

Kotak Mahindra Investments Limited  
Annual Report 2016-17



**CHANGING  
WITH INDIA.  
FOR INDIA.**



# DIRECTORS' REPORT

To the Members of,  
**KOTAK MAHINDRA INVESTMENTS LIMITED**

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

## FINANCIAL HIGHLIGHTS

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
	₹ in Lac	₹ in Lac
Gross income	76,169.82	60,371.15
Profit before tax	29,011.18	23,590.11
Provision for tax	9,368.29	8,200.01
Profit after tax	19,642.89	15,390.10
Balance of Profit from previous years	47,248.63	34,938.53
Amount available for appropriation	66,891.52	50,328.63
<b>Appropriations :</b>		
Special Reserve u/s 45IC of the RBI Act, 1934	3,930.00	3,080.00
Net Profit after tax carried to Balance Sheet	62,961.52	47,248.63

## DIVIDEND

With a view to conserve your Company's resources, the Directors do not recommend any Dividend (Previous Year: Nil).

## DEBENTURES

During the year, unsecured, redeemable, non-convertible debentures in the form of subordinated debt of face value of ₹10 lac each for an aggregate amount of ₹150 crore were issued and allotted on private placement basis.

Pursuant to various circulars issued by the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) from time to time, the Company continues to issue secured non-convertible debentures on private placement basis and list mostly all non-convertible debentures issued, on the BSE Limited under Information Memorandums issued by the Company from time to time. The Company has appointed IDBI Trusteeship Services Limited and Axis Trustee Services Limited as Debenture Trustees to the issues. The contact details of the Debenture Trustees are:

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|---|---|
| <p>(i) IDBI Trusteeship Services Limited<br/>Asian Building, Ground Floor,<br/>17 R. Kamani Marg, Ballard Estate,<br/>Mumbai 400 001<br/>Contact No.: +91- 9870 544 151; 022 - 4080 7050<br/>Email: vaibhavi@idbitrustee.com   Website: www.idbitrustee.com</p> | <p>(ii) Axis Trustee Services Limited<br/>Axis House, Ground Floor, Wadia International Centre,<br/>Bombay Dyeing Mills Compound, Pandurang Budhkar Marg,<br/>Worli, Mumbai – 400 025<br/>Contact No.: 022 – 6226 0085<br/>Email: indraprakash.rai@axistrustee.com   Website: www.axistrustee.com</p> |
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## CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of your Company as on 31st March 2017 was at 16.84% (Tier I – 13.83%).

## CREDIT RATING

The Company's short-term borrowing program from CRISIL Limited is rated "A1+". Further, the long-term secured borrowing program is rated "AAA/Stable" by CRISIL Limited.

Also, the Company's Tier II borrowing program is rated "AAA/Stable" by CRISIL Limited & ICRA Limited.

A1+ indicates highest-credit-quality rating and AAA indicates high-credit-quality rating with stable outlook assigned by ICRA and CRISIL. Instruments with these ratings are considered to have high degree of safety regarding timely servicing of financial obligations and such instruments carry very low credit risk.

## **FINANCE**

During the year, your Company witnessed decent growth in Balance Sheet and the funding requirement was met through various instruments like Non-Convertible Debentures (NCDs), Commercial papers (CPs), Inter-corporate deposits (ICDs), etc. Your Company has been continuously diversifying its funding sources and has a pool of lenders comprising of Mutual Funds, Insurance Companies, Banks and Corporates. As on 31st March 2017, your Company has adequate capital and healthy debt equity ratio. Your Company with its strong treasury philosophies and practices is well geared to meet the challenges of a dynamic interest rate and liquidity environment in future.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Company Business**

Your Company is primarily into lending business comprising of lending against securities, lending to real estate sector and corporates, structured financing apart from holding certain strategic Investments.

During the financial year, the customer advances grew by about 46% to ₹ 6,905 crore as of March 2017 vis-à-vis ₹ 4,795 crore as of March 2016. Profit before tax for the year is ₹ 290.1 crore vis-a-vis ₹ 235.9 crore for previous year. Gross NPA ratio to overall advances were maintained at 0.12% as of March 2017 vis-à-vis 0.08% as of March 2016.

The Company's business revolves around creating and maintaining strong client relationships, continuous product innovation coupled with tight control on credit quality and effective risk monitoring & management. The Company enables its clients to pursue their business strategies and execute value-creating transactions for mutual growth, at the same time remaining agile to adapt to evolving broader business ecosystem. It is well positioned to harness all opportunities that may be offered in the current economic environment.

It always endeavors to adopt the best practices and ensures highest standards of Corporate Governance through fair, ethical and transparent governance practices.

### **Industry Developments & Outlook**

The major lending activities of the Company are focused on Capital Markets, Real Estate Sector and Corporates including structured financing.

#### Capital Markets:

FY17 was arguably one of the best years for capital markets since the financial crisis of 2009. Market witnessed a flurry of activity, especially in the primary issuance segment. Macroeconomic stability reflected in declining inflation, balanced external account, controlled fiscal deficit and projected India as a beacon of hope in an otherwise uncertain world. This was also reflected in the confidence reposed by external investors in the country, where large amounts were invested both through the FII as well as FDI route. Domestic Mutual Funds also witnessed strong inflows leading to record high AUMs. Your Company's capital market business benefitted from the robust surge in activity especially in the wholesale Promoter Financing segment. Other parts of the business also operated at higher scale. The coming year is expected to remain strong for capital markets and resultantly for this segment of your Company's business.

#### Real Estate:

The Company has performed well in growing the customer advances in the sector by 56% year on year and improving the overall health of the portfolio, despite the turbulence prevalent in the market place. Considering the stress in the sector and in line with the risk appetite of the firm, your Company focused on lending to more established players with better credit profile maintaining healthy asset cover and focus on cash flows (60% of the total lending book in real estate represents project finance and Lease rent discounting). This resulted in a robust business portfolio with wider and deeper coverage, albeit at slightly reduced overall spreads. The financial year 2016-17 continued to see challenges in the real estate sector. While demonetization sent shock waves and added another quarter of depressed sales numbers, heightened measures to curb the parallel economy continued to put pressure on the sector. Implementation of The Real Estate (Regulation & Development) Act, 2016 (RERA) is expected to bring transparency and efficiency in the system in the medium term leading to improved buyer confidence. Commercial offtake has seen sustained momentum except select pockets, though there may be challenges going forward with a new world order clouded by protectionism. Government's focus on housing for all has come as a great opportunity for the sector with stakeholders aligning themselves to the vision.

Business looks geared to handle the myriad uncertainties expected on account of RERA and GST regimes. After this phase of consolidation, your Company is cautiously optimistic of capitalizing on the upturn in the sector, as and when it kicks in, while ensuring negligible reversals.

#### Structured Finance:

The Company has firmly established itself as a provider of structured and customized financing solutions across the credit spectrum, which has helped it metamorphose from merely a provider of capital to trusted advisors & preferred partners for its clients. The financial year 2016-17 saw the Company spreading its wings in the structured finance segment; it has now delivered financing solutions across the capital structure of its clients, from senior

debt, to securitized off balance sheet pools, to Leveraged Buy-out (LBO) structures etc. In few cases, the Company exhibited tremendous agility to capitalize on the rapidly changing landscape. For instance, post change in taxation guidelines for securitization, the Company was among the first investors in this segment, thus contributing to growth in the segment itself. As various indicators are signaling increase in economic activity, the Company believes that many more companies shall be requiring solutions which are innovative and leverage fully upon the unique strengths of each of them. The Company is standing at an enviable position on these economic crossroads and is well poised to take advantage of various opportunities the market is going to come up with.

Overall it anticipates a fairly positive sentiment for all the three major lending businesses in which we are present.

### **Opportunities & Threats**

There will be opportunities for the Company to grow both in market share as well as book size in the lending business.

While implementation of RERA will present its challenges, over a period it will lead to healthy development of real estate market and reduce risks in the sector.

Increasing economic activity will offer more opportunity for financing in the structured space including growth capital, promoter financing for consolidation etc.

Key challenges going forward are (i) Margin pressure due to softening of interest rates (ii) Stiff competition from existing and new players (iii) Pressures on maintaining credit quality (iv) Global macroeconomic challenges bringing uncertainties to Indian economy.

Fundamentally our country has been showing good resilience against uncertainties and volatilities. Domestic macro-economic factors seem to be favorable. Key to sustainable growth of your Company would be right credit decisions with focus on risk adjusted returns for which it is well positioned.

### **Internal Controls**

The Internal Audit department of the holding company Kotak Mahindra Bank Limited, regularly conducts a review to assess the financial and operating controls. Reports of the audits conducted by the Internal Audit department are presented to the Audit Committee.

### **Human Resources**

The Company is professionally managed & it follows open, transparent & meritocratic policy to nurture the human resources. Human resources function is managed by the Group Human Resources team of its holding company, Kotak Mahindra Bank Limited. It encourages and facilitates long term careers with the Company and engaged workforce is a high priority for us, as we recognise people as our most valuable asset.

### **Information Technology**

The Company uses the technology platforms owned and managed by its holding company, Kotak Mahindra Bank Limited. The loan management system CORE and Security Management application NLADs has capacity to scale based on business requirements. The modular nature of the system supports efficiency in operations coupled with strong systems and operational controls.

### **Cautionary Note**

Certain statements in the 'Management Discussion and Analysis' section may be forward-looking and are stated as may be required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Your Company does not undertake to update these statements.

## **DIRECTOR'S & KEY MANAGERIAL PERSONNEL**

### **Directors retiring by rotation during the year**

Mr. K.V.S. Manian (DIN: 00031794), Director, retires by rotation at the Twenty Ninth Annual General Meeting and being eligible, has offered himself for re-appointment.

### **Change in Directors during the year**

The Board of Directors of the Company at its meeting held on 9th December 2016 appointed Mr. Paritosh Kashyap (DIN: 07656300) as an Additional Director of the Company. Further, the Board also appointed him as a Managing Director of the Company for a period of two years with effect from 9th December 2016, subject to the approval of the Members at the General Meeting. Accordingly, the members at the Extraordinary General Meeting of the Company held on 23rd March 2017 appointed Mr. Paritosh Kashyap as the Director and Managing Director of the Company.

Mr. Paritosh Kashyap, prior to his appointment as a Managing Director of the Company was functioning as a Chief Executive Officer & Manager of the Company under the Companies Act, 2013 since 1st October 2013. Mr. Kashyap, aged 48 years is a B.Com, ACA and ACWA having 24 years of vast experience in the field of Treasury Management, Debt Capital Market, Real Estate Sector, Capital Market and Structured Finance.

Mr. Arvind Kathpalia (DIN:02630873) resigned as a Director of the Company with effect from 9th December 2016. Your Directors place on record their appreciation for the valuable advice and guidance rendered by Mr. Kathpalia during his tenure as a Director of the Company.

#### **Declaration from Independent Directors**

The Board has received declarations from the Independent Directors as per the requirement of Section 149(7) of the Companies Act, 2013 and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013.

#### **Board Evaluation**

The Nomination and Remuneration Committee of the Company's Board has formulated the criteria for performance evaluation of the Directors and the Board as a whole. The criteria formulated broadly covers the Board role, Board/Committee membership, practice & procedure and collaboration & style.

In line with the SEBI Guidance note on Board Evaluation, a Board effectiveness assessment questionnaire was designed for the performance evaluation of the Board, its Committees, Chairman and individual directors and in accordance with the criteria set and covering various aspects of performance including structure of the board, meetings of the board, functions of the board, role and responsibilities of the board, governance and compliance, evaluation of risks, grievance redressal for investors, conflict of interest, relationship among directors, director competency, board procedures, processes, functioning and effectiveness. The said questionnaire was circulated to all the directors of the Company for the annual performance evaluation.

Based on the assessment of the responses received to the questionnaire from the directors on the annual evaluation of the Board, its Committees, Chairman and the individual Directors, a summary of the Board Evaluation was placed before the meeting of the Independent Directors for consideration. Similarly, the Board at its meeting assessed the performance of the Independent Directors. The Directors were satisfied with the results of the performance evaluation of the Board & its Committees, Chairman and individual directors.

#### **Cessation of Manager**

Consequent to appointment of Mr. Paritosh Kashyap as a Managing Director of the Company, he ceased to be a Manager of the Company with effect from 9th December 2016.

#### **Key Managerial Personnel (KMPs)**

In terms of the provisions of Section 203 of the Companies Act, 2013, Mr. Paritosh Kashyap, Managing Director & Chief Executive Officer, Mr. Pankaj Gupta, Chief Financial Officer and Mr. Jignesh Dave, Company Secretary, are the Key Managerial Personnel of the Company.

#### **Appointment & Remuneration of Directors and KMPs**

The Nomination and Remuneration Committee of the Board of Directors of the Company has formulated criteria for appointment of Senior Management personnel and the Directors. Based on the criteria set it recommends to the Board the appointment of Directors and Senior Management personnel. The Committee considers the qualifications, experience fit & proper status, positive attributes as per the suitability of the role and independent status and various regulatory/statutory requirements as may be required of the candidate before such appointment.

The Board has adopted a Remuneration Policy for the Whole-time Directors, Chief Executive Officer and other employees of the Company. The Policy is in line with the Compensation Policy of Kotak Mahindra Bank Ltd., its holding company, which is based on the Guidelines issued by Reserve Bank of India. The salient features of the Remuneration Policy are as follows:

- Objective is to maintain fair, consistent and equitable compensation practices in alignment with Kotak's core values and strategic business goals.
- Applicable to all employees of the Company. Employees classified into 3 groups:
  - o Whole-time Directors/Chief Executive Officer
  - o Risk, Operations & Support Staff
  - o Other categories of Staff

- Compensation structure broadly divided into Fixed, Variable and ESOPs
  - o Fixed Pay – Total cost to the Company i.e. Salary, Retirals and Other Benefits
  - o Variable Pay – Linked to assessment of performance and potential based on Balanced Key Result Areas (KRAs), Standards of Performance and achievement of targets with overall linkage to Bank budgets and business objectives. The main form of incentive compensation includes – Cash, Deferred Cash/Incentive Plan and Stock Appreciation Rights.
  - o ESOPs – Granted on a discretionary basis to employee based on their performance and potential with the objective of retaining the employee.
- Compensation Composition – The ratio of Variable Pay to Fixed Pay and the ratio of Cash v/s Non Cash within Variable pay outlined for each category of employee classification.
- Any variation in the Policy to be with approval of the Nomination & Remuneration Committee.
- Malus and Clawback clauses applicable on Deferred Variable Pay.

Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors have adopted a compensation policy for the Independent Directors (IDs) of the Company. The salient features of the Compensation Policy are as follows:

- Compensation structure broadly divided into:
  - o Sitting fees
  - o Re-imburement of expenses
  - o Commission (profit based)
- Amount of sitting fees and commission to be decided by the Board from time to time, subject to the regulatory limits.
- IDs not eligible for any stock options of Kotak Mahindra Bank Ltd., the Company's holding company.

At the Annual General Meeting of the Company held on 14th June 2016, the shareholders approved the payment of commission to the IDs of the Company with effect from the financial year 2015-16.

Remuneration to the KMPs i.e. Chief Executive Officer, Chief Financial Officer and the Company Secretary, is as per the terms of their employment.

#### Number of Board Meetings

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

#### Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

##### 1. Ratio of the remuneration of each director to the median remuneration of the employees for the financial year:

Name	Title	Ratio	Ratio excluding SARs
Mr. Paritosh Kashyap*	Managing Director & CEO	10.27x	7.72x

\* Refer Note 1

##### 2. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Director/KMP	Title	% increase in remuneration	% increase in remuneration excluding SARs
Mr. Paritosh Kashyap*	Managing Director & CEO	0.69	6.35
Mr. Pankaj Gupta	CFO	(8.92)	1.66
Mr. Jignesh Dave	CS & Sr. VP – Legal	(3.84)	5.40

\* Refer Note 1

**3. Percentage increase in the median remuneration of employees in the financial year:**

13.98% considering employees who were in employment for the whole of FY 2015-16 and FY 2016-17.

**4. Number of permanent employees on the rolls of Company at the end of the year: 88**

**5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

For employees other than managerial personnel who were in employment for the whole of FY 2015-16 and FY 2016-17 the average increase is 9.81% and 16.33% excluding SARs.

Average increase for managerial personnel is (1.25)% and 5.50% excluding SARs.

**6. Affirmation that the remuneration is as per the remuneration policy of the Bank:**

The Company is in compliance with its Remuneration Policy.

**Notes:**

- 1) Mr. Paritosh Kashyap who was a Manager & CEO of the Company was appointed as a Managing Director & CEO with effect from 9th December 2016.
- 2) The Independent Directors of the Company receive remuneration in the form of sitting fees for attending the Board/Committee meetings and in the form of an annual profit based commission. Such annual profit based commission was paid for the first time for FY 2015-16 during FY 2016-17.
- 3) Remuneration includes Fixed pay + Variable paid during the year + perquisite value as calculated under the Income Tax Act, 1961. However, it does not include value of Stock Options.
- 4) Stock Appreciation Rights (SARs) are awarded as variable pay. These are settled in cash and are linked to the average market price/closing market price of the stock of Kotak Mahindra Bank Ltd. on specified value dates. Cash paid out during the year is included for the purposes of remuneration.

**COMMITTEES**

**AUDIT COMMITTEE**

The Audit Committee consists of three members, Ms. Padmini Khare Kaicker (Chairperson), Mr. Chandrashekhar Sathe and Mr. Dipak Gupta, with any two members forming the quorum.

During the year, six meetings of the Committee were held.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee consists of three members, Mr. Chandrashekhar Sathe (Chairman), Mr. Dipak Gupta and Mr. K.V.S. Manian, with any two forming the quorum.

During the year, one meeting of the Committee was held.

**NOMINATION & REMUNERATION COMMITTEE**

The Nomination Committee and the Remuneration Committee consists of three members, Mr. Dipak Gupta (Chairman), Ms. Padmini Khare Kaicker and Mr. Chandrashekhar Sathe, with any two forming the quorum.

During the year, three meetings of the Committee were held.

**CREDIT COMMITTEE OF THE BOARD**

The Credit Committee of the Board was re-constituted with effect from 9th December 2016. It comprises of Mr. Dipak Gupta and Mr. K.V.S. Manian. The Committee considers the credit proposals upto a limit specified by the Board.

During the year, nineteen meetings of the Committee were held.

### **RISK MANAGEMENT COMMITTEE (RMC)**

RMC Board - Tier II, a supervisory Committee reviews the adequacy of the risk management process and up-gradation thereof. RMC Board - Tier II was re-constituted on 9th December 2016 and presently consists of Mr. Dipak Gupta, Mr. K.V.S. Manian and Mr. Paritosh Kashyap. The quorum comprises of any two members.

During the year, five meetings of the Committee were held.

### **AUDITORS**

The Company's Auditors, M/s. V.C. Shah & Co., Chartered Accountants, Mumbai (Firm Registration no.109818W), retire on the conclusion of Twenty Ninth Annual General Meeting (AGM). As per second proviso to Section 139(2) of the Companies Act, 2013, (the Act), a transition period of three years from the commencement of the Act is provided to appoint a new auditor if the existing auditor's firm has completed two terms of five consecutive years.

Accordingly, in terms of the said requirement of the Act, Price Waterhouse Chartered Accountant LLP (Firm Registration no. 012754N/N500016) are proposed to be appointed as auditors for a period of 5 years commencing from the conclusion of Twenty Ninth AGM till the conclusion of the Thirty Fourth AGM, subject to ratification by shareholders every year, as may be applicable, in place of M/s. V.C. Shah & Co., Chartered Accountants, Mumbai.

Price Waterhouse Chartered Accountant LLP, have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Audit Committee and the Board of Directors recommend the appointment of Price Waterhouse Chartered Accountant LLP, as statutory auditors of the Company from the conclusion of the Twenty Ninth AGM till the conclusion of Thirty Fourth AGM, to the shareholders. You are requested to appoint them and to fix their remuneration.

### **INTERNAL FINANCIAL CONTROLS**

The Board of Directors confirms that your Company has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

### **RELATED PARTY TRANSACTIONS**

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

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

All Related Party Transactions as required under Accounting Standards AS18 are reported in Notes to Accounts under clause no.36.

The Company's Policy on dealing with Related Party Transactions is available on the Company's website viz. URL: <http://www.kmil.co.in/customer-services/index.html>

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Pursuant to Section 186 of the Companies Act, 2013 read with Rule 11 of Companies (Meetings of Board and its Powers) Rules, 2014, the Company being a Non-Banking Financial Company registered with Reserve Bank of India, is exempt from the provisions of Section 186 of the Companies Act, 2013.

### **WHISTLE BLOWER POLICY & VIGIL MECHANISM**

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

The same is also put up on the Company's website viz. URL: <http://www.kmil.co.in/customer-services/index.html>

### **CORPORATE SOCIAL RESPONSIBILITY**

Your Company has a Corporate Social Responsibility (CSR) Committee consisting of Mr. Chandrashekar Sathe (Chairman), Mr. Dipak Gupta and Mr. K.V.S. Manian.

The 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 CSR policy is available on the Company's website viz. [www.kmil.co.in](http://www.kmil.co.in)

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 ₹156.54 crore.

The prescribed CSR expenditure required u/s 135, of the Act for FY 2016-17 is ₹313.08 lac.

The CSR expenditure incurred for the period 1st April 2016 to 31st March 2017 under Section 135 of Companies Act, 2013 amounts to ₹30 lac as against ₹25 lac CSR spend in the financial year 2015-16. The unspent amount for FY 2016-17 is ₹ 283.08 lac.

CSR expenditure of ₹30 lac in FY 2016-17 as a percentage of average net profit u/s 198 of the Company at ₹15,654.07 lac is 0.19%.

The Company has been spending on CSR focused themes and programmes, which have been approved by the Board CSR Committee and the Board. The CSR spending is guided by the vision of creating long-term benefit to the society. The Company is building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years. The Company's commitment to achieve the mandated spend can be seen from the increasing CSR spends over the years. In FY 2014-15, Company's CSR spend was ₹10 lac, in FY 2015-16 it was ₹25 lac. In the reporting period, FY 2016-17, the CSR expenditure has been further increased to ₹30 lac.

The details of CSR activities and report under Section 135 of the Companies Act, 2013 for FY 2016-17, are annexed to this Report.

## **RISK MANAGEMENT POLICY**

Your Company manages risk based on Risk Management framework which lays down guidelines in identifying, assessing and managing risks that the entity is exposed to. Risk Management Committee meetings are conducted on quarterly basis to review key risks like Credit Risk, Liquidity Risk, Operational Risk and various other risks.

## **EMPLOYEES**

The employee strength of your Company was Eighty Eight (88) as of 31st March 2017.

3 employees employed throughout the year and Nil employees employed for part of the year were in receipt of remuneration of ₹1.02 crore or more per annum.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has in place a Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal). No such instances were reported during the year.

In accordance with the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the Proviso to Section 136(1) of the Companies Act, 2013, the Directors' Report is being sent excluding the aforesaid annexure. The annexure is available for inspection at the Registered Office of your Company during the business hours on working days.

## **DEPOSIT**

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

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

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

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

### **ANNEXURES**

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

- (a) Extract of Annual Return under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of Companies (Management & Administration) Rules, 2014 (Annexure – A).
- (b) Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013 (Annexure – B).
- (c) Report on CSR activities pursuant to provisions of Section 135(4)(a) of the Companies Act, 2013, read with Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 (Annexure – C).

### **ACKNOWLEDGEMENTS**

The Board takes this opportunity to place on record, its gratitude for the valuable guidance and support received from the statutory and the regulatory authorities, its appreciation of the dedication and contribution of your Company's employees at all levels. The Board also acknowledges the faith reposed in the Company by the Company's lending institutions.

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

**Uday Kotak**  
**Chairman**

Place: Mumbai

Date: 18th April 2017

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31st March 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U65900MH1988PLC047986
ii)	Registration Date	5 <sup>th</sup> July 1988
iii)	Name of the Company	Kotak Mahindra Investments Ltd.
iv)	Category/Sub-Category of the Company	Non Banking Financial Company
v)	Address of the Registered office and contact details	27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Tel No. : (022) 61660000 Fax No.: (022) 67132403
vi)	Whether listed company (Yes/No)	Yes (Only non-convertible debentures are listed under the debt market segment)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg Bhandup (West) Mumbai - 400078 Tel : (022) 25946970

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Other Credit granting	64920	100%

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
<b>Holding Company</b>					
1	Kotak Mahindra Bank Ltd. 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	L65110MH1985PLC038137	Holding	100.00	2(87)
<b>Associate Companies</b>					
2	Phoenix ARC Pvt. Ltd. Dani Corporate Park, 5th floor, 158, CST Road, Kalina, Santacruz (E), Mumbai - 400 098	U67190MH2007PTC168303	Associate	30.00	2(6)
3	Matrix Business Services India Private Limited New No 10, Kuppuswamy Street, T. Nagar, Chennai - 600 017	U74140TN2003PTC051482	Associate	17.23	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	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	5,168,033	5,168,033	100.00	-	5,168,033	5,168,033	100.00	0.00
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub total (A) (1)</b>	<b>-</b>	<b>5,168,033</b>	<b>5,168,033</b>	<b>100.00</b>	<b>-</b>	<b>5,168,033</b>	<b>5,168,033</b>	<b>100.00</b>	<b>0.00</b>
<b>2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>-</b>	<b>5,168,033</b>	<b>5,168,033</b>	<b>100.00</b>	<b>-</b>	<b>5,168,033</b>	<b>5,168,033</b>	<b>100.00</b>	<b>0.00</b>
<b>B. Public Shareholding as per classification given by Depository</b>									
<b>1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 Lac	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Bodies Corporate	-	-	-	-	-	-	-	-	-
Foreign Bank	-	-	-	-	-	-	-	-	-
Foreign Bodies	-	-	-	-	-	-	-	-	-
Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-	-
HUF	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>5,168,033</b>	<b>5,168,033</b>	<b>100.00</b>	-	<b>5,168,033</b>	<b>5,168,033</b>	<b>100.00</b>	

**(ii) Shareholding of Promoters**

SI No.	Shareholder's Name	Shareholding at the beginning of the year			No. of Shares held at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	KOTAK MAHINDRA BANK LTD.	5,167,913	100.00	0	5,167,913	100.00	0.00	0.00
2	NOMINEES OF KOTAK MAHINDRA BANK LTD. (JOINTLY HOLDING WITH KOTAK MAHINDRA BANK LTD.)							
	Mr. C Jayaram	10	0.00	0	10	0.00	0.00	0.00
	Mr. Narayan S.A	10	0.00	0	10	0.00	0.00	0.00
	Mr. K.V.S. Manian	20	0.00	0	20	0.00	0.00	0.00
	Mr. Dipak Gupta	20	0.00	0	20	0.00	0.00	0.00
	Mr. Zuber Kazi	20	0.00	0	20	0.00	0.00	0.00
	Mr. R. Sundarraman	10	0.00	0	10	0.00	0.00	0.00
	Mr. Jaimin Bhatt	20	0.00	0	20	0.00	0.00	0.00
	Mr. T.V. Raghunath	10	0.00	0	10	0.00	0.00	0.00
	<b>Total</b>	<b>5,168,033</b>	<b>100.00</b>	<b>0</b>	<b>5,168,033</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

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

SI No.		No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company
	At the beginning of the year			No Change	
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):			No Change	
	At the end of the year			No Change	

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

SI No.	Category of Shareholders	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of share	% of total shares of the company	No. of shares - Decrease	No. of shares - Increase	Reason		No. of shares	% of total shares of the company
NIL									

(v) Shareholding of Directors and Key Managerial Personnel:

SI No.	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of share	% of total shares of the company	No. of shares Decrease	No. of shares Increase	Reason		No. of shares	% of total shares of the company
	<b>DIRECTORS</b> (Holding shares as nominee of Kotak Mahindra Bank Ltd. jointly with Kotak Mahindra Bank Ltd.)								
1	Dipak Gupta	20	0.00	-	-	-	31-03-2016	20	0.00
							31-03-2017	20	0.00
2	K.V.S. Manian	20	0.00	-	-	-	31-03-2016	20	0.00
							31-03-2017	20	0.00
	<b>KEY MANAGERIAL PERSONNEL</b>	<b>NIL</b>							

V. INDEBTEDNESS

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

(₹ in Lac)

	Secured Loans excluding deposits	Unsecured Loans	Deposits (Inter Corporate Deposits)	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	158,765.92	225,430.84	45,225.00	429,421.76
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,415.24	7,792.13	956.55	19,163.92
<b>Total (i+ii+iii)</b>	<b>169,181.16</b>	<b>233,222.98</b>	<b>46,181.55</b>	<b>448,585.69</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	247,201.37	821,031.42	153,750.00	1,221,982.79
• Reduction	198,597.10	654,401.90	152,500.00	1,005,498.99
<b>Net Change</b>	<b>48,604.28</b>	<b>166,629.52</b>	<b>1,250.00</b>	<b>216,483.80</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	207,370.19	392,060.37	46,475.00	645,905.56
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,371.20	9,477.76	1,113.04	20,962.00
<b>Total (i+ii+iii)</b>	<b>217,741.40</b>	<b>401,538.13</b>	<b>47,588.04</b>	<b>666,867.56</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in Lac)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Paritosh Kashyap (MD & CEO)#		
1.	Gross salary *			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	244.61		244.61
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 @	70.98		70.98
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-		-
2.	Stock Option	Cost included in 1(b) above		-
3.	Sweat Equity	-		-
4.	Commission	-		-
	- as % of profit			
	- Others, specify...			
5.	Others, please specify	-		-
	<b>Total (A)</b>	<b>315.59</b>		<b>315.59</b>
	Ceiling as per the Act **			

Notes:

- # Mr. Paritosh Kashyap who was a Manager & CEO was appointed as a Managing Director & CEO of the Company w.e.f. 9th December 2016.
- @ The perquisite value towards stock options includes the difference between exercise price & market price on the date of exercise. The same amounting to ₹ 70.58 lac for Mr. Paritosh Kashyap is not paid by the Company.
- \* Gross salary includes Basic salary, House Rent Allowance, Professional Allowance, Reimbursement of Medical expenses, Leave Travel Allowance, Annual Incentives and cost towards Stock Appreciation Rights.
- \*\* Remuneration payable to the Managing Director shall not exceed 5% of the net profit of the Company.

**B. Remuneration to other directors:**

(₹ in Lac)

Sl No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Chandrashekhar Sathe	Mr. Srikar Baljekar #	Ms. Padmini Khare Kaicker	
1	<b>Independent Directors</b>				
	Fee for attending board / committee meetings	5.60	-	5.20	10.80
	Commission **	2.00	1.00	1.50	4.50
	Others, please specify				
	<b>Total (1)</b>	<b>7.60</b>	<b>1.00</b>	<b>6.70</b>	<b>15.30</b>
2	<b>Other Non-Executive Directors</b>	<b>NIL</b>			
	Fee for attending board / committee meetings				
	Commission				
	Others - Remuneration				
	<b>Total (2)</b>				
	<b>Total (B)=(1+2)</b>				<b>15.30</b>
	Total Managerial Remuneration				
	Overall Ceiling as per the Act *				

Note:

- \* Remuneration payable shall not exceed 1% of the net profit of the Company
- \*\* Commission pertaining to FY 2015-16 paid during FY 2016-17
- # Resigned as an Independent Director w.e.f. 17th August 2015



**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in Lac)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary & Sr. Vice President - Legal	CFO	
1.	Gross salary*			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	58.23	37.07	95.30
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	45.15	0.35	45.50
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option @	Cost included in 1(b) above	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - Others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total	103.38	37.42	140.80

**Notes:**

@ The perquisite value towards stock options includes the difference between exercise price & market price on the date of exercise. The same amounting to ₹34.62 lac for Company Secretary & Sr. Vice President – Legal is not paid by the Company.

\* Gross salary includes Basic salary, House Rent Allowance, Professional Allowance, Reimbursement of Medical expenses, Transport Allowance, Leave Travel Allowance, Annual Incentives and cost towards Stock Appreciation Rights.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017**

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

To,  
The Members,

**KOTAK MAHINDRA INVESTMENTS LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kotak Mahindra Investments Limited** (hereinafter called the "**Company**").

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

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Kotak Mahindra Investments Limited** for the financial year ended on 31st March 2017, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
4. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings (**Not Applicable**);
5. The laws prescribed under Securities and Exchange Board of India Act, 1992 to the extent applicable:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable**);
  - d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable**);
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable**); and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFC's;
7. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
8. Prevention of Money Laundering Act, 2002 and the rules thereunder;
9. Other laws to the extent applicable to the Company as per the representations made by the Company.

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

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

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

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

#### **Companies Act 2013**

1. *The Company has incurred a total expenditure of Rupees Thirty Lakhs Only towards Corporate Social Responsibility activities. We further report that on the basis of the information available with us, the requisite disclosure pertaining to Corporate Social Responsibility is being made in the Directors Report of the Company.*

#### **I further report that**

The Board of Directors of the Company is duly constituted in accordance with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

#### **I further report that** during the audit period:

1. A Special Resolution was passed at the Annual General Meeting of the Company held on 14th June, 2016 by the members in pursuance to section 180(1)(c) of the Companies Act, 2013 for approving borrowing limits (exceeding the aggregate of paid-up capital and free reserves) and outstanding to the extent of an amount not exceeding ₹ 6,500 Crores.
2. A Special Resolution was passed at the Extra- Ordinary General Meeting of the Company held on 23rd March, 2017 by the members in pursuance to section 180(1)(c) of the Companies Act, 2013 for approving borrowing limits (exceeding the aggregate of paid-up capital and free reserves) and outstanding to the extent of an amount not exceeding ₹ 8,000 Crores.
3. A Special Resolution was passed at the Annual General Meeting of the Company held on 14th June, 2016 by the members in pursuance to section 42 of the Companies Act, 2013 for approving private placement of offers and invitations for issuance of secured non - convertible debentures.
4. A Special Resolution was passed at the Extra Ordinary General Meeting of the Company held on 23rd March, 2017 by the members in pursuance to section 42 of the Companies Act, 2013 for approving private placement of offers and invitations for issuance of unsecured non - convertible debentures.

Place: Mumbai

Date: 18th April, 2017.

**Rupal Dhiren Jhaveri**  
**FCS No: 5441**  
**Certificate of Practice No. 4225**

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

## Annexure A

To,  
The Members,

**KOTAK MAHINDRA INVESTMENTS LIMITED**

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

'Annexure A'

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

Place: Mumbai  
Date: 18th April, 2017.

**Rupal Dhiren Jhaveri**  
**FCS No: 5441**  
**Certificate of Practice No. 4225**

## CSR REPORT

Pursuant to provisions of Section 135(4)(1) of the Companies Act, 2013, read with Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014

1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>CSR activities at Kotak Mahindra Investments Limited are carried out in association with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding company.</p> <p>CSR Projects / Programme undertaken through Kotak Education Foundation.</p> <p>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013.</p> <p><a href="http://www.kmil.co.in/customer-services/index.html">http://www.kmil.co.in/customer-services/index.html</a></p>
2	The Composition of the CSR Committee.	<p>CSR Committee comprises of following Directors:</p> <ol style="list-style-type: none"> <li>1. Mr. Chandrashekhar Sathe – Chairman</li> <li>2. Mr. Dipak Gupta</li> <li>3. Mr. KVS Manian</li> </ol>
3	Average net profit of the company for last three financial years (Amount in crore)	₹156.54 crore
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above) (Amount in crore)	₹3.13 crore
5	<p>Details of CSR spent during the financial year.</p> <p>(1) Total amount to be spent for the F.Y.</p> <p>(2) Amount unspent, if any;</p> <p>(3) Manner in which the amount spent during the financial year :</p>	The Company has contributed an amount of ₹ 30 lac by contributing to initiatives of Kotak Education Foundation

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (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 spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	Cumulative Expenditure upto the reporting period	Amount spent: Direct or 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 pre-primary, 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 ₹10,000/-</p>	Promoting Education & Livelihood	Mumbai	30,00,000	1) 25,44,000 2) 3,75,000	65,00,000 (Out of this, Kotak Education Foundation has not utilised ₹ 81,000/-. This will be used towards meeting expenses for FY 2017-18)	30,00,000 (Implemented through the Kotak Education Foundation-KEF)
TOTAL CSR SPENDS U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2016-17							30,00,000

6. The Company has been spending on CSR focused themes and programmes, which have been approved by the Board CSR Committee and the Board. The CSR spending is guided by the vision of creating long-term benefit to the society. The Company is building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years. The Company's commitment to achieve the mandated spend can be seen from the increasing CSR spends over the years. In FY 2014-15, Company's CSR spend was ₹10 lac, in FY 2015-16 it was ₹25 lac. In the reporting period, FY 2016-17, the CSR expenditure has been further increased to ₹30 lac.
7. 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.

**Paritosh Kashyap**  
Managing Director & CEO

**Chandrashekhar Sathe**  
Chairman-CSR Committee

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF Kotak Mahindra Investments Limited

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the Internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its financial statements – Refer Note 26;
  - ii. The Company does not have any long term contracts including derivative contracts as at 31st March, 2017.
  - iii. There were no amounts as at 31st March, 2017 which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 28

Place: Mumbai  
Date: 18th April, 2017.

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

**V.C.Shah**  
Partner  
Membership No.: 10360



# "ANNEXURE A"

## TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Kotak Mahindra Investments Limited for the year ended 31st March, 2017)**

- i. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the management at reasonable intervals and according to the information and explanations given to us, no material discrepancies were noticed on such verification.  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable property being Premises, as disclosed in Note 12 on Property, Plant and Equipment to the financial statements, are held in the name of the Company.
- ii. The Company did not have any inventory during the year. Hence, the clause (ii) of paragraph 3 of the Order, is not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause (iii) of paragraph 3 of the Order are not applicable to the Company during the year under report.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Therefore, the provisions of Clause (iv) of paragraph 3 of the said Order are not applicable to the Company.
- v. The Company is registered with Reserve Bank of India as systemically important non-deposit accepting or holding non-banking financial company. Accordingly, the Company has not accepted any deposits from the public.
- vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act, for any of the services rendered by the Company
- vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues where applicable to it. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, or value added tax which have not been deposited on account of any dispute.
- viii. Based on our audit procedures, in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders. The Company did not have any borrowings from government during the year.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, clause (ix) of paragraph 3 of the Order is not applicable.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no instance of material fraud by the Company or on the Company by its officers or employees, has been noticed or reported during the course of our audit, nor have we been informed of any such case by the Management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is required to and has been registered under section 45-IA of the Reserve Bank of India Act, 1934 as a Systemically Important Non-deposit Accepting or Holding Non-Banking Financial Company.

Place: Mumbai  
Date: 18th April, 2017.

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

**V.C.Shah**  
Partner  
Membership No.: 10360

# **“ANNEXURE B”**

## **TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Kotak Mahindra Investments Limited for the year ended 31st March, 2017)**

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

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

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

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

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

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

### **Opinion**

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

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

**V.C.Shah**  
Partner  
Membership No.: 10360

Place: Mumbai  
Date: 18th April, 2017.

# AUDITOR'S REPORT UNDER "NON-BANKING FINANCIAL COMPANIES AUDITOR'S REPORT (RESERVE BANK) DIRECTIONS, 2008"

To,

**The Board of Directors of**

**KOTAK MAHINDRA INVESTMENTS LIMITED**

1. We have audited the financial statements of KOTAK MAHINDRA INVESTMENTS LIMITED, which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and issued our audit opinion vide our Independent Auditors' Report dated 18th April, 2017 thereon. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these financial statements based on our audit. Our audit was conducted in the manner specified in paragraph 3 – 'Auditors' Responsibility'- of the said report.
2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 ('the Directions') issued by Reserve Bank of India ('RBI'), based on our audit referred to in paragraph 1 above and information, explanations and representations given to us, which to the best of our knowledge and belief were necessary for this purpose, we furnish hereunder our report on the matters specified in paragraphs 3 and 4 of the said Directions, to the extent applicable to the company :

**A. Item 3(A) of the Directions:**

- i. The Company is engaged in the business of a non-banking financial institution ('NBFI'), as defined in section 45(a) of the Reserve Bank of India Act, 1934 ('the Act'), requiring it to obtain a Certificate of Registration ('CoR') under section 45-IA of the Act. The Company is registered with the RBI as an NBFI without accepting public deposits vide CoR No.B-13.01356 dated 8th September, 2000.
- ii. Based on the asset and income pattern as determined in accordance with the audited financial statements for the year ended 31st March, 2017, computed in the manner laid down in RBI Circular No. DNBS (PD) C.C. NO. 81 / 03.05.002 /2006-07 dated 19th October, 2006, and paragraph 15 of the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, the Company is entitled to continue to hold the CoR.
- iii. Based on the criteria set forth by the RBI vide circular No.DNBS.PD CC No.85/03.02.089/2006-07 dated 6th December, 2006 for classification of NBFCs, the Company is not an Asset Finance Company as defined in the Non-Banking Financial Companies Acceptance of Public Deposit (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the financial year ended 31st March, 2017.
- iv. Based on the criteria set forth by the RBI vide circular No.DNBS.PD.No.236/CGM(US)-2011 dated 2nd December, 2011 for classification of NBFCs the Company is not a NBFC-MFI as defined in the Non-Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2011 with reference to the business carried on by it during the financial year ended 31st March, 2017.

**B. Item 3(C) of the Directions:**

- i. The Board of Directors has passed a resolution dated 27th April, 2016 for the non-acceptance of public deposits.
  - ii. The Company has not accepted any public deposits during the year under report.
  - iii. The Company has complied with the Prudential Norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts, as applicable to it during the financial year ended 31st March, 2017 in terms of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
  - iv. In respect of Systemically Important Non-deposit taking NBFCs as defined in paragraph 2(1)(xxvi) of the Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015:
    - a) The Capital Adequacy Ratio (CRAR) of the Company as on 31st March, 2016 as disclosed in the Return submitted to the Bank in form NBS-7 is 18.20% and the same has been correctly arrived at and is in compliance with the minimum CRAR prescribed by the Bank.
    - b) The Company has furnished to the Bank the annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS-7) for the year 31st March 2016 within the stipulated period.
3. This report is issued solely for reporting on the matters specified in paragraphs 3 and 4 of the Directions, and is not intended to be used or distributed for any other purpose.

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

Chartered Accountants  
Firm Registration No.109818W

**V.C.Shah**

Partner  
Membership No.: 10360

Place: Mumbai  
Date: 18th April, 2017.

# BALANCE SHEET

## AS AT 31ST MARCH, 2017

	Notes	As at 31st March, 2017 ₹ in Lakh	As at 31st March, 2016 ₹ in Lakh
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	(3)	516.80	516.80
(b) Reserves and Surplus	(4)	103,237.89	83,595.00
<b>2. Non-current Liabilities</b>			
(a) Long-Term Borrowings	(5)	121,753.38	53,650.93
(b) Other Long Term Liabilities	(6)	1,272.37	1,271.22
(c) Long-Term Provisions	(7)	1,042.04	668.05
<b>3. Current Liabilities</b>			
(a) Short-Term Borrowings	(8)	428,792.99	282,109.87
(b) Trade Payables	(9)		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		356.73	300.34
(c) Other Current Liabilities	(10)	115,503.76	112,102.08
(d) Short-Term Provisions	(11)	2,972.43	2,455.59
<b>TOTAL</b>		<b>775,448.39</b>	<b>536,669.88</b>
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment	(12A)	141.30	154.80
(b) Intangible Assets	(12B)	6.60	14.34
(c) Non-Current Investments	(13)	22,901.66	29,345.62
(d) Deferred Tax Assets (net)	(30)	1,014.19	718.32
(e) Long-Term Loans and Advances	(14)	205,971.37	119,291.06
(f) Other non-current assets	(15)	2,136.21	1,752.65
<b>2. Current Assets</b>			
(a) Current Investments	(16)	44,012.56	22,814.75
(b) Trade Receivables	(17)	0.55	339.77
(c) Cash and Bank Balances	(18)	31,814.51	32,557.88
(d) Short-Term Loans and Advances	(19)	463,661.89	327,445.16
(e) Other current assets	(20)	3,787.55	2,235.53
<b>TOTAL</b>		<b>775,448.39</b>	<b>536,669.88</b>
See accompanying notes forming part of the financial statements			

As per our attached report of even date

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

Chartered Accountants

**V. C. Shah**

Partner

Membership No. 10360

Place : Mumbai

Dated : 18th April, 2017

For and on behalf of the Board of Directors

**K.V.S Manian**

Director

**Paritosh Kashyap**

Managing Director & CEO

**Pankaj Gupta**

Chief Financial Officer

**Jignesh Dave**

Company Secretary

# STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31ST MARCH, 2017

	Note	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ in Lakh	₹ in Lakh
<b>REVENUE</b>			
Revenue from Operations	(21)	68,596.43	55,570.87
Other Income	(22)	7,573.39	4,800.28
<b>TOTAL REVENUE</b>		<b>76,169.82</b>	<b>60,371.15</b>
<b>EXPENSES</b>			
Employee Benefits Expense	(23)	2,528.12	2,314.10
Interest and Finance Cost	(24)	41,404.62	32,406.92
Depreciation and Amortisation Expense		84.36	83.99
Other Expenses	(25)	3,141.54	1,976.03
<b>TOTAL EXPENSES</b>		<b>47,158.64</b>	<b>36,781.04</b>
<b>Profit before Tax</b>		<b>29,011.18</b>	<b>23,590.11</b>
<b>Tax Expense :</b>			
Current Tax			
- Pertaining to profit for the current year		(9,738.87)	(8,509.81)
- Adjustment of tax relating to earlier periods		74.71	86.45
Deferred Tax		295.87	223.35
<b>Profit for the Year</b>		<b>19,642.89</b>	<b>15,390.10</b>
Earning per Share on Equity Shares of ₹10 each			
-Basic and Diluted (in ₹)		380.08	305.18

See accompanying notes to the financial statements

As per our attached report of even date

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

Chartered Accountants

**V. C. Shah**

Partner

Membership No. 10360

Place : Mumbai

Dated : 18th April, 2017

For and on behalf of the Board of Directors

**K.V.S Manian**

Director

**Paritosh Kashyap**

Managing Director & CEO

**Pankaj Gupta**

Chief Financial Officer

**Jignesh Dave**

Company Secretary

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31ST MARCH 2017

	2016-2017		2015-2016	
	Amount (₹ in Lakh)	Amount (₹ in Lakh)	Amount (₹ in Lakh)	Amount (₹ in Lakh)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before taxation and extraordinary items</b>	29,011.18		23,590.11	
Adjustments for :				
Depreciation	84.36		83.99	
Profit on Long Term Investments	(2,651.03)		(42.19)	
Interest on Long Term Investments	(3,786.36)		(2,789.10)	
Interest on Current Investments	(104.37)		(68.27)	
Profit on Current Investments	(737.27)		(1,019.64)	
Discount Income on certificate of deposits	(55.16)		(82.97)	
Discount accreted on Corporate Bond Repo	(1.63)		(32.49)	
Dividend on Long Term Investments	(25.85)		(17.26)	
Profit on Sale of Property, Plant and Equipment	(4.49)		(4.35)	
Provision for standard assets	978.04		621.67	
Provision written back for doubtful receivables, loans and advances	226.63		(200.10)	
Provision for Diminution in Investments	2.63		23.89	
<b>Operating Profit before Working Capital Changes</b>	<b>22,936.69</b>		<b>20,063.29</b>	
Increase in Loans and Advances	(223,202.09)		(126,181.16)	
(Increase) / Decrease in Trade Receivables	339.22		(313.99)	
(Increase) / Decrease in Other Non-Current Assets	786.81		(540.66)	
(Increase) / Decrease in Other Current Assets	11,005.86		(13,882.10)	
Increase in Current Liabilities	349.78		1,966.45	
Increase in Trade Payables	56.39		76.97	
Increase in Other Long Term Liabilities	1.14		647.85	
Increase in Provisions	14.27		589.34	
<b>Cash used in Operations</b>	<b>(187,711.93)</b>		<b>(117,574.01)</b>	
Income Taxes paid	(9,687.22)		(7,751.74)	
<b>Cash Flows used in Operating Activities (A)</b>		<b>(197,399.15)</b>		<b>(125,325.75)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Investments	(2,385,388.35)		(3,805,094.91)	
Sale of Investments	2,374,076.95		3,779,412.24	
Dividend on Long Term Investments	25.85		17.26	
Interest on Long Term Investments	1,880.24		2,111.81	
Purchase of Property, Plant and Equipment	(64.09)		(150.54)	
Sale of Property, Plant and Equipment	5.46		4.60	
<b>Cash Flows used in Investing Activities (B)</b>		<b>(9,463.94)</b>		<b>(23,699.54)</b>

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31ST MARCH 2017

	2016-2017		2015-2016	
	Amount (₹ in Lakh)	Amount (₹ in Lakh)	Amount (₹ in Lakh)	Amount (₹ in Lakh)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase in Equity Share Capital	-		7,000.00	
Increase in Secured Loans	48,404.35		45,689.77	
Increase in Unsecured Loans	169,433.13		101,502.24	
<b>Cash Flows from Financing Activities (C)</b>		<b>217,837.48</b>		<b>154,192.01</b>
<b>Net Increase In Cash &amp; Cash Equivalents (A + B + C)</b>		<b>10,974.39</b>		<b>5,166.72</b>
<b>Cash &amp; Cash Equivalents At The Beginning Of The Year</b>		<b>10,480.83</b>		<b>5,314.11</b>
<b>Cash &amp; Cash Equivalents At The End Of The Year</b>		<b>21,455.22</b>		<b>10,480.83</b>

### Notes :

1. Cash and cash equivalents include :		
Bank Balances	5,045.22	2,640.83
Fixed Deposits with original maturity of less than 3 months	16,410.00	7,840.00
<b>Total cash and cash equivalents</b>	<b>21,455.22</b>	<b>10,480.83</b>

2. The Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

3. The previous year's figures have been re-grouped, wherever necessary in order to conform to this year's presentation.

As per our attached report of even date

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

Chartered Accountants

**V. C. Shah**

Partner

Membership No. 10360

Place : Mumbai

Dated : 18th April, 2017

For and on behalf of the Board of Directors

**K.V.S Manian**

Director

**Paritosh Kashyap**

Managing Director & CEO

**Pankaj Gupta**

Chief Financial Officer

**Jignesh Dave**

Company Secretary



# NOTES

## FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

### 1. CORPORATE INFORMATION

Kotak Mahindra Investments Limited (the Company) is registered as a Non-Banking Financial Company with Reserve Bank of India. The company is engaged in providing finance for loan against securities, corporate loans, developer funding and such other activities as holding long term strategic investments. The company is a 100% subsidiary of Kotak Mahindra Bank Ltd.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting standards under section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies. The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for the change in accounting policies disclosed hereafter.

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

#### B. USE OF ESTIMATES

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

#### C. REVENUE RECOGNITION

- a. Interest income is recognised on accrual basis except in case of non-performing assets where it is recognised, upon realisation, as per RBI guidelines. Overdue/ penal interest is recognised as income on realisation.
- b. Interest income in respect of advances granted on assignment of retail receivables is accounted for by using the internal rate of return method to provide a constant periodic rate of return on the net investment outstanding on the contract.
- c. Dividend income is accounted on an accrual basis when the Company's right to receive the dividend is established.
- d. Fee income is recognized when due.
- e. In respect of non-performing assets acquired from other banks / NBFCs / Financial Institutions / Companies, collections in excess of the consideration paid for acquisition at each asset level or portfolio level is treated as income.

#### D. PROPERTY, PLANT AND EQUIPMENT

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

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment at rates which are higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage

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

of property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end. Estimated useful lives over which assets are depreciated are as follows:

Asset Type	Useful life in years
Premises	58
Leasehold Improvements	Over the period of lease subject to a maximum of 6 years
Office Equipment	5
Computers	3
Furniture and Fixtures	6
Vehicles	4

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

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

### E. INTANGIBLE ASSETS

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

Asset Type	Useful life in years
Software and System Development	3

### F. INVESTMENTS

Investments are classified into long term investments and current investments. Investments which are intended to be held for more than one year from the date, on which investments are made, are classified as long term investments and investments which are intended to be held for less than one year from the date, on which investments are made, are classified as current investments. Brokerage, stamping and additional charges paid are included in the cost of investments.

Long term investments are accounted at cost (applying weighted average cost method) and provision for diminution in value is made to recognise a decline, other than temporary, in the value of investment, such reduction being determined and made for each investment individually. Long term investments in the nature of unquoted or quoted debentures, not actively traded in the markets, are treated as term loans or other type of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification, in line with the RBI guidelines.

Current investments are valued at cost (applying weighted average cost method) or fair value/market value whichever is lower. In case of investments in units of a mutual fund, the NAV of units is considered as market / fair value.

The Company invests in Pass through Certificates (PTCs) of other SPVs which are accounted for at the deal value and are classified under Investments.

Investments in PTCs are valued based on the Yield to Maturity for Government Securities as published by FIMMDA / PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit rating along with residual maturity issued by FIMMDA is adopted for this purpose.

# NOTES

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

### G. DISCOUNTED INSTRUMENTS

The liability is recognized at face value at the time of issuance of discounted instruments. The discount on the issue is amortised over the tenure of the instrument.

### H. BORROWING COST

Borrowing costs other than those directly attributable to qualifying Fixed Assets are recognised as an expense in the period in which they are incurred.

### I. TAXES ON INCOME

The Income Tax expense comprises Current tax and Deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income tax Act, 1961. Deferred tax adjustments comprises of changes in the deferred tax assets and liabilities. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on account of timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted before the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the statement of profit and loss in the period of 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 the deferred tax asset can be realised.

### J. EMPLOYEE BENEFITS

- a. Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to the statement of profit and loss when due.
- b. The Company contributes up to 10% of eligible employees salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Company recognizes such contributions as an expense in the year when an employee renders the related service.
- c. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Company accounts for liability for future gratuity benefits based on actuarial valuation. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.
- d. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.
- e. The amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service. These benefits include performance incentives.
- f. 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.
- g. As per the Company policy, employees of the Company are eligible for an award after completion of a specified number of years of service with the Company. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of fellow subsidiary.

### K. EMPLOYEE SHARE BASED PAYMENTS

#### Cash-settled scheme:

The cost of cash-settled scheme (stock appreciation rights) is measured initially using intrinsic value method at the grant date taking into

# NOTES

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

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 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 'Provision for Stock Appreciation Rights' under the head Employee Benefit Expense.

### L. ADVANCES

Advances are classified into standard, sub-standard, doubtful and loss assets in accordance with the RBI guidelines and are stated net of provisions made towards non-performing assets. Provision for standard assets and non-performing assets comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines..

### M. SEGMENTAL ACCOUNTING

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

### N. EARNINGS PER SHARE

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

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

### O. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

### P. LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

### Q. IMPAIRMENT OF ASSETS

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

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Lakh	₹ in Lakh
<b>Note 3 : SHARE CAPITAL</b>		
<b>Authorised</b>		
58,000,000 Equity Shares of ₹ 10/- each	5,800.00	5,800.00
1,200 Non Cumulative Redeemable Preference Shares of ₹ 1,00,000/- each	1,200.00	1,200.00
<b>Total</b>	<b>7,000.00</b>	<b>7,000.00</b>
<b>Issued, Subscribed and Fully Paid up</b>		
5,168,033 Equity Shares of ₹ 10/- each	516.80	516.80
<b>Total</b>	<b>516.80</b>	<b>516.80</b>

### Reconciliation of number of Shares and Equity Share Capital

Particulars	31 March 2017		31 March 2016	
	No. of shares	₹ in Lakh	No. of shares	₹ in Lakh
Outstanding at the beginning of the year	5,168,033	516.80	4,641,717	464.17
Add : Issued during the year	-	-	526,316	52.63
Less : Buy back during the year	-	-	-	-
Outstanding at the end of the year	5,168,033	516.80	5,168,033	516.80

### Terms/Rights attached to Equity Shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Kotak Mahindra Bank Limited, the holding company, holds 5,168,033 (P.Y. 5,168,033) equity shares of ₹ 10/- each

### Shareholders holding more than 5% of Equity Share Capital

Name of Shareholder	31 March 2017		31 March 2016	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Kotak Mahindra Bank Ltd. and its nominees	5,168,033	100%	5,168,033	100%
	5,168,033	100%	5,168,033	100%

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 4 - RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>		
Balance as at the beginning and end of the year	1,003.85	1,003.85
<b>Securities Premium Account</b>		
Balance as at the beginning of the year	23,591.22	16,643.85
Add: Received during the year on issuance of equity shares	-	6,947.37
Balance as at the end of the year	<b>23,591.22</b>	<b>23,591.22</b>
<b>General Reserve</b>		
Balance as at the beginning and end of the year	431.10	431.10
<b>Special Reserve</b>		
Under Section 45 IC of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	11,320.20	8,240.20
Add: Transferred from Statement of Profit and Loss	3,930.00	3,080.00
Balance as at the end of the year	<b>15,250.20</b>	<b>11,320.20</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	47,248.63	34,938.53
Add : Profit for the current year	19,642.89	15,390.10
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	3,930.00	3,080.00
Balance as at the end of the year	<b>62,961.52</b>	<b>47,248.63</b>
<b>Total</b>	<b>103,237.89</b>	<b>83,595.00</b>

		As at 31st March, 2017	As at 31st March, 2016
		₹ in Lakh	₹ in Lakh
<b>NOTE 5 -LONG TERM BORROWINGS</b>			
<b>Secured</b>			
6,040 (P.Y. 3,375) Redeemable Non-Convertible			
Debentures fully paid, privately placed	A	60,400.00	33,750.00
3,280 (P.Y. 1,238) Deep Discount Non-Convertible			
Debentures privately placed	B	32,800.00	12,380.00
Less : Unamortised Discount on Debentures		3,696.62	1,204.07
		<b>29,103.38</b>	<b>11,175.93</b>
<b>Unsecured</b>			
2,000 (P.Y. 500) Redeemable Non-Convertible Subordinated Debt Bonds in form of			
Debentures fully paid, privately placed	C	20,000.00	5,000.00
Intercompany Deposits	D	12,250.00	3,725.00
<b>Total</b>		<b>121,753.38</b>	<b>53,650.93</b>

### Notes :

These debentures are redeemable at par. The Non Convertible Debentures and Deep Discount Debentures are secured by way of first pari-passu, non exclusive, charge on Immovable property and Current Assets /Movable Properties, Investments and Book debts of the company, in favour of the debenture Trustees.

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### Interest and Repayment Terms of Long Term Borrowings :-

#### A) Non-Convertible Debentures

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	(₹ in Lakh)	(%)	(₹ in Lakh)
Fixed Interest Rate ; Repayable at Maturity				
1-2 years	7.65 to 8.73	60,400.00	8.41 to 8.90	30,850.00
2-3 years	N.A.	-	8.73%	2,900.00
<b>Total</b>		<b>60,400.00</b>		<b>33,750.00</b>

#### B) Deep Discount Debentures

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	(₹ in Lakh)	(%)	(₹ in Lakh)
Fixed Interest Rate ; Repayable at Maturity				
1-2 years	7.96 to 8.03	27,452.68	8.72 to 9.57	11,175.93
2-3 years	N.A.	-	N.A.	-
3-5 years	7.95 to 8.60	1,650.70	N.A.	-
<b>Total</b>		<b>29,103.38</b>		<b>11,175.93</b>

#### C) Non-Convertible Debentures - Subordinated Debts

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	(₹ in Lakh)	(%)	(₹ in Lakh)
<b>Related Parties</b>				
Fixed Interest Rate ; Repayable at Maturity				
7-10 years	8.35 to 9.00	20,000.00	9.00	5,000.00
<b>Total</b>		<b>20,000.00</b>		<b>5,000.00</b>

#### D) Inter-Corporate Deposit

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	(₹ in Lakh)	(%)	(₹ in Lakh)
Fixed Interest Rate ; Repayable at Maturity				
1-2 years	6.75	1,550.00	8.51 to 8.97	3,725.00
2-3 years	N.A.	-	N.A.	-
3-5 years	6.75	10,700.00	N.A.	-
<b>Total</b>		<b>12,250.00</b>		<b>3,725.00</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 6 - OTHER LONG TERM LIABILITIES</b>		
<b>Others</b>		
Interest accrued but not due on borrowings	1,272.37	1,271.22
<b>Total</b>	<b>1,272.37</b>	<b>1,271.22</b>

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 7 - LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	130.81	128.97
Provision for Accumulated Compensated Absences	88.60	88.20
Provision for Stock Appreciation Rights	52.85	40.05
Provision for Long Service Awards	5.14	5.20
<b>Provision- Others</b>		
Contingent Provisions against Standard Assets	764.64	405.63
<b>Total</b>	<b>1,042.04</b>	<b>668.05</b>

		As at 31st March, 2017	As at 31st March, 2016
		₹ in Lakh	₹ in Lakh
<b>NOTE 8 - SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
Loan repayable on demand			
- Overdraft facility from Bank	A	22,000.00	13,000.00
<b>Unsecured</b>			
Commercial Paper	B	393,685.00	234,760.00
Less : Unamortised Discount		12,392.01	6,650.13
		381,292.99	228,109.87
Intercompany Deposits	C	25,500.00	41,000.00
<b>Total</b>		<b>428,792.99</b>	<b>282,109.87</b>



# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### Notes :

- A) The Overdraft facilities are secured by way of first, pari passu, non exclusive charge on receivables, book debts, current assets and investments of the company, in favour of the Trustees.

#### Interest and Repayment Terms of Short Term Borrowings :-

##### Overdraft facility from Bank

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lakh	(%)	₹ in Lakh
Floating Interest Rate ; Repayable at any time				
0-1 year	MCLR + spread upto 50 basis point	22,000.00	Base Rate + spread upto 25 basis point	13,000.00
<b>Total</b>		<b>22,000.00</b>		<b>13,000.00</b>

##### B) Commercial Paper

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lakh	(%)	₹ in Lakh
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	6.75 to 8.75	381,292.99	8.15 to 9.31	228,109.86
<b>Total</b>		<b>381,292.99</b>		<b>228,109.86</b>

##### C) Inter-Corporate Deposit

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lakh	(%)	₹ in Lakh
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	6.75 to 8.60	25,500.00	8.35 to 9.50	41,000.00
<b>Total</b>		<b>25,500.00</b>		<b>41,000.00</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 9 -TRADE PAYABLES *</b>		
<b>Total outstanding dues of creditors other than micro enterprises and small enterprises</b>		
Trade Payables	165.19	180.10
Sundry Creditors	191.54	120.24
<b>Total</b>	<b>356.73</b>	<b>300.34</b>

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

		As at 31st March, 2017	As at 31st March, 2016
		₹ in Lakh	₹ in Lakh
<b>NOTE 10 -OTHER CURRENT LIABILITIES</b>			
	Notes		
<b>Current maturities of long-term debt</b>			
Secured Redeemable Non-Convertible			
Debentures fully paid, privately placed	A	53,350.00	54,900.00
Secured Deep Discount Non-Convertible			
Debentures privately placed	B	48,920.00	52,710.00
Less : Unamortised Discount on Debentures		1,682.80	1,849.70
		<b>47,237.20</b>	<b>50,860.30</b>
Intercompany Deposits	C	8,725.00	500.00
Interest accrued but not due on borrowings		5,736.62	5,293.37
Income received in advance		5.52	67.53
<b>Other Payables</b>			
Employee Benefits Accrued		306.84	275.39
Statutory Dues		142.58	205.49
<b>Total</b>		<b>115,503.76</b>	<b>112,102.08</b>

A) These debentures are redeemable at par. The Non Convertible Debentures and Deep Discount Debentures are secured by way of first, pari-passu, non exclusive charge on Immovable property and Current Assets /Movable Properties, Investments and Book debts of the company, in favour of the debenture Trustees.

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### Interest and Repayment Terms of Long Term Borrowings :-

#### Non-Convertible Debentures

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lakh	(%)	₹ in Lakh
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	8.06 to 8.90	53,350.00	8.67 to 10.50	54,900.00
<b>Total</b>		<b>53,350.00</b>		<b>54,900.00</b>

#### B) Deep Discount Debentures

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lakh	(%)	₹ in Lakh
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	7.50 to 9.57	47,237.20	8.55 to 9.85	50,860.30
<b>Total</b>		<b>47,237.20</b>		<b>50,860.30</b>

#### C) Inter-Corporate Deposit

Residual Maturity	As at 31st March 2017		As at 31st March 2016	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lakh	(%)	₹ in Lakh
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	8.05 to 8.97	8,725.00	8.80	500.00
<b>Total</b>		<b>8,725.00</b>		<b>500.00</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 11 - SHORT TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	14.96	13.78
Provision for Accumulated Compensated Absences	13.85	12.55
Provision for Stock Appreciation Rights	84.37	87.57
<b>Provision - Others</b>		
Contingent Provisions against Standard Assets	1,651.12	1,032.08
Provision for Taxation	1,208.13	1,309.61
(Net of Advance Taxes ₹ 24,753.73 lakhs (P.Y. ₹9,515.71 lakhs))		
<b>Total</b>	<b>2,972.43</b>	<b>2,455.59</b>

### NOTE 12 A - PROPERTY, PLANT AND EQUIPMENT

(₹ In Lakh)

DESCRIPTION	GROSS BLOCK			Balance As at 31 March 2017	Balance As at 1 April 2016	DEPRECIATION			NET BLOCK	
	Balance As at 1 April 2016	Additions during the year	Disposals during the year			Depreciation Charge For the year	On Disposals	Balance As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Premises	10.26	-	-	10.26	2.47	0.18	-	2.65	7.61	7.78
Office Equipment	5.78	6.39	-	12.17	4.82	1.43	-	6.25	5.93	0.97
Furniture & Fixtures	1.28	-	-	1.28	1.28	-	-	1.28	-	0.00
Computers	55.20	8.82	1.21	62.81	34.32	12.57	0.94	45.95	16.86	20.89
Vehicles	238.76	48.89	15.32	272.33	113.60	62.45	14.62	161.43	110.90	125.16
<b>TOTAL</b>	<b>311.28</b>	<b>64.10</b>	<b>16.53</b>	<b>358.85</b>	<b>156.49</b>	<b>76.63</b>	<b>15.56</b>	<b>217.56</b>	<b>141.30</b>	<b>154.80</b>
Previous Year	180.33	135.50	4.55	311.28	84.54	76.26	4.31	156.49	154.80	95.79

### NOTE 12B- INTANGIBLE ASSETS

(₹ In Lakh)

DESCRIPTION	GROSS BLOCK			Balance As at 31 March 2017	Balance As at 1 April 2016	DEPRECIATION			NET BLOCK	
	Balance As at 1 April 2016	Additions during the year	Disposals during the year			Depreciation Charge For the year	On Disposals	Balance As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Software and System Development	23.22	-	-	23.22	8.88	7.74	-	16.62	6.60	14.34
<b>TOTAL</b>	<b>23.22</b>	<b>-</b>	<b>-</b>	<b>23.22</b>	<b>8.88</b>	<b>7.74</b>	<b>-</b>	<b>16.62</b>	<b>6.60</b>	<b>14.34</b>
Previous Year	8.19	15.03	-	23.22	1.14	7.74	-	8.88	14.34	7.05

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### NOTE 13 - NON CURRENT INVESTMENTS (Non Trade)

	Face Value ₹	As at	As at	As at	As at
		31-03-2017	31-03-2017	31-03-2016	31-03-2016
		Quantity	Amount	Quantity	Amount
			₹ in Lakh		₹ in Lakh
<b>(I) INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>(at cost less provision for other than temporary diminution;)</b>					
<b>Unquoted and fully paid up Equity shares in:</b>					
<b>In Associates</b>					
Phoenix ARC Pvt Limited	10	50400000	6,100.50	50400000	6,100.50
Matrix Business Services (India) Pvt Limited	10	90000	201.91	90000	201.91
			<b>6,302.41</b>		<b>6,302.41</b>
<b>In Others</b>					
DSP Merrill Lynch Limited	10	5	0.01	5	0.01
Business Standard Private Limited	10	1000	0.20	1000	0.20
Amitabh Bachchan Corporation Limited	10	325000	260.00	325000	260.00
TAIB Capital Corporation Limited	10	245000	15.54	245000	15.54
Elbee Express Pvt Limited	10	400000	225.00	400000	225.00
Arun Processors Limited	10	643125	0.00	643125	0.00
Svasti Microfinance Pvt Limited	10	54920	50.14	54920	50.14
Less: Provision for Diminution			417.70		417.70
			<b>133.19</b>		<b>133.19</b>
<b>TOTAL INVESTMENTS IN EQUITY INSTRUMENTS (I)</b>			<b>6,435.60</b>		<b>6,435.60</b>
<b>(II) INVESTMENT IN DEBENTURES</b>					
<b>(at cost less provision for other than temporary diminution;)</b>					
<b>A. Quoted and fully paid up Debentures in:</b>					
Muthoot Fincorp Limited *	100000	-	-	7000	6,889.42
<b>Sub-total (A)</b>			-		<b>6,889.42</b>
<b>B. Unquoted and fully paid up Debentures in:</b>					
Jawala Real Estate Private Ltd	50000000	4	2,000.00	8	4,000.00
Shriram Industrial Holdings Limited	1000000	900	9,000.00	900	9,000.00
Liquid Investment and Trading Company Private Limited	1000000	150	1,500.00	300	3,000.00
<b>Sub-total (B)</b>			<b>12,500.00</b>		<b>16,000.00</b>
<b>TOTAL INVESTMENTS IN DEBENTURES (A + B) (II)</b>			<b>12,500.00</b>		<b>22,889.42</b>
<b>(III) OTHER INVESTMENTS</b>					
<b>(at cost less provision for other than temporary diminution;)</b>					
A.Venture Funds					
Kotak India Real Estate Fund-I-Class B Units	1.00	290,141	2.90	290,141	2.90

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	Face Value ₹	As at	As at	As at	As at
		31-03-2017	31-03-2017	31-03-2016	31-03-2016
		Quantity	Amount	Quantity	Amount
			₹ in Lakh		₹ in Lakh
Kotak Alternate Opportunities (India) Fund - Class B Units			2.63		10.00
Kotak India Venture Fund - Class B Units	0.10	926,030	0.93	2,696,700	2.70
Kotak India Growth Fund -II-Class B Units	1.00	500,000	5.00	500,000	5.00
Less: Provision for Diminution			2.63		-
<b>Sub-total (A)</b>			<b>8.83</b>		<b>20.60</b>
<b>B. Investment in Pass Through Certificates</b>					
Magma Fincorp Limited Securitisation Trust XXXVIII			3,957.23	-	-
<b>Sub-total (B)</b>			<b>3,957.23</b>		<b>-</b>
<b>TOTAL OTHER INVESTMENTS (A + B) (III)</b>			<b>3,966.06</b>		<b>20.60</b>
<b>TOTAL INVESTMENTS (I+II+III)</b>			<b>22,901.66</b>		<b>29,345.62</b>
Aggregate of Quoted Investments					
- at cost			-		6,889.42
- at market value			-		6,889.42
Aggregate of Unquoted Investments					
- at cost			22,901.66		22,456.20
Aggregate provision for diminution in value of investments			420.32		417.70

\* Quotes not available

	As at 31st March, 2017 ₹ in Lakh	As at 31st March, 2016 ₹ in Lakh
<b>NOTE 14 - LONG TERM LOANS AND ADVANCES</b>		
<b>Advance Taxes paid and tax deducted at source</b>		
Unsecured, considered good (Net of Provision for Taxes NIL (P.Y. ₹5,548.71 lakhs))	3.54	81.96
<b>Other loans and advances under financing activity</b>		
Secured, considered good *	201,005.86	119,207.88
Unsecured, considered good (including debts due by officer of the company ₹4.77 lakhs (P.Y. ₹ 0.32 lakhs))	4,961.97	1.22
<b>Total</b>	<b>205,967.83</b>	<b>119,209.10</b>
	<b>205,971.37</b>	<b>119,291.06</b>

	As at 31st March, 2017 ₹ in Lakh	As at 31st March, 2016 ₹ in Lakh
<b>NOTE 15 - OTHER NON-CURRENT ASSETS</b>		
Interest accrued but not due on loans and advances	3.21	758.89
Interest accrued on Investments	2,133.00	962.63
<b>Others</b>		
- Fixed Deposits with Banks with residual maturity of more than 12 months	-	31.13
<b>Total</b>	<b>2,136.21</b>	<b>1,752.65</b>

(\*) Secured by way of pledge of securities and/or mortgage of property and/ or hypothecation of receivables and/ or undertaking to create a security.

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### NOTE 16 - CURRENT INVESTMENTS (Non Trade)

	Face Value ₹	As at	As at	As at	As at
		31-03-2017 Quantity	31-03-2017 Amount ₹ in Lakh	31-03-2016 Quantity	31-03-2016 Amount ₹ in Lakh
<b>INVESTMENTS (at lower of cost and fair value)</b>					
<b>(I) INVESTMENT IN DEBENTURES</b>					
<b>Unquoted and fully paid up Debentures in:</b>					
<b>(including current portion of Long Term Investments)</b>					
Liquid Investment and Trading Company Private Limited	1000000	150	1,500.00	-	-
Peninsula Land Limited	500000	1000	5,000.00	-	-
Jawala Real Estate Private Limited	50000000	4	2,000.00	-	-
Godrej & Boyce Manufacturing Company Limited	50000000	-	-	20	10,000.00
<b>TOTAL INVESTMENTS IN DEBENTURES (I)</b>			<b>8,500.00</b>		<b>10,000.00</b>
<b>(II) INVESTMENT IN CERTIFICATE OF DEPOSITS</b>					
<b>Unquoted and fully paid up units in Certificate of Deposits of:</b>					
Canara Bank	-	-	-	10,000	9,814.75
<b>TOTAL INVESTMENTS IN CERTIFICATE OF DEPOSITS (II)</b>			-		<b>9,814.75</b>
<b>(III) INVESTMENT IN MUTUAL FUNDS</b>					
<b>Unquoted and fully paid up units in Mutual Fund of:</b>					
Kotak Liquid Scheme Plan A (Institutional Premium) - Growth		606,696.792	20,000.00	97,695.405	3,000.00
UTI Liquid Cash Plan - Institutional - Direct Plan - Growth		375,580.464	10,000.00	-	-
<b>TOTAL INVESTMENTS IN MUTUAL FUNDS (III)</b>			<b>30,000.00</b>		<b>3,000.00</b>
<b>(IV) OTHER INVESTMENTS</b>					
<b>A. Venture Funds</b>					
Kotak Alternate Opportunities (India) Fund - Class A Units			75.77	-	-
<b>Sub-total (A)</b>			75.77		-
<b>B. Investment in Pass Through Certificates</b>					
<b>(including current portion of Long Term Investments)</b>					
Magma Fincorp Limited Securitisation Trust XXXVIII			5,436.79	-	-
<b>Sub-total (B)</b>			<b>5,436.79</b>		-
<b>TOTAL OTHER INVESTMENTS (A + B) (IV)</b>			<b>5,512.56</b>		-
<b>TOTAL CURRENT INVESTMENTS (I+II+III+IV)</b>			<b>44,012.56</b>		22,814.75
<b>Aggregate of Quoted Investments</b>					
- at cost			-		-
- at market value			-		-
<b>Aggregate of Investments</b>					
- at cost			44,012.56		22,814.75
<b>Aggregate provision for diminution in value of investments</b>			-		-

	As at 31st March, 2017 ₹ in Lakh	As at 31st March, 2016 ₹ in Lakh
<b>NOTE 17 - TRADE RECEIVABLES</b>		
<b>Outstanding for a period exceeding six months</b>	-	-
<b>Others</b>		
Unsecured, considered good	0.55	339.77
<b>Total</b>	<b>0.55</b>	<b>339.77</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 18 - CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
- in current accounts	5,045.22	2,640.83
- in Deposits with original maturity of less than 3 months	16,410.00	7,840.00
	<b>21,455.22</b>	<b>10,480.83</b>
<b>Other Bank Balances</b>		
- Deposits with residual maturity of less than 12 months	10,359.29	22,077.05
<b>Total</b>	<b>31,814.51</b>	<b>32,557.88</b>

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 19 - SHORT TERM LOANS AND ADVANCES</b>		
<b>Loans and advances to related parties</b>		
Unsecured, considered good (including debts due by officer of the company NIL (P.Y. 17.36 lakhs)	15.90	33.17
<b>Prepaid Expenses</b>		
Unsecured, considered good	20.80	16.66
<b>Other loans and advances under financing activity</b>		
Secured, considered good *	424,834.35	310,086.21
Unsecured, considered good (including debts due by officer of the company ₹ 0.32 lakhs (P.Y. ₹ 1.83 lakhs)	38,790.84	17,309.12
Secured, considered doubtful	380.91	130.38
Less: Provisions for doubtful advances	(380.91)	(130.38)
	<b>463,625.19</b>	<b>327,395.33</b>
<b>Total</b>	<b>463,661.89</b>	<b>327,445.16</b>

	As at 31st March, 2017	As at 31st March, 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 20 - OTHER CURRENT ASSETS</b>		
Interest Accrued but not due on loans and advances	2,899.73	2,066.90
Interest Accrued on Fixed Deposits	11.41	128.53
Interest Accrued on Investments	876.21	36.08
Others	0.20	4.02
<b>Total</b>	<b>3,787.55</b>	<b>2,235.53</b>

(\*) Secured by way of pledge of securities and/or mortgage of property and/or hypothecation of receivables and/or undertaking to create a security.



# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	For the year ended 31 March 2017	For the year ended 31 March 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 21 - REVENUE FROM OPERATIONS</b>		
Interest on Loans and Advances	66,161.00	52,427.98
Interest on banks deposits	1,994.87	1,998.31
<b>Other Financial Services</b>		
Recoveries in excess of cost of NPAs purchased	0.25	-
Fee Income	440.31	1,144.58
<b>Total</b>	<b>68,596.43</b>	<b>55,570.87</b>

	For the year ended 31 March 2017	For the year ended 31 March 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 22 - OTHER INCOME</b>		
Income from Current Investments :		
- Profit on sale of Investments (net)	737.27	1,019.64
- Interest on Investments	104.37	68.27
- Discount accreted on Certificate of Deposits	55.16	82.97
- Discount accreted on Corporate Bond Repo	1.63	32.49
Income from Long Term Investments :		
- Profit on sale of Investments (net)	2,651.03	42.19
- Interest on Investments	3,786.36	2,789.10
- Dividend Income	25.85	17.26
Interest on Income Tax Refunds	-	44.18
Profit on trading in Commodity Futures (net)	-	71.55
Liabilities no longer required written back	-	236.85
Provision written back for doubtful receivables, loans and advances, investments	23.89	200.10
Bad Debts Recovered	4.54	11.33
Others	183.29	184.35
<b>Total</b>	<b>7,573.39</b>	<b>4,800.28</b>

	For the year ended 31 March 2017	For the year ended 31 March 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 23 - EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, Allowances and Bonus	2,266.33	1,992.18
Contribution to Provident and Other Funds	104.53	95.28
Provision for Stock Appreciation Rights	135.61	201.73
Staff Welfare Expense	21.65	24.91
<b>Total</b>	<b>2,528.12</b>	<b>2,314.10</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	For the year ended 31 March 2017	For the year ended 31 March 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 24 - INTEREST AND FINANCE COST</b>		
Interest expense on		
- Debentures	16,306.44	13,493.39
- Inter-Corporate Deposits	3,491.23	1,849.02
- Overdraft facility from bank	120.30	25.96
- Delayed payment of Income Tax	5.14	18.20
Other Borrowing Costs		
- Discount on Commercial Papers	21,109.00	16,781.42
- Arranger Fees	115.39	70.44
- Stamping Expense	256.68	168.17
- Bank Charges	0.44	0.32
<b>Total</b>	<b>41,404.62</b>	<b>32,406.92</b>

	For the year ended 31 March 2017	For the year ended 31 March 2016
	₹ in Lakh	₹ in Lakh
<b>NOTE 25 - OTHER EXPENSES</b>		
Travelling and Conveyance	115.30	121.31
Legal and Professional Charges	126.51	129.47
Business Promotion Expenses	16.50	35.58
Rent Expense	589.18	176.51
Common Establishment Expenses - Reimbursements	617.07	502.21
Electricity Expenses	44.51	24.25
Payments to Auditors:		
- As Statutory Audit Fees	9.00	9.00
- As Tax Audit Fees	1.00	1.00
- For Other services (Interim Audit, Certification work etc.)	4.15	2.58
- For Reimbursement of Expenses	0.71	0.45
Rates, Taxes and Fees	162.65	111.05
Remuneration to Directors:		
- As Sitting Fees	10.80	14.20
- As Commission	6.00	4.50
Insurance	3.77	1.67
Repairs and Maintenance	73.32	68.92
Communication Expenses	22.30	21.25
Expenditure on Corporate Social Responsibility activities	30.00	25.00
Miscellaneous expenses	77.58	81.52
Provision for standard assets	978.04	621.67
Provision for doubtful receivables, loans and advances, investments	250.52	-
Provision for Diminution in value of Investments	2.63	23.89
<b>Total</b>	<b>3,141.54</b>	<b>1,976.03</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### 26. CONTINGENT LIABILITIES AND COMMITMENTS:

#### Contingent Liabilities:

Particulars	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Contingent Liability in respect of demands from Income Tax authorities	3.54	58.97
<b>Total</b>	<b>3.54</b>	<b>58.97</b>

### 27. EXPENDITURE IN FOREIGN CURRENCY

Particulars	(₹ in Lakh)	
	For the year ended 31st March 2017	For the year ended 31st March 2016
Conference & Travelling Expense	NIL	4.09

### 28. Disclosure on Specified Bank Notes (SBN)\*:

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

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

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

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

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### 29. Employee Benefits:

#### Gratuity

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of ₹ 10 lakhs.

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

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

	As at 31st March, 2017	As at 31st March, 2016
(₹ in Lakh)		
<b>Change in Unfunded benefit obligations</b>		
Present value of unfunded benefit obligations (Opening)	142.74	137.48
Current Service cost	15.77	15.72
Interest cost	12.05	11.47
Actuarial (gain)/loss on obligations	7.43	(3.02)
Liability assumed on acquisition/(settled on Divestiture)	(1.39)	9.86
Benefits paid	(30.83)	(28.77)
<b>Present value of unfunded benefit obligations</b>	<b>145.78</b>	<b>142.74</b>

	As at 31st March, 2017	As at 31st March, 2016
(₹ in Lakh)		
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Fair value of plan assets	-	-
Present value of unfunded benefit obligations	145.78	142.74
<b>Net Liability</b>	<b>(145.78)</b>	<b>(142.74)</b>

	As at 31st March, 2017	As at 31st March, 2016
(₹ in Lakh)		
<b>Cost recognized for the period</b>		
Current service cost	15.77	15.72
Interest cost	12.05	11.47
Actuarial (gain)/loss	7.43	(3.02)
<b>Net gratuity cost</b>	<b>35.25</b>	<b>24.17</b>

#### Actuarial assumptions used :

	As at 31st March, 2017	As at 31st March, 2016
(₹ in Lakh)		
Discount rate	7.18% p.a	7.95% p.a
Salary escalation rate	7.00% p.a	8.50% p.a

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

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### Experience adjustments

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

	(₹ in Lakh)				
	Gratuity				
	Year ended 31st March				
	2017	2016	2015	2014	2013
Defined benefit obligation	145.77	142.74	137.48	112.39	48.86
Plan assets	-	-	-	-	-
Surplus / (deficit)	(145.77)	(142.74)	(137.48)	(112.39)	(48.86)
Experience adjustments on plan liabilities	4.94	(3.45)	8.22	14.52	(1.14)
Experience adjustments on plan assets	-	-	-	-	-

### Provident fund

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognised provident fund and administered by a Board of Trustees. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The Company recognized ₹ 103.19 lakhs (P.Y. ₹ 95.28 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.

### Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized ₹ 11.12 lakhs (P.Y. ₹ 4.18 lakhs) for Compensated Absences in the Statement of Profit and Loss.

### Long Service Award

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

## 30. COMPONENTS OF NET DEFERRED TAX ASSET:

	(₹ in Lakh)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Deferred Tax Assets</b>		
Expenses allowable on payment basis	133.39	130.23
Depreciation	44.75	37.14
Provision for doubtful advances	-	45.12
Provision for standard assets	836.05	497.56
Others	-	8.27
<b>Total Deferred Tax Assets</b>	<b>1014.19</b>	<b>718.32</b>

## 31. EMPLOYEE SHARE BASED PAYMENTS :

### A) Equity Settled Options:

At the General Meetings of the holding company, Kotak Mahindra Bank Limited (Bank), 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:

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

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

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

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

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

### B) Cash Settled Scheme :

At the General Meeting of the holding company, Kotak Mahindra Bank Limited (Bank), 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 outstanding SARs ranges from 1.370 year to 3.652 years.

Detail of activity under each SARs is summarized below:

	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Outstanding at the beginning of the year	32,676	38,866
Granted during the year	12,320	28,700
Additions / Reduction due to transfer of Employees	-	1,250
Exercised during the year	16,670	35,096
Expired during the year	572	1,044
Outstanding at the end of the year	<b>27,754</b>	<b>32,676</b>

(₹ in Lakh)

Effect of grant of employee based shared payments to employees on the statement of profit and loss and on its financial position:

Year ended 31st March,	2017	2016
Total Employee Compensation Cost pertaining to employee share based payment	NIL	NIL
Closing balance of liability for cash-settled scheme	137.22	127.62

(₹ in Lakh)

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 ₹ 88.50 lakhs (Previous year ₹ 75.06 lakhs) and the profit after tax would have been lower by ₹ 59.69 lakhs (Previous year 48.69 lakhs). Consequently the basic and diluted EPS would have been ₹378.93 (Previous year ₹ 304.26)

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

32. Earnings Per Share (EPS) – the numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

(₹ in Lakh)

Particulars	31st March 2017	31st March 2016
Profit attributable to the Equity Shareholders (₹ in lakhs) – (A)	19,642.89	15,390.10
Basic weighted average number of equity shares outstanding during the year – (B)	51,68,033	50,42,925
Nominal value of Equity Shares (₹)	10	10
Basic & Diluted Earnings per share (₹) – (A) / (B)	<b>380.08</b>	<b>305.18</b>

33. Rent Payments to holding / fellow subsidiary company for sharing of premises are recognized in the Statement of Profit and Loss under the head 'Rent Expenses' ₹ 588.31 lakhs (P.Y. ₹ 174.39 lakhs).

### 34. SEGMENT REPORTING:

In accordance with Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India and specified under the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the Company has determined the following segments with principal activities as under:

Segment	Principal Activity
Lending against Securities	Lending against primary collateral of Securities (listed or unlisted).
Corporate and Other Lending	Lending to Corporates and Others whether secured (other than Lending against Securities) or unsecured / fee based services/ Debenture Investments
Treasury and Investments	Borrowings, Derivatives and Investments other than Investments under Corporate and Other Lending

Since the business operations of the Company are concentrated in India, the Company is considered to operate only in the domestic segment.

Summary of the segments of the company are :

(₹ in Lakh)

	2016-17	2015-16
<b>Segment Revenue</b>		
Lending against Securities	32,446.51	27,463.19
Corporate and Other Lending	38,459.00	29,244.19
Treasury and Investments	5,264.31	3,378.40
Add: Inter Segment Revenue	527.51	380.01
<b>Total</b>	<b>76,697.33</b>	<b>60,465.78</b>
Less: Eliminations	(527.51)	(380.01)
<b>Total</b>	<b>76,169.82</b>	<b>60,085.77</b>
Add : Unallocated Revenue	-	285.38
<b>Total Revenue</b>	<b>76,169.82</b>	<b>60,371.15</b>
<b>Segment Results</b>		
Lending against Securities	8,477.10	7,386.91
Corporate and Other Lending	15,766.39	12,915.09
Treasury and Investments	5,292.87	3,469.10
<b>Total</b>	<b>29,536.36</b>	<b>23,771.09</b>
Less: Unallocable expenditure	(525.18)	(180.98)
<b>Total profit before tax</b>	<b>29,011.18</b>	<b>23,590.11</b>
<b>Segment Assets</b>		
Lending against Securities	378,418.45	260,393.21
Corporate and Other Lending	327,615.14	223,441.54

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## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

(₹ in Lakh)

	2016-17	2015-16
Treasury and Investments	68,384.92	52,024.77
<b>Total</b>	<b>774,418.51</b>	<b>535,859.52</b>
Add: Unallocated Assets	1,029.88	810.37
<b>Total</b>	<b>775,448.39</b>	<b>536,669.88</b>
Less: Inter-segment Assets	33,084.81	30,876.54
<b>Total</b>	<b>742,363.58</b>	<b>505,793.34</b>
<b>Segment Liabilities</b>		
Lending against Securities	1,440.03	915.21
Corporate and Other Lending	1,250.64	866.84
Treasury and Investments	666,902.24	448,617.30
<b>Total</b>	<b>669,592.91</b>	<b>450,399.35</b>
Add: Unallocated Liabilities	2,100.79	2,158.72
<b>Total</b>	<b>671,693.70</b>	<b>452,558.07</b>
Less: Inter-segment Liabilities	33,084.81	30,876.54
<b>Total</b>	<b>638,608.89</b>	<b>421,681.53</b>
<b>Capital Expenditure</b>		
Lending against Securities	14.22	39.36
Corporate and Other Lending	42.39	95.58
Treasury and Investments	7.48	15.59
<b>Total</b>	<b>64.09</b>	<b>150.53</b>
<b>Depreciation</b>		
Lending against Securities	23.67	30.29
Corporate and Other Lending	54.82	47.99
Treasury and Investments	5.87	5.71
<b>Total</b>	<b>84.36</b>	<b>83.99</b>

### 35. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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. The details are as below:-

#### Details of CSR Expenditure

(₹ in Lakh)

	In Cash	Yet to be paid in Cash	Total
a. Gross amount required to be spent during the year ₹ 313.08 lakhs (Previous year ₹ 177.23 lakhs)			
b. Amount spent during the year ending on 31st March, 2017			
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	30.00	-	30.00
c. Amount spent during the year ending on 31st March, 2016			
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	25.00	-	25.00



# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### 36. RELATED PARTY DISCLOSURES:

#### A. RELATED PARTIES WHERE CONTROL EXISTS:

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

#### B. OTHER RELATED PARTIES:

(i) <b>Fellow Subsidiaries:</b>	Kotak Securities Limited
	Kotak Mahindra Prime Limited
	Kotak Mahindra General Insurance Company Limited
	Kotak Infrastructure Debt Fund Limited
(ii) <b>Associate Company</b>	Matrix Business Services India Private Ltd.
	Phoenix ARC Private Limite
(iii) <b>Key Management personnel (KMP):</b>	Mr. Paritosh Kashyap, Managing Director and CEO
(iv) <b>Entities over which relative of Director has significant influence</b>	Aero Agencies Limited
	Kotak Commodity Services Private Limited
	Business Standard Private Limited

#### Related Party Disclosures

A. During the year following transaction were entered into with related parties in the ordinary course of business:

	Amount (₹ In Lakh) 2016-2017	Amount (₹ In Lakh) 2015-2016
<b>I. Holding Company</b>		
- Kotak Mahindra Bank Limited		
<b>Transactions during the year :</b>		
<b>FINANCE</b>		
Equity Shares Issuance	-	7,000.00
Fixed Deposits Placed	279,076.77	533,567.61
Fixed Deposits Repaid	282,255.66	518,145.76
Interest Received on Fixed Deposits	1,994.87	1,998.31
Corporate Bond purchased	9,268.78	80,671.23
Corporate Bond matured	9,268.78	80,671.23
Interest Received on Corporate Bond	1.63	32.49
Purchase of debenture	-	10,007.32
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Demat Charges	3.41	6.90
Service Charges Received	50.40	42.00
Expense reimbursements paid	820.41	696.83
Expense reimbursements received	-	0.10

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## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	<b>Amount (₹ In Lakh) 2016-2017</b>	Amount (₹ In Lakh) 2015-2016
Licence Fees paid	579.45	171.42
Referral Fees	91.66	70.44
IPA Fees paid	1.00	1.00
ARD fees	0.03	1.00
Bank Charges	0.35	0.30
Employee Liability transfer out	1.19	0.72
Employee Liability transfer in	0.23	64.77
Asset transferred in	-	20.72
Asset transferred out	0.37	0.01
Balance outstanding as at the year end :		
<b>FINANCE</b>		
Balance in current account	5,036.60	2,616.25
Term Deposits Placed	26,769.29	29,948.18
Interest accrued on Term Deposits placed	11.41	128.53
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Service charges payable	70.00	23.78
Service charges receivable	4.41	3.66
Referral Fees payable	15.28	16.74
Demat Charges Payable	0.60	0.51
Deposit towards appointment of Director	1.00	-
<b>II. Fellow Subsidiaries</b>		
<b>Transactions during the year :</b>		
<b>FINANCE</b>		
Non Convertible Debentures issued		
- Kotak Securities Ltd	13,000.00	5,000.00
Interest on Non Convertible Debentures		
- Kotak Securities Ltd	537.82	113.11
Inter Corporate Deposits issued		
- Kotak Mahindra Prime Ltd	15,000.00	-
Inter Corporate Deposits repaid		
- Kotak Mahindra Prime Ltd	15,000.00	-
Interest paid on Inter Corporate Deposits		
- Kotak Mahindra Prime Ltd	8.22	-
Loan given		
- Kotak Infrastructure Debt Fund Ltd	400.00	-
Loan repaid		
- Kotak Infrastructure Debt Fund Ltd	400.00	-
Interest Income received		
- Kotak Infrastructure Debt Fund Ltd	2.30	-

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	Amount (₹ In Lakh) 2016-2017	Amount (₹ In Lakh) 2015-2016
<b>INVESTMENTS</b>		
<b>OTHER SECURITIES</b>		
Sales		
- Kotak Securities Ltd	7,408.52	5,696.20
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Service Charges Received		
- Kotak Mahindra Prime Ltd	128.40	138.00
Documentation charges received		
- Kotak Infrastructure Debt Fund Ltd	0.02	-
Brokerage paid		
- Kotak Securities Ltd	15.70	10.42
Demat Charges paid		
- Kotak Securities Ltd	0.31	0.29
Service Charges Paid		
- Kotak Securities Ltd	-	0.80
License Fees Paid		
- Kotak Securities Ltd	8.86	2.97
Insurance premium paid		
- Kotak Mahindra General Insurance Company Ltd	3.40	0.08
Expense reimbursement from other company		
- Kotak Mahindra Prime Ltd	2.31	2.40
- Kotak Securities Ltd	-	0.00
Expense reimbursement to other company		
- Kotak Securities Ltd	0.06	-
Asset Transfer-in		
- Kotak Mahindra Prime Ltd	-	0.57
Employee Liability transfer in		
- Kotak Mahindra Prime Ltd	0.28	-
- Kotak Securities Ltd	-	0.40
Employee Liability transfer out		
- Kotak Securities Ltd	-	32.88
- Kotak Mahindra Prime Ltd	0.07	0.45
Asset Transfer-out		
- Kotak Mahindra Prime Ltd	-	0.23
<b>Balance outstanding as at the year end :</b>		
<b>FINANCE</b>		
Non Convertible Debentures issued		
- Kotak Securities Ltd	18,000.00	5,000.00
Interest payable on Non Convertible Debentures		

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## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	Amount (₹ In Lakh) 2016-2017	Amount (₹ In Lakh) 2015-2016
- Kotak Securities Ltd	198.47	113.11
<b>OTHER SECURITIES</b>		
Outstanding Receivable		
- Kotak Securities Ltd	0.01	323.74
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Demat charges payable		
- Kotak Securities Ltd	0.58	0.27
Service charges Receivable		
- Kotak Mahindra Prime Ltd	11.33	12.12
Service charges Payable		
- Kotak Securities Ltd	1.51	
- Kotak Mahindra Prime Ltd	-	0.57
Insurance premium paid in advance		
- Kotak Mahindra General Insurance Company Ltd	1.47	0.29
Insurance premium capitalised		
- Kotak Mahindra General Insurance Company Ltd	0.94	-
Receivable towards Insurance paid		
- Kotak Mahindra General Insurance Company Ltd	0.03	-
<b>III. Associate Company</b>		
<b>Transactions during the year :</b>		
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Dividend received on investments		
- Matrix Business Services India Pvt Ltd	25.85	17.23
Recruitment expenses		
- Matrix Business Services India Pvt Ltd	0.04	0.07
<b>Balance outstanding as at the year end :</b>		
<b>INVESTMENTS</b>		
Investments - Gross		
- Phoenix ARC Pvt Ltd	6,100.50	6,100.50
- Matrix Business Services India Pvt Ltd	201.91	201.91
<b>IV. Key Management Personnel (KMP)</b>		
<b>Transactions during the year :</b>		
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Remuneration*		
- Mr. Paritosh Kashyap	246.56	244.90
<b>Balance outstanding as at the year end :</b>		
<b>FINANCE</b>		
Advance salary		
- Mr. Paritosh Kashyap	-	17.36

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

	Amount (₹ In Lakh) 2016-2017	Amount (₹ In Lakh) 2015-2016
<b>V. Entities over which relative of director has significant influence</b>		
<b>Transactions during the year :</b>		
<b>COMMODITY DERIVATIVES</b>		
Purchases		
- Kotak Commodity Services Private Limited	-	27.11
Sales		
- Kotak Commodity Services Private Limited	-	79.45
Brokerage and other charges paid		
- Kotak Commodity Services Private Limited	-	0.05
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Fees on travel tickets purchased		
- Aero Agencies Limited	1.36	2.15
<b>Balance outstanding as at the year end :</b>		
<b>INVESTMENTS</b>		
Investments – Gross		
- Business Standard Private Limited	0.20	0.20
<b>COMMODITY DERIVATIVES</b>		
Outstanding receivable		
- Kotak Commodity Services Private Limited	0.31	0.31
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Outstanding Payable		
- Aero Agencies Limited	0.53	0.05

\* Excludes provision for gratuity and accumulated compensated absences

B. Disclosure under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	2016-17	2015-16
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/ companies in which directors are interested	-	-

### DISCLOSURES UNDER NON-BANKING FINANCIAL COMPANY - CORPORATE GOVERNANCE (RESERVE BANK) DIRECTIONS, 2015:

#### 37. CAPITAL

Particulars	2016-17	2015-16
		(₹ in Lakh)
i) CRAR (%)	16.84%	18.20%
ii) CRAR - Tier I Capital (%)	13.83%	16.90%
iii) CRAR - Tier II Capital (%)	3.01%	1.30%
iv) Amount of subordinated debt raised as Tier-II capital	20,000.00	5,000.00
v) Amount raised by issue of Perpetual Debt Instruments	NIL	NIL

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### 38. INVESTMENTS

(₹ in Lakh)

	2016-17	2015-16
<b>(1) Value of Investments</b>		
(i) Gross Value of Investments	67,334.54	52,578.07
(a) In India	67,334.54	52,578.07
(b) Outside India,	NIL	NIL
(ii) Provisions for Depreciation	420.33	417.70
(a) In India	420.33	417.70
(b) Outside India,	NIL	NIL
(iii) Net Value of Investments	66,914.21	52,160.37
(a) In India	66,914.21	52,160.37
(b) Outside India.	NIL	NIL
<b>(2) Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	417.70	417.70
(ii) Add : Provisions made during the year	2.63	NIL
(iii) Less : Write-off / write-back of excess provisions during the year	NIL	NIL
(iv) Closing balance	420.33	417.70

### 39. Derivatives

#### i. Forward Rate Agreement / Interest Rate Swap

(₹ in Lakh)

Particulars	2016-17	2015-16
i) The notional principal of swap agreements	NIL	NIL
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii) Collateral required by the NBFC upon entering into swaps	NIL	NIL
iv) Concentration of credit risk arising from the swaps \$	NIL	NIL
v) The fair value of the swap book @	NIL	NIL

#### ii. Exchange Traded Interest Rate (IR) Derivatives

(₹ in Lakh)

Particulars	2016-17	2015-16
i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	NIL	NIL
ii) Notional principal amount of exchange traded IR derivatives outstanding	NIL	NIL
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	N.A	N.A
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	N.A	N.A

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### iii. Disclosures on Risk Exposure in Derivatives

The Company did not have any open interest in derivative contracts during the current year.

#### Quantitative Disclosures

		(₹ in Lakh)	
Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)		
ii)	For hedging	NIL	NIL
(ii)	Marked to Market Positions		
a)	Asset (+)	NIL	NIL
b)	Liability (-)	NIL	NIL
(iii)	Credit Exposure	NIL	NIL
(iv)	Unhedged Exposures	NIL	NIL

### 40. DISCLOSURES RELATING TO SECURITISATION

- i. Outstanding amount of securitized assets as per books of SPVs sponsored by NBFC and amount of exposures retained by the NBFC as on the date of balance sheet to comply with the Minimum Retention Requirements (MRR).

Sr. No.	Particulars	No. / Amount in Lakh
1.	No of SPVs sponsored by the NBFC for securitisation transactions*	NIL
2.	Total amount of securitised assets as per books of the SPVs sponsored	NIL
3.	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	
a)	Off-balance sheet exposures	
	First loss	NIL
	Others	NIL
b)	On-balance sheet exposures	
	First loss	NIL
	Others	NIL
4.	Amount of exposures to securitisation transactions other than MRR	
a)	Off-balance sheet exposures	
i)	Exposure to own securitizations	
	First loss	NIL
	Others	NIL
ii)	Exposure to third party securitisations	
	First loss	NIL
	Others	NIL
b)	On-balance sheet exposures	
i)	Exposure to own securitisations	
	First loss	NIL
	Others	NIL
ii)	Exposure to third party securitisations	
	First loss	NIL
	Others	NIL

\* Only the SPVs relating to outstanding securitisation transactions may be reported here

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

ii. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction.

(₹ in Lakh)

Particulars	2016-17	2015-16
i) No. of accounts	NIL	NIL
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	NIL	NIL
iii) Aggregate consideration	NIL	NIL
iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
v) Aggregate gain / loss over net book value	NIL	NIL

iii. Details of Assignment transactions undertaken by NBFCs

(₹ in Lakh)

Particulars	2016-17	2015-16
i) No. of accounts	NIL	NIL
ii) Aggregate value (net of provisions) of accounts sold	NIL	NIL
iii) Aggregate consideration	NIL	NIL
iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
v) Aggregate gain / loss over net book value	NIL	NIL

iv. Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased :

(₹ in Lakh)

Particulars	2016-17	2015-16
1. (a) No. of accounts purchased during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL
2. (a) Of these, number of accounts restructured during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL

B. Details of Non-performing Financial Assets sold :

(₹ in Lakh)

Particulars	2016-17	2015-16
1. No. of accounts sold	NIL	NIL
2. Aggregate outstanding	NIL	NIL
3. Aggregate consideration received	NIL	NIL



# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### 41. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES :

(₹ in Lakh)

Particulars	Up to 30 / 31 days	Over 1 month upto 2 Month	Over 2 months upto 3months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances	62,275.84	66,032.98	116,629.12	52,096.00	166,159.44	174,020.53	14,921.25	17,498.13	669,633.27
Investments	30,525.28	523.88	5,519.95	3,018.36	4,425.10	16,453.91	3.32	6,444.43	66,914.22
Borrowings*	86,843.22	58,208.20	36,948.89	153,907.48	202,197.40	89,402.68	12,350.69	20,000.00	659,858.57
Foreign Currency assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Currency liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

\*Includes Borrowing from Banks of ₹ 22,000.00 lakhs

Note : In computing the above information, the management has made certain estimates, assumptions and adjustments which are also used for regulatory submission.

### 42. EXPOSURES

#### A. Exposure to Real Estate Sector

(₹ in Lakh)

Category	2016-17	2015-16
a) Direct exposure		
i. Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	NIL	NIL
ii Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	2,80,200.95**	1,93,726.03**
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	NIL	NIL
b. Commercial Real Estate.	NIL	NIL
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	NIL	NIL
Investment in Real Estate Venture Funds	81.30	12.90

\*\*Includes Unsecured Loans to Real Estate Sector of ₹ 29,020.00 lakhs (P.Y. ₹ 6,105.95 lakhs)

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### B. Exposure to Capital Market

(₹ in Lakh)

Particulars	2016-17	2015-16
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	6,853.31	6,853.31
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals / corporates for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	2,03,495.76	1,19,658.61
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	1,37,371.48	1,37,623.17
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	NIL	NIL
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	123.23	360.39
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
vii) bridge loans to companies against expected equity flows / issues;	NIL	NIL
viii) all exposures to Venture Capital Funds (both registered and unregistered)	87.23	20.60
<b>Total Exposure to Capital Market</b>	<b>3,47,931.00</b>	<b>2,64,516.08</b>

C. Financing of parent company products : The company has not financed any parent company products during the financial year.

D. Disclosure in respect of exposure where details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) has exceeded : The company has not exceeded the Single Borrower Limit (SGL) / Group Borrower Limit (GBL) in respect of exposures during the financial year.

E. Unsecured Advances:

The amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral – ₹ NIL

For other Unsecured Advances, refer Note No.14 and Note No.19

43. Registration obtained from other financial sector regulators : NIL

44. Disclosure of Penalties imposed by RBI and other regulators : NIL

45. RELATED PARTY TRANSACTIONS :

a. Details of all material transactions with the related parties : Refer note no. 36.

b. Disclosure of Policy on dealing with Related Party transaction :

The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like Directors and Key Managerial Personnel (KMP). The Directors and KMP's are also required to inform the Company of any changes to such declaration during the year. All related party transactions are reported and referred for approval to the Audit Committee

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

as per section 177 of the Companies Act, 2013. The Audit committee may grant general approval for repetitive related party transactions. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

As per section 188 of the Companies Act, 2013, the consent of the Board/Shareholders' approval is required, by a special resolution in a general meeting, for entering into the specified transactions with a related party, if they are not in ordinary course of business of the Company or at arm's length and exceeds the threshold limits as specified in the Act.

#### 46. RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR:

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
CRISIL	Long Term Non-Convertible Debentures aggregating ₹32 billion	"CRISIL AAA/stable"	24-09-2015	till date
CRISIL	Long Term Rating for Bank Loan Facilities aggregating ₹10 billion	"CRISIL AAA/stable"	08-06-2015	till date
CRISIL	Long Term Rating for Subordinate Debt Issue aggregating ₹1 billion	"CRISIL AAA/stable"	22-12-2015	20-03-17
CRISIL	Long Term Rating for Subordinate Debt Issue aggregating ₹2 billion	"CRISIL AAA/stable"	21-03-2017	till date
CRISIL	Short Term Debt Programme (including Commercial Paper) for ₹ 35.0 billion	"CRISIL A1+"	09-07-2015	14-12-2016
CRISIL	Short Term Debt Programme (including Commercial Paper) for ₹ 45.0 billion	"CRISIL A1+"	15-12-2016	till date
ICRA	Long Term Rating for Subordinate Debt Issue aggregating ₹1 billion	ICRA AAA/stable"	22-12-2015	19-03-2017
ICRA	Long Term Rating for Subordinate Debt Issue aggregating ₹1 billion	ICRA AAA/stable"	20-03-2017	till date

#### 47. Remuneration of Directors : The details of transaction with Non-Executive Independent Directors are as below:-

Particulars	(₹ in Lakh)	
	2016-17	2015-16
Directors' Sitting Fees	10.80	14.20
Commission to Directors	6.00	4.50

#### 48. PROVISIONS AND CONTINGENCIES:

Break up of 'Provisions and Contingencies' (including write – offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account

Particulars	(₹ in Lakh)	
	2016-17	2015-16
Provisions / (write back) for depreciation on Investment	(21.27)	23.89
Provision / (write back) for NPA	250.52	(200.10)
Provision made towards Income tax	9,664.16	8,423.35
Other Provision and Contingencies (with details)	NIL	NIL
Provision for Standard Assets	978.04	621.67

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

49. **Draw Down from Reserves:** There was no draw down from reserves during the financial year.

50. **Concentration of Deposits, Advances, Exposures and NPAs**

A. **Concentration of Deposits (for deposit taking NBFCs)**

	(₹ in Lakh)
Total Deposits of twenty largest depositors	N.A
Percentage of Deposits of twenty largest depositors to Total Deposits of the Company	N.A

B. **Concentration of Advances**

	(₹ in Lakh)
Total Advances to twenty largest borrowers	2,08,629.61
Percentage of Advances to twenty largest borrowers to Total (Gross) Advances of the company	30.19%

C. **Concentration of Exposures\*\***

	(₹ in Lakh)
Total Exposure to twenty largest borrowers / customers	2,18,484.60
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers	24.38%

\*\* Exposures in this case refer to higher of sanctioned limits or outstanding. It may be noted that the sanctioned limits are unconditionally cancellable at any time by the company without prior notice.

D. **Concentration of NPAs**

	(₹ in Lakh)
Total Exposure to top four NPA accounts	845.75

E. **Sector-wise NPAs**

S r . No.	Sector	Percentage of NPAs to Total Advances in that sector**
1	Agriculture & allied activities	-
2	MSME	-
3	Corporate borrowers	0.18%
4	Services	-
5	Unsecured personal loans	-
6	Auto loans	-
7	Other personal loans	0.02%

\*\* represents Gross NPA to Gross Advances for respective sectors

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## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### F. Movement of NPAs

		(₹ in Lakh)	
S r . No.	Particulars	2016-17	2015-16
i)	Net NPAs to Net Advances (%)	0.07%	0.05%
ii)	Movement of NPAs (Gross)		
a)	Opening balance	386.92	751.55
b)	Additions during the year	532.02	23.84
c)	Reductions during the year	(67.73)	(388.47)
d)	Closing balance	851.21	386.92
iii)	Movement of Net NPAs		
a)	Opening balance	256.53	421.06
b)	Additions during the year	258.76	21.04
c)	Reductions during the year	(44.99)	(185.57)
d)	Closing balance	470.30	256.53
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	130.39	330.49
b)	Provisions made during the year	273.26	38.72
c)	Write-off / write-back of excess provisions	(22.74)	(238.82)
d)	Closing balance	380.91	130.39

### G. Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture / Subsidiary	Other Partner in the JV	Country	Total Assets
N.A	N.A	N.A	N.A

### H. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

### 51. CUSTOMER COMPLAINTS

a)	No. of complaints pending at the beginning of the year	NIL
b)	No. of complaints received during the year	3
c)	No. of complaints redressed during the year	3
d)	No. of complaints pending at the end of the year	NIL

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## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

### 52. Disclosures under Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. Credit Rating and Change in Credit Rating (if any)	For Credit Rating on the various instruments and changes, if any, made during the year ended March 31, 2017, refer note No. 46
2. Debt – Equity Ratio	6.36 :1
3. i. Previous due date for the payment of interest / repayment of principal of non-convertible debt securities; and ii. whether the same has been paid or not	Note A
4. i. next due date for the payment of interest / principal; along with ii. the amount of interest payable and the redemption amount :	Note B
5. Outstanding Redeemable Preference Shares (quantity and Value)	NIL
6. Capital Redemption Reserve / Debenture Redemption Reserve	₹ 1003.85 lakhs / N.A. since the company is registered as NBFC with Reserve Bank of India
7. Net worth	₹ 1,03,754.69 lakhs
8. Net Profit after Tax	₹ 19,642.89 lakhs
9. Earnings Per Share	₹ 380.08
10. Asset Cover Available for Secured Non-Convertible Debentures	The Debenture are secured by way of first, pari-passu, non-exclusive charge on Immovable property and Current Assets / Movable Properties, Investments & Book debts of the company with an asset cover ratio of minimum 1.00 times and having a value which is sufficient for the due repayment of the amount of debentures and interest thereon.

#### Note A:- Previous due date and status for payment of interest/ principal on Non-Convertible Debentures :

S r . No.	Series	Previous due date for payment of Interest on Non-Convertible Debentures	Previous due date for payment of Principal on Non-Convertible Debentures	Status
1	KMIL/2013-14/03	25-Nov-16	25-Nov-16	Paid
2	KMIL/2013-14/04	25-Nov-16	25-Nov-16	Paid
3	KMIL/2013-14/06	2-Dec-16	2-Dec-16	Paid
4	KMIL/2013-14/07	2-Dec-16	2-Dec-16	Paid
5	KMIL/2013-14/08	2-Dec-16	2-Dec-16	Paid
6	KMIL/2013-14/10	17-Jan-17	17-Jan-17	Paid
7	KMIL/2013-14/11	17-Jan-17	17-Jan-17	Paid
8	KMIL/2013-14/13	23-Feb-17	23-Feb-17	Paid
9	KMIL/2013-14/14	2-Jun-16	2-Jun-16	Paid
10	KMIL/2014-15/001	N.A*	2-Aug-16	Paid
11	KMIL/2014-15/002	N.A*	9-Aug-16	Paid
12	KMIL/2014-15/005	N.A*	10-Oct-16	Paid
13	KMIL/2014-15/007	N.A*	27-Sep-16	Paid
14	KMIL/2014-15/008	10-Oct-16	10-Oct-16	Paid

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

15	KMIL/2014-15/012	N.A*	28-Oct-16	Paid
16	KMIL/2014-15/013	N.A*	28-Oct-16	Paid
17	KMIL/2014-15/014	10-Nov-16	10-Nov-16	Paid
18	KMIL/2014-15/017	N.A*	27-Apr-16	Paid
19	KMIL/2014-15/022	23-Jun-16	23-Jun-16	Paid
20	KMIL/2014-15/023	20-Mar-17	20-Mar-17	Paid
21	KMIL/2014-15/24 -A	20-Mar-17	20-Mar-17	Paid
22	KMIL/2014-15/24 -B	20-Mar-17	20-Mar-17	Paid
23	KMIL/2014-15/24 -C	20-Mar-17	20-Mar-17	Paid
24	KMIL/2014-15/25- A	20-Mar-17	20-Mar-17	Paid
25	KMIL/2014-15/25- B	20-Mar-17	20-Mar-17	Paid
26	KMIL/2015-16/002	23-May-16	N.A**	Paid
27	KMIL/2015-16/003	N.A*	13-Jun-16	Paid
28	KMIL/2015-16/005	16-Aug-16	N.A**	Paid
29	KMIL/2015-16/007	28-Feb-17	28-Feb-17	Paid
30	KMIL/2015-16/008	28-Feb-17	28-Feb-17	Paid
31	KMIL/2015-16/009	28-Feb-17	28-Feb-17	Paid
32	KMIL/2015-16/010	28-Feb-17	28-Feb-17	Paid
33	KMIL/2015-16/011	NA*	28-Feb-17	Paid
34	KMIL/2015-16/012	NA*	7-Nov-16	Paid
35	KMIL/2015-16/013	8-Sep-16	N.A**	Paid
36	KMIL/2015-16/014	12-Sep-16	N.A**	Paid
37	KMIL/2015-16/015	12-Sep-16	N.A**	Paid
38	KMIL/2015-16/016	12-Sep-16	N.A**	Paid
39	KMIL/2015-16/017	26-Sep-16	N.A**	Paid
40	KMIL/2015-16/018	26-Sep-16	N.A**	Paid
41	KMIL/2015-16/019	23-Dec-16	23-Dec-16	Paid
42	KMIL/2015-16/021	NA*	9-Jan-17	Paid
43	KMIL/2015-16/022	27-Jan-17	27-Jan-17	Paid
44	KMIL/2015-16/023	02-Jan-17	N.A**	Paid

(\*) Represents Deep Discount Debentures issued at Discount and maturity at Face Value.

(\*\*) Represents Debentures whose principal was not due for payment during the year.

### Note B:-Next due date and amount for payment of interest / principal on Non-Convertible Debentures :

Sr. No.	Series	Next due date for payment of Interest on Non-Convertible Debentures	Next due date for payment of Principal on Non-Convertible Debentures	Amount of Interest Payable(in lakhs)	Redemption Amount (in lakhs)
1	KMIL/2014-15/004	N.A*	3-Oct-17	N.A*	2,600.00
2	KMIL/2014-15/006	N.A*	17-Oct-17	N.A*	930.00
3	KMIL/2014-15/019	N.A*	18-Apr-17	N.A*	3,250.00
4	KMIL/2014-15/020	N.A*	4-Apr-17	N.A*	600.00
5	KMIL/2015-16/001A	4-Apr-17	4-Apr-17	221.57	1,250.00

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## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

Sr. No.	Series	Next due date for payment of Interest on Non-Convertible Debentures	Next due date for payment of Principal on Non-Convertible Debentures	Amount of Interest Payable(in lakhs)	Redemption Amount (in lakhs)
6	KMIL/2015-16/001B	10-Apr-17	10-Apr-17	250.42	1,400.00
7	KMIL/2015-16/001C	27-Apr-17	27-Apr-17	1,119.11	6,100.00
8	KMIL/2015-16/002	22-May-17	22-May-17	88.26	1,000.00
9	KMIL/2015-16/004	6-Jul-17	6-Jul-17	934.23	5,100.00
10	KMIL/2015-16/005	11-Aug-17	11-Aug-17	214.52	2,500.00
11	KMIL/2015-16/006	16-Aug-18	16-Aug-18	820.75	2,900.00
12	KMIL/2015-16/013	8-Sep-17	8-Sep-17	87.00	1,000.00
13	KMIL/2015-16/014	11-Sep-17	11-Sep-17	221.89	2,500.00
14	KMIL/2015-16/015	11-Sep-17	11-Sep-17	221.89	2,500.00
15	KMIL/2015-16/016	11-Sep-17	11-Sep-17	133.13	1,500.00
16	KMIL/2015-16/017	18-Apr-17	18-Apr-17	123.80	2,500.00
17	KMIL/2015-16/018	18-Apr-17	18-Apr-17	49.52	1,000.00
18	KMIL/2015-16/020	3-May-17	3-May-17	104.27	2,500.00
19	KMIL/2015-16/023	31-Dec-17	31-Dec-25	450.00	5,000.00
20	KMIL/2015-16/024	N.A*	30-May-17	N.A*	5,000.00
21	KMIL/2016-17/001	11-May-17	11-May-18	215.75	2,500.00
22	KMIL/2016-17/002	N.A*	31-Jul-17	N.A*	10,000.00
23	KMIL/2016-17/003	N.A*	31-Jul-17	N.A*	5,000.00
24	KMIL/2016-17/004	31-May-17	31-Oct-17	43.20	500.00
25	KMIL/2016-17/005	12-Dec-17	12-Dec-17	648.12	7,500.00
26	KMIL/2016-17/006	12-Dec-17	12-Dec-17	216.04	2,500.00
27	KMIL/2016-17/007	12-Dec-17	12-Dec-17	86.41	1,000.00
28	KMIL/2016-17/008	19-Jun-17	15-Jun-18	438.89	5,000.00
29	KMIL/2016-17/009	20-Jun-18	20-Jun-18	1,093.32	6,000.00
30	KMIL/2016-17/010	20-Jun-18	20-Jun-18	728.88	4,000.00
31	KMIL/2016-17/011	30-Jun-17	28-Jul-17	86.27	1,000.00
32	KMIL/2016-17/012	N.A*	7-Jun-21	N.A*	910.00
33	KMIL/2016-17/013	N.A*	8-Sep-17	N.A*	10,000.00
34	KMIL/2016-17/014	28-Jul-17	24-Jan-18	208.03	2,500.00
35	KMIL/2016-17/015	15-Mar-18	15-Mar-18	604.27	7,500.00
36	KMIL/2016-17/016	N.A*	9-Feb-18	N.A*	7,500.00
37	KMIL/2016-17/017	N.A*	9-Aug-18	N.A*	7,500.00
38	KMIL/2016-17/018	N.A*	6-Dec-17	N.A*	540.00
39	KMIL/2016-17/019	N.A*	9-Nov-18	N.A*	11,700.00
40	KMIL/2016-17/020	N.A*	27-Jul-18	N.A*	11,400.00
41	KMIL/2016-17/021	N.A*	16-Feb-18	N.A*	3,500.00
42	KMIL/2016-17/022	20-Dec-17	18-Dec-26	66.80	800.00
43	KMIL/2016-17/023	20-Dec-17	18-Dec-26	16.70	200.00
44	KMIL/2016-17/024	20-Dec-17	18-Dec-26	41.75	500.00
45	KMIL/2016-17/025	20-Dec-17	18-Dec-26	25.05	300.00
46	KMIL/2016-17/026	20-Dec-17	18-Dec-26	16.70	200.00
47	KMIL/2016-17/027	20-Dec-17	18-Dec-26	250.50	3,000.00



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## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

Sr. No.	Series	Next due date for payment of Interest on Non-Convertible Debentures	Next due date for payment of Principal on Non-Convertible Debentures	Amount of Interest Payable(in lakhs)	Redemption Amount (in lakhs)
48	KMIL/2016-17/028	21-Jun-17	21-Jun-18	341.57	10,000.00
49	KMIL/2016-17/029	18-Sep-17	18-Sep-18	459.60	10,000.00
50	KMIL/2016-17/030	N.A*	5-Aug-20	N.A*	1,290.00
51	KMIL/2016-17/031	24-Mar-18	24-Mar-27	855.00	10,000.00
52	KMIL/2016-17/032	22-Feb-18	22-Feb-19	1,082.94	15,000.00
53	KMIL/2016-17/033	15-Feb-18	15-Feb-19	352.09	5,000.00

(\*) Represents Deep Discount Debentures issued at Discount and maturity at Face Value.

### 53. Schedule in terms of paragraph 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

Particulars		Amount Outstanding (₹ in Lakh)	Amount Overdue (₹ in Lakh)
Liabilities Side			
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a)	Debentures:		
	Secured #	1,95,735.84	NIL
	Unsecured	20,245.14	NIL
	(other than falling within the meaning of public deposits *)		
(b)	Deferred Credits	NIL	NIL
(c)	Terms Loans	-	NIL
(d)	Inter-corporate loans and borrowing	47,588.04	NIL
(e)	Commercial Paper	3,81,292.99	NIL
(f)	Other Loans – Secured Overdraft facility from Bank	22,005.56	NIL
	* Please see Note a) below		
	#Secured by way of pledge of securities and/or mortgage of property and/ or hypothecation of receivables and/ or undertaking to create a security.		
			Amount Outstanding (₹ in Lakh)
Assets Side			
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below:		
(a)	Secured		6,25,840.21
(b)	Unsecured		43,752.82
3	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i)	Leased Assets including lease rentals under sundry debtors		
(a)	Financial Lease		NIL
(b)	Operating Lease		NIL
(ii)	Stock on hire including hire charges under sundry debtors		
(a)	Assets on hire		NIL
(b)	Repossessed Assets		NIL
(iii)	Other loans counting towards AFC activities		
(a)	Loans where assets have been repossessed		NIL

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## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

(b) Loans other than (a) above			NIL
(4) Break-up of Investments:			
Current Investments:			
1 Quoted:			
(i) Shares: (a) Equity			NIL
(b) Preference			NIL
(ii) Debentures and Bonds			NIL
(iii) Units of Mutual Funds			NIL
(iv) Government Securities			NIL
(v) Others (please specify)			NIL
2 Unquoted:			
(i) Shares: (a) Equity			NIL
(b) Preference			NIL
(ii) Debentures and Bonds		8,500.00	
(iii) Units of Mutual Funds		30,000.00	
(iv) Government Securities		NIL	
(v) Others – Pass through Certificates / Units of Venture Capital Fund		5,512.56	
Long Term Investments:			
1 Quoted:			
(i) Shares: (a) Equity			NIL
(b) Preference			NIL
(ii) Debentures and Bonds			NIL
(iii) Units of Mutual Funds			-
(iv) Government Securities			NIL
(v) Others (please specify)			NIL
2 Unquoted:			
(i) Shares: (a) Equity		6,435.60	
(b) Preference			-
(ii) Debentures and Bonds		12,500.00	
(iii) Units of Mutual Funds			NIL
(iv) Government Securities			NIL
(v) Others – Pass through Certificates / Units of Venture Capital Fund		3966.06	
(5) Borrower group-wise classification of assets financed as in (2) and (3) above :			

**Please see Note b) below**

Category	Net of provisions (₹ in Lakh)		
	Secured	Unsecured	Total
1 Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2 Other Than Related Parties	6,25,840.21	43,752.82	6,69,593.03
<b>Total</b>	<b>6,25,840.21</b>	<b>43,752.82</b>	<b>6,69,593.03</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2017

(6) Investor group-wise classification of all investments (current and long term) in the shares and securities (both quoted and unquoted):

Please see Note c) below

Category	Net of provisions (₹ in Lakh)	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties **		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	6,302.41	6,302.41
(c) Other related parties	NIL	NIL
2 Other than related Parties	60,611.81	60,611.81
<b>Total</b>	<b>66,914.22</b>	<b>66,914.22</b>

\*\* As per Accounting Standard of ICAI (Please see Note 3)

(7) Other information:

Particulars	(₹ in Lakh)
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	851.21
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	470.30
(iii) Assets acquired in satisfaction of debt	NIL

Notes:

- As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Systematically Important Non-Banking Financial (Non deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

54. Previous year's figures have been regrouped / reclassified wherever necessary to conform to figures of the current period.

As per our attached report of even date

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

Chartered Accountants

**V. C. Shah**

Partner

Membership No. 10360

Place : Mumbai

Dated : 18th April, 2017

For and on behalf of the Board of Directors

**K.V.S Manian**

Director

**Pankaj Gupta**

Chief Financial Officer

**Paritosh Kashyap**

Managing Director & CEO

**Jignesh Dave**

Company Secretary

