

Kotak Securities Limited
Annual Report 2016-17



**CHANGING
WITH INDIA.
FOR INDIA.**



DIRECTORS' REPORT

To the Members of,

KOTAK SECURITIES LIMITED

Your Directors are pleased to present the 23rd Annual Report together with the Audited Accounts for the year ended 31st March 2017.

FINANCIAL HIGHLIGHTS

(Rupees in Lacs except per share data)

Particulars	Consolidated	
	31st March, 2017	31st March, 2016
Gross Income	118,433.74	97,457.38
Profit / (Loss) before Depreciation and Tax	56,552.15	40,099.12
Depreciation	2,222.78	2,002.20
Profit / (Loss) before Tax	54,329.37	38,096.92
Provision for Tax	18,202.80	13,030.90
Profit / (Loss) After Tax	36,126.57	25,066.02
Balance brought forward from previous year	243,675.94	218,609.92
Amount available for appropriation	279,802.51	243,675.94
Profit / (Loss) carried forward to the Balance Sheet	279,802.51	243,675.94
Earnings per share on equity shares of ₹ 10 each (Basic and Diluted)	2,257.91	1,566.63

DIVIDEND

In order to further consolidate your company's position, your Board proposes to employ the surplus resources to augment capital requirements, and does not recommend a dividend for the financial year 2016-2017 (hereinafter referred to as 'current financial year').

CAPITAL

The paid up Equity Share Capital as on 31st March, 2017 is ₹1,60,00,000. During the year under review, the Company has not issued any shares.

SUBSIDIARIES

- Kotak Mahindra Financial Services Limited (KMFSL)**

The audited financial statements and the Auditors Report thereon for the year ended 31st March, 2017 for KMFSL are annexed herewith.

FUTURE OUTLOOK

The benchmark Index, NIFTY and Sensex have shown a growth of ~18.5% and ~16.8% respectively, over the previous financial year end. Markets were reasonably stable barring volatility around the major event days such as Brexit, Surgical Strike, US Election results and Demonetization. Rupee depreciated against the USD during a large part of the year but showed a remarkable change in the last 2 months of the financial year with the Rupee gaining substantially. Markets seemed to have taken the Federal Reserve Rate hike in its stride; the rate was hiked twice during the year. The Reserve Bank of India on the other hand cut interest rates twice.

Inflation continued falling and seems to have bottomed out in Jan 17. Crude prices rose during FY 16-17, but is still at manageable levels from India's view point and keeping fiscal deficit in check. While the Reserve Bank of India lowered the interest rates it has made its intention clear that further reduction will take place only when banks have passed on the benefits of lower interest rates to customers. Further reduction in interest rates may be unlikely in the near future. At the same time The Reserve Bank of India has also allowed the Rupee to gain against the USD. While this may be favorable for imports, exports will become less competitive. Government initiatives and investments in infrastructure and other sectors should start showing positive results. GST is likely to be a reality in the very near term and if the benefits are as expected should augur well for the markets. The Demonetization in November 2016 and the push for digital India would result in more payments through digital and electronic means. This in turn

would benefit the economy and markets. Post demonetization, there has been an increase in AUMs of Mutual Funds, which in turn would increase liquidity in markets.

The US election results threw up a surprise with Donald Trump emerging the winner. US markets have rallied post the result on the back of expectations of increased government spending and employment creation. Trump's policies are expected to be pro US and protection of US industry and jobs. This may trigger similar actions from other countries which will have far reaching impact on international trade and commerce. Trump also seems to have taken an aggressive stance on terrorism and some countries such as North Korea. The situation in West Asia continues to deteriorate and terrorism in Europe has increased. The United Kingdom has opted out of European Union and the GBP has depreciated substantially. The effect of the exit will be felt only over the next few years. There has been no significant change on the economic front in Europe. Commodities prices which started on a bearish note at the beginning of the financial year saw a reasonable increase during the year. China continues to be a key economy for global markets and China continues in its endeavor to position the Yuan as a global currency.

Cash market and Derivative market volumes showed a growth over FY 15-16. While the macro picture in India is positive, global factors will have an impact on corporate performance. There seems to be an increase in allocations to equities – both direct as well as through mutual funds. Primary markets have also been buoyant and it is expected that this will continue in the coming year.

Changes and enhancements in Regulatory and Statutory requirements continue. New initiatives have been taken by the Ministry of Finance in creating a common database of clients across all financial markets. As an industry leader, your company continues to engage with Regulators in providing inputs on various issues. Pressure on margins have been incessant with discount broking also gaining popularity. With the extended use of mobile phones and a plethora of Apps, customer's expectations from brokers are changing and are becoming more demanding in services. Use of technology and a high level of digital offerings is the path to success. Your company has a clear strategy to maintain its leadership position through the effective use of technology and a digital road map.

AWARDS AND RECOGNITIONS

Your Directors are happy to report that during the year, your Company was recognized and felicitated for its exemplary performance in various fields. Some of the significant achievements are:

- Best Broker in India, FinanceAsia Country Awards for Achievement 2015
- Best SEO for Website at India Digital Media Awards (IDMA) 2015
- Silver award "Best SEO for Website" at DMAI 2015
- Favorite Research House & Materials Sector At Research bytes IC Awards 2015
- Top Performer in New Accounts opened category (Non-Bank Category) – 1st Position at the NSDL Star Performer Awards, 2016
- BSE Limited recognized Kotak Securities on the occasion of Muhurat Trading as:

One of the top 5 performers in Equity Retail Segment (FY 15-16)

One of the top 5 performers in Equity Institutional Segment (FY 15-16)

One of the top 3 Performers in OFS Segment (FY 15-16)

OPERATIONS

The financial year started on muted expectations as Cash Market Volumes in FY15-16 were lower than that of FY 14-15. The new Government was soon completing 2 years and while there were expectations on their passing new legislations including GST, the loss in assembly elections in Delhi and in Bihar had put a dampener on these expectations. Oil prices had dropped to a low in December 15 and was showing some increase. The lower oil prices continued to help the Indian economy in keeping fiscal deficit under control. The Rupee was stable over the immediately preceding half year and

inflation was expected to be reined in. In the back drop of this scenario, corporate earnings were also expected to show improvement in the financial year.

The Sensex which closed at 25,342 at the end of the FY - 2015-16 (hereinafter referred to as 'previous financial year') closed at 29,620 at the end of the current financial year with a high of 29,825 and low of 24,523. Similarly, the benchmark Nifty which closed at 7,738 at the end of the previous financial year closed at 9,173 at the end of the current financial year with a high of 9,218 and low of 7,517.

Market average daily volumes increased to ₹ 24,511 crores from ₹ 20,247 crores in the previous financial year for the Cash Segment, and increased to ₹ 382,066 crores from ₹ 264,107 crores in the previous financial year for Derivatives Segment. While there was an increase in the absolute volumes in the Derivative Segment, further skewing the market mix in favour of Derivatives.

Retail Segment

Retail market volumes in Cash Segment and Equity Derivatives Segment, recorded a significant increase over the volumes recorded in FY 15-16. Gold prices showed a steady increase the middle of the third quarter before easing off; however prices at the year-end were higher than the previous year-end. Significant events during the year viz BREXIT, Surgical Strikes, US Elections and Demonetization had an effect on the retail participation during certain parts of the year. While real estate has not shown a significant change the inflows to Mutual Fund AUMs has seen a positive change in the second half of the year. Your company's focus on Cash Segment saw it increase market share on the increased market volumes. Given the rise in the retail derivative segment, your company has devised a suitable strategy to increase market share in this segment too.

Your company has further upgraded its customer on boarding process and introduced digital options for the same. Customer acquisition resulted in addition of about 167,959 customers with a large part of them being online trading customers. The new Mobile Trading App launched during the year has been well received and your company is seeing a steady increase in trading volumes through the mobile app. Your company has also introduced a new web terminal for trading and enhanced its internet trading app – KEAT PRO. A number of other digital initiatives are being taken for customer convenience and delight as well as further efficiency in operations. The total outlets stood at 1,281 at the end of the financial year. The number of registered sub brokers/ authorized persons stood at 2,332 for NSE and 1,971 for BSE.

Institutional Equities

Your company's Institutional Equities division has strengthened its leadership position in the Broking Segment and more so among Domestic Brokers. While the Institutional cash segment volumes showed a modest growth, the derivatives segment recorded a significant growth compared to FY 15-16, resulting in a further skew towards Derivatives. Yields across the client segments continued to remain under pressure. Your company's strategy has resulted in a market share growth in the cash segment and has successfully executed a number of block trades. Your company has continued to invest in technology upgrading and introducing new products wherever required and increased its offering on Algo Trades. The Institutional Equity Research continued to be recognized for its in-depth high quality financial modeling, width of stock coverage and valuable investment insights, winning valuable votes from its clients.

Primary Market

The year was very active for Primary Markets for Equity and Debt offerings. Some of the issuances have seen very high demand. The Government of India also accessed the markets for some Offer for Sale (OFS) as well as issuance of gold linked bonds. The Stock Exchanges have introduced a facility to carry out Open offers, Buy Backs etc on the exchange platform and your company has already successfully completed a few of these. In the current financial year, your Company was associated with the distribution of 160 Public Offer Issues, Debt Public Offer Issues, Buy backs and Offers for Sale.

There are no material changes and commitments which occurred between the end of the financial year of the Company to which the financial statement relates and the date of the report affecting the financial position of the Company.

None of the regulators or court or tribunal have passed significant and material order which may impact the going concern status and company's operations in future.

RISK MANAGEMENT

Your Company has a robust Risk Management framework to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The Company has identified following key business risks and has suitable risk mitigates in place:

Credit Risk:

Credit risk is the risk of margin erosion due to market volatility/fluctuations, failure of clients to meet their financial obligations.

Your company has in place, a widespread credit policy to monitor clients margin requirement to prevent risk of default which includes well defined basis for categorization of securities, client-wise / scrip-wise maximum exposure, segment-wise margin requirement, etc. for better management of credit risk.

Market Risk:

The risk of change in overall market or asset class due to the impact of economic conditions and / or other factors impacting index, specific stocks. The value of investments are vulnerable to factors such as changes in economic conditions, interest rates, investor sentiments, developments in global markets, international and domestic political events and acts of war or terrorism.

VaR (value at risk) for proprietary trading is closely supervised by the Board and board has defined maximum limits for VaR, exposure across various segments / trading strategies. Continuous monitoring of VaR, exposure limits and initiation of appropriate action is undertaken to minimize the impact of market risk.

Liquidity Risk:

Liquidity of funds are critical to our business. Liquidity risk is prospective risk of liquidity gap involving margins to be placed with Exchange and a firm's capability to meet margin requirement.

Your company has a strong financial position and the business is adequately capitalized and, appropriate credit lines are available to address liquidity risk. Daily monitoring of margin utilization (requirement) vis-à-vis margin available is done to identify any liquidity gap and necessary arrangement of funds is carried out accordingly.

Operational Risk:

The risk of loss that arises from shortcomings or failures in Internal processes or systems and which can arise on account of inadequate systems, controls or human errors.

Your company manages, the operational risks through well-defined operational processes, policies and systems which are reviewed on a periodical basis. Frequent audits by internal auditors further ensure adherence to defined processes and policies.

Regulatory and Compliance Risk:

The risk arising out of a change in laws and regulations governing our business.

Your company has dedicated Compliance Team whose primary responsibility is to circulate / guide the functional teams in implementing the various regulatory circulars, guidelines, etc. Further, regular Internal Audit carried out by regulators / Internal Auditors of the company ensures adherence to the regulatory / policies requirements on any specific area / function. Discussion of audit findings of various Regulators (including concurrent audits as mandated by SEBI / NSDL) with the Senior Management / Board is carried out.

Competition Risk:

Strong growth prospects combined with liberalization of financial services sector have prompted the entry of newer foreign and domestic financial services companies, thereby increasing the competition faced by your company. This also increases the risk of attrition of key personnel to the competitors.

Innovative products and services, approach in having fair and transparent dealings with the customers, employee engagement programs with objective

oriented trainings help the company to maintain the company's brand image and thus differentiates your company from the competitors.

INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that there are internal controls in place with reference to the Financial Statement and that such controls are operating effectively.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Expenditure in Foreign Currency (on accrual basis):

Travelling ₹ 19.92 Lakhs (Previous Year ₹ 26.96 Lakhs)

Membership and Subscription ₹ 64.14 Lakhs (Previous Year ₹ 86.42 Lakhs)

Software ₹ 288.73 Lakhs (Previous Year ₹ 303.33 Lakhs)

Business Promotion ₹ 253.06 Lakhs (Previous Year ₹ 305.79 Lakhs)

Common Establishment Expenses - Reimbursement ₹ 1620.13 Lakhs (Previous Year ₹ 1663.75 Lakhs)

Communication ₹ 334.48 Lakhs (Previous Year ₹ 318.37 Lakhs)

Data Processing Charges ₹ 34.50 Lakhs (Previous Year ₹ 32.96 Lakhs)

Others ₹ Nil (Previous Year ₹ 1.33 Lakhs)

Professional Fees ₹ 166.42 Lakhs (Previous Year ₹ 186.49 Lakhs).

Conference & Meeting ₹ 11.45 Lakhs (Previous Year ₹ 10.41 Lakhs).

Commission ₹ 1,117.41 Lakhs (Previous Year ₹ 1,080.13 Lakhs).

(b) Earnings in Foreign Currency (on accrual basis): -

Advisory Fees ₹ 1,504.34 Lakhs (Previous Year ₹ 1,192.61 Lakhs)

Other Income ₹ 2.20 Lakhs (Previous Year ₹ Nil)

DEPOSITS

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

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. 47

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS

During the period under review the Company has not given any loan or provided guarantee in connection with any loan to any other body corporate or person. Particular of investments made by the Company are forming part of notes to accounts.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is appended hereto and forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of Education and Livelihood. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

The Annual Report on CSR activities is annexed herewith as **Annexure A**.

EXTRACT OF ANNUAL RETURN

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

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 Whistle Blower Policy is also put up on the Company's website viz. URL <http://www.kotaksecurities.com/ksweb/Important-Policies> and regular communication is made for sustained awareness.

DIRECTORS AND KEY MANAGERIAL PERSONNEL –

I. APPOINTMENT

Mr. K.V.S. Manian was appointed as Additional Director on the Board w.e.f. 20th July, 2016.

Mr. Kamlesh Rao and Mr. Ravi year had been appointed as Managing Director w.e.f. 2nd January, 2017 for Retail broking & Institutional Equities division of the Company respectively

II. RETIREMENT BY ROTATION

Mr. Uday Kotak retires by rotation at the ensuing Annual General Meeting and he is eligible for re-appointment.

III. RESIGNATION

Ms. Shanti Ekambaram, Mr. C Jayaram & Mr. D. Kannan Director of the Company resigned w.e.f. 19th July, 2016, 26th October, 2016 & 3rd January, 2017 respectively.

IV. 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.

V. REMUNERATION POLICY

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.

Remuneration to the KMPS i.e. Managing Director and the Company Secretary, is as per the terms of their employment.

VI. MEETINGS OF BOARD

During the year nine meetings of Board were held and required quorum were present during the meeting.

COMMITTEES OF THE BOARD

With a view to have more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee and non-mandatory committees viz. Routine and Administrative Functions (RAF) Committee, First Tier Audit Committee (FTAC) and Risk Management Committee.

- **Audit Committee**

The Committee consisted of Mr. Uday Kotak as Chairman, Mr. Noshir Dastur and Ms. Falguni Nayar as its member. The Committee was reconstituted on 19th July, 2016 consisting of Mr. C. Jayaram as Chairman, Mr. Noshir Dastur and Ms. Falguni Nayar as its members. The committee was again reconstituted on 29th November, 2016 consisting of Mr. Narayan S.A. as Chairman, Mr. Noshir Dastur and Ms. Falguni Nayar as its members.

During the year six meetings of the Committee were held.

- **Nomination and Remuneration Committee**

The Nomination Committee consisted of Ms. Shanti Ekambaram as Chairperson, Mr. Noshir Dastur and Ms. Falguni Nayar as its members. The Committee was reconstituted on 24th June, 2016 consisting of Mr. Narayan S.A. as Chairman, Mr. Noshir Dastur and Ms. Falguni Nayar as its members.

During the year two meetings of the Committee were held.

- **Corporate Social Responsibility Committee**

The Committee consisted of Mr. Uday Kotak as Chairman, Mr. C. Jayaram and Mr. Noshir Dastur as its members. The Committee was reconstituted on 29th November, 2016 consisting of Mr. Uday Kotak as Chairman, Mr. Narayan S.A. and Mr. Noshir Dastur as its members.

During the year one meeting of the Committee was held.

- **Routine and Administrative Functions (RAF) Committee**

The Committee consisted of Ms. Shanti Ekambaram as Chairperson, Mr. C. Jayaram, Mr. D. Kannan and Mr. Kamlesh Rao as its members. The Committee was reconstituted on 24th June, 2016 consisting of Mr. Narayan S.A. as Chairman, Mr. C. Jayaram, Mr. D. Kannan and Mr. Kamlesh Rao as its members. The committee was again reconstituted on 23rd January, 2017 consisting of Mr. Narayan S.A. as Chairman, Mr. K.V.S. Manian, Mr. Kamlesh Rao and Mr. Ravi Iyer as its members.

During the year ten meetings of the Committee were held.

- **First Tier Audit Committee (FTAC)**

The Committee consisted of Mr. C. Jayaram as Chairman, Mr. D. Kannan, Mr. Jaimin Bhatt, Ms. Shanti Ekambaram and Mr. Kamlesh Rao as its members. The Committee was reconstituted on 24th June, 2016 consisting of Mr. C. Jayaram as Chairman, Mr. D. Kannan, Mr. Jaimin Bhatt, Mr. Narayan S.A. and Mr. Kamlesh Rao as its members. The Committee was again reconstituted on 23rd January, 2017 consisting of Mr. Narayan S.A. as Chairman, Mr. K.V.S. Manian, Mr. Kamlesh Rao, Mr. Ravi Iyer and Mr. Jaimin Bhatt as its members.

During the year three meetings of the Committee were held.

- **Risk Management Committee (Board)**

The Committee consisted of Mr. C. Jayaram as Chairman, Mr. D. Kannan and Ms. Shanti Ekambaram as its member. The Committee was reconstituted on 24th June, 2016 consisting of Mr. C. Jayaram as Chairman, Mr. D. Kannan and Mr. Narayan S.A. as its members. The Committee was again reconstituted on 23rd January, 2017 consisting of Mr. Narayan S.A. as Chairman, Mr. Kamlesh Rao and Mr. Ravi Iyer as its members.

During the year two meetings of the Committee were held.

AUDITORS

- **Statutory Auditors:**

The Company's auditors, M/s Price Waterhouse, Chartered Accountants (Firm Regn No: 301112E), will hold office until conclusion of ensuing Annual General Meeting and are not eligible for re-appointment as per Section 139 of the Companies Act, 2013.

Company has received a consent letter under section 139 of the Companies Act, 2013, from M/s. Deloitte Haskins & Sells LLP for their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for appointment as Auditors of the Company.

- **Secretarial Auditor:**

The Board had appointed Mrs. Rupal Jhaveri, Practicing Company Secretary (Membership no. 5441), to carry out Secretarial Audit under the provisions of the Section 204 of the Companies Act, 2013. The report of the Secretarial Auditor is annexed to this report as Annexure C.

EXPLANATIONS/ COMMENTS BY THE BOARD:

- On every qualification, reservation or adverse remark or disclaimer made by practicing CS in secretarial audit report.

1. Explanation pertaining to CSR contribution is provided in Annexure A.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March, 2016 and of the profit of your Company for the financial year ended 31st March, 2016;
- (iii) They have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis;
- (v) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.
- (vi) They had laid down internal financial control to be followed by the Company and that such internal financial control are adequate and are operating effectively.

ACKNOWLEDGEMENTS

The Directors wish to thank Securities and Exchange Board of India, the Stock Exchanges, the Depositories and the Company's Bankers for their support. The Directors commend the employees of the Company for their dedicated efforts.

For and on behalf of the Board of Directors

Uday S. Kotak

Chairman
DIN No. 00007467

Place: Mumbai

Date:

ANNEXURE "A" CSR ACTIVITIES

- 1 **The Company has a Corporate Social Responsibility (CSR) Committee consisting of the following Directors**
 - a. Mr. Uday Kotak - Chairman
 - b. Mr. Narayan S.A. - Director
 - c. Mr. Noshir Dastur - Independent Director
- 2 Your Company's Board 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
- 3 The CSR policy is available on the Company's website viz. www.kotaksecurities.com
- 4 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:
 - a. The average net profit under section 198 of the Company for the last 3 financial years preceding 31st March, 2017 is ₹34,664.17 Lac.
 - b. The prescribed CSR expenditure required under section 135 of the Companies Act, 2013 for FY 2016-17 is ₹693.28 lac.
 - c. The CSR expenditure incurred for the period 1st April, 2016 to 31st March, 2017 under section 135 of the Companies Act, 2013 amounts to ₹ 90 Lacs as against ₹ 80 lac CSR spend in the financial year 2015-16. The unspent amount for the F.y. 2016-17 is ₹603.28 lac.
 - d. CSR expenditure of ₹ 90 lac in F.Y. 2016-17 as a percentage of average net profit under section 198 of the Company at ₹34,664.17 Lac is 0.26%

- 5 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 ₹ 45 Lac , in FY 2015-16 it was ₹80 Lac . In the reporting period, FY 2016-17, the CSR expenditure has been further increased to ₹ 90 Lac.

Sl. No	CSR project/ activity identified	Sector in which the project is covered	Area of project implementation (Name of the District /s, State /s where project / programme was undertaken	Programme / project wise budgeted amount	Programme / project wise actual spend during the year – Direct expenditures	Programme / project wise actual spend during the year – Overheads	Cumulative Expenditure upto reporting period (since FY 2014-15)	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 ₹ 10000/-</p>	Promoting Education & Livelihood	Mumbai	₹ 90,00,000	₹ 67,84,000	₹ 10,00,000	₹180,00,000 (Out of this, Kotak Education Foundation has not utilised ₹1,216,000/- This will be used towards meeting expenses for FY 2017-18)	₹90,00,000 (Implemented through the Kotak Education Foundation-KEF)
Total CSR Spent U/S 135 of the Companies Act, 2013, During F.Y. 2016-17								₹90,00,000

Narayan S.A.
Director

Uday Kotak
Chairman - CSR Committee

ANNEXURE "B" 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:

1.	CIN	U99999MH1994PLC134051
2.	Registration Date	20th July, 1994
3.	Name of the Company	Kotak Securities Limited
4.	Category / Sub-Category of the Company	Public Company limited by shares
5.	Address of the Registered office and contact details	27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051
6.	Whether listed company (Yes / No)	NO
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Income from Brokerage	99715210	62.68%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kotak Mahindra Bank Limited Address: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	L65110MH1985PLC038137	Holding Company	74.99	Section 2(46) of the Companies Act, 2013
2	Kotak Mahindra Financial Services Limited Address: Office No. 703, Level 7, Office Tower – 2, Al Fattan Currency House, Dubai International Financial Centre, Post Box 16498, Dubai, UAE.	CL0888	Subsidiary Company	73.36	Section 2(87) of the Companies Act, 2013
3	Kotak Mahindra Prime Limited Address: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	U67200MH1996PLC097730	Associate Company	49.00	Section 2(6) of the Companies Act, 2013
4	Kotak Infrastructure Debt Fund Limited Address: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	U65910MH1988PLC048450	Associate Company	30.00	Section 2(6) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters & Promoter Group									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	1,199,985	1,199,985	74.99906	-	1,199,985	1,199,985	74.99906	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	1,199,985	1,199,985	74.99906	-	1,199,985	1,199,985	74.99906	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	1,199,985	1,199,985	74.99906	-	1,199,985	1,199,985	74.99906	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	400,010	-	400,010	25.00063	400,010	-	400,010	25.00063	-
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	5	5	0.0003	-	5	5	0.0003	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	400,010	5	400,015	25.00093	400,010	5	400,015	25.00093	-
Total Public Shareholding (B) = (B)(1)+(B)(2)	400,010	5	400,015	25.00093	400,010	5	400,015	25.00093	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	400,010	1,199,990	1,600,000	100	400,010	1,199,990	1,600,000	100	-

ii) *Shareholding of Promoters*

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	Pledged / encumbered to total shares	
1.	Kotak Mahindra Bank Limited	1,199,985	74.99906	-	1,199,985	74.99906	-	-

iii) Change in Promoters' Shareholding - THERE IS NO CHANGE

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

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

Sl. No.	Name of the Shareholder		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		For Each of the Top 10 Shareholders				
1.	Kotak Mahindra Capital Company Limited	At the beginning of the year	400,010	25.00063	400,010	25.00063
		Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
		At the End of the year (or on the date of separation, if separated during the year)	400,010	25.00063	400,010	25.00063
2	Mr. T.V. Raghunath Jointly with Kotak Mahindra Bank Limited.	At the beginning of the year	1	0.00006	1	0.00006
		Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
		At the End of the year (or on the date of separation, if separated during the year)	1	0.00006	1	0.00006
3	Mr. Krishnan Venkat Subramanian Jointly with Kotak Mahindra Bank Limited	At the beginning of the year	1	0.00006	1	0.00006
		Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
		At the End of the year (or on the date of separation, if separated during the year)	1	0.00006	1	0.00006
4	Mr. Dipak Gupta Jointly with Kotak Mahindra Bank Limited	At the beginning of the year	1	0.00006	1	0.00006
		Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
		At the End of the year (or on the date of separation, if separated during the year)	1	0.00006	1	0.00006
5	Ms. Shanti Ekambaram Jointly with Kotak Mahindra Bank Limited	At the beginning of the year	1	0.00006	1	0.00006
		Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
		At the End of the year (or on the date of separation, if separated during the year)	1	0.00006	1	0.00006
6	Mr. Jaimin Bhatt Jointly with Kotak Mahindra Bank Limited	At the beginning of the year	1	0.00006	1	0.00006
		Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
		At the End of the year (or on the date of separation, if separated during the year)	1	0.00006	1	0.00006

v) *Shareholding of Directors and Key Managerial Personnel:*

Sl. No.	Name of Director and Key Managerial Personnel	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	*Ms. Shanti Ekambaram Jointly with Kotak Mahindra Bank Limited	At the beginning of the year	1	0.00006	1	0.00006
		Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
		At the End of the year	1	0.00006	1	0.00006
2.	**Mr. Krishnan Venkat Subramanian Jointly with Kotak Mahindra Bank Limited	At the beginning of the year	1	0.00006	1	0.00006
		Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
		At the End of the year	1	0.00006	1	0.00006

*Ms. Shanti Ekambaram had resigned w.e.f. 19th July, 2016 and continue to hold the above mentioned share of the Company.

**Mr. Krishnan Venkat Subramanian has been appointed as Director of the Company w.e.f. 20th July, 2016.

V. INDEBTEDNESS:

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

(Amount in Lac.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	7,500.00	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	(104.30)	-	-
Total (i+ii+iii)	-	7,395.70	-	-
Change in Indebtedness during the financial year				
• Addition	-	512,500.00	-	-
• Reduction	-	(432,500.00)	-	-
Net Change	-	80,000.00	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	87,500.00	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	(815.45)	-	-
Total (i+ii+iii)	-	86,684.55	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD –		Total
		Kamlesh Rao	Ravi Iyer	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,19,67,000	30,717,782	5,26,84,782
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	87,36,685	1,12,34,376	1,99,71,061
	(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 (A)	3,07,03,685	4,19,52,158	7,26,55,843
	Ceiling as per the Act			53,37,68,7000

Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Director			Total Amount
		Noshir Dastur	Falguni Nayar	C. Jayaram	
1.	Independent Directors				
	• Fee for attending board / committee meetings	4,20,000	3,40,000	2,80,000	10,40,000
	• Commission*	4,00,000	4,00,000	3,00,000	11,00,000
	• Others, please specify	-	-	-	-
	Total (1)	8,20,000	7,40,000	5,80,000	21,40,000
2.	Other Non-Executive Directors				
	• Fee for attending board committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	8,20,000	7,40,000	5,80,000	21,40,000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				53,37,68,7000

*Subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Kamlesh Rao(CEO)	Dipali Thakkar(CS)	Ravi Iyer (MD)	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,19,67,000	6,25,773	3,07,17,782	5,33,10,555
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	87,36,685	-	1,12,34,376	1,99,71,061
	(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 (A)	3,07,03,685	6,25,773	4,19,52,158	7,32,81,616

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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

ANNEXURE "C" FORM NO. 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 No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of

KOTAK SECURITIES LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kotak Securities 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 Kotak Securities Limited 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 authorised 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 March 31, 2017 ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were complied by the Company during the Audit Period, to the extent applicable :
 - (a) SEBI (Stock Brokers and Sub-brokers) Regulations, 1992;
 - (b) SEBI (Depositories & Participants) Regulations, 1996;
 - (c) Depositories (Appeal to the Central Government) Rules, 1998;
 - (d) SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007;
 - (e) SEBI (Foreign Portfolio Investors) Regulations, 2017;
 - (f) SEBI (Intermediaries) Regulations, 2008;
 - (g) SEBI (Investment Advisers) Regulations, 2013;
 - (h) SEBI (Investor Protection and Education Fund) Regulations, 2009;
 - (i) SEBI [KYC (Know Your Client) Registration Agency) Regulations, 2011;
 - (j) SEBI (Mutual Funds) Regulations, 1996;
 - (k) SEBI (Portfolio Managers Regulations), 1993;
 - (l) SEBI (Research Analysts) Regulations, 2014;
 - (m) SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003;
 - (n) SEBI'S master circular on AML/CFT and AML rules and regulation and Bye-Law and Circulars issued by said regulators from time to time;
 - (o) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (p) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (q) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (r) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (s) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (t) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (u) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (v) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (w) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) 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 abovementioned 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 Ninety Lacs 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 constituted in accordance with the provisions of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is generally given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance except in some cases where Board meetings were held at a short 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.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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 Extra Ordinary General Meeting of the Company held on 29th November, 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 ₹ 10,000 Crores.
2. A Special Resolution was passed at the Extra Ordinary General Meeting of the Company held on 29th November, 2016 by the members in pursuance to section 186(2) of the Companies Act, 2013 for approving Investment limits (in excess of limits prescribed under section 186 of the Companies Act, 2013) to the extent of an amount not exceeding ₹ 5,500 Crores.
3. A special resolution was passed at the Annual General Meeting of the Company held on 8th July, 2016 by the members in pursuance of section 197 of the companies Act, 2013 for payment of commission to Independent Directors.

Place: Mumbai
Date: 22nd 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.*

To
The Members of
KOTAK SECURITIES 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. Where ever 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: 22nd April, 2017

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

INDEPENDENT AUDITOR'S REPORT

To

The Members of

TO THE MEMBERS OF KOTAK SECURITIES LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Kotak Securities Limited ("the Company"), which comprise the Balance Sheet as at March 31, 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

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A;
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its financial statements – Refer Note 27 (a);
 - ii. The Company has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts. The Company did not have any long term derivative contracts as at March 31, 2017;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 46

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sharad Vasant

Partner

Membership Number 101119

Place : Mumbai

Date: April 26, 2017

“ANNEXURE A” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 10 (f) of the Independent Auditors’ Report of even date to the members of Kotak Securities Limited on the financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Kotak Securities Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sharad Vasant

Partner

Membership Number 101119

Mumbai
April 26, 2017

"ANNEXURE B" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kotak Securities Limited on the financial statements as of and for the year ended March 31, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased program designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The title deeds of immovable properties, as disclosed in Note 11 on fixed assets and Note 12 on Non-current Investments to the financial statements, are held in the name of the Company.
- ii. The securities held as stock in trade have been confirmed by the Management with the statement of holdings provided by National Securities Depository Limited (NSDL) at reasonable intervals.
- iii. The Company has placed fixed deposits with its holding company covered in the register maintained under Section 189 of the Act. 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.
 - (a) In respect of the aforesaid fixed deposits, the terms and conditions under which such fixed deposits were placed are not prejudicial to the Company's interest.
 - (b) In respect of the aforesaid fixed deposits, the schedule of repayment of principal and payment of interest has been stipulated, and the party is repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
 - (c) In respect of the aforesaid fixed deposits, there is no amount which is overdue for more than ninety days.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including 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, as applicable, with the appropriate authorities.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax and service tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Service tax	33	Financial Years 1999-2003	Custom Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Service tax	10	Financial Years 2004-2007	Additional Commissioner of Service tax
The Central Excise Act, 1944	Service tax	9	Financial Years 2002-2007	Joint Commissioner of Service tax
The Central Excise Act, 1944	Service tax	50	Financial Years 2007-10	Commissioner of Service tax
The Central Excise Act, 1944	Service tax	2,430	Financial Years 2012-14	Commissioner of Service tax

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax (Paid under appeal ₹ 728 lakhs and refund of ₹ 1270 lakhs pertaining to AY 2011-12 adjusted by the assessing officer)	1,877	Assessment Year 2007-08	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax (Paid under appeal ₹ 64 lakhs)	64	Assessment Year 2011-12	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax (Paid under appeal ₹ 642 lakhs)	642	Assessment Year 2012-13	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax(Paid under appeal ₹ 1,212 lakhs)	1,212	Assessment Year 2013-14	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax(Paid under appeal ₹ 143 lakhs)	143	Assessment Year 2014-15	Commissioner of Income Tax

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has 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. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sharad Vasant
Partner

Membership Number 101119

Mumbai
April 26, 2017

BALANCE SHEET

AS AT 31ST MARCH, 2017

Particulars	Note No.	31st March 2017 ₹ in Lacs	31st March 2016 ₹ in Lacs
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
Share Capital	3	160.00	160.00
Reserves and Surplus	4	299,434.78	263,308.23
2 Non-Current Liabilities			
Other Long-Term Liabilities	5	1,790.06	1,642.13
Long-Term Provisions	6	1,331.08	1,222.33
3 Current Liabilities			
Short-Term Borrowings	7	86,684.55	9,481.83
Trade Payables			
Total Outstanding dues of micro enterprises and small enterprises		-	-
Total Outstanding dues of creditors other than micro enterprises and small enterprises	8	217,789.10	112,569.60
Other Current Liabilities	9	11,673.65	5,603.77
Short-Term Provisions	10	3,349.61	2,697.90
TOTAL		622,212.83	396,685.79
II. ASSETS			
1 Non-current assets			
Fixed Assets	11		
Property, Plant and Equipment		5,107.64	5,703.29
Intangible Assets		748.21	410.36
Non - Current Investments	12	113,544.87	101,819.92
Deferred Tax Asset (Net)	13	529.02	286.98
Long Term Loans and Advances	14	5,845.91	4,737.82
Other Non Current Assets	15	17,158.52	8,380.65
2 Current Assets			
Current Investments	16	12,714.78	12,215.64
Stock in Trade (Securities)	17	14,771.74	9,470.36
Trade Receivables	18	205,549.89	97,489.16
Cash and Bank Balances	19	224,399.46	141,055.87
Short-Term Loans and Advances	20	18,589.89	12,055.96
Other Current Assets	21	3,252.90	3,059.78
TOTAL		622,212.83	396,685.79

Significant Accounting Policies

2

The Notes to the financial statements form an integral part of the Financial Statements

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sharad Vasant
Partner
Membership Number: 101119
Mumbai
Date : April 26,2017

For and on Behalf of the Board of Directors

Uday S. Kotak
Chairman

Kamlesh Rao
Managing Director

Mumbai,
Date : April 26,2017

K.V.S. Manian
Director

Ravi Iyer
Managing Director

Narayan.S.A
Director

Trivikram Kamath
Senior Executive Vice President

Dipali Thakkar
Company Secretary

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	For the year ended 31 March 2017 ₹ in Lacs	For the year ended 31 March 2016 ₹ in Lacs
INCOME			
Revenue from Operations	22	91,943.33	75,253.59
Other Income	23	26,490.40	22,203.79
Total Income		118,433.73	97,457.38
EXPENSES:			
Employee Benefit Expenses	24	27,370.51	25,626.16
Interest and Financial Costs	25	5,269.80	2,637.22
Depreciation and Amortisation Expense	11	2,177.49	1,956.90
Depreciation on Investment Property		45.30	45.30
Other Expenses	26	29,241.27	29,094.88
Total Expenses		64,104.37	59,360.46
Profit Before Tax		54,329.36	38,096.92
Tax expense:		-	-
Current Taxes			
Pertaining to profit/ (loss) for the current period		18,356.74	12,823.59
Adjustment of tax relating to earlier periods		88.11	(243.99)
Deferred Tax (credit)/ charge		(242.04)	451.30
Total Tax Expenses		18,202.81	13,030.90
Profit For The Year		36,126.55	25,066.02
Earnings per Share on Equity Shares of ₹10 each			
Basic and Diluted (In ₹)		2,257.91	1,566.63

(Refer Note 41)

Significant Accounting Policies

2

The Notes to the financial statements form an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sharad Vasant
Partner
Membership Number: 101119
Mumbai
Date : April 26,2017

For and on Behalf of the Board of Directors

Uday S. Kotak
Chairman

Kamlesh Rao
Managing Director

Mumbai,
Date : April 26,2017

K.V.S. Manian
Director

Ravi Iyer
Managing Director

Narayan.S.A
Director

Trivikram Kamath
Senior Executive Vice President

Dipali Thakkar
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH , 2017

Particulars	For the year ended	For the year ended
	31 st March, 2017	31 st March, 2016
	₹ in Lacs	₹ in Lacs
Cash flow from operating activities		
Profit before tax	54,329.36	38,096.92
Add adjustments for :		
Depreciation and Amortisation Expense	2,177.49	1,956.90
Depreciation on Investment Property	45.30	45.30
Interest and other financial costs	4,909.78	2,214.37
Interest income	(21,212.29)	(18,734.50)
Discount received on Debentures	(456.54)	(271.04)
Dividend income	(125.04)	(120.88)
Provision for doubtful debts (written back) / provided	164.82	(656.45)
(Profit)/loss on sale of fixed assets (net)	(59.03)	(39.43)
(Profit)/loss on sale of current investments (net)	(2,045.27)	(615.47)
(Profit)/loss on sale of non current investments (net)	(19.87)	(103.09)
Provision for diminution in value of Investments/ (write back)	284.17	126.29
Operating profit before working capital changes	37,992.88	21,898.92
Adjustments for changes in working capital :		
- Other long term liabilities	147.93	(13.60)
- Trade payables	105,219.50	(18,225.68)
- Provisions- long term and short term	251.41	(0.21)
- Other current liabilities	6,069.88	(9,652.89)
- Loans and advances- long term and short term	(6,297.64)	11,083.95
-Trade receivables	(108,225.55)	11,568.01
- Stock in trade	(5,301.38)	28,150.74
Cash generated from operations	29,857.03	44,809.24
- Taxes paid (net of refunds)	(19,198.57)	(12,463.79)
Net cash generated from operating activities (A)	10,658.46	32,345.45
Cash flow from investing activities:		
Purchase of fixed assets (including capital advances)	(2,046.92)	(3,068.17)
Proceeds from sale of fixed assets	123.85	93.49
Sale of investments - non-current	206.90	374.33
Purchase of investments - non-current	(24,929.09)	(19,751.41)
Sale of investments - current	2,120,011.60	797,265.47
Purchase of investments - current	(2,105,503.00)	(805,770.80)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH , 2017

Particulars	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
	₹ in Lacs	₹ in Lacs
Proceeds from fixed deposits redeemed/(Amount placed in fixed deposits)(net)	(81,471.09)	18,119.43
Interest received	21,019.17	18,647.78
Dividend on investments	125.04	127.93
Net cash (used in)/ generated from investing activities (B)	(72,463.54)	6,038.05
Proceeds /(repayments) from /of borrowings (net)	(2,086.13)	2,086.13
Proceeds from Commercial Paper	506,566.00	120,864.08
Repayments of Commercial Paper	(431,949.23)	(162,500.00)
Interest and other finance charges paid	(75.19)	(37.72)
Net cash generated/ (used in) from financing activities (C)	72,455.45	(39,587.51)
Net Increase in Cash and cash equivalents (A)+(B)+(C)	10,650.37	(1,204.01)
Cash and cash equivalents at the beginning of the year	651.69	1,855.70
Cash and cash equivalents at the end of the year	11,302.06	651.69
Cash and cash equivalents comprise of		
Cash on hand	10.63	11.22
Balances with scheduled banks	11,291.43	640.47
Total	11,302.06	651.69

The Notes to the financial statements form an integral part of the Financial Statements

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements" specified under Section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014.

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sharad Vasant
Partner
Membership Number: 101119
Mumbai
Date : April 26,2017

For and on Behalf of the Board of Directors

Uday S. Kotak
Chairman

Kamlesh Rao
Managing Director

Mumbai,
Date : April 26,2017

K.V.S. Manian
Director

Ravi Iyer
Managing Director

Narayan.S.A
Director

Trivikram Kamath
Senior Executive Vice President

Dipali Thakkar
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

1. CORPORATE INFORMATION

Kotak Securities Limited (The Company), subsidiary of Kotak Mahindra Bank Limited (KMBL), was incorporated on 20th July, 1994, it provides securities broking in cash equities, equity and currency derivatives segment, depository and primary market distribution services.

The Company is a member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and Metropolitan Stock Exchange of India Limited (MSEI).

The Company is also a depository participant of National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and is also registered as a portfolio manager with Securities and Exchange Board of India (SEBI).

The Company is registered as Mutual Fund Advisor with Association of Mutual Funds in India and also acts as corporate agent of Kotak Mahindra Old Mutual Life Insurance Limited.

2. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING

The Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles in India to comply with the accounting standards notified under section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on accrual basis and under the historical cost convention except for derivative financial instruments which have been measured at fair value. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for the changes in accounting policies for derivatives, (refer note 33) disclosed hereafter.

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

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

B. REVENUE RECOGNITION

Revenue is recognized when there is reasonable certainty of its ultimate realisation / collection.

1. Placement and other fee based income are accounted for on the basis of the progress of the assignment.
2. Brokerage Income (net of service tax)
on primary market subscription – mobilisation is accounted on allotment after intimation received by the Company. on secondary market transaction is recognised on the date of the transaction.
3. Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
4. Incentive on primary market subscription – mobilisation is accounted on the basis of intimation received by the Company.
5. Dividend income is recognised when the right to receive the dividend is established.
6. Depository Fees (net of service tax)
Transaction fees are recognised on completion of the transaction.
Account maintenance charges are recognised on time basis over the period of the contract.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

7. (i) Portfolio management fees are accounted on accrual basis as follows:
 - (a) In case of fee based on fixed percentage of the corpus/ fixed amount, income is accrued over the period of the agreement.
 - (b) In case of fee based on the returns of the portfolio, income is accounted on the termination of the portfolio agreement / on each anniversary as per the agreement, whichever is earlier
 - (c) In case of an upfront non-refundable fee, income is accounted in the year of receipt
- (ii) Funds received from Portfolio Management Services (PMS) Investors and corresponding Investments made on their behalf are not forming part of these financial statements.

C. DISCOUNTED INSTRUMENTS

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

D. FIXED ASSETS – TANGIBLE AND INTANGIBLE ASSETS

TANGIBLE

1. Property, Plant and Equipment are stated at acquisition cost inclusive of incidental expenses net of accumulated depreciation and accumulated impairment losses, if any.
2. Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are equal or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the asset. The estimated useful lives of assets based on technical evaluation by management are as follows:

Leasehold Improvements	Over the period of lease subject to a maximum of 6 years
Premises	58 years
Furniture and Fixtures	6 years
Computers	3 years
Office Equipments	5 years
Motor Vehicles	4 years

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

INTANGIBLE

1. Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.
2. Cost of software is amortised over a period of 3 years on Straight Line Basis.
3. The implied rates are based on Management estimates of the useful lives of the intangible assets, and are in line with Schedule II to the Act.
4. Amortisation on additions to software is calculated pro-rata from the month of acquisition

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

E. INVESTMENTS

Investments are classified into long term investments and current investments. Investments which are intended to be held for more than one year are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Long term investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for. Current investments are valued at cost or market/fair value, whichever is lower. In case of investments in units of a mutual fund, the net asset value of units is considered as the market / fair value.

Investment in premises that are not intended to be occupied substantially for use by, or in the operations of, the Company has been classified as Investment property. Investment property is carried at cost less accumulated depreciation. Refer Note 2 D(2) for depreciation rate used for premises.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, demand deposits with banks and other fixed deposits with bank with original maturities of three months or less.

G. STOCK IN TRADE

Securities acquired with the intention to trade are classified as stock- in- trade. Stock-in -trade is valued at cost, calculated by applying the weighted average cost method, or market/ fair value whichever is lower. The profit or loss on sale of securities is recognised on trade date in the Statement of Profit and Loss.

H. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. Exchange differences arising on settlement of revenue transactions are recognised in the Statement of Profit and Loss. Monetary assets and liabilities contracted in foreign currencies are restated at the rate of exchange ruling at the Balance Sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in the Statement of Profit and Loss.

The financial statement of an integral foreign operations are translated using principle and procedures as if the transactions of the foreign operations are that of the Company itself.

I. DERIVATIVES

(a) Outstanding derivative contracts are measured at fair value as at each Balance Sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques used as input parameters are observable market data in order to ensure reliability of the fair value measure.

(b) In accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India effective from 1 April 2016, the Company recognises all mark to market gains or losses on derivative contracts in the statement of profit and loss.

2 (a) "Initial Margin – Equity Derivative Instrument" representing the initial margin paid and /or additional margin paid over and above the initial margin, for entering into contracts for equity index/ stock futures and equity index/ stock options, which are released on final settlement / squaring – up of the underlying contracts, are disclosed under Loans and Advances. "Margin Deposits – Equity Derivative Instrument" representing the deposit paid in respect of mark to market margin is disclosed under Loans and Advances.

(b) "Equity Index/ Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.

(c) On settlement or squaring up of equity index/ stock options before expiry, the premium prevailing in "Equity Index/Stock Option Premium Account" on that date is recognised in the Statement of Profit and Loss.

3. When more than one contract in respect of the relevant series of equity index/ stock futures or equity index/ stock options contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

J. SECURITIES LENDING AND BORROWING

- (a) Initial margin and /or additional margin paid over and above the initial margin, for entering into contracts for equity stock which are released on final settlement / squaring – up of the underlying contracts, are disclosed under Loans and Advances.
- (b) The mark to market on securities lending and borrowing instrument is determined on scriptwise with net unrealized losses being recognised in the Statement of Profit and Loss. Net unrealized gains are not recognised in the Statement of Profit and Loss on grounds of prudence as enunciated in Accounting Standard – 1, Disclosure of Accounting Policies.
- (c) On final settlement or squaring up of contracts for equity stocks, the realised profit or loss after adjusting the unrealized loss already accounted, if any, is recognised in the Statement of Profit and Loss.
- (d) The Lending and Borrowing fees are recognised on Pro- rata basis on the tenure of the contract.

K. EMPLOYEE BENEFITS

Long Term Employee Benefits

- (a) Defined Contribution Plan
Contribution as required by the Statute made to the Government Provident Fund is debited to the Statement of Profit and Loss.
- (b) Defined Benefit Plan
The Company has a defined benefit plan for post employment benefits in the form of gratuity. The Company has formed a Trust “Kotak Securities Employees Gratuity Trust” which has taken group gratuity policies with an insurance company which is funded. The Trust is recognised by the Income Tax Authorities and is administered through trustees and / or the insurance companies. 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. The fair value of assets available with the insurance companies is compared with the gratuity liability as per an independent actuarial valuation at the year end and shortfall, if any, is provided in the financial statements. Actuarial gains and losses are recognised in the Statement of Profit and Loss.
- (c) Other Long-term Employee Benefit
The company accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary. The net present value of the company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.

Short Term Employee Benefits

Other employee benefits

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

L. EMPLOYEE STOCK APPRECIATION SCHEME

Cash-settled transactions:

The cost of cash-settled transactions (stock appreciation rights and employee stock option plan) is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments are granted. This intrinsic value is amortised on a straight-line basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the settlement date with changes in intrinsic value recognised in Statement of Profit and Loss in Salaries, Allowances and Bonus.

M. SUPERANNUATION

The Company contributes a sum equivalent to 15% of eligible employees' salary subject to a maximum of ₹ 1.00 lac per eligible employee per annum, to the Superannuation Funds administered by trustees and managed by a Life Insurance Company. The Company recognises such contributions as an expense in the year they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

N. BORROWING COST

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

O. 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 comprise of changes in the deferred tax assets and liabilities. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising mainly on account of carry forward losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted before the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Statement of Profit and Loss in the period of the change. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized.

P. 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 in accordance with Accounting Standard – 28, Impairment of Assets. The carrying amount is reduced to the recoverable amount and reduction is recognised as an impairment loss in the Statement of Profit and Loss.

Q. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

R. OPERATING LEASE

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/ receipts are recognised as an expense/ income in the Statement of Profit and Loss on a straight-line basis over the lease term.

S. EARNINGS PER SHARE

The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard 20 "Earnings Per Share". Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

T. SEGMENT

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses/income".

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Particulars	31 st March 2017 (₹ in Lacs)	31 st March 2016 (₹ in Lacs)
NOTE 3: SHARE CAPITAL		
Authorised		
1,000,000 (Previous Year 1,000,000) Preference Shares of ₹100 each	1,000.00	1,000.00
6,000,000 (Previous Year 6,000,000) Equity Shares of ₹10 each	600.00	600.00
	1,600.00	1,600.00
Issued, Subscribed and Paid Up		
1,600,000 Equity Shares of ₹10 each fully paid up	160.00	160.00
TOTAL	160.00	160.00

Equity shares held by holding company and subsidiary of holding company

Particulars	31 st March 2017		31 st March 2016	
	No. of shares	(₹ in Lacs)	No. of shares	(₹ in Lacs)
Kotak Mahindra Bank Limited (Jointly with nominees)	1,199,990	120.00	1,199,990	120.00
Kotak Mahindra Capital Company Limited	400,010	40.00	400,010	40.00
	1,600,000	160.00	1,600,000	160.00

Reconciliation of number of shares and equity share capital

Particulars	31 st March 2017		31 st March 2016	
	No. of shares	(₹ in Lacs)	No. of shares	(₹ in Lacs)
Opening Balance at the beginning of the year				
Add : Issued during the year	1,600,000	160.00	1,600,000	160.00
Less : Buy back during the year	-	-	-	-
Closing Balance at the end of the year	1,600,000	160.00	1,600,000	160.00

Equity Shares: The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

List of Shareholders holding more than 5 % of equity share capital

Particulars	31 st March 2017		31 st March 2016	
	No. of shares	%	No. of shares	%
Kotak Mahindra Bank Limited and its nominees	1,199,990	75	1,199,990	75
Kotak Mahindra Capital Company Limited	400,010	25	400,010	25

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Particulars	31 st March 2017 (₹ in Lacs)	31 st March 2016 (₹ in Lacs)
NOTE 4: RESERVES AND SURPLUS		
Securities Premium Account		
Balance as at the beginning and end of the year	2,350.35	2,350.35
General Reserve		
Balance at the beginning of the year	17,281.94	17,281.94
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	243,675.94	218,609.92
Profit for the year	36,126.55	25,066.02
Balance as at the end of the year	279,802.49	243,675.94
TOTAL	299,434.78	263,308.23
NOTE 5: OTHER LONG TERM LIABILITIES		
Security Deposits	1,790.06	1,642.13
TOTAL	1,790.06	1,642.13
NOTE 6 : LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for Compensated Absences	809.34	793.92
Provision for Stock Appreciation Rights (Refer Note 39 (b))	391.28	307.36
Provision for employee benefits	130.46	121.05
TOTAL	1,331.08	1,222.33
NOTE 7: SHORT TERM BORROWINGS		
Secured		
Overdraft from Banks- repayable on demand (Secured by a pari passu first charge on the stock in trade and trade receivables)	-	2,086.13
Unsecured		
Commercial Paper (Payable at maturity)	87,500.00	7,500.00
Less : Discount not Written off	(815.45)	(104.30)
(Maximum amount outstanding during the year ₹ 295,000.00 Lakhs (Previous Year ₹57,500.00 Lakhs)	86,684.55	7,395.70
Rate of interest ranging from 6.65% to 8.25% (Previous year 7.55% to 9.35%)		
Tenure ranging from 7 days to 91 days (Previous year 7 days to 123 days)		
	86,684.55	9,481.83
NOTE 8: TRADE PAYABLES *		
Total Outstanding dues of micro enterprises and small enterprises	-	-
Total Outstanding dues of creditors other than micro enterprises and small enterprises	217,593.35	112,421.58
Trade Payables	-	-
Sundry Creditors	195.75	148.02
TOTAL	217,789.10	112,569.60

* There are no delays in payments to micro and small enterprises as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006. The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Particulars	31 st March 2017		31 st March 2016	
	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)
NOTE 9: OTHER CURRENT LIABILITIES				
Income Received in Advance		33.83		87.62
Statutory Dues (including Tax Deducted at Source)		1,126.01		807.61
Mark-to-Market Margin - Equity Index/Stock Futures	112.04		67.21	
Less: Unrealised Gain (Refer Note 2 I)	(112.04)	-	(67.21)	-
Equity Index/Stock Option Premium (Refer Note 2 I)	283.20		1,188.07	
Add/(Less):Unrealised Loss/(Gain) (Refer Note 2 I)	(35.83)	247.37	470.67	1,658.74
Other Liabilities		7,332.66		1,311.94
Employee Benefits Payable		2,800.00		1,475.00
Gratuity Payable (Refer Note 29 (a))		133.78		262.86
TOTAL		11,673.65		5,603.77

Particulars	31 st March 2017	31 st March 2016
	(₹ in Lacs)	(₹ in Lacs)
NOTE 10: SHORT-TERM PROVISIONS		
(a) Provision for Employee Benefits		
Compensated Absenses	181.79	164.16
Stock Appreciation Rights (Refer Note 39 (b))	632.23	507.20
(b) Others		
Provision for Tax {Net of Advance Tax and Fringe Benefits Tax - ₹ 40,394.93 Lakhs (Previous year ₹ 29,124.32 Lakhs)}	2,215.59	1,706.54
Contingencies (Refer Note 34)	320.00	320.00
TOTAL	3,349.61	2,697.90

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

NOTE 11: FIXED ASSET

DESCRIPTIONS	Gross Block			As at 31st Mar 2017	Depreciation/Amortisation			Net Block	
	As at 1 April 2016	Additions for the year	Disposals/ Adjustment for the year		As at 1 April 2016	Charge for the year	On Disposals/ Adjustment for the year	As at 31st Mar 2017	As at 31st Mar 2017
	₹	₹	₹		₹	₹	₹	₹	₹
Tangible Assets									
Leasehold Improvements	1,893.10	6.87	322.16	1,577.81	1,349.08	190.22	312.27	1,227.03	350.78
Premises (a) & (b)	2,637.24	-	-	2,637.24	310.64	45.36	-	356.00	2,281.24
Furniture and Fixtures	220.44	13.76	34.78	199.42	210.14	14.17	34.46	189.85	9.57
Computers	7,874.92	491.14	55.28	8,310.78	6,103.56	1,073.90	55.28	7,122.18	1,188.60
Office Equipments (c)	2,178.37	219.82	155.79	2,242.40	1,840.08	134.67	150.90	1,823.85	418.55
Motor Vehicles	1,291.79	522.72	271.79	1,542.72	579.07	326.82	222.07	683.82	858.90
TOTAL TANGIBLE ASSETS	16,095.86	1,254.31	839.80	16,510.37	10,392.57	1,785.14	774.98	11,402.73	5,107.64
INTANGIBLE ASSETS									
Software (d)	2,371.05	730.20	-	3,101.25	1,960.69	392.35	-	2,353.04	748.21
TOTAL INTANGIBLE ASSETS	2,371.05	730.20	-	3,101.25	1,960.69	392.35	-	2,353.04	748.21
Total Assets	18,466.91	1,984.51	839.80	19,611.62	12,353.26	2,177.49	774.98	13,755.77	5,855.85

- a Includes value of shares in the co-operative society , aggregating to ₹ 4.00 Lakhs registered in the name of the Company. The depreciation for the year is ₹ 0.06 Lakhs and the written down value of the asset as on 31st March,2017 is ₹ 2.78 Lakhs
- b Includes asset given on operating lease aggregating to ₹ 248.07 Lakhs and the written down value of the asset as on 31st March,2017 is ₹ Nil Lakhs
- c Includes asset given on operating lease aggregating to ₹158.01 Lakhs and the written down value of the asset as on 31st March,2017 is ₹Nil Lakhs

NOTE 11: FIXED ASSET

DESCRIPTIONS	Gross Block			As at 31st Mar 2016	Depreciation/Amortisation			Net Block	
	As at 1 April 2015	Additions for the year	Disposals/ Adjustment for the year		As at 1 April 2015	Charge for the year	On Disposals/ Adjustment for the year	As at 31st Mar 2016	As at 31st Mar 2016
	₹	₹	₹		₹	₹	₹	₹	₹
Property, Plant and Equipment									
Leasehold Improvements	1,693.54	317.53	117.97	1,893.10	1,289.93	174.97	115.82	1,349.08	544.02
Premises (a) & (b)	5,270.49	-	2,633.25	2,637.24	529.49	45.35	264.20	310.64	2,326.60
Furniture and Fixtures	210.33	23.95	13.84	220.44	198.97	24.95	13.78	210.14	10.30
Computers	6,788.23	1,661.47	574.78	7,874.92	5,620.59	1,051.31	568.34	6,103.56	1,771.36
Office Equipments (c)	2,493.70	174.40	489.73	2,178.37	2,193.61	131.59	485.12	1,840.08	338.29
Motor Vehicles	1,036.49	519.98	264.68	1,291.79	553.36	249.59	223.88	579.07	712.72
TOTAL PROPERTY, PLANT AND EQUIPMENT	17,492.78	2,697.33	4,094.25	16,095.86	10,385.95	1,677.76	1,671.14	10,392.57	5,703.29
INTANGIBLE ASSETS									
Software (d)	1,950.12	462.67	41.74	2,371.05	1,723.29	279.14	41.74	1,960.69	410.36
TOTAL INTANGIBLE ASSETS	1,950.12	462.67	41.74	2,371.05	1,723.29	279.14	41.74	1,960.69	410.36
Total Assets	19,442.90	3,160.00	4,135.99	18,466.91	12,109.24	1,956.90	1,712.88	12,353.26	6,113.65

- a Includes value of shares in the co-operative society , aggregating to ₹ 4.00 Lakhs registered in the name of the Company. The depreciation for the year is ₹ 0.06 Lakhs and the written down value of the asset as on 31st March,2016 is ₹ 2.84 Lakhs.
- b Please refer to Note 44.
- c Includes asset given on operating lease aggregating to ₹ 285.01 Lakhs and the written down value of the asset as on 31st March,2016 is ₹ Nil Lakhs
- d Includes asset given on operating lease aggregating to ₹177.35 Lakhs and the written down value of the asset as on 31st March,2016 is ₹Nil Lakhs

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

NOTE 12: NON-CURRENT INVESTMENTS

Particulars	31st March 2017	31st March 2016
	(₹ in Lacs)	(₹ in Lacs)
Investment in property (at cost less accumulated depreciation) (Refer Note : 44)		
Cost of premise given on operating lease	2,633.25	2,633.25
Less: Accumulated depreciation	354.80	309.50
Sub Total: (a)	2,278.45	2,323.75

	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Long Term Investments (Other than Trade)					
(At Cost, less diminution other than temporary in nature)					
Quoted					
BSE limited	2	130,000	262.75	-	-
Debentures (fully paid)					
Investment in Fellow Subsidiary					
9.50%, Unsecured Non Convertible Debentures of Kotak Mahindra Prime Limited (Date of Redemption on 30th August, 2017)	1,000,000	-	-	500	5,000.00
10.50%, Unsecured Non Convertible Debentures of Kotak Mahindra Prime Limited (Date of Redemption on 23rd April, 2021)	1,000,000	1,500	15,000.00	1,500	15,000.00
11.00%, Unsecured Non Convertible Debentures of Kotak Mahindra Prime Limited (Date of Redemption on 23rd September, 2021)	1,000,000	500	5,000.00	500	5,000.00
11.25%, Unsecured Non Convertible Debentures of Kotak Mahindra Prime Limited (Date of Redemption on 28th September, 2021)	1,000,000	400	4,000.00	400	4,000.00
10.40% Unsecured Non Convertible Debentures of Kotak Mahindra Prime Limited (Date of Redemption on 23th September, 2022)	1,000,000	250	2,500.00	250	2,500.00
10.50% Unsecured Non Convertible Debentures of Kotak Mahindra Prime Limited (Date of Redemption on 22th Jun, 2023)	1,000,000	400	4,000.00	400	4,000.00
9.00% Unsecured Non Convertible Debentures of Kotak Mahindra Investments Limited (Date of Redemption on 31st Dec 2025)	1,000,000	500	5,000.00	500	5,000.00
8.35% Unsecured Non Convertible Debentures of Kotak Mahindra Investments Limited (Date of Redemption on 18th Dec 2026)	1,000,000	300	3,000.00	-	-
8.55% Unsecured Non Convertible Debentures of Kotak Mahindra Investments Limited (Date of Redemption on 24th Mar 2027)	1,000,000	1,000	10,000.00	-	-
Sub Total: (b)		134,850	48,762.75	4,050	40,500.00

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Units of Mutual Fund (fully paid)					
Others					
Kotak Mahindra Mutual Fund (FMP Series 145-390 days (Date of original redemption 6th April, 2015, rolled over upto 10th April 2018))	10	25,000,000	2,500.00	25,000,000	2,500.00
Kotak Mahindra Mutual Fund (FMP Series 146 - 388 Days (Date of original redemption 6th April, 2015, rolled over upto 10th April 2018))	10	15,000,000	1,500.00	15,000,000	1,500.00
ICICI Prudential Mutual Fund (FMP Series 72 -409 Days Plan S (Date of original redemption 9th April, 2015, rolled over upto 24th May 2018))	10	15,000,000	1,500.00	15,000,000	1,500.00
Birla Sun Life Mutual Fund (FMP Series KP (1504 days) (Date of original redemption 15th April, 2015, rolled over upto 18th April 2018))	10	7,500,000	750.00	7,500,000	750.00
Birla Sun Life Mutual Fund (FMP Series KT 1119 days (Date of original redemption 2nd April, 2015, rolled over upto 10th April 2017))	10	-	-	17,000,000	1,700.00
DSP Black Rock Mutual Fund (FMP - Series 152 - 12.5M (Date of original redemption 6th April, 2015, rolled over upto 11th April 2017))	10	-	-	20,000,000	2,000.00
HDFC Mutual Fund (FMP Series 29 -400 Days (Date of original redemption 14th April, 2015, rolled over upto 22nd May 2017))	10	-	-	10,000,000	1,000.00
ICICI Prudential Mutual Fund (Series 73 -407 Days Plan C (Date of original redemption 16th April, 2015, rolled over upto 27th April 2017))	10	-	-	10,000,000	1,000.00
Kotak Mahindra Mutual Fund (FMP Series 142-420 days Date of original redemption 24th April, 2015, rolled over upto 3rd April 2017))	10	-	-	20,000,000	2,000.00
HDFC Mutual Fund (HDFC Charity fund for cancer cure-Debt Fund (Date of Redemption on 05th May 2020))	10	500,000	50.00	-	-
Sub Total: (c)		63,000,000	6,300.00	139,500,000	13,950.00
Tax free Bonds					
7.21% Tax Free Bonds of Power Finance Corporation Limited (Date of Redemption on 22nd Nov,2022)	1,000,000	300	3,022.09	300	3,025.94
7.18% Tax Free Bonds of Indian Railway Finance Corporation Limited (Date of Redemption on 19th Feb,2023) (under lien to National Securities Clearing Corporation Limited)	1,000	250,000	2,629.09	-	-

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
7.17% Tax Free Bonds of Rural Electrification Corporation Limited (Date of Redemption on 23th July,2025)	1,000,000	50	502.70	50	503.02
7.19% Tax Free Bonds of Indian Railway Finance Corporation Limited (Date of Redemption on 31th July,2025)"	1,000,000	50	503.55	50	503.96
7.14% Tax Free Bonds of National Highways Authority Of India (Date of Redemption on 11th Jan,2026) (under lien to National Securities Clearing Corporation Limited)	1,000	100,000	1,004.35	100,000	1,004.83
7.34% Tax Free Bonds of Indian Railway Finance Corporation Limited (Date of Redemption on 19th Feb,2028) (under lien to National Securities Clearing Corporation Limited)	1,000	950,000	9,695.79	950,000	9,713.66
Sub Total: (d)		1,300,400	17,357.57	1,050,400	14,751.41
Sub Total: (e=b+c+d)		64,435,250	72,420.32	140,554,450	69,201.41
Unquoted					
Equity Shares (fully paid)					
BSE limited	1	-	-	260,000	262.75
Investment in Subsidiary:					
Kotak Mahindra Financial Services Limited incorporated in Dubai, U.A.E.	USD 1	1,239,000	585.57	1,239,000	585.57
Investment in Fellow subsidiary					
Kotak Mahindra Prime Limited	10	1,712,600	27,080.69	1,712,600	27,080.69
Kotak Infrastructure Debt Fund Limited	10	93,000,000	9,300.00	-	-
Others					
Siro Clinpharma Private Limited	10	-	-	998	446.29
Preference Shares (fully paid)					
Investment in Fellow subsidiary					
8.5%,Cumulative Convertible Preference Share of Kotak Mahindra Asset Management Company Limited (Date of Conversion on 05th January, 2019))	10	8,500,000	850.00	8,500,000	850.00
Others					
Optionally convertible redeemable Preference Share of Indus Biotech Limited	100	175,000	605.33	175,000	605.33
Units of Venture Capital Fund:					
Kotak Alternate Opportunities India Fund		-	474.83	-	625.83
Kotak India Growth Fund II (partly paid up)		200	108.57	-	144.59
Sub Total: (f)		104,626,800	39,004.99	11,627,598	30,601.05
Total Long-Term Investments (a+e+f):		169,062,050	113,703.76	152,182,048	102,126.21
Less : Provision for Diminution in Value of Investment		-	(158.89)	-	(306.29)
Total Long-Term Investments		169,062,050	113,544.87	152,182,048	101,819.92

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Face Value ₹	31st March 2017		31st March 2016	
	Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Aggregate Value of Quoted Investments				
-At Book Value		72,420.32		69,201.41
-At Market Value (Value of debentures which have not traded have been taken at Book Value and MF units which have not traded have been taken at Net Asset Value of the fund)		76,179.58		66,891.86
Aggregate Value of Unquoted Investments				
-At Book Value		41,283.44		32,618.51
Aggregate provision for diminution in value of Investment		158.89		306.29

Particulars	31 st March 2017 (₹ in Lacs)	31 st March 2016 (₹ in Lacs)
NOTE 13: DEFERRED TAX ASSET (Net)		
Deferred Tax Asset		
Provision for Doubtful Debts and Contingencies	440.70	383.66
Provision for Leave Encashment	343.01	331.57
Others	395.66	302.22
	1,179.37	1,017.45
Deferred Tax Liability		
Depreciation	161.77	119.73
Accrued Interest on Debentures	436.87	582.79
Unrealised Gain on Derivative Contracts	51.71	27.95
	650.35	730.47
TOTAL	529.02	286.98

Particulars	31 st March 2017 (₹ in Lacs)	31 st March 2016 (₹ in Lacs)
NOTE 14: LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Staff Loans	24.21	16.36
Advances Recoverable in Cash or Kind or for Value to be Received	12.59	64.04
Capital Advances	457.20	394.78
Prepaid Expenses	112.90	156.05
Advance Tax {Net of Provision for Tax and Fringe Benefit Tax - ₹ 33,486.57 Lakhs (Previous year ₹ 26,821.37 Lakhs)}	4,090.94	2,808.98
Deposits with Exchanges/Depositories	306.20	285.80
Deposits -Others	841.87	1,011.81
TOTAL	5,845.91	4,737.82

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Particulars	31 st March 2017	31 st March 2016
	(₹ in Lacs)	(₹ in Lacs)
NOTE 15: OTHER NON CURRENT ASSETS		
Long-Term Trade Receivables :		
Unsecured, Considered Doubtful		
Over Six Months	375.69	93.18
Others	848.77	966.46
	1,224.46	1,059.64
Less : Provision for Doubtful Debts	1,224.46	1,059.64
	-	-
Other Bank Balances		
Fixed Deposits (with maturity of more than 12 months)*	17,158.52	8,380.65
TOTAL	17,158.52	8,380.65

* Fixed deposits include ₹ 9,929.45 Lakhs (Previous Year ₹ 8,254.77 Lakhs) which is under the lien of National Securities Clearing Corporation Limited and ₹ 3,521.82 Lakhs (Previous Year ₹ Nil Lakhs) which is under the lien of Indian Clearing Corporation Limited and ₹ 1,061.15 Lakhs (Previous year ₹ Nil Lakhs) which is under the lien of Metropolitan Stock Exchange of India Limited (MSEI) and 75 Lakhs (Previous Year ₹ 75 Lakhs) which is under the lien of National Stock Exchange Limited

	Face Value ₹	31 st March 2017		31 st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
NOTE 16: CURRENT INVESTMENTS (OTHER THAN TRADE)					
(At cost or fair value, whichever is lower)					
Quoted					
Debentures (fully paid)					
Investment in Fellow Subsidiary					
9.50%, Unsecured Non Convertible Debentures of Kotak Mahindra Prime Limited (Date of Redemption on 30th August, 2017)	1,000,000	500	5,000.00	-	-
Others					
1.43% Secured Non Convertible Debentures of HDFC (Date of Redemption on 28th March 2017)	10,000,000	-	-	100	9,391.84
Units of Mutual Fund (fully paid)					
HDFC Mutual Fund (HDFC Debt fund for cancer cure 2014 (Date of Redemption on 17th March, 2017))	10	-	-	500,000	50.00
Birla Sun Life Mutual Fund (FMP Series KT 1119 days (Date of original redemption 2nd April, 2015, rolled over upto 10th April 2017))	10	17,000,000	1,700.00	-	-
DSP Black Rock Mutual Fund (FMP - Series 152 - 12.5M (Date of original redemption 6th April, 2015, rolled over upto 11th April 2017))	10	20,000,000	2,000.00	-	-
HDFC Mutual Fund (FMP Series 29 -400 Days (Date of original redemption 14th April, 2015, rolled over upto 22nd May 2017))"	10	10,000,000	1,000.00	-	-
ICICI Prudential Mutual Fund (Series 73 -407 Days Plan C (Date of original redemption 16th April, 2015, rolled over upto 27th April 2017))	10	10,000,000	1,000.00	-	-
Kotak Mahindra Mutual Fund (FMP Series 142-420 days Date of original redemption 24th April, 2015, rolled over upto 3rd April 2017))"	10	20,000,000	2,000.00	-	-

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	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Unquoted					
Equity Shares (fully paid)					
Siro Clinpharma Private Limited	10	998	446.29	-	-
Unquoted					
Preference Shares (fully paid)					
Investment in Fellow subsidiary					
Non Cumulative Preference Share of Kotak Mahindra Prime Limited (Date of Redemption on 15th April, 2016)"	10	-	-	250,000	2,773.80
Total Current Investment		77,001,498	13,146.29	750,100	12,215.64
Less : Provision for Diminution in Value of Investment		-	(431.51)	-	-
Total Long-Term Investments		77,001,498	12,714.78	750,100	12,215.64
Aggregate Value of Quoted Investments					
-At Book Value			12,700.00		12,215.64
-At Market Value			14,933.71		12,217.27
Aggregate Value of Unquoted Investments					
-At Book Value			446.29		-
Aggregate provision for diminution in value of Investment			431.51		-

	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
NOTE 17: STOCK IN TRADE (SECURITIES)					
[Refer Note 31 (a)]					
Equity Shares					
3M India Limited	10	90	9.61	-	-
Aarti Industries Limited	5	3,000	22.78	-	-
Abbott India	10	-	-	423	19.90
Adani Ports and Special Economic Zone Limited	2	5,000	14.95	-	-
Apar Industries Limited	10	3,800	21.86	-	-
APL Apollo Tubes Limited	10	1,000	9.05	-	-
Areva T&D India Limited	2	20,000	63.08	-	-
Asea Brown Boveri Limited	2	-	-	1,500	17.00
Ashoka Buildcon Limited	5	13,000	24.59	78,000	133.30
Asian Paints Limited	1	-	-	3,500	30.39
Atul Limited	10	-	-	9,500	145.76
Axis Bank Limited	2	2,002	9.83	-	-
Bajaj Auto Limited	10	750	21.04	-	-
		48,642	196.79	92,923	346.35

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	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Bajaj Corp Limited	1	8,000	29.67	-	-
Bajaj Finance Limited (Previous Year Face Value ₹10)	2	-	-	500	31.83
Bajaj Finserv Limited	5	900	28.56	24,000	400.84
Bajaj Holdings & Investmet Limited	10	-	-	1,217	17.58
Balkrishna Industries Limited	2	2,000	23.06	-	-
Balmer Lawrie & Company Limited	10	28,500	45.26	12,000	68.75
Balmer Lawrie Investments Limited	10	5,000	13.72	5,000	13.72
Bank Of Baroda	2	-	-	500	0.73
Bank of India	10	1	-	-	-
Bayer CropScience Limited	10	800	30.37	-	-
BEML Limited	10	3,600	47.12	-	-
Berger Paints (India) Limited	1	-	-	12,000	28.36
Bf Utilities Limited	5	1,500	5.97	11,500	64.78
Bharat Electronics Limited	1	128,500	196.74	-	-
Bharat Financial Inclusion Limited	10	250	2.02	-	-
Bharat Forge Limited	2	3,600	36.97	-	-
Bharat Heavy Electricals Limited	2	55,002	89.57	-	-
Bharat Petroleum Corporation Limited	10	2,400	15.60	-	-
Bharti Infratel Limited	10	60,804	198.16	-	-
Blue Dart Express Limited	10	-	-	2,032	122.94
Bosch Limited	10	25	5.01	-	-
Britannia Industries Limited	2	1,000	30.53	5,000	134.33
Cairn India Limited	10	539,402	1,605.17	-	-
Can Fin Homes Limited	10	1,400	21.72	-	-
Canara Bank	10	12,336	37.25	-	-
Capital First Limited	10	-	-	8,000	30.15
CCL Products (I) Limited	2	5,000	12.55	-	-
CESC Limited	10	47,300	392.65	-	-
Cipla Limited	2	501	2.97	-	-
Coal India Limited	10	3	0.01	-	-
Coffee Day Enterprises Limited	10	13,300	30.71	-	-
Colgate-Palmolive (India) Limited	1	2,000	18.05	-	-
CRISIL Limited	1	8,700	162.42	1,500	26.98
Cummins India Limited	2	-	-	27,235	229.26
Dalmia Bharat Limited	2	1,500	28.53	-	-
DCB Bank Limited	10	-	-	40,000	30.71
Delta Corp Limited	1	12,000	13.13	-	-
Dhanuka Pesticides Limited	2	121,252	943.83	5,469	32.22
Dishman Pharmaceuticals And Chemicals Limited	2	5,000	11.40	-	-
Dr Reddy's Laboratories Limited	5	200	5.26	-	-
Dr. Lal Pathlabs Limited	10	5,258	50.87	2,500	23.07
Eclerx Services Limited	10	-	-	2,000	25.98

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Edelweiss Financial Services Limited.	1	20,000	27.50	-	-
Eicher Motors Limited	10	1	0.24	-	-
Emami Limited	1	1,500	15.52	3,000	27.97
Endurance Technologies Limited	10	4,000	27.45	-	-
Engineers India Limited	5	14,000	20.15	-	-
Fag Bearings India Limited	10	-	-	800	30.38
Finolex Cables Limited	2	5,800	24.86	-	-
Garware-Wall Ropes Limited	10	2,000	11.80	-	-
Gateway Distriparks Limited	10	44,606	112.00	-	-
Geometric Limited	2	-	-	15,000	27.35
Glaxo Smithkline Consumer Healthcare Limited	10	600	30.10	3,200	189.33
Glenmark Pharmaceuticals Limited	1	-	-	10,000	79.05
Godrej Industries Limited	1	27,001	135.82	-	-
Goodyear India Limited	10	2,500	17.86	-	-
Graphite India Limited	2	19,566	14.62	-	-
Grasim Industries Limited (Previous Year Face Value ₹10)	2	-	-	600	22.97
Great Eastern Shipping Company Limited	10	-	-	8,000	24.38
Gujarat Industries Power Limited	10	15,000	14.37	-	-
Gulf Oil Lubricants India Limited	2	1,387	9.29	-	-
Hatsun Agro Product Limited	1	20,600	76.06	-	-
HDFC Bank Limited	2	1	0.01	347,000	3,683.93
Healthcare Global Enterprises Limited	10	2,000	4.58	-	-
		1,257,596	4,677.08	548,053	5,367.59
Hero Motocorp Limited	2	700	22.55	-	-
Hindalco Industries Limited	1	50,000	95.24	-	-
Hindustan Media Ventures Limited	10	-	-	11,701	29.23
Hindustan Sanitaryware & Industries Limited	2	3,000	8.43	-	-
Hindustan Unilever Limited	1	5,200	45.95	500	4.35
Hindustan Zinc Limited	2	52,500	151.62	-	-
Honeywell Automation India Limited	10	360	35.83	-	-
Housing Development Finance Corporation Limited	2	34,000	425.27	500	5.53
HTMT Global Solutions Limited	10	15,000	73.45	-	-
ICICI Bank Limited	2	30,000	70.59	-	-
ICICI Prudential Life Insurance Company Limited	10	3,826	12.93	-	-
Idea Cellular Limited	10	14,000	12.02	-	-
IFB Industries Limited	10	3,000	13.01	-	-
Indiabulls Housing Finance Limited	2	1,600	15.63	-	-
Indian Hotels Co Limited	1	-	-	30,000	29.69
Indian Hume Pipe Company Limited	2	6,926	25.82	-	-
Indian Oil Corporation Limited	10	9,000	34.28	-	-
Indo Count Industries Limited (Previous Year Face Value ₹10)	2	3,500	6.79	1,000	9.18
Infibeam Incorporation Limited	10	400	3.79	-	-

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	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Infosys Technologies Limited	5	36,000	368.01	2,000	24.13
Infrastructure Dev Finance Company Limited	10	665,000	362.18	-	-
INOX Leisure Limited	10	6,829	16.37	34,500	66.31
Interglobe Aviation Limited	10	-	-	72,000	622.31
IRB Infrastructure Developers Limited	10	2,500	5.83	-	-
ITC Limited	1	-	-	101,000	330.22
ITD Cementation India Limited	1	-	-	22,906	24.79
J K Cements Limited	10	2,000	17.66	-	-
Jagran Prakashan Limited	2	-	-	20,000	31.08
Jamna Auto Industries Limited	5	-	-	25,500	34.78
Jet Airways (India) Limited	10	2,000	10.38	24,000	130.37
JK Lakshmi Cement Limited	5	4,000	14.65	-	-
Jubilant Life Sciences Limited	1	3,600	21.54	-	-
Jyothy Laboratories Limited	1	2,000	6.24	4,000	11.04
Kajaria Ceramics Limited (Previous Year Face Value ₹2)	1	-	-	4,177	39.80
Kansai Nerolac Paints Limited	1	35,000	120.91	-	-
KEC International Limited	2	-	-	100,000	122.30
KNR Constructions Limited	2	13,500	17.42	-	-
Kolar Biotech Limited	1	10,000	-	10,000	-
KSB Pumps Limited	10	-	-	3,500	22.17
Kwality Limited	1	23,600	36.65	-	-
Larsen & Toubro Infotech Limited	1	3,000	20.40	-	-
Larsen & Toubro Limited	2	22,000	331.00	-	-
Lupin Limited	2	600	8.67	300	4.44
Mahanagar Gas Limited	10	3,400	26.16	-	-
Mahindra & Mahindra Limited	5	-	-	20,000	242.14
Majesco Limited	5	-	-	1,500	8.33
Manappuram Finance Limited	2	28,000	25.02	-	-
Manpasand Beverages Limited	10	3,300	23.25	1,873	8.62
Maruti Suzuki India Limited	5	6,100	353.61	-	-
Max Financial Services Limited	2	41,600	233.04	-	-
Merck Limited	10	1,600	15.63	-	-
Minda Industries Limited	2	7,100	31.14	-	-
Mindtree india Limited	10	9,600	43.48	-	-
MOIL Limited	10	6,000	18.83	-	-
Muthoot Finance Limited	10	3,000	11.07	3,970	7.10
Narayana Hrudayalaya Limited	10	19,727	61.91	-	-
Natco Pharma Limited	2	3,600	28.30	-	-
National Aluminium Company Limited	5	300,000	228.00	-	-
National Mineral Development Corporation Limited	1	222,001	295.48	-	-
Navneet Education Limited	2	22,000	25.47	-	-
Nestle India Limited	10	200	11.90	2,000	112.89
NIIT Technologies Limited	10	9,000	39.15	14,000	64.52
Nilkamal Plastics Limited	10	-	-	2,000	21.26
Oberoi Realty Limited	10	-	-	145,000	347.20
		1,750,869	3,882.55	657,927	2,353.75

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	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Oil And Natural Gas Corporation Limited	5	-	-	10,000	21.41
Orient Cement Limited	1	10,000	13.14	-	-
Orient Paper & Industries Limited	1	-	-	100,000	34.14
Ortel Communication Limited	10	66,525	76.20	66,525	120.41
P I Industries Limited	1	3,500	29.23	-	-
Page Industries Limited	10	1,000	138.62	-	-
Pantaloons Fashion & Retail Limited	10	25,000	37.24	-	-
Petronet LNG Limited	10	45,002	181.43	-	-
Phoenix Mills Limited	2	5,054	18.75	22,081	66.31
Piramal Healthcare Limited	2	900	16.87	-	-
PNC Infratech Limited (Previous Year Face Value ₹10)	2	10,000	11.33	6,010	30.73
Power Finance Corporation Limited	10	6,000	8.61	-	-
Power Grid Corporation of India Limited	10	104,000	170.11	-	-
Power Mech Projects Limited	10	-	-	1,993	11.14
Prestige Estates Projects Limited	10	5,000	10.14	-	-
Procter & Gamble Hygiene and Health Care Limited	10	30,000	2,246.79	-	-
Punjab National Bank	2	84,000	125.92	-	-
Radico Khaitan Limited	2	-	-	30,000	28.61
Reliance Communications Limited	5	12,000	4.57	-	-
Reliance Industries Limited	10	33,000	337.69	9,000	89.11
RK Forging Limited	10	-	-	28,500	98.07
Rural Electrification Corporation Limited	10	6,000	10.86	-	-
Sanghvi Movers Limited	2	-	-	3,104	8.85
Sanskrit Comfort	2	-	-	1,200	28.54
SBI Home Finance Limited	10	300	-	300	-
Sharda Cropchem Limited	10	2,500	9.69	-	-
Shilpa Medicare Limited	1	3,950	25.18	-	-
Shriram Transport Finance Company Limited	10	250	2.64	-	-
Sintex Industries Limited	1	-	-	40,000	28.07
SJVN Limited	10	-	-	90,000	25.79
SKF India Limited	10	1,385	18.63	-	-
Skipper Limited	1	-	-	16,000	21.32
Snowman Logistics Limited	10	16,500	10.04	-	-
Sobha Developers Limited	10	3,500	12.02	-	-
SRF Limited	10	2,500	39.91	-	-
Steel Authority of India Limited	10	1	-	-	-
Sun Pharmaceuticals Industries Limited	1	-	-	500	4.10
Sundaram Fasteners	1	125,000	488.56	-	-
Sunteck Reality Limited	2	6,000	12.77	35,000	79.50
Suprajit Engineering Limited	1	13,000	24.70	-	-
Syngene International Limited	10	3,000	15.50	8,000	30.59
Take Solutions Limited	1	-	-	21,000	27.39

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	Face Value ₹	31st March 2017		31st March 2016	
		Quantity	(₹ in Lacs)	Quantity	(₹ in Lacs)
Tata Motors Limited	2	4	0.02	1,000	3.77
TeamLease Services Limited	10	1,256	11.54	-	-
Tech Mahindra Limited	5	92,902	424.98	300	1.42
Techno Electric & Engineering Company Limited	2	12,500	38.53	-	-
Texmaco Rail & Engineering Limited	1	-	-	39,000	39.97
Thermax Limited	2	-	-	1,300	9.80
Torrent Power Limited	10	-	-	15,000	33.64
Trent Limited (Previous Year Face Value ₹10)	1	-	-	1,800	26.32
TTK Prestige Limited	10	-	-	100	4.32
TV Today	5	-	-	10,000	30.75
Ultratech Cement Limited	10	1	0.04	600	17.66
Union Bank of India	10	16,000	24.94	-	-
Va Tech Wabag Limited	2	-	-	10,000	51.84
Vesuvius India Limited	10	174	1.96	-	-
V-Guard Industries Limited	1	1,462	2.51	-	-
V-Mart Retail Limited	10	1,313	9.85	-	-
Voltas Limited	1	9,999	38.63	-	-
VRL Logistics Limited	10	5,000	14.37	-	-
Wabco India Limited	5	-	-	3,052	184.98
Welspun India Limited	1	-	-	25,000	24.61
Whirlpool of India Limited	10	102,300	1,252.00	19,500	124.99
Zee Entertainment Enterprises Limited	1	4,100	21.19	1,000	3.77
Zensar Technologies Limited	10	-	-	600	5.14
Sub total for equity shares (A)		3,928,985	14,694.12	1,916,368	9,384.73
Exchange Traded Fund					
Kotak Mahindra Mutual Fund-Gold Exchange Traded Fund	10	500	1.28	11,681	30.08
Kotak Mahindra Mutual Fund - PSU Bank Exchange Traded Fund	10	8,336	29.16	2,601	6.36
Kotak Mahindra Mutual Fund-Kotak Sensex Exchange Traded Fund	10	1,372	4.03	6,250	15.85
Kotak Mahindra Mutual Fund-Kotak Nifty Exchange Traded Fund	10	519	4.75	335	2.63
Kotak Mahindra MF - Dividend Payout Option	10	12,389	26.66	611	0.97
Kotak Mahindra MF - Kotak NV 20 ETF - DPO	10	30,643	11.74	84,422	29.75
Sub total for exchange traded fund (B)		53,759	77.62	105,900	85.64
TOTAL (A+B)		3,982,744	14,771.74	2,022,268	9,470.36
(Refer Note 30 and 31)					
Aggregate Value of Stock-In-Trade					
-At Book Value			14,771.74		9,470.36
-At Market Value			15,448.74		9,594.82

NOTES TO THE FINANCIAL STATEMENTS

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	31 March 2017	31 March 2016
	₹ in Lacs	₹ in Lacs
NOTE 18: TRADE RECEIVABLES		
Considered Good *		
Trade Receivable outstanding for a period exceeding six months from the date they were due for payment	2,713.80	1,736.72
Others **	202,836.09	95,752.44
TOTAL	205,549.89	97,489.16

* Trade Receivable - considered good include secured debtors ₹ 1,60,273.45 Lakhs (Previous Year ₹ 93,037.91 Lakhs) ** Due from Directors ₹ 35.53 Lakhs (Previous Year ₹ Nil Lakhs), maximum amount outstanding during the year from Directors ₹ 127.20 Lakhs (Previous Year ₹ 6.70 Lakhs)

	31 March 2016	31 March 2015
	₹ in Lacs	₹ in Lacs
NOTE 19: CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand	10.63	11.22
Balances with Banks in :	11,291.43	640.47
Current Account		
Other Bank Balances		
Fixed Deposits (with maturity of less than 12 months) *	213,097.40	140,404.18
TOTAL	224,399.46	141,055.87

* Fixed deposits include ₹ 153,072.66 Lakhs (Previous Year ₹ 118,608.29 Lakhs) which is under the lien of National Securities Clearing Corporation Limited and ₹16,414.71 Lakhs (Previous Year 11,939.06 Lakhs) which is under the lien of Indian Clearing Corporation Limited and ₹ 50.00 Lakhs (Previous year ₹ 1,179.00 Lakhs) which is lien of Metropolitan Stock Exchange of India Limited (MSEI) and ₹5,000.00 Lakhs (previous year 5,000.00 Lakhs) which is under the lien of Bank Gaurantee and ₹25 Lakhs (Previous Year ₹ 25 Lakhs) which is under lien of National Stock Exchange Limited and ₹58.75 Lakhs (Previous Year ₹ 58.75 Lakhs) which is under the lien of BSE Limited

	31 March 2017		31 March 2016	
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
NOTE 20: SHORT TERM LOANS AND ADVANCES				
Unsecured, Considered Good				
Staff Loans		86.27		106.23
Advances Recoverable in Cash or Kind or for Value to be Received		622.99		286.01
Prepaid Expenses		711.75		633.86
Initial Margin - Equity Derivative Instrument (Refer Note 2 I)		16,825.21		10,349.05
Margin Deposits - Equity Derivative Instrument				
Mark-to-Market Margin - Equity Index/Stock Futures	94.90		62.47	
Less: Provision for Loss (Refer Note 2 I)	(94.90)	-	(62.47)	-
Equity Index/Stock Option Premium (Refer Note 2 I)	294.15		615.65	
Add/(Less) :Unrealised Gain/(Loss) (Refer Note 2 I)	(22.74)	271.41	13.48	629.13
Other Advances		72.26		51.68
		18,589.89		12,055.96

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

	31 March 2017	31 March 2016
	₹ in Lacs	₹ in Lacs
NOTE 21: OTHER CURRENT ASSETS		
Unsecured, Considered Good		
Interest Accrued on Fixed Deposits	1,317.74	1,308.35
Interest Accrued on Debentures	1,862.91	1,679.18
Dividend Accrued on Preference Shares	72.25	72.25
TOTAL	3,252.90	3,059.78

	31 March 2017	31 March 2016
	₹ in Lacs	₹ in Lacs
NOTE 22: REVENUE FROM OPERATIONS		
(A) Revenue From Operations		
Income from Brokerage {(Net of brokerage Income pertaining to earlier years written off ₹ 11.64 Lakhs (Previous Year ₹ 22.30 Lakhs)}	74,239.81	57,191.82
Less : Sub Brokerage/Referral Fees and Expenses	7,741.55	5,722.17
	66,498.26	51,469.65
Fee Income - Gross (Refer Note 35)	5,740.75	5,378.72
Less : Referral Fees	91.63	61.89
	5,649.12	5,316.83
(B) Revenue From Other Financial Services		
Interest Income- Others (Net of interest Income pertaining to earlier years written off ₹ 581.27 Lakhs (Previous Year ₹ 46.64 Lakhs))	14,032.30	8,123.59
Profit on Trading in Securities (net) (Refer Note 31 (a))	5,763.65	10,343.52
	19,795.95	18,467.11
TOTAL	91,943.33	75,253.59

	31 March 2017	31 March 2016
	₹ in Lacs	₹ in Lacs
NOTE 23: OTHER INCOME		
Interest Income on :		
Bank Deposits	13,793.65	14,713.23
Staff Loans	8.98	11.47
Debentures	7,409.66	4,009.80
Discount received on Debentures	456.54	271.04
Profit on Sale of Fixed Assets (net)	59.03	39.43
Provision for Doubtful Debts Written Back	-	656.45
Dividend Income (Refer Note 36)	361.73	315.09
Profit on sale of Investments (net) (Refer Note 37)	2,065.14	718.56
Liabilities Written Back as no Longer Required (Refer Note 38)	136.16	17.11
Rent	1,046.97	714.39
Bad Debts Recovery	184.49	-
Miscellaneous Income	968.05	737.22
TOTAL	26,490.40	22,203.79

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	31 March 2017	31 March 2016
	₹ in Lacs	₹ in Lacs
NOTE 24: EMPLOYEE BENEFIT EXPENSES		
Salaries, Allowances and Bonus	25,326.88	23,517.32
Contribution to Provident and Other Funds (Refer Note 29(b))	1,113.48	1,105.98
Compensated Absences	107.62	99.04
Gratuity (Refer Note 29(a)(iv))	218.64	344.80
Staff Welfare	613.35	567.42
Total:	27,379.97	25,634.56
Less : Recovery of Expenses (Refer Note 40)	9.46	8.40
TOTAL	27,370.51	25,626.16

	31 March 2017	31 March 2016
	₹ in Lacs	₹ in Lacs
NOTE 25: INTEREST AND OTHER FINANCIAL COSTS		
Interest/Discount on Term Loan/Other Fixed Loans	4,672.08	2,176.65
Premium amortised on Investments	162.51	-
Interest on Bank Overdraft	30.74	17.08
Bank Guarantee Commission and Other Charges	44.45	20.64
Interest-Other	360.02	422.85
TOTAL	5,269.80	2,637.22

	31 March 2017	31 March 2016
	₹ in Lacs	₹ in Lacs
NOTE 26: OTHER EXPENSES		
Travelling, Conveyance and Motor Car	1,405.46	1,489.94
Professional and Legal	2,666.69	3,116.90
Auditors' Remuneration		
Audit Fees	84.00	77.00
In Other Capacity	6.00	1.00
Out of Pocket Expense	1.70	1.05
Provision for Doubtful Debts	164.82	-
Provision for Diminution in Value of Investments	284.17	126.29
Repairs and Maintenance - Others	1,610.65	1,392.39
Office	533.69	472.92
Communication	1,823.64	2,326.59
Printing and Stationery	570.66	645.83
Stock Exchanges Expenses	123.80	93.65
Electricity	846.71	978.21
Membership and Subscription	965.56	756.62
Rent (Refer note 28)	3,805.33	3,483.02
Rates and Taxes (Net of recoveries)	2,617.46	2,000.64
Director's Sitting Fees	18.00	14.15
Advertising, Business Promotion and Entertainment	1,886.21	2,392.18
Donations	5.64	13.17

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	31 March 2017	31 March 2016
	₹ in Lacs	₹ in Lacs
Contribution towards Corporate Social Responsibilities (Refer Note 43)	90.00	80.00
Securities Transaction Tax , Stock Lending fees on Proprietary Trades	1,865.92	1,729.66
Bad Debts Written Off	-	572.60
Service Charges	273.90	556.67
Common Establishment Expenses-Reimbursement	6,725.64	5,664.80
Depository Charges	239.33	204.06
Insurance	214.74	290.35
Loss on Account of Trades Not Confirmed by Clients, Error Trades and Other Settlements Cost (net)	137.23	220.55
Miscellaneous	278.71	399.51
Total	29,245.66	29,099.75
Less : Recovery of Expenses (Refer Note 40)	4.39	4.87
TOTAL	29,241.27	29,094.88

27. Contingent Liabilities and Commitments:

(a) Contingent Liabilities: -

- (i) Income tax matters in respect of which appeal is pending - ₹ 2,307.17 Lakhs (Previous Year ₹ 1,902.04 Lakhs). This is being disputed by the Company and hence not provided for. Out of the total demand the Company has paid an amount of ₹ 2,146.80 Lakhs (Previous Year ₹ 642.06 Lakhs).
- (ii) Service tax matters in respect of which appeal is pending - ₹ 2,533.60 Lakhs (Previous Year ₹ 2,533.60 Lakhs). This is being disputed by the Company and hence not provided for.
- (iii) Claims against the Company not acknowledged as debt by the Company – ₹ 484.31 Lakhs (Previous Year ₹ 301.01 Lakhs).
- (iv) Gurantees given to National Securities Clearing corporation Limited is ₹ 10,000.00 Lakhs (Previous Year ₹ 10,000.00 Lakhs) against Fixed Deposit of ₹5,000.00 Lakhs (Previous Year ₹ 5,000.00 Lakhs).

(b) Capital Commitments: -

Capital commitments (net of advances) - ₹ 810.46 Lakhs (Previous Year ₹ 379.72 Lakhs)

28. (a) The Company has taken various offices, residential and godown premises under operating lease or leave and license agreements. These are generally cancellable in nature and range between 11 months to 84 months (previous year 11 months to 61 months) (with a maximum lock-in period of 36 months). These leave and license agreements are generally renewable or cancellable at the option of the Company.
- (b) Rent payments are recognised in the Statement of Profit and Loss under the head 'Rent' in Note 26.
- (c) The future minimum lease payments under non-cancellable operating lease – not later than one year is ₹ 174.16 Lakhs (Previous Year ₹ 216.55 Lakhs) and later than one year but not later than five years is ₹ 18.57 Lakhs (Previous Year ₹ 168.41 Lakhs).
- (d) The Company has given certain assets – premises and office equipments on operating leases. These lease arrangements are cancellable in nature and renewable for further period on mutually agreeable terms.

29. Employee Benefits:-

(a) Defined Benefits Pla

The Company has formed a Trust "Kotak Securities Employees Gratuity Trust" which has taken group gratuity policies with an insurance company which is funded. The Trust is recognised by the Income Tax Authorities and is administered through trustees and / or the insurance companies

NOTES TO THE FINANCIAL STATEMENTS

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- (i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation for gratuity benefits is given below. -

(₹ in Lacs)		
Particulars	31 st March 2017	31 st March 2016
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,619.31	1,494.54
Current Service Cost	257.80	267.34
Interest Cost	142.83	132.65
Actuarial Losses / (Gain)	50.73	(40.55)
Liabilities Assumed on Acquisition	(4.23)	8.21
Benefits Paid	(324.83)	(242.88)
Closing Defined Benefit Obligation	1,741.61	1,619.31

- (ii) Reconciliation of Change in fair value of plan asset

(₹ in Lacs)		
Particulars	31 st March 2017	31 st March 2016
Opening fair value of assets	1,356.45	1,372.40
Expected return on plan assets	103.20	102.97
Actuarial gain/(loss)	129.53	(88.32)
Contributions by employer	343.48	212.28
Benefit Paid	(324.83)	(242.88)
Closing fair value of assets	1,607.83	1,356.45
Expected Employer contribution next year	150.00	200.00

- (iii) Reconciliation of present value of the obligation and the fair value of the plan asset

(₹ in Lacs)		
Particulars	31 st March 2017	31 st March 2016
Present Value of Obligations as at year end	1,741.61	1,619.31
Fair Value of Plan Assets	(1,607.83)	(1,356.45)
Net (Asset) / Liability – Current	133.78	262.86

- (iv) Cost recognised for the year

(₹ in Lacs)		
Particulars	31 st March 2016	31 st March 2015
Current Service Cost	257.80	267.34
Interest on Defined Benefit Obligation	142.83	132.65
Expected Return on Plan Assets	(103.20)	(102.96)
Net Actuarial Losses / (Gains) Recognized in Year	(78.80)	47.77
Others	-	-
Total, Included in Note No 24 Employee Benefit Expenses- Gratuity	218.64	344.80
Actual Return on Plan Assets	232.73	14.64

NOTES TO THE FINANCIAL STATEMENTS

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(v) Asset information

Particulars	31 st March 2017	31 st March 2016
Insurer managed funds	100%	100%

(₹ in Lacs)

Type of Investment	31 st March 2017		31 st March 2016	
	%	Amount	%	Amount
Equity	52.57%	845.24	53.45%	725.02
Government securities	17.94%	288.24	22.80%	309.27
Bonds, debentures and other fixed income instruments	17.84%	286.84	10.82%	146.77
Money market instruments	10.09%	162.23	12.93%	175.39
Others	1.56%	25.08	-	-
		1,607.83		1,356.45

(vi) Principal actuarial assumption

(₹ in Lacs)

Particulars	Assumptions in 31 st March 2017	Assumptions in 31 st March 2016
Discount Rate	7.18% per annum	7.95% per annum
Expected Rate of Return on Assets	7.50% per annum	7.50% per annum
Salary Escalation Rate	7.00% per annum	8.50% per annum

(vii) Experience Adjustments for the current annual period and previous four periods.

(₹ in Lacs)

Particulars	31 st March, 2017	31 st March, 2016	31 st March, 2015	31 st March, 2014	31 st March, 2013
Defined Benefit Obligation	1741.61	1,619.31	1,494.53	1,149.25	1,130.45
Plan Assets	1607.83	1,356.45	1,372.40	1,182.82	1,104.87
Surplus/ (Deficit)	(133.78)	(262.86)	(122.13)	33.57	(25.58)
Experience Adjustment on Plan Liabilities	88.75	(45.97)	64.57	(10.14)	53.61
Experience Adjustment on Plan Assets	129.53	(88.32)	251.13	60.39	23.69

(b) Defined Contribution Plan

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:-

(₹ in Lacs)

Particulars	31 st March 2017	31 st March 2016
Employers Contribution to Provident Fund	1,062.47	1,057.29
Superannuation Fund	3.00	3.00
Employees State Insurance Corporation	29.86	27.77
Contribution to National Pension Scheme	18.15	17.92
Total	1,113.48	1,105.98

NOTES TO THE FINANCIAL STATEMENTS

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30. Securities received from clients as collateral for margins are held by the Company in its own name in a fiduciary capacity

31. (a) Quantitative Information in Respect of Trading in Securities

Type of Investment	31 st March 2017		31 st March 2016	
	Quantity	Value	Quantity	Value
	Nos.	(₹ in Lacs)	Nos.	(₹ in Lacs)
Opening Stock (A)				
Equity Shares and ETFs	2,011,968	9,470.36	6,004,363	37,621.10
TOTAL (A)	2,011,968	9,470.36	6,004,363	37,621.10
Purchases				
Equity Shares and ETFs	131,272,183	402,350.10	71,334,314	212,253.97
Bonds & Other Securities	1,670,071	32,097.02	359,811	30,925.40
TOTAL (B)**	132,942,254	434,447.12	71,694,125	243,179.37
Sales				
Equity Shares and ETFs	129,311,707	399,589.54	75,326,709	244,234.25
Bonds & Other Securities	1,670,071	32,196.82	359,811	30,951.61
TOTAL (C)	130,981,778	431,786.36	75,686,520	275,185.86
Closing Stock (D)				
Equity Shares and ETFs	3,972,444	14,771.74	2,011,968	9,470.36
TOTAL (D)	3,972,444	14,771.74	2,011,968	9,470.36
Profit (Loss) on Trading in Options/ Futures (Net) (E)		3,123.03		6,487.77
Profit (D+C-B-A+E)		5,763.65		10,343.52

Transactions and stocks on account of error trades / trades not confirmed by clients have not been considered.

**The securities borrowed under Securities Lending and Borrowing Scheme outstanding as on balance sheet date have been considered.

(b) Stock in Trade/ Investments pledged with National Securities Clearing Corporation Limited towards Exposure in Derivatives Segment as on 31st March, 2017.

Name of Scrip	Face Value (₹)	31 st March 2017		31 st March 2016	
		Quantity	Carrying Value	Quantity	Carrying Value
		Nos.	(₹ in Lacs)	Nos.	(₹ in Lacs)
7.34% Tax Free Bonds of Indian Railway Finance corporation Limited	1,000	950,000	9,695.79	950,000	9,713.66
7.14% Tax Free Bonds of National Highways Authority of India	1,000	100,000	1,004.35	100,000	1,004.83
7.18% Tax Free Bonds of Indian Railway Finance Corporation Limited	1,000	250,000	2,629.09	-	-
Total		1,300,000	13,329.23	1,050,000	10,718.49

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32. (a) Outstanding Future Contracts as on 31st March, 2017.

(₹ in Lacs)

Particulars Type of Derivative	31 st March 2017			31 st March 2016		
	No of Contracts	No of Units	Notional Amount	No of Contracts	No of Units	Notional Amount
S&P CNX Nifty Futures	1,013	75,975	6,970.00	3,160	237,000	18,444.71
Bank Nifty	125	5,000	1,073.93	121	3,630	586.88
Stock Futures	2,739	4,396,816	18,762.98	3,588	3,584,325	18,124.88
Currency Futures	412	412,000	268.63	119	119,000	79.12

The above contracts are held for trading purposes.

(b) Outstanding Option Contracts as on 31st March, 2017.

(₹ in Lacs)

Particulars Type of Derivative	31 st March 2017			31 st March 2016		
	No of Contracts	No of Units	Total Premium Carried Forward	No of Contracts	No of Units	Total Premium Carried Forward
Bank Nifty option long	267	10,680	11.57	-	-	-
S&P CNX Nifty Options Long	11,705	877,875	274.31	4,549	341,175	611.82
Stock Options Long	28	100,200	5.65	6	18,600	1.19
Currency option Long	2,264	2,264,000	2.62	643	643,000	2.64
Total Long Options			294.15			615.65
Bank Nifty option short	69	2,760	2.39	-	-	-
S&P CNX Nifty Options Short	5,659	424,425	272.97	5,580	418,550	1,186.62
Currency option short	2,532	2,532,000	7.84	725	725,000	1.45
Total Short Options			283.20			1,188.07

The above contracts are held for trading purposes.

(c) Particulars of unhedged foreign currency exposures as at the reporting date.

(₹ in Lacs)

Particulars	31 st March 2017		31 st March 2016	
	Foreign Currency	INR	Foreign Currency	INR
Investments (in US Dollars)	1,239,000	58,557,368	1,239,000	58,557,368
Payable (in US Dollars)	375,498	24,427,209	229,781	15,224,140
Receivable (in US Dollars)	72,399	4,761,032	217,303	14,397,410
Receivable (in GBP Pounds)	3,300	267,849	-	-

33. With effect from 01st April 2016, the Company has changed its accounting policy to recognise all mark to market gains or losses on derivative in Statement of Profit and Loss. Until 31st March 2016, mark to market on derivative contracts used to determine on a portfolio basis with net unrealised loss being recognised and net unrealised gain ignored on ground of prudence as enunciated in Accounting Standard -I "Disclosure of Accounting Policies". Due to this change, amount in 'Revenue from Operation' and 'Profit before tax' for the year ended 31st March 2017 is higher by ₹30 Lakhs and amount in 'Other Current Liabilities' is lower by ₹ 30 Lakhs.

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34. Provision for Contingencies: -

(₹ in Lacs)

Nature of Liability	Provision as on 1 st April, 2016	Addition	Amount Used	Unused Amount Reversed	Provision as on 31 st March, 2017
Stamp Duty on Trades	320.00	-	-	-	320.00
Total	320.00	-	-	-	320.00
Previous Year	320.00	-	-	-	320.00

35. Fee Income: -

(₹ in Lacs)

Particulars	31 st March 2017	31 st March 2016
Client Money Management Services *	113.38	141.36
Depository Fees	3,733.07	3,711.41
Advisory Fees	1,504.34	1,218.51
Other Fees	389.96	307.45
Total	5,740.75	5,378.72

* Net of Income pertaining to earlier years written off ₹ 21.16 Lakhs (Previous Year ₹ 1.82 Lakhs)

36. Dividend income represents dividend on long term investments (other than trade) ₹ 125.04 Lakhs (Previous Year ₹ 120.88 Lakhs) and on stock in trade ₹ 236.69 Lakhs (Previous Year ₹ 194.21 Lakhs). Interest Income on debentures/bonds represents interest on long term investments (other than trade) ₹ 5,351.09 Lakhs (Previous Year ₹ 3,846.24 Lakhs) and on current investments ₹ 2,058.57 Lakhs (Previous Year ₹ 163.55 Lakhs).

37. Profit on sale of investments represents profit on sale of current investments (other than trade) ₹ 2,045.27 Lakhs (Previous Year ₹ ₹ 615.47 Lakhs) and profit on sale of long term investments (other than trade) ₹ 19.87 Lakhs (Previous Year loss of ₹ 103.09 Lakhs).

38. Liabilities written back comprises of provision no longer required in respect of expenses ₹ 136.16 Lakhs (Previous Year ₹ 17.11 Lakhs).

39. EMPLOYEE SHARE BASED PAYMENTS: -

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

- (i) Kotak Mahindra Equity Option Scheme 2007; and
- (ii) 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:

- (i) Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2007
- (ii) Kotak Mahindra Bank Ltd. (IVBL) Employee Stock Option Scheme 2010; and
- (iii) 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

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has reimbursed the Bank ₹ Nil (Previous Year ₹ Nil Lakhs) during the year on account of such costs and the same is forming part of Employee costs and included under the head "Reimbursement of expense on ESOP Scheme" under Note 24 "Employee Benefit Expenses".

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 564.81 Lakhs (Previous year 463.75 Lakhs) and the profit after tax would have been lower by 376.50 Lakhs (Previous year 302.13 Lakhs). Consequently the basic and diluted EPS would have been ₹ 2,234.38 (Previous year ₹1,547.74)

(b) STOCK APPRECIATION RIGHTS

At the General Meeting of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolution on 29th June, 2015 to grant stock appreciation rights (SARs) to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 has been formulated and adopted. Subsequently, the SARs have been granted under this scheme and the existing SARs will continue. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 0.25 years to 2.71 years.

Detail of activity under SARs is summarized below: -

Particulars	No. of SARs	
	31 st March 2017	31 st March 2016
Outstanding at the beginning of the year	226,449	203,946
Granted during the year	92,710	247,255
Exercised during the year	99,437	208,594
Expired/ Transferred during the year	15,002	16,108
Outstanding at the end of the year	204,770	226,499

Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position:

Particulars	(₹ in Lacs)	
	31 st March 2017	31 st March 2016
Total Employee Compensation Cost pertaining to share-based payment plans	965.82	1,310.78
Closing balance of provision for cash-settled options - Current	632.22	507.20
Closing balance of provision for cash-settled options – Non-Current	391.28	307.36

40. Recovery of expenses in Note 24 and Note 26 are amounts recovered from fellow subsidiaries towards the value of costs apportioned of the Company's employees and facilities in accordance with the agreements on allocation of expenses with holding company, fellow subsidiary and associate companies.

41. Earnings per share (Face value ₹ 10) -

Earnings	2016-17	2015-16
Profit for the year (in Lakhs)	36,126.57	25,066.02
Weighted average number of shares (in Lakhs)	16	16
Earnings per share (Basic and Diluted) – in Rupees	2,257.91	1,566.63

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42. (a) Expenditure in Foreign Currency (on accrual basis):
- Travelling ₹ 19.92 Lakhs (Previous Year ₹ 26.96 Lakhs)
 - Membership and Subscription ₹ 64.14 Lakhs (Previous Year ₹ 86.42 Lakhs)
 - Software ₹ 288.73 Lakhs (Previous Year ₹ 303.33 Lakhs)
 - Business Promotion ₹ 253.06 Lakhs (Previous Year ₹ 305.79 Lakhs)
 - Common Establishment Expenses - Reimbursement ₹ 1620.13 Lakhs (Previous Year ₹ 1663.75 Lakhs)
 - Communication ₹ 334.48 Lakhs (Previous Year ₹ 318.37 Lakhs)
 - Data Processing Charges ₹ 34.50 Lakhs (Previous Year ₹ 32.96 Lakhs)
 - Others ₹ Nil (Previous Year ₹ 1.33 Lakhs)
 - Professional Fees ₹ 166.42 Lakhs (Previous Year ₹ 186.49 Lakhs).
 - Conference & Meeting ₹ 11.45 Lakhs (Previous Year ₹ 10.41 Lakhs).
 - Commission ₹ 1,117.41 Lakhs (Previous Year ₹ 1,080.13 Lakhs).
- (b) Earnings in Foreign Currency (on accrual basis): -
- Advisory Fees ₹ 1,504.34 Lakhs (Previous Year ₹ 1,192.61 Lakhs)
 - Other Income ₹ 2.20 Lakhs (Previous Year ₹ Nil)

43. 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.

A. Details of CSR expenditure

- a) Gross amount required to be spent during the year ₹ 693.28 Lakhs (Previous year ₹ 565.00 Lakhs)

(₹ in Lacs)			
(b) Amount spent during the year ending on 31st March, 2017:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	90.00	-	90.00
(b) Amount spent during the year ending on 31st March, 2016:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	80.00		80.00

44. During the previous year the Company had identified a part of premises as investment property and presented under non current investments. The asset has been transferred at cost less accumulated depreciation. Hitherto these premises were presented under Fixed Assets. Accordingly, Gross Block of ₹ 2,633.25 Lakhs and Accumulated Depreciation ₹ 264.20 Lakhs was transferred from Fixed assets to Non-current Investment.

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45. Segment Information for the year ended 31st March, 2017

(a) Information about Primary Business Segments

Particulars	Broking	Trading and Principal Investments	Unallocated	Total
Segment Revenue				
Income from external customers	93,197.85	24,911.27	188.45	118,297.57
Previous year	75,867.99	21,471.02	101.26	97,440.27
Liabilities written back as no longer required	136.16	-	-	136.16
Previous year	17.11	-	-	17.11
Total	93,334.01	24,911.27	188.45	118,433.73
Previous year	75,885.10	21,471.02	101.26	97,457.38
Segment result	37,199.71	16,948.04	181.61	54,329.37
Previous year	19,970.79	18,118.08	8.05	38,096.92
Income Tax- Current, Deferred and Fringe Benefit Tax			18,202.80	18,202.80
Previous year			13,030.90	13,030.90
Net Profit				36,126.57
Previous year				25,066.02
Other Information				
Carrying amount of segment assets	356,831.39	260,061.20	5,320.22	622,212.81
Previous year	170,715.36	222,373.01	3,597.42	396,685.79
Carrying amount of segment liabilities	311,831.39	7,563.84	3,222.79	322,618.01
Previous year	125,715.50	5,149.32	2,352.74	133,217.56
Cost to acquire fixed assets	1,947.98	36.53	-	1,984.50
Previous year	3,155.29	2.69	2.02	3,160.00
Depreciation / Amortisation	2,220.36	2.42	-	2,222.78
Previous year	1,908.10	92.88	1.22	2,002.20

(b) Notes:

(i) The Company is organised into the following segments, namely

- "Broking" – comprising of brokerage income earned on secondary market transactions done on behalf of clients, services rendered as depository participant and services rendered in connection with primary market subscription/ mobilisation and distribution of life insurance product. It also includes interest on fixed deposit and interest on delayed payments, incidental and consequential to secondary market related business received from clients.
- "Trading and Principal Investments" - comprising of proprietary trading in securities, interest on fixed deposits with banks and Income from investments.

(ii) Unallocated revenue consists of Income from external customers ₹ 188.45 Lakhs (Previous year ₹ 101.26 Lakhs). and Liabilities Written Back as no longer required ₹ Nil (Previous Year ₹ Nil)

(iii) Unallocated expenses comprise of general administrative expenses and taxation provided at an enterprise level.

(iv) Segment assets comprise mainly of fixed assets, investments, trade and other receivables, stock-in-trade, cash and bank balances, accrued income receivable and advances. Unallocated assets represent mainly fixed assets, deferred tax asset, loans and advances. Segment liabilities include loans, trade and other payables and sundry creditors. Unallocated liabilities mainly include deferred tax, retirement benefits, outstanding expenses and statutory liabilities.

(v) The company operates in single geographical segment, accordingly the reporting requirements of secondary segment disclosure prescribed under paragraph 39 to 51 of Accounting Standard 17 on 'Segment Reporting' have not been provided in the financial statements.

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46. 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

(₹ in INR)

	Specified Bank Notes	Other Bank Notes	Total
Closing cash in hand as on 08-November-2016	125,000	2,382,532	2,507,532
(+) Permitted receipts	-	1,925,827	1,925,827
(-) Permitted payments	-	3,249,896	3,249,896
(-) Amounts deposited in Banks	125,000	-	125,000
Closing cash in hand as on 30-December-2016	Nil	1,058,463	1,058,463

47. Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

A. Related parties where control exists:		1. Relationships (During the year):
Nature of relationship		Related Party
Holding Company		Kotak Mahindra Bank Limited (KMBL) (Holds 74.99% of the equity share capital)
Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company		Mr. Uday S. Kotak, along with relatives and companies controlled by him, holds 32.02% (Previous Year 33.64%) of the equity share capital of KMBL
Subsidiary		Kotak Mahindra Financial Services Limited
B. Other Related Parties:		
(i) Fellow Subsidiaries:		Kotak Mahindra Capital Company Limited Kotak Mahindra Prime Limited Kotak Infrastructure Debt Fund Limited (formerly known as Kotak Mahindra Forex Brokerage Limited) Kotak Mahindra Asset Management Company Limited Kotak Mahindra Inc. Kotak Mahindra International Limited Kotak Mahindra Investments Limited Kotak Investment Advisors Limited Kotak Mahindra Old Mutual Life Insurance Company Limited Kotak Mahindra (Uk) Limited Kotak Mahindra General Insurance Company Limited
(ii) Key management personnel		Mr. Narayan S. A., Non Executive Director Mr. K.V.S. Manian, Non Executive Director (From 20th July 2016) Mr. Kamlesh Rao, Managing Director (From 2nd Jan 2017) Mr. Ravi Iyer, Managing Director (From 2nd Jan 2017) Mrs. Shanti Ekambaram Director (Till 19th July 2016) Mr. C. Jayaram, Non Executive Director (Till 26th Oct 2016) Mr. D. Kannan, Director (Till 3rd Jan 2017)
(iii) Relatives of key management Personnel/ persons having Significant influence		Mrs. Rekha Narayan Mr. D G Subramanian Mrs. Lakshmi S Mr. A.K.S Mani Mrs. N Rajambal Mr. Suresh Kotak

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(iv)	Enterprises over which Director/ key management personnel/ relatives of key management personnel have Significant influence	Infina Finance Private Limited Kotak Commodity Services Private Limited ACE Derivatives and Commodity Exchange Limited Matrix Business Services India Private Limited Asian Machinery and Equipment Private Limited
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C. Following transactions were carried out with related parties in the ordinary course of business

Nature of Transactions	Name of Related Party	Holding Company/ Controlling Entity **		Subsidiary		Fellow Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence		Grand Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Finance															
Purchase of Debentures	Kotak Mahindra Bank Limited	-	9,127.64	-	-	-	-	-	-	-	-	-	-	-	9,127.64
Purchase of Debentures Total		-	9,127.64	-	-	-	-	-	-	-	-	-	-	-	9,127.64
Bank Guarantee	Kotak Mahindra Bank Limited	-	10,000.00	-	-	-	-	-	-	-	-	-	-	-	10,000.00
Bank Guarantee Total		-	10,000.00	-	-	-	-	-	-	-	-	-	-	-	10,000.00
Dividend on Preference shares	Kotak Mahindra Asset Management Company Limited	-	-	-	-	72.25	72.25	-	-	-	-	-	-	-	72.25
	Kotak Mahindra Prime Limited	-	-	-	-	-	2.50	-	-	-	-	-	-	-	2.50
Dividend on Preference shares Total		-	-	-	-	72.25	74.75	-	-	-	-	-	-	-	74.75
Dividend on Equity shares	Kotak Mahindra Prime Limited	-	-	-	-	10.28	10.28	-	-	-	-	-	-	-	10.28
Dividend on Equity shares Total		-	-	-	-	10.28	10.28	-	-	-	-	-	-	-	10.28
Debentures Taken	Kotak Mahindra Investments Limited	-	-	-	-	13,000.00	5,000.00	-	-	-	-	-	-	-	13,000.00
Debentures Taken Total		-	-	-	-	13,000.00	5,000.00	-	-	-	-	-	-	-	13,000.00
Investments Redeemned	Kotak Mahindra Prime Limited	-	-	-	-	2,773.80	-	-	-	-	-	-	-	-	2,773.80
Investments Redeemned Total		-	-	-	-	2,773.80	-	-	-	-	-	-	-	-	2,773.80
Investments Taken	Kotak Infrastructure Debt Fund Limited	-	-	-	-	9,300.00	-	-	-	-	-	-	-	-	9,300.00
Investments Taken Total		-	-	-	-	9,300.00	-	-	-	-	-	-	-	-	9,300.00
Deposits Taken	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	1.06	1.15	-	1.06
Deposits Taken Total		-	-	-	-	-	-	-	-	-	-	1.06	1.15	-	1.15
Deposits Repaid	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	0.42	1.49	-	0.42
Deposits Repaid Total		-	-	-	-	-	-	-	-	-	-	0.42	1.49	-	1.49
Fixed Deposits Placed During The Year	Kotak Mahindra Bank Limited	193,745.39	354,118.55	-	-	-	-	-	-	-	-	-	-	-	193,745.39
Fixed Deposits Placed During The Year Total		193,745.39	354,118.55	-	-	-	-	-	-	-	-	-	-	-	354,118.55
Fixed Deposits Repaid During The Year	Kotak Mahindra Bank Limited	301,343.20	372,234.98	-	-	-	-	-	-	-	-	-	-	-	301,343.20
Fixed Deposits Repaid During The Year Total		301,343.20	372,234.98	-	-	-	-	-	-	-	-	-	-	-	372,234.98
Interest Received On Fixed Deposits	Kotak Mahindra Bank Limited	7,906.83	14,713.09	-	-	-	-	-	-	-	-	-	-	-	7,906.83
Interest Received On Fixed Deposits Total		7,906.83	14,713.09	-	-	-	-	-	-	-	-	-	-	-	14,713.09
Interest On Debentures	Kotak Mahindra Investments Limited	-	-	-	-	537.82	113.11	-	-	-	-	-	-	-	537.82
	Kotak Mahindra Prime Limited	-	-	-	-	3,726.96	3,733.13	-	-	-	-	-	-	-	3,726.96
Interest On Debentures Total		-	-	-	-	4,264.78	3,846.24	-	-	-	-	-	-	-	3,846.24
Outstandings															
Overdraft From Banks	Kotak Mahindra Bank Limited	-	2,086.13	-	-	-	-	-	-	-	-	-	-	-	2,086.13

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Nature of Transactions	Name of Related Party	Holding Company/ Controlling Entity **		Subsidiary		Fellow Subsidiary Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence		Grand Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Overdraft From Banks Total		-	2,086.13	-	-	-	-	-	-	-	-	-	-	-	2,086.13
Debtures Taken	Kotak Mahindra Investments Limited	-	-	-	-	18,000.00	5,000.00	-	-	-	-	-	-	18,000.00	5,000.00
	Kotak Mahindra Prime Limited	-	-	-	-	35,500.00	35,500.00	-	-	-	-	-	-	35,500.00	35,500.00
Debtures Taken Total		-	-	-	-	53,500.00	40,500.00	-	-	-	-	-	-	53,500.00	40,500.00
Interest Accrued On Debture	Kotak Mahindra Investments Limited	-	-	-	-	198.47	113.11	-	-	-	-	-	-	198.47	113.11
	Kotak Mahindra Prime Limited	-	-	-	-	1,063.88	1,059.88	-	-	-	-	-	-	1,063.88	1,059.88
Interest Accrued On Debture Total		-	-	-	-	1,262.35	1,172.99	-	-	-	-	-	-	1,262.35	1,172.99
Investments	Kotak Mahindra Financial Services Limited	-	-	585.57	585.57	-	-	-	-	-	-	-	-	585.57	585.57
	Kotak Mahindra Asset Management Company Limited	-	-	-	-	850.00	850.00	-	-	-	-	-	-	850.00	850.00
	Kotak Mahindra Prime Limited	-	-	-	-	27,080.69	29,854.49	-	-	-	-	-	-	27,080.69	29,854.49
	Kotak Infrastructure Debt Fund Limited	-	-	-	-	9,300.00	-	-	-	-	-	-	-	9,300.00	-
Investments Total		-	-	585.57	585.57	37,230.69	30,704.49	-	-	-	-	-	-	37,816.26	31,290.06
Deposits Paid	Ace Derivatives And Commodity Exchange Limited	-	-	-	-	-	-	-	-	-	-	-	2.00	-	2.00
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	3.15	3.15	3.15	3.15
Deposits Paid Total		-	-	-	-	-	-	-	-	-	-	3.15	5.15	3.15	5.15
Deposits Taken	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	8.40	7.75	8.40	7.75
	Infina Finance Private Limited	-	-	-	-	-	-	-	-	-	-	0.47	0.47	0.47	0.47
Deposits Taken Total		-	-	-	-	-	-	-	-	-	-	8.87	8.22	8.87	8.22
Interest Accrued On Fixed Deposits- Receivable	Kotak Mahindra Bank Limited	295.73	1,308.35	-	-	-	-	-	-	-	-	-	-	295.73	1,308.35
Interest Accrued On Fixed Deposits- Receivable Total		295.73	1,308.35	-	-	-	-	-	-	-	-	-	-	295.73	1,308.35
Fixed Deposits Placed	Kotak Mahindra Bank Limited	41,187.02	148,784.83	-	-	-	-	-	-	-	-	-	-	41,187.02	148,784.83
Fixed Deposits Placed Total		41,187.02	148,784.83	-	-	-	-	-	-	-	-	-	-	41,187.02	148,784.83
Bank Balance	Kotak Mahindra Bank Limited	10,830.40	-	-	-	-	-	-	-	-	-	-	-	10,830.40	-
Bank Balance Total		10,830.40	-	-	-	-	-	-	-	-	-	-	-	10,830.40	-
Broking Transactions (Secondary And Primary Market Operations)															
Purchases (Broking)	Kotak Mahindra Bank Limited	642.42	10,830.60	-	-	-	-	-	-	-	-	-	-	642.42	10,830.60
	Kotak Mahindra International Limited	-	-	-	-	55,160.05	74,260.61	-	-	-	-	-	-	55,160.05	74,260.61
	Kotak Mahindra Old Mutual Life Insurance Limited	-	-	-	-	73,482.79	91,031.04	-	-	-	-	-	-	73,482.79	91,031.04
	Kotak Mahindra Prime Limited	-	-	-	-	-	50.26	-	-	-	-	-	-	-	50.26
	D Kannan	-	-	-	-	-	85.71	18.71	-	-	-	-	-	85.71	18.71
	Narayan S A	-	-	-	-	-	52.82	49.89	-	-	-	-	-	52.82	49.89
	Kamlesh Rao	-	-	-	-	-	2,529.58	719.44	-	-	-	-	-	2,529.58	719.44
	D G Subramanian	-	-	-	-	-	-	-	5.57	10.84	-	-	-	5.57	10.84
	Rekha Narayan	-	-	-	-	-	-	-	11.66	49.48	-	-	-	11.66	49.48
	Infina Finance Private Limited	-	-	-	-	-	-	-	-	-	2,033,461.86	754,620.07	2,033,461.86	754,620.07	
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	26,210.04	6,255.62	26,210.04	6,255.62	
Purchases (Broking) Total		642.42	10,830.60	-	-	128,642.84	165,341.91	2,668.11	788.04	17.23	60.32	2,059,671.90	760,875.69	2,191,642.50	937,896.56

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Nature of Transactions	Name of Related Party	Holding Company/ Controlling Entity **		Subsidiary		Fellow Subsidiary Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence		Grand Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sales (Broking)	Kotak Mahindra Bank Limited	12,014.27	56,843.70	-	-	-	-	-	-	-	-	-	-	12,014.27	56,843.70
	Kotak Investment Advisors Limited	-	-	-	-	607.65	12.52	-	-	-	-	-	-	607.65	12.52
	Kotak Mahindra International Limited	-	-	-	-	92,318.83	43,479.67	-	-	-	-	-	-	92,318.83	43,479.67
	Kotak Mahindra Investments Limited	-	-	-	-	7,408.52	5,696.20	-	-	-	-	-	-	7,408.52	5,696.20
	Kotak Mahindra Old Mutual Life Insurance Limited	-	-	-	-	88,102.55	91,111.78	-	-	-	-	-	-	88,102.55	91,111.78
	Kotak Mahindra Prime Limited	-	-	-	-	1,977.35	83.50	-	-	-	-	-	-	1,977.35	83.50
	C.Jayaram	-	-	-	-	-	-	977.31	684.73	-	-	-	-	977.31	684.73
	D Kannan	-	-	-	-	-	-	753.63	507.92	-	-	-	-	753.63	507.92
	Narayan S A	-	-	-	-	-	-	331.09	16.53	-	-	-	-	331.09	16.53
	Kamlesh Rao	-	-	-	-	-	-	2,453.97	822.16	-	-	-	-	2,453.97	822.16
	Ravi Iyer	-	-	-	-	-	-	219.86	-	-	-	-	-	219.86	-
	A K S Mani	-	-	-	-	-	-	-	-	-	0.93	-	-	-	0.93
	D G Subramanian	-	-	-	-	-	-	-	-	5.28	8.37	-	-	5.28	8.37
	Rajambal N	-	-	-	-	-	-	-	-	-	0.80	-	-	-	0.80
	Rekha Narayan	-	-	-	-	-	-	-	-	41.23	4.02	-	-	41.23	4.02
	Infina Finance Private Limited	-	-	-	-	-	-	-	-	-	-	1,970,126.06	830,593.55	1,970,126.06	830,593.55
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	26,188.50	7,564.56	26,188.50	7,564.56
Sales (Broking) Total		12,014.27	56,843.70	-	-	190,414.90	140,383.67	4,735.86	2,031.34	46.51	14.12	1,996,314.56	838,158.11	2,203,526.10	1,037,430.94
Brokerage Earned	Kotak Mahindra Bank Limited	7.96	24.70	-	-	-	-	-	-	-	-	-	-	7.96	24.70
	Kotak Investment Advisors Limited	-	-	-	-	1.06	0.02	-	-	-	-	-	-	1.06	0.02
	Kotak Mahindra Asset Management Company Limited	-	-	-	-	0.12	0.39	-	-	-	-	-	-	0.12	0.39
	Kotak Mahindra International Limited	-	-	-	-	111.66	104.55	-	-	-	-	-	-	111.66	104.55
	Kotak Mahindra Investments Limited	-	-	-	-	15.70	10.42	-	-	-	-	-	-	15.70	10.42
	Kotak Mahindra Old Mutual Life Insurance Limited	-	-	-	-	116.16	131.27	-	-	-	-	-	-	116.16	131.27
	Kotak Mahindra Prime Limited	-	-	-	-	1.84	0.03	-	-	-	-	-	-	1.84	0.03
	C.Jayaram	-	-	-	-	-	-	1.17	0.82	-	-	-	-	1.17	0.82
	D Kannan	-	-	-	-	-	-	1.01	0.64	-	-	-	-	1.01	0.64
	Narayan S A	-	-	-	-	-	-	0.46	0.08	-	-	-	-	0.46	0.08
	Kamlesh Rao	-	-	-	-	-	-	1.14	1.13	-	-	-	-	1.14	1.13
	Ravi Iyer	-	-	-	-	-	-	0.26	-	-	-	-	-	0.26	-
	Shanti Ekambaram	-	-	-	-	-	-	0.49	-	-	-	-	-	0.49	-
	D G Subramanian	-	-	-	-	-	-	-	-	0.06	0.09	-	-	0.06	0.09
	Rekha Narayan	-	-	-	-	-	-	-	-	0.06	0.13	-	-	0.06	0.13
	Infina Finance Private Limited	-	-	-	-	-	-	-	-	-	-	347.36	224.14	347.36	224.14
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	2.32	0.62	2.32	0.62
Brokerage Earned Total		7.96	24.70	-	-	246.54	246.68	4.53	2.67	0.12	0.22	349.68	224.76	608.83	499.03
Dividend Recievable	Kotak Mahindra Asset Management Company Limited	-	-	-	-	72.25	72.25	-	-	-	-	-	-	72.25	72.25
Dividend Recievable Total		-	-	-	-	72.25	72.25	-	-	-	-	-	-	72.25	72.25
Outstandings Secondary															
Receivable-Secondary	Kotak Mahindra Bank Limited	-	509.97	-	-	-	-	-	-	-	-	-	-	-	509.97
	Kotak Mahindra Capital Company Limited	-	-	-	-	-	0.04	-	-	-	-	-	-	-	0.04
	Kotak Mahindra International Limited	-	-	-	-	3.72	1.39	-	-	-	-	-	-	3.72	1.39
	Kotak Mahindra Investments Limited	-	-	-	-	0.57	-	-	-	-	-	-	-	0.57	-

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Nature of Transactions	Name of Related Party	Holding Company/ Controlling Entity **		Subsidiary		Fellow Subsidiary Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence		Grand Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Kotak Mahindra Old Mutual Life Insurance Limited	-	-	-	-	-	0.78	-	-	-	-	-	-	-	0.78
	Kotak Mahindra Prime Limited	-	-	-	-	-	0.01	-	-	-	-	-	-	-	0.01
	Kamlesh Rao	-	-	-	-	-	-	35.54	-	-	-	-	-	35.54	-
	Suresh Kotak	-	-	-	-	-	-	-	-	0.06	0.06	-	-	0.06	0.06
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	14.12	-	14.12	-
Receivable-Secondary Total		-	509.97	-	-	4.29	2.22	35.54	-	0.06	0.06	14.12	-	54.01	512.25
Payable-Secondary	Kotak Mahindra Bank Limited	477.34	-	-	-	-	-	-	-	-	-	-	-	477.34	-
	Kotak Mahindra Investments Limited	-	-	-	-	-	323.74	-	-	-	-	-	-	-	323.74
	C.Jayaram	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01	-
	D Kannan	-	-	-	-	-	-	0.01	3.89	-	-	-	-	0.01	3.89
	Narayan S A	-	-	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
	Kamlesh Rao	-	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01
	Ravi Iyer	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01	-
	D G Subramanian	-	-	-	-	-	-	-	-	0.01	0.01	-	-	0.01	0.01
	Lakshmi S	-	-	-	-	-	-	-	-	0.01	0.01	-	-	0.01	0.01
	Rekha Narayan	-	-	-	-	-	-	-	-	-	0.01	-	-	-	0.01
	Infina Finance Private Limited	-	-	-	-	-	-	-	-	-	-	7.93	78.14	7.93	78.14
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	-	13.84	-	13.84
Payable-Secondary Total		477.34	-	-	-	-	323.74	0.04	3.91	0.02	0.03	7.93	91.98	485.33	419.66
Other Receipts And Payments															
Fee Income	Kotak Mahindra Bank Limited	0.02	0.02	-	-	-	-	-	-	-	-	-	-	0.02	0.02
	Kotak Investment Advisors Limited	-	-	-	-	9.00	10.67	-	-	-	-	-	-	9.00	10.67
	Kotak Mahindra Asset Management Company Limited	-	-	-	-	33.08	-	-	-	-	-	-	-	33.08	-
	Kotak Mahindra Capital Company Limited	-	-	-	-	2,779.70	1,856.61	-	-	-	-	-	-	2,779.70	1,856.61
	Kotak Mahindra Investments Limited	-	-	-	-	0.31	0.29	-	-	-	-	-	-	0.31	0.29
	Kotak Mahindra Prime Limited	-	-	-	-	0.01	0.01	-	-	-	-	-	-	0.01	0.01
	Kotak Mahindra Trustee Company Limited	-	-	-	-	-	0.01	-	-	-	-	-	-	-	0.01
	D Kannan	-	-	-	-	-	-	0.01	0.01	-	-	-	-	0.01	0.01
	Ravi Iyer	-	-	-	-	-	-	0.17	-	-	-	-	-	0.17	-
	Shanti Ekambaram	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01	-
	D G Subramanian	-	-	-	-	-	-	-	-	0.01	0.01	-	-	0.01	0.01
	Infina Finance Private Limited	-	-	-	-	-	-	-	-	-	-	0.04	0.03	0.04	0.03
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	281.08	230.93	281.08	230.93
Fee Income Total		0.02	0.02	-	-	2,822.10	1,867.59	0.19	0.01	0.01	0.01	281.12	230.96	3,103.44	2,098.59
Expense Reimbursement To Other Companies	Kotak Mahindra Bank Limited	8,502.39	6,722.57	-	-	-	-	-	-	-	-	-	-	8,502.39	6,722.57
	Kotak Mahindra Financial Services Limited	-	-	339.17	420.74	-	-	-	-	-	-	-	-	339.17	420.74
	Kotak Mahindra Capital Company Limited	-	-	-	-	366.61	344.74	-	-	-	-	-	-	366.61	344.74
	Kotak Mahindra Inc	-	-	-	-	680.50	661.04	-	-	-	-	-	-	680.50	661.04
	Kotak Mahindra Old Mutual Life Insurance Limited	-	-	-	-	23.51	16.84	-	-	-	-	-	-	23.51	16.84
	Kotak Mahindra Prime Limited	-	-	-	-	-	42.60	-	-	-	-	-	-	-	42.60
	Kotak Mahindra Asset Management Company Limited	-	-	-	-	0.96	-	-	-	-	-	-	-	0.96	-
	Kotak Mahindra (UK) Limited	-	-	-	-	799.22	746.19	-	-	-	-	-	-	799.22	746.19

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Nature of Transactions	Name of Related Party	Holding Company/ Controlling Entity **		Subsidiary		Fellow Subsidiary Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence		Grand Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Infina Finance Private Limited	-	-	-	-	-	-	-	-	-	-	2.61	2.25	2.61	2.25
	Ace Derivatives And Commodity Exchange Limited	-	-	-	-	-	-	-	-	-	-	-	0.05	-	0.05
	Matrix Business Services India Private Ltd	-	-	-	-	-	-	-	-	-	-	2.97	4.38	2.97	4.38
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	158.36	104.02	158.36	104.02
Expense Reimbursement To Other Companies Total		8,502.39	6,722.57	339.17	420.74	1,870.80	1,811.41	-	-	-	-	163.94	110.70	10,876.30	9,065.42
Expense Reimbursement By Other Companies	Kotak Mahindra Bank Limited	1,027.08	719.72	-	-	-	-	-	-	-	-	-	-	1,027.08	719.72
	Kotak Mahindra Asset Management Company Limited	-	-	-	-	19.80	27.76	-	-	-	-	-	-	19.80	27.76
	Kotak Mahindra Capital Company Limited	-	-	-	-	151.26	126.48	-	-	-	-	-	-	151.26	126.48
	Kotak Mahindra Investments Limited	-	-	-	-	8.92	3.77	-	-	-	-	-	-	8.92	3.77
	Kotak Mahindra Old Mutual Life Insurance Limited	-	-	-	-	4.98	4.97	-	-	-	-	-	-	4.98	4.97
	Kotak Mahindra General Insurance Company Limited	-	-	-	-	0.29	-	-	-	-	-	-	-	0.29	-
	Infina Finance Private Limited	-	-	-	-	-	-	-	-	-	-	0.96	0.40	0.96	0.40
	Ace Derivatives And Commodity Exchange Limited	-	-	-	-	-	-	-	-	-	-	-	0.19	-	0.19
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	193.82	208.45	193.82	208.45
Expense Reimbursement By Other Companies Total		1,027.08	719.72	-	-	185.25	162.98	-	-	-	-	194.78	209.04	1,407.11	1,091.74
Other Expenses	Kotak Mahindra Bank Limited	4.98	264.45	-	-	-	-	-	-	-	-	-	-	4.98	264.45
	Uday S Kotak	8.24	8.24	-	-	-	-	-	-	-	-	-	-	8.24	8.24
	C.Jayaram	-	-	-	-	-	-	2.80	-	-	-	-	-	2.80	-
	Kotak Mahindra General Insurance Company Limited	-	-	-	-	22.38	2.45	-	-	-	-	-	-	22.38	2.45
Other Expenses Total		13.22	272.69	-	-	22.38	2.45	2.80	-	-	-	-	-	38.40	275.14
Other Income	Kotak Mahindra Old Mutual Life Insurance Limited	-	-	-	-	18.44	18.60	-	-	-	-	-	-	18.44	18.60
Other Income Total		-	-	-	-	18.44	18.60	-	-	-	-	-	-	18.44	18.60
Sale Of Fixed Asset	Kotak Mahindra Bank Limited	11.43	-	-	-	-	-	-	-	-	-	-	-	11.43	-
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	0.32	-	0.32	-
Sale Of Fixed Asset Total		11.43	-	-	-	-	-	-	-	-	-	0.32	-	11.75	-
Remuneration To Key Management Personnel *	Kamlesh Rao	-	-	-	-	-	-	426.34	313.29	-	-	-	-	426.34	313.29
	Ravi Iyer	-	-	-	-	-	-	419.52	411.07	-	-	-	-	419.52	411.07
Remuneration To Key Management Personnel * Total		-	-	-	-	-	-	845.86	724.36	-	-	-	-	845.86	724.36
Other Outstanding															
Receivable (Others)	Kotak Investment Advisors Limited	-	-	-	-	9.90	10.97	-	-	-	-	-	-	9.90	10.97
	Kotak Mahindra Asset Management Company Limited	-	-	-	-	9.31	7.26	-	-	-	-	-	-	9.31	7.26
	Kotak Mahindra Capital Company Limited	-	-	-	-	29.88	110.15	-	-	-	-	-	-	29.88	110.15
	Kotak Mahindra Investments Limited	-	-	-	-	1.51	0.27	-	-	-	-	-	-	1.51	0.27
	Kotak Mahindra Old Mutual Life Insurance Limited	-	-	-	-	2.31	1.23	-	-	-	-	-	-	2.31	1.23
	Infina Finance Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.49	-	0.49
	Kotak Commodity Services Private Limited	-	-	-	-	-	-	-	-	-	-	10.00	11.04	10.00	11.04

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST MARCH, 2017

Nature of Transactions	Name of Related Party	Holding Company/ Controlling Entity **		Subsidiary		Fellow Subsidiary Companies		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence		Grand Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Receivable (Others) Total		-	-	-	-	52.91	129.88	-	-	-	-	10.00	11.53	62.91	141.41
Payable (Others)	Kotak Mahindra Bank Limited	430.82	58.58	-	-	-	-	-	-	-	-	-	-	430.82	58.58
	Uday S Kotak	0.69	0.69	-	-	-	-	-	-	-	-	-	-	0.69	0.69
	Kotak Mahindra Financial Services Limited	-	-	47.23	45.45	-	-	-	-	-	-	-	-	47.23	45.45
	Kotak Mahindra Inc	-	-	-	-	75.45	45.23	-	-	-	-	-	-	75.45	45.23
	Kotak Mahindra Prime Limited	-	-	-	-	-	42.60	-	-	-	-	-	-	-	42.60
	Kotak Mahindra (Uk) Limited	-	-	-	-	76.01	33.41	-	-	-	-	-	-	76.01	33.41
	Matrix Business Services India Private Ltd	-	-	-	-	-	-	-	-	-	-	0.60	-	0.60	-
Payable (Others) Total		431.51	59.27	47.23	45.45	151.46	121.24	-	-	-	-	0.60	-	630.80	225.96
Total		578,436.21	978,356.81	971.97	1,051.76	445,918.31	391,793.37	8,292.93	3,550.33	63.95	74.76	4,057,022.45	1,599,928.78	5,090,705.82	2,974,755.81

48. Figures for the previous year have been regrouped wherever necessary to conform to current year's classifications.

The attached notes to the financial statements form an integral part of the financial statements.

Signatures to the above notes to the financial statements.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sharad Vasant
Partner
Membership Number: 101119
Mumbai
Date : April 26,2017

For and on Behalf of the Board of Directors

Uday S. Kotak
Chairman

Kamlesh Rao
Managing Director

Mumbai,
Date : April 26,2017

K.V.S. Manian
Director

Ravi Iyer
Managing Director

Narayan.S.A
Director

Trivikram Kamath
Senior Executive Vice President

Dipali Thakkar
Company Secretary

