

Actions speak.

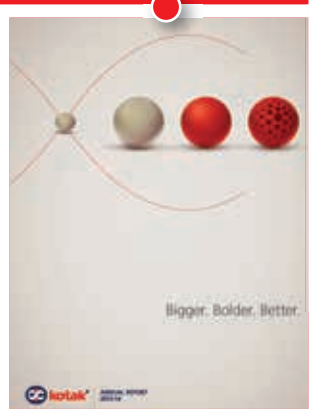
2016-17



2015-16



2014-15



2013-14



2012-13



2011-12

DIRECTORS' REPORT

To the Members

KOTAK INVESTMENT ADVISORS LIMITED

The Directors present their Twenty-Fourth Annual Report together with the audited accounts of your Company for the financial year ended 31st March, 2018.

FINANCIAL SUMMARY/ HIGHLIGHTS

	(₹ in Lacs)	
	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Gross Income	9,187.76	9,819.13
Profit before Tax	1,080.62	606.03
Profit after Tax	1,087.86	592.58
Add: Surplus brought forward from the previous year	27,171.43	26,578.85
Amount available for appropriation	28,259.29	27,171.43
Surplus carried to the Balance Sheet	28,259.29	27,171.43

OPERATIONS

Fee income from the business of investment management/advisory was ₹ 56.10 Crore for the financial year ended 31st March 2018 as compared to ₹ 51.14 Crore for the previous financial year. The earnings per share of the Company were ₹ 21.02 per share for the financial year ended 31st March 2018 as compared to ₹ 12.90 per share during the previous financial year.

The Company also provides non-binding advisory services to offshore funds managed by Kotak Group's international subsidiaries.

DIVIDEND

The Directors do not recommend any dividend for the financial year ended on 31st March 2018.

SHARE CAPITAL

During the financial year 2017-18, additional capital was raised by issuance of 8,47,456 equity shares of ₹ 10/- each on right basis at a premium of ₹ 580/- per equity share.

As on the date of this report, the Issued, Subscribed and Paid-up Share Capital of the Company stood at ₹ 5,43,94,560/- (Rupees Five Crore Forty Three Lac Ninety Four Thousand Five Hundred and Sixty only) divided into 54,39,456 (Fifty Four Lac Thirty Nine Thousand Four Hundred and Fifty Six) Equity Shares of ₹ 10/- (Rupees Ten) each.

Risk Management & Internal Financial Control

The Company has adopted comprehensive risk management policy and procedures for its business of investment management of domestic funds operating in the alternate assets domain. Under these policies and procedures, the risk analysis is done at the time of doing any transactions as well as on periodic intervals.

The Board of Directors confirms that your Company has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively.

During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

DIRECTORS & MEETINGS

Director retiring by rotation

Ms. Shanti Ekambaram retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Board Meetings

During the financial year 2017-18, 10 (Ten) meetings of Board of Directors were held on the following dates.

Sr. No	Date of Meeting
1	24/04/2017
2	15/06/2017
3	29/06/2017
4	17/07/2017
5	17/10/2017
6	22/12/2017
7	15/01/2017
8	02/02/2018
9	12/03/2018
10	28/03/2018

Details of number of Board Meetings attended by the Directors are as under:

Name of Director	No. of meetings entitled to attend	No. of meetings attended
Mr. Srinivasan Subramanian	10	8
Mr. Dipak Gupta	10	8
Mr. Jaimin Bhatt	10	7
Ms. Shanti Ekambaram	10	7

CONSTITUTION OF COMMITTEES

Committee of Directors

During the year under review, Company has formed Committee of Directors ("COD") to grant authority or to modify authority granted to the various persons with regard to various activities of routine and operational nature undertaken by the Company and the Funds where the Company acts as Investment Manager.

The COD consists of (1) Mr. Srinivasan Subramanian and (2) Mr. Jaimin Bhatt.

During the financial year 2017-18, one meeting of the COD was held on December 7, 2017.

Audit Committee

Although the Company is not required to form an Audit Committee under Section 177 of the Companies Act, 2013, in furtherance of Kotak Group's commitment to good corporate governance practices, the Company had constituted an Audit Committee in the year 2008 and also adopted its terms of reference.

The Audit Committee consists of Mr. Srinivasan Subramanian, Mr. Dipak Gupta, Mr. Jaimin Bhatt and Ms. Shanti Ekambaram, with any two members forming the quorum.

Nomination Committee

The Company is a subsidiary of Kotak Mahindra Bank Limited ("KMBL") and the Nomination Committee was constituted as per the directive of the Reserve Bank of India for KMBL and its subsidiaries.

The Nomination Committee consists of Mr. Srinivasan Subramanian, Mr. Dipak Gupta, Mr. Jaimin Bhatt and Ms. Shanti Ekambaram, with any two members forming the quorum.

Risk Management Committee

The Company has a two level structure of Risk Management Committee. The Tier I level is Risk Management Committee (Operations) consisting four members namely, Mr. S. Srinivasan (Managing Director), Mr. Nitin Deshmukh, Mr. Alroy Lobo (Chief Executive Officer-Listed Strategies) and Mr. Rajeev Saptarshi.

The Tier II level is Risk Management Committee (Board) consisting five members namely, Mr. Dipak Gupta (Director), Mr. Jaimin Bhatt (Director), Mr. S. Srinivasan (Managing Director), Mr. Nitin Deshmukh and Mr. Alroy Lobo (Chief Executive Officer-Listed Strategies).

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not made any loans or given guarantee covered under Section 186 of the Companies Act, 2013.

The details of the investments under section 186 of the Companies Act, 2013 are annexed to this report.

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year 2017-18 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.

All Related Party Transactions as required under Accounting Standards AS18 are reported in Notes to Accounts.

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

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

Following are the foreign exchange earnings and outgo for the financial year ended on 31st March, 2018:

- (i) Foreign exchange inflow: ₹ 18.48 Crore
- (ii) Foreign exchange outgo: ₹ 47.13 Lacs

AUDITORS

The members of the Company had, at the Twentieth Annual General Meeting, appointed Messers Price Waterhouse, Chartered Accountants, Mumbai (Regn. No. 301112E) as Auditors of the Company for five years, subject to ratification every year by the members. Accordingly, the matter shall be placed before the members in the ensuing Annual General Meeting.

COMPLIANCES AS TO SECRETARIAL STANDARDS:

The Company has complied with the provisions of Secretarial Standards i.e. Secretarial Standard-1 and Secretarial Standard-2 applicable to the Company, during the Financial Year 2017-18.

EMPLOYEES

The Company recognizes that human capital is the key to success and growth in the Company's business. As on 31st

March 2018, the Company has 44 employees. The employees are highly qualified with approx. 25 graduates from premier business schools including professionals like CAs, CSs and Lawyers.

A statement giving the particulars of employees as required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at the end of the financial year and of the profits of your Company for the financial year ended 31st March, 2018;
- (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.

ANNEXURES

Extract of Annual Return under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12 (1) of Companies (Management and Administration) Rules, 2014 is annexed.

ACKNOWLEDGEMENT

We thank our members, trustees, investors of funds under management, investee companies and bankers for their continued support during the year. We place on record our appreciation for the contributions made by the employees at all levels for their commendable efforts, teamwork and professionalism.

We would like to place on record our gratitude for the valuable guidance and support received from the Securities and Exchange Board of India and other Government and Regulatory agencies and look forward to their continued support in the future.

For and on behalf of the Board of Directors

Srinivasan Subramanian
Managing Director
(DIN: 00382697)

Dipak Gupta
Director
(DIN: 00004771)

Place: Mumbai
Date: 20th April, 2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS

i) CIN	U65990MH1994PLC077472
ii) Registration Date	31/03/1994
iii) Name of the Company	Kotak Investment Advisors Limited
iv) Category/Sub-Category of the Company	Public Limited Company
v) Address of the Registered office and contact details	27-BKC, 7 th Floor, Plot No. C-27, "G" Block, Bandra-Kurla Complex Bandra (East), Mumbai – 400051 Tel No.: +91 22 61660000 Fax No.: +91 22 67132421
vi) Whether listed Company (Yes/No)	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

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:-

Sr. No	Name and Description of Main Product/ Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Investment Management and Advisory	66190	100

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kotak Mahindra Bank Limited 27-BKC, Plot No. C-27, "G" Block, Bandra-Kurla Complex Bandra (East), Mumbai – 400051	L65110MH1985PLC038137	Holding Company	58.63	2(87)(ii)
2	Kotak Infrastructure Debt Fund Limited 27 BKC, C 27, G Block Bandra Kurla Complex, Bandra (E), Mumbai 400 051	U65910MH1988PLC048450	Associate Company	20.00	2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	2250070 ¹	2250070	49.00	-	2250070	2250070	41.37	- 7.63
d) Bank/Fl	-	2341930	2341930	51.00	-	3189386	3189386	58.63	7.63
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	-	4592000	4592000	100.00	-	5439456	5439456	100.00	-
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter	-	4592000	4592000	100.00	-	5439456	5439456	100.00	-
(A)= (A)(1)+(A)(2)									
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	-

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	
(2) Non Institutions									
a) Bodies corporates	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	4592000	4592000	100.00	-	5439456	5439456	100.00	-

¹ 60 Shares are held jointly with nominees

(ii) Shareholding of Promoters

Sr No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of Shares	% of total Shares of the company	% of shares pledged encumbered to total shares	
1.	Kotak Mahindra Bank Limited	2341930	51.00	None	3189386	58.63	None	
2.	Kotak Mahindra Capital Company Limited	2250070*	49.00	None	2250070*	41.37	None	
	Total	4592000	100.00		5439456	100.00		

*60 Shares are held jointly with nominees

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

There is no change in the Promoters' Holding during the financial year ended on 31st March, 2018.

Sr No	Share holding 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
At the beginning of the year	45,92,000	100.00	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): 29/06/2017 - Allotment of 8,47,456 shares on right basis	8,47,456	-	54,39,456	100.00
At the End of the year	54,39,456	100.00	54,39,456	100.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):None

Sr No	For Each of the Top 10 Shareholders	Share holding 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
	At the beginning of the year				
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the End of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

Sr No	For Each of the Top 10 Shareholders	Share holding 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
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS: NONE

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in lakhs)

Sl. No	Particulars of Remuneration	S. Srinivasan (Managing Director)	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1395.98	1395.98
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	104.80	104.80
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2.	Stock Option	Cost included in above 1(b)	Cost included in above 1(b)
3.	Sweat Equity		
4.	Commission		
	- as % of profit		
	- others, specify...		
5.	Others, please specify		
	Total (A)	1500.78	1500.78
	Ceiling as per the Act		

B. Remuneration to other directors: NOT APPLICABLE

Sl. No	Particulars of Remuneration	Name of the Directors			Total Amount
1	Independent Directors				
	• Fee for attending board committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)				
2	Other Non Executive Directors				
	• Fee for attending board committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)				
	Total (B)=(1+2)				
	Total Managerial Remuneration	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	NA	NA	NA	NA

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

(₹ In Lacs)

Sr No	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	10.98	-	10.98
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	Nil	10.98	Nil	10.98

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES NOT: APPLICABLE

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Kotak Investment Advisors Limited

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of **Kotak Investment Advisors Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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.

AUDITOR'S 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, 2018, 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements 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 does not have any pending litigations as at March 31, 2018 which would impact its financial position.
 - ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2018.
 - 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, 2018.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Sharad Vasant
Partner
Membership Number: 101119

Place : Mumbai
Date : April 20, 2018

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 Investment Advisors Limited on the financial statements for the year ended March 31, 2018

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 Investment Advisors Limited** ("the Company") as of March 31, 2018 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.

AUDITOR'S 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, 2018, 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

Place : Mumbai
Date : April 20, 2018

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 Investment Advisors Limited on the financial statements as of and for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
(c) The Company does not own any immovable properties. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185.

In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 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, income tax, service tax, goods and service tax with effect from July 1, 2017 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, there are no dues of income-tax, service-tax, goods and service tax and other material statutory dues which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- 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 Section 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. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- 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

Place : Mumbai
Date : April 20, 2018

Balance Sheet

as at 31st March, 2018

(₹ in lacs)

	Notes	As at 31 st March, 2018	As at 31 st March, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	543.95	459.20
Reserves and surplus	4	33,229.53	27,226.43
Non-current liabilities			
Long term provisions	6	139.10	145.47
Current liabilities			
Trade payables	23		
total outstanding dues of micro enterprises and small enterprises and total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
		531.01	1,837.40
Other current liabilities	7	903.60	337.41
Short-term provisions	8	339.24	110.71
TOTAL		35,686.43	30,116.62
ASSETS			
Non-current assets			
Fixed Assets			
Property, Plant and Equipment	9	223.69	142.83
Intangible assets		8.29	13.98
Non-current investments	10	22,363.78	25,512.63
Deferred tax assets (net)	5	550.14	476.64
Long-term loans and advances	11	458.36	331.85
Current assets			
Current investments	12	6,080.22	1,300.96
Trade receivables	13	19.82	7.18
Cash and bank balances	14	4,442.28	315.60
Short-term loans and advances	15	1,532.22	747.70
Other current assets	16	7.63	1,267.25
TOTAL		35,686.43	30,116.62
Significant Accounting Policies	2		
The accompanying notes are an integral part of these financial statements.			

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

For Price Waterhouse

Firms Registration Number : 301112E

Chartered Accountants

For and on behalf of the Board of Directors

Sharad Vasant

Partner

Membership No. 101119

S Srinivasan

Managing Director

Dipak Gupta

Director

Mumbai

Dated : April 20, 2018

Rajeev Saptarshi

Chief Operating Officer

Dated : April 20, 2018

Umang Patel

Company Secretary

Statement of Profit & Loss Account

for the year ended 31st March, 2018

(₹ in lacs)

	Notes	Year ended 31 st March, 2018	Year ended 31 st March, 2017
INCOME			
Revenue from operations	17	8,620.72	7,698.05
Other income	18	567.04	2,121.08
Total Income		9,187.76	9,819.13
EXPENSES			
Employee Benefit Expenses	19	5,308.16	4,991.83
Depreciation and amortization expenses	9	84.36	108.23
Other expenses	20	2,714.62	4,113.04
Total Expenses		8,107.14	9,213.10
Profit before tax		1,080.62	606.03
Tax expense			
Current tax			
- Pertaining to profit/(loss) for the current period (MAT)		308.50	156.14
- Adjustment of tax relating to earlier periods		(23.74)	2.50
MAT Credit Entitlement		(218.50)	(156.14)
Deferred tax	5	(73.50)	10.95
Profit for the year		1,087.86	592.58
Earnings per equity share:			
Basic and Diluted (₹)	28	21.02	12.90
Significant Accounting Policies	2		
The accompanying notes are an integral part of these financial statements.			

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse

Firms Registration Number : 301112E

Chartered Accountants

For and on behalf of the Board of Directors

Sharad Vasant

Partner

Membership No. 101119

S Srinivasan

Managing Director

Dipak Gupta

Director

Mumbai

Dated : April 20, 2018

Rajeev Saptarshi

Chief Operating Officer

Dated : April 20, 2018

Umang Patel

Company Secretary

Cash Flow Statement

for the year ended 31st March 2018

(₹ in lacs)

	2017-2018	2016-2017
Cash flow from operating activities		
Net Profit before taxation	1,080.62	606.03
Adjustments for:		
Depreciation and amortization expenses	84.36	108.23
Interest on Non Current Investments	(1,361.32)	(1,977.03)
(Profit)/ Loss on sale of Current Investments	(218.19)	(1,109.12)
(Profit)/ Loss on sale of Non Current Investments	(190.66)	(639.44)
(Profit) / Loss on disposal of Fixed assets	(19.60)	(3.95)
Income from Venture Fund	(1,649.32)	(606.55)
Dividend on Non Current Investments	(55.60)	(127.66)
Diminution / (Write back) in value of Long Term Investments	191.20	35.91
Interest on Fixed deposit	(42.65)	(220.11)
Operating profit before working capital changes	(2,181.16)	(3,933.69)
Adjustments for:		
(Increase) / Decrease in Short term and Long term loans and advances	(784.52)	(242.32)
(Increase) / Decrease in Trade Receivable	(12.64)	544.35
(Increase) / Decrease in Other current assets	1,259.62	(124.97)
Increase / (Decrease) in Other current liabilities	566.19	(965.75)
Increase / (Decrease) in Trade Payables	(1,306.39)	347.57
Increase / (Decrease) in Short term and Long term provisions	170.57	(16.78)
Cash (used in) / generated from operations	(2,288.33)	(4,391.59)
Direct taxes paid (net of refunds and Interest thereon)	141.18	143.52
Net cash flow (used in) / from operating activities (A)	(2,429.51)	(4,535.11)
Cash flow from investing activities		
Purchase of fixed assets	(163.02)	(91.56)
Proceeds from sale of fixed assets	23.09	8.50
Purchase of investments	(27,497.80)	(27,414.44)
Sale of investments	26,085.04	26,289.42
Interest on Fixed deposit	42.65	220.11
Dividend on Non Current Investments	55.60	127.66
Interest on Non Current Investments	1,361.32	1,977.03
Income from Venture Fund	1,649.32	606.55
Net cash flow (used in) / from investing activities (B)	1,556.20	1,723.27

Cash Flow Statement

for the year ended 31st March 2018

	(₹ in lacs)	
	2017-2018	2016-2017
Cash flow from financing activities		
Issue of share capital	4,999.99	-
Net cash flow from financing activities (C)	4,999.99	-
Net Increase / (Decrease) In Cash And Cash Equivalents (A + B + C)	4,126.68	(2,811.84)
Cash And Cash Equivalents At The Beginning Of The Year	315.60	3,127.44
Cash And Cash Equivalents At The End Of The Year	4,442.28	315.60
	4,126.68	(2,811.84)

Notes:

- 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 Rule 7 of the Companies (Accounts) Rules, 2014
- Cash and Bank Balance at the year end includes cash balance ₹ Nil (Previous year ₹ Nil) and bank balances ₹ 4,442.28 Lacs (Previous year ₹ 315.60 Lacs).
- The corresponding amounts of previous year have been re-grouped, wherever necessary.

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

For Price Waterhouse

Firms Registration Number : 301112E
Chartered Accountants

For and on behalf of the Board of Directors

Sharad Vasant

Partner
Membership No. 101119

S Srinivasan

Managing Director

Dipak Gupta

Director

Mumbai

Dated : April 20, 2018

Rajeev Saptarshi

Chief Operating Officer
Dated : April 20, 2018

Umang Patel

Company Secretary

Notes

To financial statements for the year ended 31st March 2018

1. Background

Kotak Investment Advisors Limited ("KIAL or Company") is a public company domiciled in India. The Company acts as the investment manager to domestic venture capital, private equity and alternative investment funds operating in the alternate assets domain and also provides non-binding advisory services to offshore funds managed by Kotak Group's international subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

I) BASIS OF ACCOUNTING

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

II) OPERATING CYCLE

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 (Division I) to the Companies Act, 2013. Based on the nature of the services and the time between the provision of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

III) USE OF ESTIMATES

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

IV) REVENUE RECOGNITION

Revenue is recognized if it is measurable and reasonable certainty exists regarding its ultimate collection.

- (i) Management fee is recognized on accrual basis at the rates specified in the investment management agreement from the date of initial closing of funds under management.
- (ii) Advisory and establishment fees are recognized on accrual basis as per terms of contract.
- (iii) Interest Income is accounted on accrual basis.
- (iv) Dividend income is recognized when the right to receive dividend is established.

V) PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

Depreciation

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are higher than the rates prescribed under Schedule II of the Companies Act, 2013

Notes

To financial statements for the year ended 31st March 2018

in order to reflect the actual usage of the assets. The estimated useful lives of assets based on technical evaluation by management are as follows:

Asset Type	Useful life in years
Office equipments	5
Computers	3
Vehicles	4
Software (including development) expenditure	3

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

VI) INVESTMENTS

Investments are classified into long term investments and current investments. Investments which are intended to be held for more than one year from the date on which the investments are made are classified as long term investments and investments which are intended to be held for less than one year from the date on which the investments are made are classified as current investments.

Long term investments are carried at cost and provision for diminution in value is made to recognize a decline other than temporary in the value of investment, such reduction being determined and made for each investment individually. Current investments are valued at cost 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 market / fair value. Brokerage, stamping and additional charges paid are included in the cost of investments.

VII) 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 assets and liabilities are recognized 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 recognized only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized 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 realized.

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

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

Notes

To financial statements for the year ended 31st March 2018

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

VIII) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. 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.

IX) EMPLOYEE BENEFITS

(a) Long Term Employee Benefits

Defined contribution plan

Contribution as required by the Statute made to the Government Provident Fund is debited to the Statement of Profit and Loss.

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

New Pension Scheme

The Company contributes up to 10% of eligible employees' salary per annum, to the New Pension Fund administered by PFRDA appointed pension fund manager. The Company recognizes such contributions as an expense in the year they are incurred.

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 Investment Advisors Employees Gratuity Fund" which has taken group gratuity policies with an insurance company which is funded. The trust is recognized 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 the assets available with the insurance companies is compared with the gratuity liability as per the independent actuarial valuation at the year end and shortfall, if any, is provided in the financial statements. Actuarial gains and losses are recognized in the Statement of Profit and Loss.

Other Long – term Employee Benefits

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

(b) Short Term Employee Benefits

Other Employee Benefits

As per the company policy, employees of the company are eligible for an award after completion of a specified number of year of service with the company. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance subsidiary.

Notes

To financial statements for the year ended 31st March 2018

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

(c) Employee Stock Option Scheme

Cash-settled scheme

The cost of cash-settled scheme (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 were granted. This intrinsic value is amortized on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the settlement date with changes in intrinsic value recognized in Statement of Profit and Loss in Salaries allowances and bonuses under Note 19.

X) PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

XI) EARNINGS PER SHARE

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

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

XII) CASH AND CASH EQUIVALENTS

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

XIII) 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 recognized as an impairment loss in the Statement of Profit and Loss.

XIV) OPERATING LEASES

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

Notes

To financial statements for the year ended 31st March 2018

SCHEDULE 3 - SHARE CAPITAL

(₹ in lacs)

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
Authorized		
6,000,000 (Previous Year 5,000,000) Equity Shares of ₹ 10 each	600.00	500.00
Issued, Subscribed and Paid up		
5,439,456 (Previous Year 4,592,000) Equity Shares of ₹ 10 each, fully paid up	543.95	459.20
TOTAL	543.95	459.20

a. Reconciliation of Number of Equity Shares

	No of Shares	No of Shares	₹ in lacs	₹ in lacs
	As at 31 st March, 2018	As at 31 st March, 2017	As at 31 st March, 2018	As at 31 st March, 2017
Shares outstanding at the beginning of the year	4,592,000	4,592,000	459.20	459.20
Shares Issued during the year	847,456	-	84.75	-
Shares outstanding at the end of the year	5,439,456	4,592,000	543.95	459.20

b. Rights, Preferences and restrictions attached to Shares

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. 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.

c. Equity shares held by holding company and subsidiary of holding company

	31 st March 2018		31 st March 2017	
	No of Shares	% of Holding	No of Shares	% of Holding
Kotak Mahindra Bank Limited	3,189,386	58.63	2,341,930	51.00
Kotak Mahindra Capital Company Limited (60 Shares are held jointly with its nominees)	2,250,070	41.37	2,250,070	49.00

d. Details of Equity shares held by shareholders holding more than 5% of the aggregate shares in the company

	31 st March 2018		31 st March 2017	
	No of Shares	% of Holding	No of Shares	% of Holding
Kotak Mahindra Bank Limited	3,189,386	58.63	2,341,930	51.00
Kotak Mahindra Capital Company Limited (60 Shares are held jointly with its nominees)	2,250,070	41.37	2,250,070	49.00

Notes

To financial statements for the year ended 31st March 2018

SCHEDULE 4 - RESERVES & SURPLUS

(₹ in lacs)

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
Capital Reserve		
a. Capital Redemption Reserve		
Balance as at the beginning of the year	55.00	55.00
Balance as at the end of the year	55.00	55.00
b. Securities Premium Account		
Balance as at the beginning of the year	-	-
Add: Increase on account of Equity shares issued during the year	4,915.24	-
Balance as at the end of the year	4,915.24	-
Revenue Reserve		
c. Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	27,171.43	26,578.85
Add: Amount transferred from Surplus in Statement of Profit and Loss during the year	1,087.86	592.58
Balance as at the end of the year	28,259.29	27,171.43
TOTAL	33,229.53	27,226.43

SCHEDULE 5 - DEFERRED TAX

(₹ in lacs)

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
Provision for Compensated Absences	57.84	43.74
Depreciation	42.42	49.47
Deferred incentive	16.99	11.45
Provision for Diminution in the Value of the Investments	418.14	371.98
Gain on redemption of investments	14.75	-
TOTAL	550.14	476.64

SCHEDULE 6 - LONG TERM PROVISIONS

(₹ in lacs)

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
Provision for employee benefits		
Compensated Absences	121.85	112.64
Stock Appreciation Rights Scheme	17.25	32.83
TOTAL	139.10	145.47

SCHEDULE 7 - OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
Statutory Dues	663.54	139.86
Employee benefits payable	219.93	197.55
Book Overdraft	20.13	-
TOTAL	903.60	337.41

Notes

To financial statements for the year ended 31st March 2018

SCHEDULE 8 - SHORT TERM PROVISION

(₹ in lacs)

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
(a) Provision for employee benefits		
Gratuity (Refer note 24)	146.26	14.54
Compensated Absences	86.05	19.66
Stock Appreciation Rights Scheme	43.82	64.99
(b) Others		
Provision for Tax (Net of Advance Tax ₹ 210.17 Lacs; Previous year ₹ 1,878.36 Lacs)	63.11	11.52
TOTAL	339.24	110.71

SCHEDULE 9 - FIXED ASSETS

(₹ in lacs)

Description	Gross Block			31 st March 2018	Depreciation / Amortization			Net Block		
	1 st April 2017	Additions	Deductions		1 st April 2017	For the year	Deductions	31 st March 2018	31 st March 2018	31 st March 2017
Property, Plant and Equipment										
Vehicles	340.26	158.24	88.92	409.58	208.04	71.25	85.43	193.86	215.72	132.22
	(293.08)	(70.25)	(23.07)	(340.26)	(131.17)	(95.41)	(18.54)	(208.04)	(132.22)	(161.91)
Computers	60.83	4.78	-	65.61	50.67	7.09	-	57.76	7.85	10.16
	(55.36)	(7.31)	(1.84)	(60.83)	(44.54)	(7.97)	(1.84)	(50.67)	(10.16)	(10.82)
Office Equipments	6.58	-	-	6.58	6.13	0.33	-	6.46	0.12	0.45
	(13.27)	-	(6.69)	(6.58)	(12.19)	(0.63)	(6.69)	(6.13)	(0.45)	(1.08)
TOTAL	407.67	163.02	88.92	481.77	264.84	78.67	85.43	258.08	223.69	142.83
Previous Year	(361.71)	(77.56)	(31.60)	(407.67)	(187.90)	(104.01)	(27.07)	(264.84)	(142.83)	(173.81)
Intangible Assets										
Software	41.71	-	-	41.71	27.73	5.69	-	33.42	8.29	13.98
	(27.71)	(14.00)	-	(41.71)	(23.51)	(4.22)	-	(27.73)	(13.98)	(4.20)
TOTAL	41.71	-	-	41.71	27.73	5.69	-	33.42	8.29	13.98
Previous Year	(27.71)	(14.00)	-	(41.71)	(23.51)	(4.22)	-	(27.73)	(13.98)	(4.20)
TOTAL	449.38	163.02	88.92	523.48	292.57	84.36	85.43	291.50	231.98	156.81
Previous Year	(389.42)	(91.56)	(31.60)	(449.38)	(211.41)	(108.23)	(27.07)	(292.57)	(156.81)	(178.01)

Figures in brackets relates to the previous year.

Notes

To financial statements for the year ended 31st March 2018

SCHEDULE 10 - NON CURRENT INVESTMENTS

	Face value ₹	31 st March 2018 Quantity	31 st March 2017 Quantity	31 st March 2018 ₹ in lacs	31 st March 2017 ₹ in lacs
Non Current Investments					
Long term Investment (Non Trade)					
(At cost, less diminution other than temporary in nature)					
Quoted					
Equity Shares					
Minda Corporation Limited	2	90,726	186,371	36.29	74.55
Debentures in other Companies					
5.10% per quarter - Nirmal Lifestyle Limited - Secured Non-Convertible Redeemable Debentures	1,000,000	-	236	-	2,360.00
1.542% monthly - SS Group Private Limited - Secured Redeemable Non-Convertible Debentures	985,000	-	114	-	1,118.32
3.50% per quarter - Lodha Buildcon Private Limited - Secured Non-Convertible Redeemable Debentures	1,000,000	-	493	-	4,930.00
				36.29	8,482.87
Less: Provision for Diminution in Value of Investments					
				-	-
Sub Total (a)					
				36.29	8,482.87
Unquoted					
Equity Shares					
IVR Hotels and Resorts Limited	10	1,762	1,762	430.23	430.23
S H Mangalam Realty Private Limited - Class A Equity Shares	10	647	647	0.06	0.06
S H Mangalam Realty Private Limited - Class B Equity Shares	10	3,881	3,881	0.39	0.39
Matrix Business Services India Private Limited	10	-	13,255	-	29.81
Mahindra Aerospace Private Limited	10	1,013,309	1,013,309	198.00	198.00
Fortune Estate Developers Pvt Ltd - Class B Equity Shares	10	-	4,090	-	0.50
Native Buildcon Private Limited - Class A Equity Shares	10	408	408	0.04	0.04
Native Buildcon Private Limited - Class B Equity Shares	10	286	286	2.86	2.86
Prolifics Corporation Limited (Formerly known as Semantics Technologies Limited)	10	22,313	22,313	75.76	75.76
Prolifics Corporation Limited (Formerly Known as Semantics Technologies Limited) - Series A1 Equity Shares with Differential Voting Rights	10	10	10	0.03	0.03
Samson Maritime Limited	10	39,762	39,762	202.93	202.93
Samson Maritime Limited - Class A Equity Shares with Differential Voting Right	10	9	9	0.04	0.04
NSL Renewable Power Private Limited	10	102,000	102,000	182.50	182.50
Kotak Infrastructure Debt Fund Limited	10	62,000,000	62,000,000	6,200.00	6,200.00
Meriton Infotech Private Limited	10	1,154,533	1,154,533	1,131.48	1,131.48

Notes

To financial statements for the year ended 31st March 2018

	Face value ₹	31 st March 2018 Quantity	31 st March 2017 Quantity	31 st March 2018 ₹ in lacs	31 st March 2017 ₹ in lacs
Preference Shares in other Companies					
Samson Maritime Limited - Series A Compulsorily Convertible Cumulative Preference Share	10	671,431	671,431	100.72	100.72
Prolifics Corporation Limited - Series B Redeemable Optionally Convertible Participatory Preference Share	10	18,644	18,644	18.64	18.64
Meriton Infotech Private Limited - compulsory convertible preference shares	10	89,726	89,726	84.21	84.21
Debentures					
14.75% Fortune Estate Developers Private Limited - Series A Redeemable Optionally Convertible Debentures	100	77,623	77,623	77.62	77.62
14.75% Fortune Estate Developers Private Limited - Series B Redeemable Optionally Convertible Debentures	100	44,379	179,979	44.37	179.98
0.01% S H Mangalam Realty Private Limited - Series A Optionally Convertible Redeemable Debenture	10	1,292,788	1,292,788	129.28	129.28
17.75% Native Buildcon Private Limited - Compulsorily Convertible Debentures	1,000	84,709	84,709	847.09	847.09
In Units of Venture Capital Funds					
Kotak India Growth Fund II Class A Units (FV on 31/03/2017 - 54,283)	50,629	4,000	4,000	2,025.17	2,171.34
SBI Macquarie Infrastructure Trust (FV on 31/03/2017 - 8.81)	8.32	7,000,000	7,000,000	582.45	587.24
Kotak India Real Estate Fund IV Class A Units	1,000	-	23,043	-	236.94
Kotak India Real Estate Fund IV Class C Units	1	-	50,851	-	0.51
Kotak India Real Estate Fund-V Class C Units	1	-	176,602	-	1.77
Kotak India Venture Fund-I	117	125,000	125,000	241.33	241.33
LICHFL Urban Development Fund - Class A Units (FV on 31/03/2017 - 7,919)	7,172	10,000	10,000	717.23	728.74
In Units of Alternate Investment Funds					
India Whizdom Fund Class B				5,000.00	2,500.00
India Whizdom Fund Class C				5.00	5.00
Kotak India Growth Fund III				1,373.72	1,373.72
Kotak India Real Estate Fund VIII	1,000	359,190	347	3,591.90	3.47
				23,263.05	17,742.23
Less: Provision for Diminution in Value of Investments				(935.56)	(712.47)
Sub Total (b)				22,327.49	17,029.76
Total (a+b)				22,363.78	25,512.63
Aggregate Value of Quoted Investments	Book Value			36.29	8,482.87
	Market Value (Value of debentures which are not traded have been taken at book Value)			194.47	8,583.23
Aggregate Value of Unquoted Investments	Book Value			23,263.05	17,742.23
Aggregate provision for diminution in value of investment				935.56	712.47

Notes

To financial statements for the year ended 31st March 2018

SCHEDULE 11 - LONG-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Advance tax and Tax Deducted at Source	458.36	331.85
(Net of Provision for Tax ₹ 464.64 Lacs; Previous year ₹ 3,475.19 Lacs)		
TOTAL	458.36	331.85

SCHEDULE 12 - CURRENT INVESTMENTS

(At cost or market / fair value whichever is lower)

	Face value ₹	31 st March 2018 Quantity	31 st March 2017 Quantity	31 st March 2018 ₹ in lacs	31 st March 2017 ₹ in lacs
Current maturities of long term Investments					
In Units of Venture Capital Funds					
Kotak India Real Estate Fund-I Class A Units	100,000	-	172.95	-	154.73
India Growth Fund Class A Units	1,000	145,685.25	145,685.25	1,187.79	1,187.79
				1,187.79	1,342.52
Less: Provision for Diminution in Value of Investments				(943.22)	(975.11)
Sub Total (a)				244.57	367.41
Quoted					
Investments in Mutual Funds					
Kotak Liquid Scheme - Plan A - Direct Plan Growth	1,000	168,340.56	28,354.37	5,835.65	933.55
Sub Total (b)				5,835.65	933.55
Total (a + b)				6,080.22	1,300.96
Aggregate Value of Quoted Investments	Book Value			5,835.65	933.55
	Market Value (Value of debentures which are not traded have been taken at book Value)			5,928.88	934.98
Aggregate Value of Unquoted Investments	Book Value			1,187.79	1,342.52
Aggregate provision for diminution in value of investments				943.22	975.11

SCHEDULE 13 - TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Considered Good		
Outstanding for a period less than six months from the date they are due for payment	19.82	7.18
TOTAL	19.82	7.18

Notes

To financial statements for the year ended 31st March 2018

SCHEDULE 14 - CASH AND BANK BALANCES

(₹ in lacs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Cash and Cash Equivalents		
Fixed Deposits	4,442.18	231.69
Balances with Banks in		
- Current Accounts	0.10	83.91
TOTAL	4,442.28	315.60

SCHEDULE 15 - SHORT TERM LOAN AND ADVANCES

(₹ in lacs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Unsecured considered good		
Advances recoverable in cash or in kind or for value to be received	1,157.58	573.55
Loan to Employee	-	18.01
MAT Credit Entitlement	374.64	156.14
TOTAL	1,532.22	747.70

SCHEDULE 16 - OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Unsecured considered good		
Interest accrued on debentures	-	1,261.85
Interest accrued on Fixed deposits	7.63	5.40
TOTAL	7.63	1,267.25

SCHEDULE 17 - REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Management and Advisory Fees	5,610.08	5,112.22
Establishment Fees	-	2.25
Other Operating Revenue		
Income from Venture Fund	1,649.32	606.55
Interest Income on Debentures	1,361.32	1,977.03
TOTAL	8,620.72	7,698.05

Notes

To financial statements for the year ended 31st March 2018

SCHEDULE 18 - OTHER INCOME

(₹ in lacs)

Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Interest Income		
- Fixed Deposits	42.65	220.11
- Income Tax Refund	11.53	-
Dividend on non current investments	55.60	127.66
Profit on sale of current investment	218.19	1,109.12
Profit on sale of non current investment (Net)	190.66	639.44
Reversal of excess provision on compensation absence	-	16.71
Other Income	28.81	4.09
Profit on disposal of fixed assets	19.60	3.95
TOTAL	567.04	2,121.08

SCHEDULE 19 - EMPLOYEE BENEFIT EXPENSES

(₹ in lacs)

Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Salaries, allowances and bonus	4,913.92	4,797.81
Gratuity and Compensated absences	221.96	5.78
Staff Welfare	18.21	15.77
Contribution to provident and other funds	154.07	172.47
TOTAL	5,308.16	4,991.83

SCHEDULE 20 - OTHER EXPENSES

(₹ in lacs)

Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Rent	796.71	788.73
Common Establishment Expenses	458.74	445.40
Advisory / Referral Fees	331.75	1,479.69
Advertisement, Marketing and Business Promotion	15.86	21.85
Rates and Taxes	58.68	106.13
Repairs and Maintenance	99.10	10.72
Travel and Conveyance	125.35	150.21
Membership, subscription and conference	106.37	110.68
Auditors' remuneration		
Audit fees	13.50	13.50
Out of pocket expenses	0.32	0.28
Legal and Professional charges	376.84	448.57
Insurance	17.67	17.54
Stamping	5.55	0.05
Bad debts written off	-	288.11
Provision for diminution in value of long term investments (Net)	191.20	35.91
Expenditure on Corporate Social Responsibility	-	5.00
Office and Other Expenses	116.98	190.67
TOTAL	2,714.62	4,113.04

Notes

To financial statements for the year ended 31st March 2018

Note on Expenditure on Corporate Social Responsibility

A. Details of CSR expenditure

(a) Gross amount required to be spent during the year NIL (Previous year ₹18.27 lacs)

(₹ in lacs)

	In cash	Yet to be paid in cash	Total
(b) Amount spent during the year ending on 31st March, 2018:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	-	-	-
(c) Amount spent during the year ending on 31st March, 2017:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	5.00	-	5.00

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

21 Contingent liabilities

(₹ in lacs)

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(i) Calls on 4,000 partly paid units of Kotak India Growth Fund II	180	180
(ii) Calls on 7,000,000 partly paid units of SBI Macquarie Infrastructure Trust	22	29
(iii) Calls on 10,000 partly paid units of LICHL Urban Development Fund	48	63
(iv) The Company is contingently liable in respect of future investment commitment to Nirmal Lifestyle Limited	-	340
(v) The Company is contingently liable in respect of future investment commitment to India Whizdom Fund	-	2,500
(vi) The Company is contingently liable in respect of future investment commitment to Kotak India Real Estate fund VIII	14,108	17,695
(vii) The Company is contingently liable in respect of future investment commitment to Kotak India Growth Fund III	6,344	6,344

22 Equity Settled Options

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

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

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:

Notes

To financial statements for the year ended 31st March 2018

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

Consequent to the above, the Bank has granted stock options to employees of the Company. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments", the excess, if any, of the market price of the share, preceding the date of grant of the option under ESOPs over the exercise price of the option is amortized on a straight-line basis over the vesting period. The Company has reimbursed the Bank `Nil (Previous year ` Nil) during the year on account of such costs and the same is forming part of Employee costs and included under the head "Reimbursement of expense on ESOP Scheme" under Note Employee Benefit expense (Refer Note No 19).

Stock appreciation rights (SARs)

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

The contractual life (which is equivalent to the vesting period) of the SARs ranges from 1.30 years to 3.67 years.

Detail of activity under SARs is summarized below:

Particulars	Number of SARs	
	As at 31 st March, 2018	As at 31 st March, 2017
Outstanding at the beginning of the year	18,536	19,932
Granted during the year	2,770	6,810
Exercised during the year	8,626	15,370
Transfer in	624	7,164
Transfer out	-	-
Expired during the year	4,336	-
Forfeited during the year	-	-
Outstanding at the end of the year	8,968	18,536

Effect of grant of Equity settled options and SARs to employees on the Statement of Profit and Loss and on its financial position.

(₹ in lacs)

Particulars	As at	
	31 st March, 2018	31 st March, 2017
Total Employee Compensation Cost pertaining to cash-settled options	46.66	97.63
Closing balance of liability for cash-settled options	61.07	97.83

(₹ in lacs)

Particulars	As at	
	31 st March, 2018	31 st March, 2017
Total Employee Compensation Cost pertaining to share-based payment plans	Nil	Nil
Closing balance of liability for share-based payment plans	Nil	Nil

Impact of Equity settled options and SARs.

Notes

To financial statements for the year ended 31st March 2018

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 ₹ 45.49 Lacs, (Previous year ₹ 76.08 Lacs) and the profit after tax would have been lower by ₹ 30.45 Lacs (Previous year ₹ 50.92 Lacs). Consequently the basic and diluted EPS would have been ₹ 20.43 (Previous Year ₹ 11.80).

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

24 Employee benefits (Refer note 2 (IX))

- a) The Company has recognized the following amounts in the Statement of Profit and Loss towards contributions to Provident Fund and Other Funds.

(₹ in lacs)

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
Provident Fund	153.07	171.47
Superannuation Fund	1.00	1.00
New Pension Fund	55.86	62.13

b) Gratuity

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

(₹ in lacs)

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
	Funded	Funded
Change in benefit obligations		
Liability at the beginning of the year	162.37	138.75
Current Service cost	9.56	9.01
Interest cost	10.53	11.24
Actuarial (gain)/loss on obligations	53.95	5.86
Past Service cost	80.39	-
Actuarial (gain)/loss due to curtailment	-	-
Liability assumed on transfer of employees	8.60	10.33
Benefits paid	(91.80)	(12.82)
Liability at the end of the year	233.60	162.37
Change in plan assets		
Fair value of plan assets at the beginning of the year	147.83	112.78
Expected return on plan assets	9.56	8.35
Actuarial Gain	2.52	11.98
Benefits paid	(91.80)	(12.82)
Employer contributions	19.23	27.54
Fair value of plan assets as at the end of the year	87.34	147.83

Reconciliation of present value of obligation and the fair value of the plan Assets

Notes

To financial statements for the year ended 31st March 2018

(₹ in lacs)

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
	Funded	Funded
Fair value of plan assets as at the end of the year	87.34	147.83
Liability at the end of the year	233.60	162.37
Net Asset/ (Liabilities) included in Other Assets/ Liabilities	(146.26)	(14.54)
Expenses recognized for the year		
Current service cost	9.56	9.01
Interest cost	10.53	11.24
Expected return on plan assets	(9.56)	(8.35)
Actuarial (gain)/loss	51.42	(6.12)
Actuarial (gain)/loss due to curtailment	-	-
Past Service cost	80.39	-
Net gratuity expense included in Employee benefit expenses under Note 19	142.34	5.78
Actual return on plan assets	12.09	20.33

The plan assets are invested 100% in Kotak Group Balanced Fund – an insurer managed fund.

Actuarial assumptions used

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
Discount rate	7.90% p.a	7.18% p.a
Salary escalation rate	7.50% p.a	7.00% p.a
Expected rate of return on plan assets	7.00% p.a	7.50% p.a

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Experience adjustments

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

Gratuity	As at	As at	As at	As at	As at
	31 st March, 2018	31 st March, 2017	31 st March, 2016	31 st March, 2015	31 st March, 2014
Defined benefit obligation	233.60	162.37	138.75	133.67	111.76
Plan assets	87.34	147.83	112.78	127.09	108.33
Surplus / (deficit)	(146.26)	(14.54)	(25.97)	(6.58)	(3.42)
Experience adjustments on plan liabilities	31.44	1.31	(5.66)	0.20	7.04
Experience adjustments on plan assets	2.52	11.98	(8.42)	23.18	6.30

The Company expects to contribute ₹10 Lacs (Previous Year ₹ 10 lacs) to gratuity fund in financial year 2018-2019

Notes

To financial statements for the year ended 31st March 2018

c) Investment details of plan assets

The plan assets are invested in insurer managed funds. Major categories of plan assets as a percentage of fair value of total plan assets:

Category	As at 31 st March, 2018		As at 31 st March, 2017	
	Amount		Amount	
Equity	53.96%	47.13	52.57%	77.72
Government securities	31.92%	27.88	17.94%	26.52
Bonds, debentures and other fixed income instruments	11.45%	10.00	17.84%	26.37
Money market instruments	2.25%	1.97	10.09%	14.92
Others	0.42%	0.37	1.56%	2.30
TOTAL	100.00%	87.34	100.00%	147.83

d) Compensated absences

The actuarially determined liability for compensated absences of accumulated leaves of the employees of the company is given below:

Particulars	As at	
	31 st March, 2018	31 st March, 2017
Total actuarial liability	207.90	132.30
Assumptions :		
Discount rate	7.90% p.a	7.18% p.a
Salary escalation rate	7.00% p.a	7.00% p.a

(₹ in lacs)

25 Related party disclosures

(i) Relationships (during the year)

Nature of Relationship	Related Party
(i) Related parties where control exists:	
Holding Company	Kotak Mahindra Bank Limited (KMBL) {Holds 58.63% of the equity share capital} Uday S. Kotak along with relatives and entities controlled by him holds 30.04% of the equity share capital of Kotak Mahindra Bank Limited as on March 31, 2018. Kotak Mahindra Capital Company Limited (holds 41.37% of the equity share capital)
Other Related Parties	
(a) Fellow Subsidiaries:	Kotak Securities Limited Kotak Mahindra (International) Limited Kotak Mahindra (UK) Limited Kotak Infrastructure Debt Fund Limited Kotak Mahindra Life Insurance Company Limited (Kotak Life)

Notes

To financial statements for the year ended 31st March 2018

Nature of Transactions	Holding Company	Fellow Subsidiary Companies										₹ in lacs
	Kotak Mahindra Bank Limited	Kotak Mahindra (International) Limited	Kotak Mahindra Capital Company Limited	Kotak Securities Limited	Kotak Mahindra Asset Management (Singapore) Pte. Ltd.	Kotak Mahindra (UK) Limited	Kotak Life	Kotak Mahindra Trusteeship Services Limited	Kotak Infrastructure Debt Fund Limited	Kotak Mahindra General Insurance Company Ltd.	Kotak Mahindra Investments Limited	
Interest accrued on fixed deposits / interest accrued on debenture	7.63 (5.40)	-	-	-	-	-	-	-	-	-	-	7.63 (5.40)
Advance paid/ Pre-payment to suppliers	-	-	-	-	-	-	3.39	-	-	1.70	-	5.09
Investments												
Purchase / subscription	-	-	-	-	-	-	-	-	(6,200.00)	-	-	(6,200.00)
Other Receipts and Payments												
Issue of Share Capital	4,999.99	-	-	-	-	-	-	-	-	-	-	4,999.99
Purchase of Fixed Assets	(23.23)	-	-	-	-	-	-	-	-	-	-	(23.23)
Reimbursement of expenses from other companies	13.19 (54.63)	-	-	-	-	-	0.75	-	-	-	3.40	17.34 (54.63)
Service / other expenses / Reimbursement of expenses received / receivable from other Companies	-	-	-	3.37	-	-	-	-	-	-	-	3.37
Service / other expenses / Reimbursement of expenses paid / payable to other Companies	1,734.65 (2,870.55)	0.70 (11.43)	41.11 (11.18)	1.64 (9.00)	-	-	3.55 (3.14)	20.00 (-)	-	8.19 (4.81)	-	1,809.84 (2,910.11)
Brokerage Paid / Payable on Purchase & Sale of Securities	-	-	-	0.13 (1.06)	-	-	-	-	-	-	-	0.13 (1.06)
Management Fees / Advisory Fees	-	1,570.00 (1,600.00)	-	-	250.00 (-)	-	-	-	-	-	-	1,820.00 (1,890.00)
Receivables	-	-	-	3.80	-	-	-	-	-	-	3.40	7.20
Payables	328.97 (1,689.40)	0.35 (7.40)	3.94 (0.67)	0.24 (9.90)	-	-	-	-	-	-	-	333.50 (1,707.37)

Notes

To financial statements for the year ended 31st March 2018

(ii) The following transactions were carried out with related parties in the ordinary course of business

Nature of Transactions	Fund Managed by the Company										₹ in lacs
	Kotak India Fund and its Scheme India Growth Fund	SEAF Venture Fund I	Kotak India Growth Fund II	Kotak India Growth Fund III	Kotak Mahindra Realty Fund it's Scheme Kotak India Real Estate Fund I	Kotak Mahindra Realty Fund it's Scheme Kotak India Real Estate Fund IV	Kotak Mahindra Realty Fund it's Scheme Kotak India Real Estate Fund V	Kotak Mahindra Realty Fund it's Scheme Kotak India Real Estate Fund VIII	Kotak Alternate Opportunities (India) Fund	India Whizdom Fund	
Investments											
Purchase / subscription	-	-	-	-	-	-	-	3,588.43	-	2,500.00	6,088.43
	-	-	-	(1,373.72)	-	-	-	(3.47)	-	(2,505.00)	(3,882.19)
Sale / redemption	-	-	146.16	-	154.73	237.45	1.77	-	-	-	540.11
	(96.54)	(437.73)	(720.48)	-	(218.22)	(266.25)	-	-	-	-	(1,739.22)
Other Receipts and Payments											
Reimbursement of expenses / Other exps from other companies	31.04	0.02	7.76	-	20.70	2.60	2.51	25.31	30.54	-	120.48
	(130.53)	(16.92)	(0.25)	-	(72.94)	(3.66)	(0.15)	(26.85)	(23.52)	-	(274.82)
Dividend Received / Profit & Loss (net)	-	11.67	235.93	-	-37.26	1,044.62	366.20	-	-	-	1,621.16
	(-11.73)	(141.86)	(480.10)	-	(-218.22)	(68.24)	-	-	-	(7.16)	(467.40)
Management Fees / Advisory Fees	-	23.72	1,064.24	-	-	23.38	6.78	1,286.56	61.69	1,215.83	3,682.20
	-	(135.42)	(1,228.35)	-	-	(85.93)	(13.24)	(1,031.90)	(252.96)	(474.43)	(3,222.23)
Receivables	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(6.95)	-	-	-	(6.95)
Remuneration to key management personnel*											
S. Srinivasan	-	-	-	-	-	-	-	-	-	-	1,429.02
	-	-	-	-	-	-	-	-	-	-	(56.31)

Figures in brackets relates to the previous year.

* The above excludes current year incentive and provision for gratuity.

26 (INCOME) / EXPENDITURE IN FOREIGN CURRENCY

(₹ in lacs)

Particulars	31 st March, 2018	31 March, 2017
Travel, Conveyance and car hire	1.57	3.94
Membership and subscription	18.63	6.59
Legal & Professional	11.01	8.95
Advisory Fees / Reimbursement of Expenses	(1,848.45)	(1,957.06)
Others	15.91	19.23

27 SEGMENTAL INFORMATION

The Company's operations main relate to providing investment management and advisory services to various private equity, venture capital and alternative investment funds. Further the company is required to make co-investments with these funds in certain companies in its role as investment manager. Therefore in the opinion of the management, the risks and rewards associated with the investments are similar to the investment management / advisory activities. Hence, separate segments under Accounting Standard 17 on "Segment Reporting" is not required to be reported as the Company is engaged only in one business segment, i.e. Investment Management and Advisory Services. Further, the Company does not have geographical segments and therefore is not required to present secondary geographical segmentation.

Notes

To financial statements for the year ended 31st March 2018

28 EARNINGS PER SHARE (EPS)

The numerators and denominators used to calculate basic and diluted earnings per share:

Particulars	31 st March, 2018	31 st March, 2017
Profit attributable to equity shareholders (₹ in Lacs)	1,087.86	592.58
Weighted/ Basic number of equity shares outstanding during the year	5,174,771	4,592,000
Earnings per share (basic and diluted) (₹)	21.02	12.90
Nominal value of equity shares (₹)	10.00	10.00

29 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

	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	9,000	9,876	18,876
(+) Permitted receipts	-	36,000	36,000
(-) Permitted payments	-	34,466	34,466
(-) Amount deposited in Banks	9,000	-	9,000
Closing cash in hand as on 30.12.2016	-	11,410	11,410

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

The above note is applicable for previous year only and is not applicable for the current financial year.

30 Previous year figures have been reclassified to conform to this year's classification

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

Firms Registration Number : 301112E
Chartered Accountants

Sharad Vasant

Partner
Membership No. 101119

Mumbai
Dated : April 20, 2018

For and on behalf of the Board of Directors

S Srinivasan

Managing Director

Rajeev Saptarshi

Chief Operating Officer
Dated : April 20, 2018

Dipak Gupta

Director

Umang Patel

Company Secretary



Kotak Mahindra Bank Limited, 27BKC, C 27,
G Block, Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051

BSE: 500247 | NSE: KOTAKBANK | Bloomberg: KMB:IN

CIN: L65110MH1985PLC038137