note 30)	1,059.42	1,042.85
Repairs and maintenance - Others	121.48	122.09
Insurance	13.44	16.54
Rates and taxes	44.27	11.22
Communication	57.78	58.07
Travelling and conveyance	274.25	271.77
Printing and stationery	24.40	25.18
Legal and professional	351.86	188.36
Payments to auditors (Refer Note below)	16.00	16.00
Bad debts written off	66.13	34.00
Less:adjusted against provision	22.25	-
	43.88	34.00
Net loss on foreign currency transactions and translation	62.31	3.23
Net loss on investment in venture capital fund;		
i) current investments	4.14	-
ii) non-current investments	4.56	-
	8.70	-
Provision for doubtful trade receivables	-	15.77
Provision for diminution in value of non current investments	9.62	-
Diminution in value of current investments	158.93	16.82
Office Expenses	186.06	173.24
Advertisement Expenses	13.43	42.56
Common establishment expenses	467.70	382.11
Miscellaneous expenses	36.57	47.07
Less : Recovery of Expenses (Refer Note 39)	(109.18)	(123.20)
Total	2,893.45	2,401.95

Notes	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Payments to auditors comprises (net of service tax input credit):	16.00	16.00
As auditors - statutory audit		
Total	16.00	16.00

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 24 - CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
Contingent liabilities		
(a) Claims against the Company not acknowledged as debts		
Demand notice in respect of Income tax	10.30	10.30
(b) Corporate guarantee on behalf of fellow subsidiary (Refer Note 30)		
Hongkong and Shanghai Banking Corporation Limited (Singapore) (Rupee equivalent of Sing \$ 2,000,000)	928.25	985.30
(c) Commitments		
Uncalled liability on units of Venture Capital Fund - Kotak India Growth Fund	16.71	16.71

Note : In respect of items mentioned in (a) above till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained

SCHEDULE 25 - EARNINGS IN FOREIGN EXCHANGE

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Financial advisory fees	2,604.42	471.18
Reimbursement of out of pocket expenses	221.31	60.96

SCHEDULE 26 - EXPENDITURE IN FOREIGN CURRENCY

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Travelling expenses	38.62	44.48
Conference expenses	-	2.05
Membership and subscription	23.12	28.49
Business promotion expenses	0.80	-
Legal and professional expenses	171.17	-

SCHEDULE 27 - RECONCILIATION OF OPENING AND CLOSING BALANCE OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION FOR GRATUITY BENEFITS IS GIVEN BELOW.

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
Change in unfunded benefit obligations		
Opening defined benefit obligation	192.04	215.26
Service cost	16.35	23.13
Interest cost	15.64	17.98
Actuarial (gain)/loss on obligations	24.99	26.81
Liability assumed /(Settled on transfer of Employees)	(4.65)	(4.76)
Benefits paid	(55.71)	(86.38)
Present value of unfunded benefit obligations as at the end of the year	188.66	192.04

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Reconciliation of present value of the obligation and the fair value of the plan assets.

Particulars	(₹ in lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
Fair value of plan assets	-	-
Present value of defined benefit obligations	188.66	192.04
Net asset/ (liability) as at 31st March	(188.66)	(192.04)
Cost recognised for the year		
Current service cost	16.35	23.13
Interest cost	15.64	17.98
Expected return on plan assets	-	-
Actuarial (gain)/loss	24.99	26.81
Net gratuity cost	56.98	67.92

Experience Adjustments for the current annual period and previous four annual periods:

Particulars	(₹ in lakhs)				
	As at 31 March, 2017	As at 31 March, 2016	As at 31 March, 2015	As at 31 March, 2014	As at 31 March, 2013
Defined Benefit Obligation	188.66	192.04	215.26	197.48	231.95
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(188.66)	(192.04)	(215.26)	(197.48)	(231.95)
Experience Adjustment on Plan Liabilities	17.62	26.31	25.11	15.06	(37.18)
Experience Adjustment on Plan Assets	-	-	-	-	-

Actuarial assumptions used

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Discount rate	7.18% p.a	7.95% p.a.
Salary escalation rate	7.00%	8.50%
Expected return on plan assets	NA	NA
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult table	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

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

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 Statement of profit and loss. Under the scheme, the settlement obligation remains with the Company.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 28 - COMPENSATED ABSENCES

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

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Total liability	14,659,436	15,979,547
Assumptions :		
Discount rate	7.18%	7.95%
Salary escalation rate	7.00%	8.50%

SCHEDULE 29 - SEGMENT INFORMATION

The Company's business is organised into two segments namely - "Advisory and Transactional Services" and "Trading and Principal Investments"

The "Advisory and Transactional services" segment provides financial advisory services such as mergers and acquisition advice and equity-debt issue management services.

The "Trading and Principal Investments" segment deals in equity and derivatives, loans/deposits and investments.

Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns and the internal financial reporting system.

Segment information:

Particulars	For the year ended 31 March, 2017		Total
	Business segments		
	Advisory and Transactional Services	Trading and Principal Investments	
Segment Revenue			
Income from external customers	9,878.51	3,310.81	13,189.32
	(9,770.40)	(1,236.43)	(11,006.83)
Total Revenue	9,878.51	3,310.81	13,189.32
	(9,770.40)	(1,236.43)	(11,006.83)
Segment result	2,593.58	3,133.42	5,727.00
	(3,093.65)	(1,217.69)	(4,311.34)
Unallocable income			404.98
			(372.37)
Unallocable expenses			74.61
			(41.61)
Operating income			6,057.37
			(4,642.10)
Profit before taxes			6,057.37
			(4,642.10)
Tax expense			1,496.32
			(1,402.19)
Net profit for the year			4,561.05
			(3,239.91)

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

(₹ in lakhs)

Particulars	For the year ended 31 March, 2017		Total
	Business segments		
	Advisory and Transactional Services	Trading and Principal Investments	
Other Information			
Carrying amount of segment assets	1,100.00	48,027.46	49,127.46
	(1,882.36)	(41,910.43)	(43,792.79)
Unallocated corporate assets			2,098.16
			(2,603.78)
Total assets			51,225.62
			(46,396.57)
Carrying amount of segment liabilities	1,727.18	-	1,727.18
	(1,362.84)	-	(1,362.84)
Unallocated corporate liabilities			175.43
			(271.77)
Total liabilities			1,902.61
			(1,634.61)
Capital expenditure	105.18	-	105.18
	(145.55)	-	(145.55)
Depreciation and amortisation	135.37	-	135.37
	(137.31)	-	(137.31)
Unallocated depreciation and amortisation			30.49
			(30.49)

Note: Figures in bracket relate to the previous year

(₹ in lakhs)

Segment revenue comprises of:	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Revenue from operations (Refer Note 19)	9,868.92	9,552.35
Interest income (Refer Note 20(i))	476.46	242.36
Net gain on sale of non current investments	1,994.58	492.81
Net gain on sale of current investments	839.76	391.63
Income distribution on Venture Fund Investments	-	104.60
Dividend income on :		
from non trade, current investments	0.03	5.03
Provision for doubtful debts no longer required written back	7.47	182.59
Profit on sale of fixed assets	2.01	34.88
Miscellaneous income	0.11	0.57
Total Segment Revenue	13,189.34	11,006.82
Add: Unallocated Income	404.98	372.37
Total Income	13,594.32	11,379.19

Segment assets comprise mainly of trade and other receivables, investments, fixed assets, cash & bank balances. Unallocated corporate assets for the current year represent advance taxes, deferred taxes, buildings given on operating lease. Segment liabilities include loans, trade and other payables. Unallocated liabilities for the current year represents deposit received for premises given on operating lease and provision for tax .

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 30 - RELATED PARTY DISCLOSURES

(a) Details of related parties:

Description of relationship	Names of related parties
(i) Related parties where control exists:	
Holding Company	Kotak Mahindra Bank Limited (KMBL) {Holds 100% of the equity share capital}
Uday S. Kotak (Non executive Chairman) along with relatives and entities controlled by him holds 32.02% of the equity share capital of Kotak Mahindra Bank Limited as on March 31, 2017	
(ii) Other Related Parties	
(i) Fellow Subsidiaries: (including entities that are also associates)	<ul style="list-style-type: none"> • Kotak Investment Advisors Limited (also an associate) • Kotak Mahindra (International) Limited (also an associate) • Kotak Mahindra (UK) Limited • Kotak Mahindra Inc.(also an associate) • Kotak Securities Limited (also an associate) • Kotak Infrastructure Debt Fund Limited (Formerly known as Kotak Forex Brokerage Limited) (also an associate) • Kotak Mahindra Old Mutual Life Insurance Limited (Also Joint Venture) • Kotak Mahindra Prime Limited • Kotak Mahindra Investments Limited • Kotak Mahindra General Insurance Company Limited
(iii) Joint Venture	<ul style="list-style-type: none"> • Kotak Mahindra Old Mutual Life Insurance Limited – (Joint Venture with Kotak Mahindra Bank Limited; Old Mutual Plc; Kotak Mahindra Prime Limited. This is also a fellow subsidiary)
(iv) Key Management Personnel (KMP)	<ul style="list-style-type: none"> • Mr. Srinivasan Ramesh- Managing Director & CEO • Mr. Sourav Mallik - Joint Managing Director • Mr. T V Raghunath - Managing Director & CEO (upto 20th April,2015)

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

(b) The following transactions were carried out with related parties in the ordinary course of business (all figures in ₹ lakhs)

Nature of Transaction	Holding Company	Fellow subsidiary Companies										Joint Venture	Key Management Personnel	Total			
		Kotak Mahindra Bank Limited	Kotak Investment Advisors Limited	Kotak Mahindra (UK) Limited	Kotak Mahindra Inc. International Ltd.	Kotak Mahindra Securities Limited	Kotak Infrastructure Debt Fund (Formerly known as Kotak Forex Brokerage Limited)	Kotak General Insurance Company Limited	Kotak Mahindra Prime Ltd	Kotak Mahindra Old Mutual Life Insurance Limited	Kotak TV Raghunath				Kotak Srinivasan Ramesh	Kotak Sourav Mallik	
Finance																	
Interest received	476.46 (241.88)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	476.46 (241.88)
Fixed Deposit Placed	10,631.02 (13,306.47)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,631.02 (13,306.47)
Fixed Deposit encashed/ Matured	6,602.50 (10,968.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,602.50 (10,968.00)
Investments																	
Investment in Equity Shares	-	-	-	-	-	6,200.00	-	-	-	-	-	-	-	-	-	-	6,200.00
Interest /Dividend / Premium on Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipt and payments																	
Sale of Fixed assets	0.23 (24.68)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.23 (24.68)
Expenses reimbursement to other companies	1,679.90 (1,717.25)	-	-	-	3.46	151.32	-	-	2.11	-	-	-	3.58	-	-	-	1,840.37 (1,847.95)
Expenses reimbursement by other companies	253.04 (228.72)	11.18 (28.73)	-	-	(0.61)	(128.24)	-	366.61	-	-	-	-	(1.85)	-	-	-	630.83 (602.19)
Brokerage /fee/commission sharing of revenue	-	-	-	-	-	2,779.64	-	(344.74)	-	-	-	-	-	-	-	-	2,779.64
Remuneration* @	-	-	-	-	-	(1,856.54)	-	-	-	-	-	-	-	-	-	-	(1,856.54)
Balance Outstanding as of end of year																	
Bank Balance	85.26 (13.76)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85.26 (13.76)
Fixed Deposit Balance including accrued interest	7,573.74 (3,514.01)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,573.74 (3,514.01)
Payables	50.11 (17.51)	-	-	-	-	54.70	-	(142.45)	-	-	-	-	-	-	-	-	104.81 (159.96)
Short term Advances	0.00 (2.16)	0.67 (2.16)	-	-	-	24.82	-	(32.25)	-	-	-	-	-	-	-	-	25.49 (34.41)
Guarantees Outstanding	-	-	928.25 (985.30)	-	-	-	-	-	-	-	-	-	-	-	-	-	928.25 (985.30)

Figures in brackets relates to the previous year.

* Excludes provision for gratuity and leave encashment, since these are based on actuarial valuations done on an overall Company basis.

@ Managerial remuneration provided in the current year includes excess remuneration approved by shareholders, in accordance with section 197 (1) of the Companies Act 2013, in an Extra Ordinary General Meeting held subsequent to Balance Sheet date.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

SCHEDULE 31 - Details of leasing arrangements

- (a) Assets taken on lease
- (i) The Company has taken office and residential premises under operating lease or leave and license agreements. These are generally renewable or cancelable at the option of the Company and range between 11 months to 36 months.
- (ii) Rent payments are recognized in the Statement of Profit and Loss under "Rent" and are disclosed in Note 23 – Other Expenses
- (b) Asset given on lease
- (i) The Company has given office premises under operating lease. These are generally renewable or cancelable at the option of the Lessee and range between 12 months to 120 months.
- (ii) Rent receipts are recognized in the Statement of Profit and Loss under "Rent" are disclosed in Note 20(ii) – "Other non operating Income"

(₹ in lakhs)

Future minimum lease payments expected to be received under non-cancelable lease:	For the year ended 31 March, 2017	For the year ended 31 March, 2016
not later than one year	66.15	63.28
later than one year and not later than five years	291.08	281.15
later than five years	112.85	188.92

SCHEDULE 32 - EARNINGS PER SHARE (EPS)

(₹ in lakhs)

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
The numerator and denominator used to calculate Basic and Diluted Earnings per share		
Profit attributable to Equity shareholders (₹ in lakhs) – (A)	4,561.05	3,239.91
Basic /Weighted average number of Equity shares outstanding during the year – (B)	3,436,149.00	3,436,149.00
Nominal value of Equity shares (₹)	10.00	10.00
Basic / Diluted Earnings per share – (A) / (B)	132.74	94.29

SCHEDULE 33 - INTEREST IN JOINT VENTURES

In terms of a joint venture agreement entered into by the Company with Kotak Mahindra Bank Limited, Old Mutual Plc. and Kotak Mahindra Prime Limited, the Company holds 12.42% (Previous year 12.42%) ownership interest in Kotak Mahindra Old Mutual Life insurance Limited (incorporated in India) which falls under the category of Jointly Controlled Entity as per Accounting Standard 27 viz., Financial Reporting of Interests in Joint Ventures issued under the Companies Accounting Standard Rules, 2006.

Aggregate amounts of assets, liabilities, income and expenses related to the interest in the jointly controlled entity based on the unaudited accounts for the year ended 31st March, 2017:

(₹ in lakhs)

Name of companies and country of incorporation	Assets	Liabilities	Income	Expenditure	Contingent liabilities	Capital commitments
Kotak Mahindra Old Mutual Life Insurance Limited (India)	2,707.95	2,481.36	942.64	904.98	4,056.89	110.43
	(2,183.17)	(1,994.24)	(564.06)	(532.92)	(3,396.11)	(89.26)

Note: Figures in brackets relate to the previous year

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

34. (a) Equity Settled Options

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

- (a) Kotak Mahindra Equity Option Scheme 2007; and
- (b) Kotak Mahindra Equity Option Scheme 2015

Consequent to the above, the Bank has granted stock options to employees of the Company. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments", the excess, if any, of the market price of the share, preceding the date of grant of the option under ESOSs over the exercise price of the option is amortised on a straight-line basis over the vesting period. The Company has reimbursed the Bank ₹ NIL (Previous Year ₹ NIL) during the year on account of such costs and the same is forming part of Employee costs and included under the head "Expense on ESOP Scheme" under Note 21 Employee Benefit Expenses.

(b) 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 ranges from 0.08 years to 2.75 years. Details of the activity are summarized below:

Reconciliation of number of SARs

Particulars	Year ended 31 March, 2017	Previous year ended 31 March, 2016
Outstanding at the beginning of the year	48,603	30,966
Granted during the year	46,030	70,019
Addition/reduciton due to transfer of employees	(552)	(13,050)
Exercised during the year	(10,448)	(28,916)
Expired during the year	(3,314)	(10,416)
Outstanding at the end of the year:	80,319	48,603

Effect of grant of SARs to employees on the Statement of profit and loss and on its financial position:

Particulars	Year ended 31 March, 2017	Previous year ended 31 March, 2016
Total Employee Compensation Cost	334.52	253.50
Closing balance of liability	376.67	126.25

(₹ in lakhs)

(c) Impact of Equity settled options and SARs.

Had the company recorded the compensation cost computed on the basis of Fair Valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 127.10 Lakhs (Previous year ₹ 68.58 Lakhs) and the profit after tax would have been lower by ₹ 83.11 Lakhs (Previous year ₹ 44.84 Lakhs). Consequently the basic and diluted EPS would have been ₹ 130.32 (Previous year ₹ 92.98 Lakhs).

35. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act 2006. In the absence of confirmations from the suppliers, disclosures, if any, relating to unpaid amounts as at the year end together with interest paid/ payable as required under the said Act have not been given.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

36. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2017		As at 31 March, 2016	
Receivable ₹ in lakhs	Receivable in Foreign currency	Receivable ₹ in lakhs	Receivable in Foreign currency
504.57	USD 7,78,056	18.13	USD 27,369
		53.32	JPY 90,39,474
		0.10	GBP 100
		0.80	EUR 1,060
Payable ₹ in lakhs	Payable in Foreign currency	Payable ₹ in lakhs	Payable in Foreign currency
-	-	5.92	USD 8,942.03

37. Issue management and placement fees and underwriting commission is net of incentives / brokerages paid to brokers and fees / commission shared aggregate to ₹ 2,792.59 lakhs (Previous year ₹ 1,856.53 lakhs).

38. Advisory fees are net of sharing and fees shared aggregate to ₹ 56.53 lakhs (Previous year ₹ NIL lakhs).

39. Recovery of expenses in Note 21 – Employee Benefits Expenses and Note 23 – Other Expenses are amounts recovered from the holding company, subsidiaries and fellow subsidiaries towards the value of costs apportioned of the Company's employees and facilities in accordance with the agreements on allocation of expenses with the companies.

40. 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	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 8 Nov 16 with entity/ entity branches	27,000	7,787	34,787
Add: Permitted Receipts	-	60,000	60,000
Less: Permitted Payments		(50,832)	(50,832)
Less: Amount Deposited in Bank	(27,000)	-	(27,000)
Closing Cash in hand as on 30 Dec 16	-	16,955	16,955

41. As per the provisions of the Section 135 of the Companies Act, 2013 the Company is required to contribute for Corporate Social Responsibility Activities. The Company has contributed ₹ 5 lacs to the Kotak Education Foundation in the current financial year. The Company's CSR program is associated with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding Company. KMBL is building its CSR capabilities on a sustainable basis and the Company is committed to gradually increase its CSR spend in the coming years.

A. Details of CSR expenditure

a) Gross amount required to be spent during the year ₹ 43.80 lacs (Previous year ₹ 32.32 lacs)

	In cash	Yet to be paid in cash	Total
(b) Amount spent during the year ending on 31st March, 2017:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	5.00	-	5.00
(c) Amount spent during the year ending on 31st March, 2016:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	2.00	-	2.00

42. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

