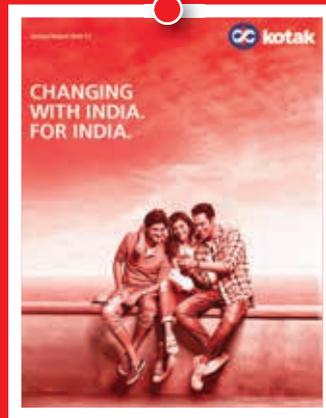
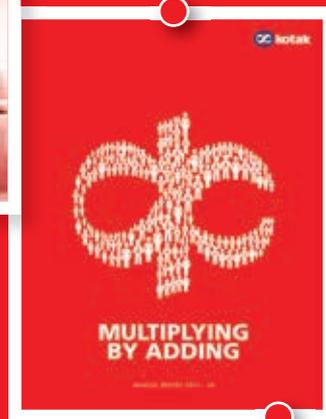


Actions speak.

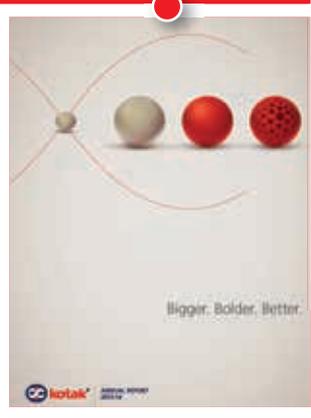
2016-17



2015-16



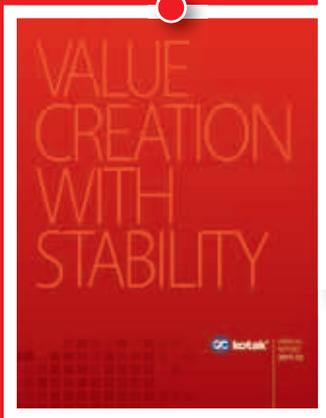
2014-15



2013-14



2012-13



2011-12

INDEPENDENT AUDITORS' REPORT

To

The Members of

KOTAK MAHINDRA INVESTMENTS LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements of Kotak Mahindra Investments Limited ("hereinafter referred to as the Holding Company") and its associate companies; (refer Note 1b to the attached consolidated financial statements), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Holding Company including its associates in accordance with 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. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Holding Company and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and its associates respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which has been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, 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.
4. 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 consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Holding Company and its associates as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

EMPHASIS OF MATTER

8. We draw your attention to Note 1a to the consolidated financial statements, regarding the preparation of the Company's consolidated financial statements for the first time, in view of the reasons set out in the aforesaid Note. Our opinion is not modified in respect of this matter.

OTHER MATTER

9. The consolidated financial statements include the Holding Company's share of net profit of Rs.863.60 lakhs for the year ended March 31, 2018 as considered in the consolidated financial statements in respect of one associate company, whose financial statements have not been audited by us. This financial statements have been audited by other auditor whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid associate, is based solely on the reports of the other auditor.
10. The consolidated financial statements include the Holding Company's share of net profit of ₹ 62.25 lakhs for the year ended March 31, 2018 as considered in the consolidated financial statements, in respect of one associate company whose financial statements have not been audited by us. This financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Holding Company.
11. Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its associate companies incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its associate companies incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its associate companies incorporated in India, none of the directors of the associate companies incorporated in India 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 Holding Company and associate companies incorporated in India 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 information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Holding Company and its associates – Refer Note 26 to the consolidated financial statements.
 - ii. The Holding Company and its associates has long term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Holding Company and its associates 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 Holding Company and its associates during the year ended March 31, 2018.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Holding Company and its associates for the year ended March 31, 2018.

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership Number: 101119

Mumbai
May 14, 2018

Annexure A

TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12 (f) of the Independent Auditors' Report of even date to the members of Kotak Mahindra Investments Limited on the Consolidated 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. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Kotak Mahindra Investments Limited (hereinafter referred to as "the Holding Company") and its associate companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The respective Board of Directors of the Holding company and its associate companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "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 the respective 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") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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, read with other matter paragraph 9 and 10 stated below, the Holding Company and one of its associate company, which are companies incorporated in India, have, 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.

OTHER MATTERS

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditor of such company incorporated in India. Our opinion is not modified in respect of this matter.
10. As stated in paragraph 10 of our main audit report, the report on the internal financial controls over financial reporting, insofar as it relates to an associate entity, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Holding Company.

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership Number: 101119

Mumbai
May 14, 2018

Consolidated Balance Sheet

as at 31st March 2018

	Note No.	As at 31 March 2018 ₹ in lakhs
EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(a) Share Capital	(3)	562.26
(b) Reserves and Surplus	(4)	142,417.75
2. Non-current Liabilities		
(a) Long-Term Borrowings	(5)	85,704.46
(b) Other Long Term Liabilities	(6)	67.90
(c) Long-Term Provisions	(7)	1,234.54
3. Current Liabilities		
(a) Short-Term Borrowings	(8)	548,712.45
(b) Trade Payables	(9)	
(A) total outstanding dues of micro enterprises and small enterprises and		-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		1,089.45
(c) Other Current Liabilities	(10)	104,314.96
(d) Short-Term Provisions	(11)	3,863.68
TOTAL		887,967.45
ASSETS		
1. Non-Current Assets		
(a) Property, Plant and Equipment	(12A)	74.80
(b) Intangible Assets	(12B)	21.11
(c) Non-Current Investments	(13)	14,506.95
(d) Deferred Tax Assets (net)	(28)	1,297.70
(e) Long-Term Loans and Advances	(14)	219,168.04
(f) Other non-current assets	(15)	114.78
2. Current Assets		
(a) Current Investments	(16)	68,413.00
(b) Trade Receivables	(17)	1,481.24
(c) Cash and Bank Balances	(18)	36,055.00
(d) Short-Term Loans and Advances	(19)	538,045.79
(e) Other current assets	(20)	8,789.04
TOTAL		887,967.45
Summary of significant accounting policies	2	

The accompanying notes forming part of the Consolidated financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership No. 101119

Place : Mumbai

Dated : 14th May, 2018

K.V.S Manian

Director

Chandrabhas Kuckian

Chief Financial Officer

Paritosh Kashyap

Managing Director & CEO

Jignesh Dave

Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31st March 2018

	Note No.	For the year ended 31 st March 2018
		₹ in lakhs
REVENUE		
Revenue from Operations	(21)	80,008.28
Other Income	(22)	11,306.31
TOTAL REVENUE		91,314.59
EXPENSES		
Employee Benefits Expense	(23)	2,640.10
Interest and Finance Costs	(24)	49,137.37
Depreciation and Amortisation expense	(12A and 12B)	70.57
Other Expenses	(25)	2,848.35
TOTAL EXPENSES		54,696.39
Profit before Tax		36,618.20
Tax Expense :		
Current Tax		
- Pertaining to profit for the current year		(12,450.69)
- Adjustment of tax relating to earlier periods (net)		-
Deferred Tax		283.52
Profit after Tax		24,451.03
Add: Share in profit/(loss) of associates		925.85
Profit after Tax		25,376.88
Earning per Share on Equity Shares of ₹10 each		
-Basic and Diluted (in ₹) - (Refer Note no. 30)		487.16
Summary of significant accounting policies	2	

The accompanying notes forming part of the Consolidated financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership No. 101119

Place : Mumbai

Dated : 14th May, 2018

K.V.S Manian

Director

Chandrabhas Kuckian

Chief Financial Officer

Paritosh Kashyap

Managing Director & CEO

Jignesh Dave

Company Secretary

Cash Flow Statement

for the year ended 31st March 2018

Particulars	For the year ended 31 st March 2018	
	Amount (₹. in lakhs)	Amount (₹ in lakhs)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation and extraordinary items	36,618.20	
Adjustments for :		
Depreciation	70.57	
Profit on Long Term Investments	(4,694.73)	
Interest on Long Term Investments	(943.46)	
Interest on Current Investments	(2,168.70)	
Profit on Current Investments	(3,269.64)	
Discount Income on certificate of deposits	-	
Discount accreted on Corporate Bond Repo	-	
Dividend on Long Term Investments	(0.02)	
Profit on Sale of Property, Plant and Equipment	(9.09)	
Provision for standard assets	687.16	
Provision written back for doubtful receivables, loans and advances	(26.87)	
Provision for Diminution in Investments	-	
Operating Profit before Working Capital Changes	26,263.42	
(Increase) / Decrease in Loans and Advances	(87,365.30)	
(Increase) / Decrease in Trade Receivables	(1,480.69)	
(Increase) / Decrease in Other Non-Current Assets	(111.58)	
(Increase) / Decrease in Other Current Assets	(2,204.80)	
Increase / (Decrease) in Current Liabilities	3,082.92	
Increase / (Decrease) in Trade Payables	732.71	
Increase / (Decrease) in Other Long Term Liabilities	(1,204.47)	
Increase / (Decrease) in Provisions	6.48	
Cash used in Operations	(62,281.31)	
Income Taxes paid	(12,249.00)	
Cash Flows used in Operating Activities (A)		(74,530.31)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(68,304.37)	
Sale of Investments	65,037.31	
Dividend on Long Term Investments	0.02	
Interest on Long Term Investments	2,468.29	
Purchase of Property, Plant and Equipment	(29.47)	
Sale of Property, Plant and Equipment	19.97	
Cash Flows used in Investing Activities (B)		(808.25)

Particulars	For the year ended 31 st March 2018	
	Amount (₹. in lakhs)	Amount (₹ in lakhs)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity Share Capital	9,999.99	
Increase / (Decrease) in Secured Loans	(18,864.54)	
Increase / (Decrease) in Unsecured Loans	88,463.37	
Cash Flows from Financing Activities (C)		79,598.82
Net Increase In Cash & Cash Equivalents (A + B + C)		4,260.26
Cash and Cash Equivalents At The Beginning Of The Year		21,455.22
Cash and Cash Equivalents At The End Of The Year		25,715.48

Notes :

- Cash and cash equivalents include :

Bank Balances	25,715.48
Fixed Deposits with original maturity of less than 3 months	-
Total cash and cash equivalents	25,715.48
- The Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The accompanying notes forming part of the Consolidated financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership No. 101119

Place : Mumbai

Dated : 14th May, 2018

K.V.S Manian

Director

Chandrabhas Kuckian

Chief Financial Officer

Paritosh Kashyap

Managing Director & CEO

Jignesh Dave

Company Secretary

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

1. BASIS OF CONSOLIDATION:

- a. The consolidated financial statements comprising of the financial statements of Kotak Mahindra Investments Limited ("the Company" or "KMIL") are prepared in accordance with Accounting Standard 21 (AS21), "Consolidated Financial Statements". Investments in associates by the Company are accounted under the equity method and its share of pre-acquisition profits / losses is reflected as capital reserve / goodwill in the carrying value of investments in accordance with Accounting Standard 23 (AS23) on 'Accounting for Investments in Associates in Consolidated Financial Statements' as specified under Section 133 of the Companies Act, 2013 to the extent applicable. Further, the Company accounts for investments in entities where it holds 20% to 50% of the voting rights or exercises significant influence by the equity method of accounting in accordance with AS-23. Intragroup balances, intragroup transactions and resulting unrealised profits, if any, are eliminated in full. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

In accordance to section 129(3) of the companies Act, 2013 and the applicable rules and AS21, the Company is required to prepare first consolidated financial statements of the Company and its associates in accordance to the applicable Accounting Standards. For the financial year ended March 31, 2017, the accounts of associates were not consolidated on the basis of materiality as per the accounting standards as were applicable at such time. Further in accordance with Para 30 (Transitional provision) of Accounting Standard 21, on preparation of consolidated statements on the first occasion, comparative figures for the previous year are not required to be presented. Consequently, the Company has prepared the consolidated financial statement of the Company and its associates for the year ended March 31, 2018, and no comparative figures for the previous year are presented to the Board for the first time. In accordance with transition provisions enunciated in para 26 of AS 23, the carrying amount of investment in associates has been brought to an amount that would have resulted had the equity method of accounting been followed since the acquisition of the associate. The corresponding adjustment has been made in opening balance of Surplus in Statement of Profit and Loss in consolidated financial statements of the Company.

- b. As per AS-23, the Consolidated Financial Statements incorporate the audited/unaudited results of the following associates as on 31st Mar-2018

Name of the Associate	Country of Origin	% Shareholding of group (31st March, 2018)
Phoenix ARC Private Limited(audited)	India	30.00%
Matrix Business Services India private Limited*(unaudited)	India	19.77%

*Significant influence exercised through Board representation.

c. CORPORATE INFORMATION

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

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

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

B. USE OF ESTIMATES

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

C. REVENUE RECOGNITION

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

D. PROPERTY, PLANT AND EQUIPMENT

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end. Estimated useful lives over which assets are depreciated are as follows:

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

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

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

E. INTANGIBLE ASSETS

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

Asset Type	Useful life in years
Software and System Development	3

F. INVESTMENTS

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

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

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

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

G. DISCOUNTED INSTRUMENTS

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

H. BORROWING COST

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

I. TAXES ON INCOME

The Income Tax expense comprises Current tax and Deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income tax Act, 1961. Deferred tax adjustments comprises of changes in the deferred tax assets and liabilities. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on account of timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted before the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the statement of profit and loss in the period of change. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realised.

J. EMPLOYEE BENEFITS

- a. Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to the statement of profit and loss when due.
- b. The Company contributes up to 10% of eligible employees salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Company recognizes such contributions as an expense in the year when an employee renders the related service.
- c. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Company accounts for liability for future gratuity benefits based on actuarial valuation. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.
- d. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

- e. The amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service. These benefits include performance incentives.
- f. The Company accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.
- g. As per the Company policy, employees of the Company are eligible for an award after completion of a specified number of years of service with the Company. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of fellow subsidiary.

K. EMPLOYEE SHARE BASED PAYMENTS

Cash-settled scheme:

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

L. ADVANCES

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

M. SEGMENTAL ACCOUNTING

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

N. EARNINGS PER SHARE

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

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

O. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

P. LEASES

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

Q. IMPAIRMENT OF ASSETS

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018
	₹ in lakhs
NOTE 3 - SHARE CAPITAL	
Authorised	
5,80,00,000 Equity Shares of ₹ 10/- each	5,800.00
1,200 Non Cumulative Redeemable Preference Shares of ₹ 1,00,000/- each	1,200.00
Total	7,000.00
Issued, Subscribed and Fully Paid up	
56,22,578 Equity Shares of ₹ 10/- each	562.26
Total	562.26

Reconciliation of number of Shares and Equity Share Capital

Particulars	31 st March 2018	
	No. of shares	₹ in Lakhs
Outstanding at the beginning of the year	5,168,033	516.80
Add : Issued during the year	454,545	45.46
Outstanding at the end of the year	5,622,578	562.26

Terms/Rights attached to Equity Shares

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

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

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

Kotak Mahindra Bank Limited, the holding company, holds 56,22,578 equity shares of ₹ 10/- each

Shareholders holding more than 5% of Equity Share Capital

Name of Shareholder	31 st March 2018	
	No. of shares held	% of Holding
Kotak Mahindra Bank Ltd. and its nominees	5,622,578	100%
	5,622,578	100%

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018
	₹ in lakhs
NOTE 4 - RESERVES AND SURPLUS	
Capital Redemption Reserve	
Balance as at the beginning and end of the year	1,003.85
Securities Premium Account	
Balance as at the beginning of the year	23,591.22
Add: Received during the year on account of issuance of equity shares	9,954.54
Balance as at the end of the year	33,545.76
General Reserve	
Balance as at the beginning and end of the year	431.10
Special Reserve	
Under Section 45 IC of the Reserve Bank of India Act, 1934	
Balance as at the beginning of the year	15,250.20
Add: Transferred from Statement of Profit and Loss	4,900.00
Balance as at the end of the year	20,150.20
Surplus in Statement of Profit and Loss	
Balance as at the beginning of the year based on standalone Financial statement	62,961.52
Add: Increase in Networth till beginning of the year	3,848.44
Add : Profit for the current year	24,451.03
Add: share of profit during the year	925.85
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	4,900.00
Balance as at the end of the year	87,286.84
Total	142,417.75
NOTE 5 -LONG TERM BORROWINGS	
Secured	
5,610 Redeemable Non-Convertible Debentures fully paid, privately placed	56,100.00
720 Deep Discount Non-Convertible Debentures privately placed	7,200.00
Less : Unamortised Discount on Debentures	95.54
	7,104.46
Unsecured	
2,000 Redeemable Non-Convertible Subordinated Debt Bonds in form of Debentures fully paid, privately placed	20,000.00
Intercompany Deposits	2,500.00
Total	85,704.46

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Note (i)

The Debentures are redeemable at par / premium. The Non-Convertible Debentures and Deep Discount Debentures are secured by way of a first and pari passu mortgage in favour of the Debenture Trustee on the Company's immovable property of ₹ 10.26 lakhs (gross value) and further secured by way of hypothecation / mortgage of charged assets such as receivables arising out of loan, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares)

Interest and Re-payment terms of Long term borrowings -

₹ in lakhs

	As at 31 st March 2018		
	Interest Rate Range (%)	Face value	Balance Outstanding
1) Non Convertible Debentures			
Residual Maturity, Fixed Interest Rate; Repayable at Maturity			
Debentures			
Jan-20	7.99%	20,000.00	20,000.00
Apr-19	7.90%	4,000.00	4,000.00
Jul-19	7.71%	3,100.00	3,100.00
Oct-19	7.59%	29,000.00	29,000.00
		56,100.00	56,100.00
2) Deep Discount Debentures			
Residual Maturity, Fixed Interest Rate; Repayable at Maturity			
Jun-21	8.60%	910.00	713.53
Aug-20	7.95%	1,290.00	1,085.80
May-19	7.85%	5,000.00	5,305.13
		7,200.00	7,104.46
3) Non Convertible Debentures - Subordinated Debts			
Residual Maturity, Fixed Interest Rate; Repayable at Maturity			
Mar-27	8.55%	10,000.00	10,000.00
Dec-26	8.35%	5,000.00	5,000.00
Dec-25	9%	5,000.00	5,000.00
		20,000.00	20,000.00
4) Intercorporate Deposits			
Nov 19	7.65%	2,500.00	2,500.00
Apr 20	-	-	-
Mar 19	-	-	-
		2,500.00	2,500.00
Total		85,800.00	85,704.46

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018
	₹ in lakhs
NOTE 6 - OTHER LONG TERM LIABILITIES	
Others	
Interest accrued but not due on borrowings	67.90
Total	67.90

	As at 31 st March 2018
	₹ in lakhs
NOTE 7 - LONG TERM PROVISIONS	
Provision for Employee Benefits	
Provision for Gratuity	135.60
Provision for Accumulated Compensated Absences	58.70
Provision for Stock Appreciation Rights	38.81
Provision for Long Service Awards	4.46
Provision- Others	
Contingent Provisions against Standard Assets	996.97
Total	1,234.54

	As at 31 st March 2018
	₹ in lakhs
NOTE 8 -SHORT TERM BORROWINGS	
Secured	
Loan repayable on demand	
- Overdraft facility from Bank	34,981.08
Unsecured	
Commercial Paper	439,500.00
Less : Unamortised Discount	13,768.63
	425,731.37
InterCorporate Deposits	88,000.00
Total	548,712.45

Note (i)

The Overdraft facilities are secured by way of First, pari pasu, non exclusive charge on receivables, book debts, current assets and investments of company in favour of the Trustees. Commercial Paper and InterCorporate Deposits are unsecured

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Interest and Re-payment terms of Short term borrowings -

Loans from Banks

₹ in lakhs

Residual Maturity	As at 31 st March 2018		
	Interest Rate Range (%)	Face value	Balance Outstanding
Cash credit			
0-1 year	MCLR + spread upto 50 basis point	34,981.08	34,981.08
		34,981.08	34,981.08
Commercial Paper			
Mar-19	7.80%	2,500.00	2,322.08
Feb-19	8.10% to 8.20%	44,500.00	41,542.29
Jan-19	7.7% to 8.10%	55,500.00	52,249.29
Dec-18	7.70% to 7.90%	14,500.00	13,732.52
Oct-18	7.23% to 7.95%	28,500.00	27,416.93
Sep-18	7.05% to 7.95%	46,000.00	44,483.00
Aug-18	7.00% to 8.00%	60,000.00	58,457.72
Jul-18	7.00% to 7.90%	61,000.00	59,728.65
Jun-18	6.98% to 7.65%	43,500.00	42,881.77
May-18	7.01% to 7.60%	51,500.00	51,018.19
Apr-18	7.12% to 7.38%	32,000.00	31,898.93
		439,500.00	425,731.37
Intercompany Deposits			
Feb 19	8.15%	5,000.00	5,000.00
Jan 19	8.10%	500.00	500.00
Dec 18	7.81%	10,000.00	10,000.00
Nov 18	7.35%	500.00	500.00
Oct 18	7.45% to 7.85%	6,000.00	6,000.00
Sep 18	7.25% to 7.35%	14,000.00	14,000.00
May 18	7.25% to 7.35%	20,000.00	20,000.00
Apr 18	7.10% TO 7.35%	32,000.00	32,000.00
		88,000.00	88,000.00
Total		562,481.08	548,712.45

	As at 31 st March 2018
	₹ in lakhs
NOTE 9 -TRADE PAYABLES *	
Total outstanding dues of creditors other than micro enterprises and small enterprises	
Trade Payables	951.40
Sundry Creditors	138.05
Total	1,089.45

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

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

	As at 31 st March 2018 ₹ in lakhs
NOTE 10 -OTHER CURRENT LIABILITIES	
Current maturities of long-term debt	
Secured Redeemable Non-Convertible Debentures fully paid, privately placed	65,400.00
Secured Deep Discount Non-Convertible Debentures privately placed	30,600.00
Less : Unamortised Discount on Debentures	959.51
	29,640.49
Intercompany Deposits	-
Interest accrued but not due on borrowings	8,588.93
Income received in advance	0.60
Other Payables	
Employee Benefits Accrued	292.15
Statutory dues (including provident fund and tax deducted at source)	392.79
Total	104,314.96

Note (i)

The Debentures are redeemable at par / premium. The Non-Convertible Debentures and Deep Discount Debentures are secured by way of a first and pari passu mortgage in favour of the Debenture Trustee on the Company's immovable property of ₹ 10.26 lakhs (gross value) and further secured by way of hypothecation / mortgage of charged assets such as receivables arising out of loan, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares)

Interest and Re-payment terms of Long term borrowings (Current Maturities)

	₹ in lakhs		
	As at 31 st March 2018		
Residual Maturity	Interest Rate Range (%)	Face value	Balance Outstanding
A) Non Convertible Debentures			-
Fixed Interest Rate; Repayable at Maturity Secured Debentures			
Feb-19	8.63% - 8.73%	10,400.00	10,400.00
Sep-18	8.73%	6,000.00	6,000.00
Aug-18	8.73%	4,000.00	4,000.00
Jun-18	7.6487% - 7.99%	40,000.00	40,000.00
May-18	7.77%	5,000.00	5,000.00
		65,400.00	65,400.00
B) Deep Discount Debentures			
Fixed Interest Rate; Repayable at Maturity			
Nov-18	8.03%	7,500.00	7,308.21
Aug-18	7.96%	11,700.00	11,194.61
Jul-18	7.96%	11,400.00	11,137.67
		30,600.00	29,640.49
Total		96,000.00	95,040.49

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018
	₹ in lakhs
NOTE 11 - SHORT TERM PROVISIONS	
Provision for Employee Benefits	
Provision for Gratuity	42.82
Provision for Accumulated Compensated Absences	40.44
Provision for Stock Appreciation Rights	76.25
Provision - Others	
Contingent Provisions against Standard Assets	2,105.95
Provision for Taxation	1,598.22
Net of Advance Taxes ₹ 27,420.33 lakhs	
Total	3,863.68

NOTE 12A- PROPERTY, PLANT AND EQUIPMENT

(₹ In Lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Balance As at 1 April 2017	Additions during the year	Disposals during the year	Balance As at 31 March 2018	Balance As at 1 April 2017	Depreciation Charge For the year	On Disposals	Balance As at 31 March 2018	As at 31 March 2018
Premises	10.26	-	-	10.26	2.65	0.18	-	2.83	7.43
Office Equipment	12.17	-	0.43	11.75	6.25	1.50	0.43	7.33	4.42
Furniture and Fixtures	1.28	-	-	1.28	1.28	-	-	1.28	-
Computers	62.81	6.47	4.14	65.14	45.95	10.89	3.78	53.06	12.08
Vehicles	272.33	-	62.39	209.94	161.43	49.51	51.87	159.07	50.87
TOTAL	358.85	6.47	66.96	298.37	217.56	62.08	56.08	223.57	74.80

NOTE 12B- INTANGIBLE ASSETS

(₹ In Lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Balance As at 1 April 2017	Additions during the year	Disposals during the year	Balance As at 31 March 2018	Balance As at 1 April 2017	Depreciation Charge For the year	On Disposals	Balance As at 31 March 2018	As at 31 March 2018
Software and System Development	23.22	23.00	-	46.22	16.62	8.49	-	25.11	21.11
TOTAL	23.22	23.00	-	46.22	16.62	8.49	-	25.11	21.11

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

NOTE 13 - NON CURRENT INVESTMENTS (NON TRADE)

	Face Value ₹	As at 31-03-2018 Quantity	As at 31-03-2018 Amount (₹ in lakhs)
(I) INVESTMENT IN EQUITY INSTRUMENTS			
(at cost less provision for other than temporary diminution;)			
Unquoted and fully paid up Equity shares in:			
<u>In Associates</u>			
Phoenix ARC Private Limited	10	50,400,000	6,009.89
Matrix Business Services India private Limited	10	82,680	81.71
			6,091.60
Add Goodwill on acquisition of associates			210.82
Add: Post acquisition profit/Loss and Reserve of Associates (Equity method)			4,711.72
			11,014.14
<u>In Others</u>			
DSP Merrill Lynch Limited	10	5	0.01
Business Standard Private Limited	10	1,000	0.20
AB Corp Limited	10	325,000	260.00
TAIB Capital Corporation Limited	10	245,000	15.54
Elbee Express Private Limited	10	400,000	225.00
Arun Processors Limited	10	643,125	0.00
Svasti Microfinance Private Limited	10	54,920	50.14
Less: Provision for Diminution other than temporary			(417.70)
			133.19
TOTAL INVESTMENTS IN EQUITY INSTRUMENTS (I)			11,147.33
(II) OTHER INVESTMENTS			
(at cost less provision for other than temporary diminution;)			
A. Venture Funds			
Kotak India Real Estate Fund-I-Class B Units	-	-	-
Kotak Alternate Oppurtunities (India) Fund - Class B Units			2.63
Kotak India Venture Fund - Class B Units	0.10	926,030	0.93
Kotak India Growth Fund -II-Class B Units	1.00	500,000	5.00
Less: Provision for Diminution other than temporary			5.93
Sub-total (A)			
B. Investment in Pass Through Certificates			
Magma Fincorp Limited Securitisation Trust XXXVIII	-	-	-
Magma Fincorp Limited Securitisation Trust Xxxviii-Series A4	-	-	847.73
Magma Fincorp Limited Securitisation Trust LVII-Series A1	-	-	2,505.96
Sub-total (B)			3,353.69

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Face Value ₹	As at	As at
		31-03-2018 Quantity	31-03-2018 Amount (₹ in lakhs)
TOTAL OTHER INVESTMENTS (A + B) (II)			3,359.62
TOTAL INVESTMENTS (I+II)			14,506.95
Aggregate of Quoted Investments			
- at cost			-
- at market value			-
Aggregate of Unquoted Investments			
- at cost			14,506.95
Aggregate provision for diminution in value of investments			420.33

	As at 31 st March 2018 ₹ in lakhs
NOTE 14 - LONG TERM LOANS AND ADVANCES	
Advance Taxes paid and tax deducted at source	
Unsecured, considered good (Net of Provision for Taxes NIL)	191.94
Other loans and advances under financing activity	
Secured, considered good *	218,216.13
Unsecured, considered good (including debts due by officer of the company ₹NIL)	759.97
	218,976.10
Total	219,168.04

	As at 31 st March 2018 ₹ in lakhs
NOTE 15 - OTHER NON-CURRENT ASSETS	
Interest accrued but not due on loans and advances	79.54
Interest accrued on Investments	-
Others	
- Fixed Deposits with Banks with residual maturity of more than 12 months	35.24
Total	114.78

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

NOTE 16 - CURRENT INVESTMENTS (NON TRADE)

	Face Value ₹	As at	As at
		31-03-2018 Quantity	31-03-2018 Amount (₹ in lakhs)
INVESTMENTS (at lower of cost and fair value)			
(I) INVESTMENT IN DEBENTURES			
Unquoted and fully paid up Debentures in:			
(including current portion of Long Term Investments)			
Shriram Venture Limited (formerly known as Shriram Industrial Holdings Limited)	1,000,000	900.00	9,000.00
Star Health And Allied Insurance Company Limited	1,000,000	1,000.00	10,000.00
Quoted and fully paid up Debentures in:			
Sobha Limited	100,000.00	4,917.00	4,921.24
TOTAL INVESTMENTS IN DEBENTURES (I)			23,921.24
(II) INVESTMENT IN MUTUAL FUNDS			
Unquoted and fully paid up units in Mutual Fund of:			
Kotak Liquid Direct Plan - Growth	3516.5530	668,268.05	23,500.00
Kotak Floater Short Term Direct Plan Growth-249046/53	2847.9211	526,699.98	15,000.00
TOTAL INVESTMENTS IN MUTUAL FUNDS (II)			38,500.00
(III) OTHER INVESTMENTS			
A. Venture Funds			
Kotak Alternate Opportunities (India) Fund - Class A Units	-	-	54.26
Sub-total (A)			54.26
B. Investment in Pass Through Certificates			
(including current portion of Long Term Investments)			
Magma Fincorp Limited Securitisation Trust Xxxviii-Series A4	-	-	2,577.01
Magma Fincorp Limited Securitisation Trust LVII-Series A1	-	-	3,360.49
Sub-total (B)			5,937.50
TOTAL OTHER INVESTMENTS (A + B) (III)			5,991.76
TOTAL CURRENT INVESTMENTS (I+II+III)			68,413.00
Aggregate of Quoted Investments			
- at cost			-
- at market value			-
Aggregate of Investments			
- at cost			68,413.00
Aggregate provision for diminution in value of investments			-

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018
	₹ in lakhs
NOTE 17 - TRADE RECEIVABLES	
Outstanding for a period exceeding six months	-
Others	
Unsecured, considered good	1,481.24
Total	1,481.24

	As at 31 st March 2018
	₹ in lakhs
NOTE 18 - CASH AND BANK BALANCES	
Cash and Cash Equivalents	
Balances with Banks	
- in current accounts	25,715.48
- in Deposits with original maturity of less than 3 months	-
	25,715.48
Other Bank Balances	
- Deposits with residual maturity of less than 12 months	10,339.52
Total	36,055.00

	As at 31 st March 2018
	₹ in lakhs
NOTE 19 - SHORT TERM LOANS AND ADVANCES	
Loans and advances to related parties	
Unsecured, considered good (including debts due by officer of the company NIL)	22.14
Prepaid Expenses	
Unsecured, considered good	71.43
Other loans and advances under financing activity	
Secured, considered good *	488,503.91
Unsecured, considered good (including debts due by officer of the company ₹ NIL)	49,319.28
GST Credit Receivable	129.03
Secured, considered doubtful	354.04
Less: Provisions for doubtful advances	(354.04)
	537,952.22
Total	538,045.79

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018
	₹ in lakhs
NOTE 20 - OTHER CURRENT ASSETS	
Interest Accrued but not due on loans and advances	5,125.86
Interest Accrued on Fixed Deposits	6.02
Interest Accrued on Investments	3,653.13
Others	4.03
Total	8,789.04

	For the year ended 31 st March 2018
	₹ in lakhs
NOTE 21 - REVENUE FROM OPERATIONS	
Interest on Loans and Advances	77,474.59
Interest on banks deposits	1,444.09
Other Financial Services	
Fee Income	1,089.60
Total	80,008.28

	For the year ended 31 st March 2018
	₹ in lakhs
NOTE 22 - OTHER INCOME	
Income from Current Investments :	
- Profit on sale of Investments (net)	3,269.64
- Interest on Investments	2,168.70
- Discount accreted on Certificate of Deposits	-
- Discount accreted on Corporate Bond Repo	-
Income from Long Term Investments :	
- Profit on sale of Investments (net)	4,694.73
- Interest on Investments	943.46
- Dividend Income	0.02
Interest on Income Tax Refunds	-
Profit on trading in Commodity Futures (net)	-
Liabilities no longer required written back	-
Provision written back for doubtful receivables, loans and advances, investments	26.87
Bad Debts Recovered	-
Others	202.89
Total	11,306.31

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	For the year ended 31 st March 2018
	₹ in lakhs
NOTE 23 - EMPLOYEE BENEFIT EXPENSE	
Salaries, Allowances and Bonus	2,347.56
Contribution to Provident and Other Funds	155.17
Provision for Stock Appreciation Rights	113.07
Staff Welfare Expense	24.30
Total	2,640.10

	For the year ended 31 st March 2018
	₹ in lakhs
NOTE 24 - INTEREST AND FINANCE COSTS	
Interest expense on	
- Debentures	15,098.14
- Inter-Corporate Deposits	4,317.53
- Overdraft facility from bank	238.69
- Delayed payment of Income Tax	-
Other Borrowing Costs	
- Discount on Commercial Papers	29,092.18
- Arranger Fees	124.78
- Stamping Expense	265.93
- Bank Charges	0.12
Total	49,137.37

	For the year ended 31 st March 2018
	₹ in lakhs
NOTE 25 - OTHER EXPENSES	
Travelling and Conveyance	81.76
Legal and Professional Charges	216.03
Business Promotion Expenses	26.63
Rent Expense	615.44
Common Establishment Expenses - Reimbursements	734.17

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	For the year ended 31 st March 2018
	₹ in lakhs
Electricity Expenses	3.68
Payments to Auditors:	
- As Statutory Audit Fees	19.00
- As Tax Audit Fees	-
- For Other services (Interim Audit, Certification work etc.)	12.91
- For Reimbursement of Expenses	-
Rates, Taxes and Fees	195.68
Remuneration to Directors:	
- As Sitting Fees	10.60
- As Commission	8.00
Insurance	4.61
Repairs and Maintenance	113.99
Communication Expenses	16.27
Contribution on Corporate Social Responsibility activities	40.00
Miscellaneous expenses	62.42
Provision for standard assets	687.16
Provision for doubtful receivables, loans and advances, investments	-
Provision for Diminution in value of Investments	-
Total	2,848.35

26. CONTINGENT LIABILITIES AND COMMITMENTS:

Contingent Liabilities:

	(₹ in lakhs)
	As at 31 st March 2018
	₹ in lakhs
Contingent Liability in respect of demands from Income Tax authorities	NIL
Provision for Bonus for FY 2014-15 pursuant to retrospective amendment to "Payment of Bonus Act" for which an interim stay has been granted by the High Court of Madras.	27.78
Total	27.78

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

27. EMPLOYEE BENEFITS:

Gratuity

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of ₹ 20 lakhs.

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

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

	(₹ in lakhs)
	As at 31 st March 2018
Change in Unfunded benefit obligations	
Present value of unfunded benefit obligations (Opening)	145.78
Current Service cost	18.69
Interest cost	11.27
Actuarial (gain)/loss on obligations	27.00
Liability assumed on acquisition/(settled on Divestiture)	(1.78)
Past Service Cost	34.03
Benefits paid	(56.57)
Present value of unfunded benefit obligations	178.42

	(₹ in lakhs)
	As at 31 st March 2018
Reconciliation of present value of the obligation and the fair value of the plan assets	
Fair value of plan assets	-
Present value of unfunded benefit obligations	178.42
Net Liability	(178.42)

	(₹ in lakhs)
	As at 31 st March 2018
Cost recognized for the period	
Current service cost	18.69
Interest cost	11.27
Actuarial (gain)/loss	27.00
Net gratuity cost	56.96

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Actuarial assumptions used :

	(₹ in lakhs)
	As at 31 st March 2018
Discount rate	7.90% p.a.
Salary escalation rate	7.00% p.a.

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

Experience adjustments

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

Particulars	(₹ in lakhs)				
	Gratuity				
	Year ended 31 st March,				
	2018	2017	2016	2015	2014
Defined benefit obligation	178.42	145.77	142.74	137.48	112.39
Plan assets	-	-	-	-	-
Surplus / (deficit)	(178.42)	(145.77)	(142.74)	(137.48)	(112.39)
Experience adjustments on plan liabilities	18.41	4.94	(3.45)	8.22	14.52
Experience adjustments on plan assets	-	-	-	-	-

Provident fund

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognised provident fund and administered by a Board of Trustees. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The Company recognized ₹ 155.17 lakhs or Provident Fund contribution in the Statement of Profit and Loss.

Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized ₹ 8.83 lakhs for Compensated Absences in the Statement of Profit and Loss.

Long Service Award

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

28. COMPONENTS OF NET DEFERRED TAX ASSET:

	(₹ in lakhs)
	As at 31 st March 2018
Deferred Tax Assets	
Expenses allowable on payment basis	166.84
Depreciation	49.79
Provision for standard assets	1,081.07
	-
Total Deferred Tax Assets	1,297.70

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

29. EMPLOYEE SHARE BASED PAYMENTS

A) Equity Settled Options:

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

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

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

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

Consequent to the above, the Bank has granted stock options to employees of the Company in accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share

based payments", the excess, if any, of the market price of the share, preceding the date of grant of the option under ESOSs over the exercise price of the option is amortised on a straight-line basis over the vesting period. The Company has reimbursed the Bank ₹ NIL during the year on account of such costs and the same is forming part of 'Reimbursement of Expense on Employee Stock Option Scheme' under Employee benefits Expenses.

B) Cash Settled Scheme :

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

The contractual life (which is equivalent to the vesting period) of the outstanding SARs ranges from 1.13 year to 3.67 years.

Detail of activity under each SARs is summarized below:

	(₹ in lakhs)
	Year Ended 31 March, 2018
Outstanding at the beginning of the year	27,754
Granted during the year	10,160
Exercised during the year	8,911
Addition due to transfer of employees	2,518
Reduction due to transfer of employees	11,362
Expired during the year	1,498
Outstanding at the end of the year	18,661

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

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

(₹ in lakhs)	
Year ended 31st March,	2018
Total Employee Compensation Cost pertaining to employee share based payment	113.07
Closing balance of liability for cash-settled scheme	115.06

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 ₹ 70.85 lakhs and the profit after tax would have been lower by ₹ 46.34 lakhs. Consequently the basic and diluted EPS would have been ₹486.27.

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

(₹ in lakhs)	
Particulars	As at 31 st March 2018
Profit attributable to the Equity Shareholders (₹ in lakhs) – (A)	25,376.88
Basic weighted average number of equity shares outstanding during the year – (B)	52,09,129
Nominal value of Equity Shares (₹)	10
Basic & Diluted Earnings per share (₹) – (A) / (B)	487.16

31. Rent Payments to holding / fellow subsidiary company for sharing of premises are recognized in the Statement of Profit and Loss under the head 'Rent Expenses' ₹ 613.93 lakhs.

32. SEGMENT REPORTING:

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

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

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

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Summary of the segments of the company are:

	₹ (In lakhs)
	2017-18
Segment Revenue	
Lending against Securities	39,560.61
Corporate and Other Lending	42,332.54
Treasury and Investments	9,412.35
Add: Inter Segment Revenue	150.07
	9,562.42
Total	91,455.57
Less: Eliminations	(150.07)
Total	91,305.50
Add : Unallocated Revenue	9.09
Total Revenue	91,314.59
Segment Results	
Lending against Securities	10,114.01
Corporate and Other Lending	17,808.13
Treasury and Investments	9,134.99
Total	37,057.13
Less: Unallocable expenditure	(438.93)
Total profit before tax and Associates	36,618.20
Provision for tax	(12,167.17)
Net Profit before share of Associates	24,451.03
Lending against Securities	419,581.32
Corporate and Other Lending	379,523.93
Treasury and Investments	86,636.94
Total	885,742.19
Add: Unallocated Assets	2,225.26
Total	887,967.45
Segment Liabilities	
Lending against Securities	2,147.92
Corporate and Other Lending	1,987.03
Treasury and Investments	738,154.19
Total	742,289.14
Add: Unallocated Liabilities	2,698.30
Total	744,987.44
Capital Expenditure	
Lending against Securities	-
Corporate and Other Lending	29.47
Treasury and Investments	-
Total	29.47
Depreciation	
Lending against Securities	16.11
Corporate and Other Lending	48.53
Treasury and Investments	5.93
Total	70.57

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

33. RELATED PARTY DISCLOSURES:

A. RELATED PARTIES WHERE CONTROL EXISTS:

Nature of relationship	Related Party
Holding Company	Kotak Mahindra Bank Limited (KMBL) (Holds 100% of the equity share capital)
	Uday S. Kotak along with relatives and entities controlled by him holds 30.04% of the equity share capital of Kotak Mahindra Bank Limited as on 31 st March, 2018.

B. OTHER RELATED PARTIES:

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

Related Party Disclosures

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

	Amount (₹ In Lakhs) 2017-2018
I. Holding Company	
- Kotak Mahindra Bank Limited	
Transactions during the year :	
FINANCE	
Equity Shares Issuance	9,999.99
Fixed Deposits Placed	4,07,848.51
Fixed Deposits Repaid	4,24,353.57
Interest Received on Fixed Deposits	1,444.08
OTHER RECEIPTS & PAYMENTS	
Demat Charges	3.50
Service Charges Received	50.40
Expense reimbursements paid	913.09
Licence Fees paid	609.62
Referral Fees	116.62
IPA Fees paid	1.00

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Amount (₹ In Lakhs) 2017-2018
Bank Charges	0.11
Employee Liability transfer out	32.46
Employee Liability transfer in	30.58
Balance outstanding as at the year end :	
FINANCE	
Balance in current account	25,700.05
Term Deposits Placed	10,374.76
Interest accrued on Term Deposits placed	6.02
OTHER RECEIPTS & PAYMENTS	
Service charges payable	13.48
Service charges receivable	4.54
Referral Fees payable	1.18
Demat Charges Payable	2.26
II. Fellow Subsidiaries	
Transactions during the year :	
FINANCE	
Interest on Non Convertible Debentures	
- Kotak Securities Ltd	1,555.50
Inter Corporate Deposits issued	
- Kotak Mahindra Prime Ltd	18,200.00
Inter Corporate Deposits repaid	
- Kotak Mahindra Prime Ltd	18,200.00
Interest paid on Inter Corporate Deposits	
- Kotak Mahindra Prime Ltd	3.89
Inter Corporate Deposits Borrowing	
- Kotak Mahindra Prime Ltd	5,000.00
Inter Corporate Deposits Borrowing repaid	
- Kotak Mahindra Prime Ltd	5,000.00
Interest received on Inter Corporate Deposits	
- Kotak Mahindra Prime Ltd	3.75
INVESTMENTS	
OTHER SECURITIES	
Sales	
- Kotak Securities Ltd	9,921.89
OTHER RECEIPTS & PAYMENTS	
Service Charges Received	
- Kotak Mahindra Prime Ltd	128.40
Documentation charges received	
Sharing of Fee Income	
- Kotak Mahindra Capital Company Ltd	122.10
Brokerage paid	

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Amount (₹ In Lakhs) 2017-2018
- Kotak Securities Ltd Demat Charges paid	15.54
- Kotak Securities Ltd Service Charges Paid License Fees Paid	0.27
- Kotak Securities Ltd Insurance premium paid	8.61
- Kotak Mahindra General Insurance Company Ltd Expense reimbursement from other company	3.53
- Kotak Mahindra Prime Ltd	1.32
- Kotak Infrastructure Debt Fund Ltd Expense reimbursement to other company	36.48
- Kotak Securities Ltd	0.19
- Kotak Mahindra Capital Company Ltd Employee Liability transfer out	4.26
- Kotak Securities Ltd	2.44
- Kotak Infrastructure Debt Fund Ltd	55.13
- Kotak Investment Advisors Ltd Asset Transfer-out	3.40
- Kotak Infrastructure Debt Fund Ltd	0.37
Balance outstanding as at the year end :	
FINANCE	
Non Convertible Debentures issued	
- Kotak Securities Ltd	18000.00
Interest payable on Non Convertible Debentures	
- Kotak Securities Ltd	199.70
OTHER SECURITIES	
Outstanding Receivable	
- Kotak Securities Ltd	902.54
OTHER RECEIPTS & PAYMENTS	
Demat charges payable	
- Kotak Securities Ltd	0.13
Service charges Receivable	
- Kotak Infrastructure Debt Fund Ltd	16.20
Service charges Payable	
- Kotak Securities Ltd	1.61
- Kotak Infrastructure Debt Fund Ltd	0.38
- Kotak Investment Advisors Ltd	3.40
III. Associate Company	
Transactions during the year :	
OTHER RECEIPTS & PAYMENTS	
Recruitment Expenses	
- Matrix Business Services India Pvt Ltd	0.01
Proceeds from Buyback of investments	
- Matrix Business Services India Pvt Ltd	24.13

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Amount (₹ In Lakhs) 2017-2018
IV. Key Management Personnel (KMP)	
Transactions during the year :	
OTHER RECEIPTS & PAYMENTS	
Remuneration*	
- Mr. Paritosh Kashyap	264.35
OTHER RECEIPTS & PAYMENTS	
Fees on travel tickets purchased	
- Aero Agencies Limited	6.05
Balance outstanding as at the year end :	
INVESTMENTS	
Investments – Gross	
- Business Standard Private Limited	0.20
- Business Standard Private Limited	0.20
COMMODITY DERIVATIVES	
Outstanding receivable	
- Kotak Commodity Services Private Limited	0.31

34. ADDITIONAL INFORMATION TO CONSOLIDATED ACCOUNTS AT 31ST MARCH, 2018, (PURSUANT TO SCHEDULE III OF THE COMPANIES ACT, 2013)

(₹ in lakhs)

Name of the Subsidiary/ Associates	Net Assets		Share in profit or loss	
	2017 – 2018			
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
Kotak Mahindra Investments Limited	100%	1,42,980.00	96.2%	24,451.03
Associates:				
Phoenix ARC Private Limited	-	-	3.4%	863.60
Matrix Business Services India Private Limited	-	-	0.4%	62.25
Total	100%	1,42,980.00	100%	25,376.88

ADDITIONAL DISCLOSURE

35. Additional statutory information disclosed in the separate financial statements of the Company having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statement.

As per our attached report of even date

For and on behalf of the Board of Directors

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership No. 101119

Place : Mumbai

Dated : 14th May, 2018

K.V.S Manian

Director

Chandrabhas Kuckian

Chief Financial Officer

Paritosh Kashyap

Managing Director & CEO

Jignesh Dave

Company Secretary

Form AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 Statement containing salient features of the financial statement of associate companies

(₹ in Lakhs)	Phoenix ARC Private Limited	Matrix Business Services India Private Limited
Latest Audited Balance Sheet date	31-Mar-18	31-Mar-17
Shares of Associate held by the Group on the year end		
No of Equity Shares	50,400,000	82,680
Amount of gross Investment in Associates	61.01	1.85
Extent of Holding	30%	19.77%
Description of how there is significance influence	Ownership of 20% or more of voting power	Significant influence through Board Representation
Reason why the associate is not consolidated	Ownership of less than 50% of the Voting Power and no control over the Board	Ownership of less than 50% of the Voting Power and no control over the Board
Networth attributable to Shareholding as per latest audited Balance Sheet	10,231	663
Profit / Loss for the year		
(i) Considered in the Consolidation	864	96
(ii) Not considered in the Consolidation	2,015	447.79

Note:

- (1) For the purpose of preparation of consolidation financial statements, the company has considered unaudited financial statement as of 31st March, 2018.
- (2) Significant influence has been determined as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements"
- (3) Share of audited Networth based on share holding as on 31st March, 2017 of 30% is ₹ 9277.67 lakhs
- (4) Share of audited Networth based on share holding as on 31st March, 2017 of 17.23% is ₹ 689.50 Lakhs

For and on behalf of the Board of Directors

K.V.S Manian

Director

Paritosh Kashyap

Managing Director & CEO

Chandrabhas Kuckian

Chief Financial Officer

Jignesh Dave

Company Secretary

DIRECTORS' REPORT

To the Members of

KOTAK MAHINDRA INVESTMENTS LIMITED

The Directors present their Thirtieth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

	Year ended	Year ended
	31 st March 2018	31 st March 2017
	₹ in Lakh	₹ in Lakh
Gross income	91,360.72	76,169.82
Profit before tax	36,664.33	29,011.18
Provision for tax	12,167.17	9,368.29
Profit after tax	24,497.16	19,642.89
Balance of Profit from previous years	62,961.52	47,248.63
Amount available for appropriation	87,458.68	66,891.52
Appropriations :		
Special Reserve u/s 45IC of the RBI Act, 1934	4,900.00	3,930.00
Net Profit after tax carried to Balance Sheet	82,558.68	62,961.52

DIVIDEND

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

RIGHTS ISSUE

The Board of Directors of the Company in December 2017 had approved to issue shares on rights basis to the existing shareholders in one or more tranches up to an amount not exceeding ₹100 crore. Accordingly, your Company had come out with a Rights issue of 454,545 equity shares of ₹10 each for cash at a premium of ₹ 2,190 per share aggregating to ₹ 99.99 crore to the existing equity shareholders of the Company and the shares were allotted on 27th February, 2018. The object of the Rights issue is to augment the Company's resources and increase its capital adequacy.

DEBENTURES

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

- | | |
|--|---|
| <p>(i) IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17 R. Kamani Marg,
Ballard Estate, Mumbai - 400 001
Contact No.: +91- 9870 544 151; 022 - 40807050
Email: vaibhavi@idbitrustee.com
Website: www.idbitrustee.com</p> | <p>(ii) Axis Trustee Services Limited
Axis House, Ground Floor,
Wadia International Centre,
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli,
Mumbai - 400 025
Contact No.: 022 - 62260085
Email: ankit.singhvi@axistrustee.com
Website: www.axistrustee.com</p> |
|--|---|

CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of the Company as on 31st March, 2018 was at 18.9% (Tier I – 16.2%).

CREDIT RATING

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

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

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

FINANCE

During the year, the Company witnessed decent growth in Balance Sheet and the funding requirement was met through various instruments like Non-Convertible Debentures (NCDs), Commercial papers (CPs), Inter-corporate deposits (ICDs), etc. The Company has been continuously diversifying its funding sources and has a pool of lenders comprising of Mutual Funds, Insurance Companies, Banks and Corporates. As on 31st March, 2018, the Company has adequate capital and healthy debt equity ratio. The Company with its strong treasury philosophies and practices is well geared to meet the challenges of a dynamic interest rate and liquidity environment in future.

MANAGEMENT DISCUSSION AND ANALYSIS

Company Business

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

During the financial year, the customer advances grew by about 13% to ₹ 7,568 crore as of March 2018 vis-à-vis ₹ 6,696 crore as of March 2017. Profit before tax for the year is ₹ 366.6 crore vis-a-vis ₹ 290.1 crore for previous year. Gross NPA ratio to overall advances were maintained at 0.05% as of March 2018 vis-a-vis 0.12% as of March 2017.

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

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

Industry Developments & Outlook

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

Capital Markets:

FY 2017-18 continued with the positive streak of FY 2016-17 in so far as equity capital markets are concerned. Markets shrugged off the concerns led by demonetization and GST implementation and achieved record highs. Your Company's capital market business took advantage of the buoyant market conditions. As we enter into FY2019, some of the economic fundamentals holding the market in good stead, are turning for the worse. Elevated levels of crude oil put a risk to both current account position as well as fiscal situation; bond market's concerns surrounding the same are reflected in the sharp increase in G-Sec yields over the last year. While the equity markets remain strong supported by robust inflows in domestic mutual funds, volatility is expected to be higher given the concerns surrounding macro-

economic conditions coupled with a heavy election calendar. Your Company remains cautious for the coming year for its Capital Markets business.

Real Estate:

There has been a sustained focus on maintaining and improving the overall health of the portfolio. Your Company deepened business with financially sound borrowers with strong managements and excellent track records of delivery. At the core of the lending strategy lay abundant asset cover and visibility of cash flows (60% of the total exposure to real estate is backed by ongoing projects and Lease Rent Discounting). This resulted in a robust business portfolio with wider and deeper coverage, albeit at slightly lower spreads. Despite turbulence prevalent in marketplace, overall health of the portfolio has shown improvement and gross non-performing assets of your Company has come down to zero. Year on Year growth of customer advances in the segment has remained at modest 7%.

The financial year 2017-18 continued to see challenges in the real estate sector. The industry seemed to have recovered from the impact of demonetization in last fiscal. It had to come to terms with rollout of the Real Estate (Regulation & Development) Act, 2016 (RERA). This year the state governments have started rollout of RERA in the respective states with a view to bring transparency and efficiency in the system. While these are early days, but RERA seems to have brought about more transparency and accountability in the industry.

Implementation & rollout of the GST in India has also resulted in some structural changes in the end-buyer behavior. Commercial offtake has seen sustained momentum this year as well. Institutional capital flow into long term stable assets across office and retail has been a healthy respite for the sector. Government's focus on housing for all and low cost housing has come as a great opportunity for the sector with stakeholders aligning themselves to the vision.

Your Company is well poised to benefit from this phase of consolidation, and well-positioned to capitalize on the upturn in the sector when it kicks in, while ensuring negligible reversals.

Structured Finance:

Your Company, over the past few years, has entrenched its position as a preferred platform for providing structured finance solutions to its clients, customized and tailor-made to suit their requirements. With the various concerns plaguing the banking industry, NBFCs in general have witnessed heightened activity levels, especially in the area of corporate & structured finance. The sector agnostic approach adopted by your Company has ensured a wide coverage arena; deal flow remained robust during FY2018. However, your Company has been extremely selective in committing resources to transactions which ensure adequate risk-adjusted returns. The coming year promises to have higher activity levels in this segment of your Company's business, we remain prepared to make best of the opportunities that the marketplace will offer.

Opportunities & Threats

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

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

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

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

Internal Controls

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

Human Resources

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

Information Technology

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

Cautionary Note

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

Directors retiring by rotation

Mr. Uday Kotak (DIN:00007467), Chairman, retires by rotation at the Thirtieth Annual General Meeting and being eligible, has offered himself for re-appointment.

Change in Directors

Mr. Dipak Gupta (DIN:00004771), resigned as a Director of the Company with effect from 1st April, 2018. Your Directors place on record their appreciation for the valuable advice and guidance rendered by Mr. Gupta during his tenure as a Director of the Company.

Mr. Arvind Kathpalia (DIN:02630873) was appointed as an Additional Director of the Company with effect from 1st April, 2018. Mr. Kathpalia holds office upto the date of ensuing Annual General Meeting of the Company and is eligible to be appointed as a Director. The Nomination & Remuneration Committee at its meeting held on 27th April, 2018 recommended the appointment of Mr. Kathpalia as a Director to the members of the Company at the ensuing Annual General Meeting.

Mr. Arvind Kathpalia, aged 60 years, B.A. (Hons), Eco, MBA was the Group Head – Risk of Kotak Mahindra Bank Limited and has been associated with the Kotak Group since 2003 and has around 37 years of Banking experience both in India and Overseas.

Declaration from Independent Directors

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

Board Evaluation

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

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

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

Re-appointment of Managing Director

The Board of Directors of the Company at its meeting held on 27th April, 2018, on the recommendation of the Nomination & Remuneration Committee has re-appointed Mr. Paritosh Kashyap, Managing Director & CEO of the Company, as the Managing Director of the Company for a further period of two years with effect from 9th December, 2018, subject to the approval of the shareholders at the General Meeting. Accordingly, approval of shareholders is being sought at the ensuing Annual General Meeting of the Company.

Mr. Kashyap, aged 49 years, is a B.Com, ACA and ACWA having around 25 years of vast experience in the field of Treasury Management, Debt Capital Market, Real Estate Sector, Capital Market and Structured Finance.

Key Managerial Personnel (KMPs)

During the year, Mr. Pankaj Gupta, Chief Financial Officer of the Company resigned with effect from 26th September, 2017. Mr. Chandrahas Kuckian was appointed as the Chief Financial Officer of the Company with effect from 26th September, 2017.

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

Appointment & Remuneration of Directors and KMPs

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

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

- Objective is to maintain fair, consistent and equitable compensation practices in alignment with Kotak's core values and strategic business goals.

- Applicable to all employees of the Company. Employees classified into 3 groups:
 - o Whole-time Directors/Chief Executive Officer
 - o Risk, Operations & Support Staff
 - o Other categories of Staff
- Compensation structure broadly divided into Fixed, Variable and ESOPs
 - o Fixed Pay – Total cost to the Company i.e. Salary, Retirals and Other Benefits.
 - o Variable Pay – Linked to assessment of performance and potential based on Balanced Key Result Areas (KRAs), Standards of Performance and achievement of targets with overall linkage to Bank budgets and business objectives. The main form of incentive compensation includes – Cash, Deferred Cash/Incentive Plan and Stock Appreciation Rights.
 - o ESOPs – Granted on a discretionary basis to employee based on their performance and potential with the objective of retaining the employee.
- Compensation Composition – The ratio of Variable Pay to Fixed Pay and the ratio of Cash v/s Non Cash within Variable pay outlined for each category of employee classification.
- Any variation in the Policy to be with approval of the Nomination & Remuneration Committee.
- Malus and Clawback clauses applicable on Deferred Variable Pay.

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

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

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

Number of Board Meetings

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

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

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

Name	Title	Ratio	Ratio excluding SARs
Mr. Paritosh Kashyap	Managing Director & CEO	13.68x	10.41x

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

Name	Title	% increase in remuneration	% increase in remuneration excluding SARs
Mr. Paritosh Kashyap	Managing Director & CEO	7.26	8.45
Mr. Jignesh Dave	CS & Sr. VP - Legal	17.98	17.94

*Refer Note 1

3. Percentage increase in the median remuneration of employees in the financial year:
42.53% considering employees who were in employment for the whole of FY 2016-17 and FY 2017-18.
4. Number of permanent employees on the rolls of Company at the end of the year: 89
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
For employees other than managerial personnel who were in employment for the whole of FY 2016-17 and FY 2017-18 the average increase is 24.28% and 23.95% excluding SARs.
Average increase for managerial personnel is 9.33% and 10.72% excluding SARs.
6. **Affirmation that the remuneration is as per the remuneration policy of the Bank:**
The Company is in compliance with its Remuneration Policy.

Notes:

- 1) Mr. Pankaj Gupta resigned as a Chief Financial Officer w.e.f. 26th September, 2017 and Mr. Chandrahas Kuckian was appointed as a Chief Financial Officer w.e.f. 26th September, 2017. Details of their increase in remuneration are not given since they were employed only for part of FY 2017-18.
- 2) The Independent Directors of the Company receive remuneration in the form of sitting fees for attending the Board/Committee meetings and in the form of an annual profit based commission.
- 3) Remuneration includes Fixed pay + Variable paid during the year + perquisite value as calculated under the Income Tax Act, 1961. However, it does not include value of Stock Options.
- 4) Stock Appreciation Rights (SARs) are awarded as variable pay. These are settled in cash and are linked to the average market price/closing market price of the stock of Kotak Mahindra Bank Ltd. on specified value dates. Cash paid out during the year is included for the purposes of remuneration.

COMMITTEES

Audit Committee

The Audit Committee was re-constituted with effect from 1st April, 2018 and presently consists of three members, Ms. Padmini Khare Kaicker (Chairperson), Mr. Chandrashekhar Sathe and Mr. Arvind Kathpalia, with any two members forming the quorum.

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

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was re-constituted with effect from 1st April, 2018 and consists of three members, Mr. Chandrashekhar Sathe (Chairman), Mr. Arvind Kathpalia and Mr. K.V.S. Manian, with any two forming the quorum.

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

Nomination & Remuneration Committee

The Nomination & Remuneration Committee was re-constituted with effect from 1st April, 2018 and presently consists of three members, Mr. Arvind Kathpalia (Chairman), Ms. Padmini Khare Kaicker and Mr. Chandrashekhar Sathe, with any two forming the quorum.

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

Credit Committee of the Board

The Credit Committee of the Board was re-constituted with effect from 1st April, 2018. It comprises of Mr. Arvind Kathpalia and Mr. K.V.S. Manian. The Committee considers the credit proposals upto a limit specified by the Board.

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

Risk Management Committee (RMC)

RMC Board - Tier II, a supervisory Committee reviews the adequacy of the risk management process and up-gradation thereof. RMC Board Tier-II was re-constituted on 1st April, 2018 and presently consists of Mr. Arvind Kathpalia, Mr. K.V.S. Manian and Mr. Paritosh Kashyap. The quorum comprises of any two members.

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

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013, your Company has appointed Ms. Rupal D. Jhaveri, a Company Secretary in Practice, as its Secretarial Auditor. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed to this Report. Your Company is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for FY 2017-18.

AUDITORS

In terms of Section 139 of the Companies Act, 2013, Price Waterhouse Chartered Accountants LLP (Firm Registration no. 012754N/N500016) were appointed as statutory auditors of the Company for a period of 5 years commencing from the conclusion of Twenty Ninth AGM till the conclusion of the Thirty Fourth AGM, subject to ratification by shareholders every year, as may be applicable. However, pursuant to Section 40 of the Companies (Amendment) Act, 2017 (i.e. Section 139 of the Companies Act, 2013) which was notified with effect from 7th May, 2018, ratification of the appointment of the statutory auditors by the members at every annual general meeting is no longer required. Accordingly, ratification resolution is not being taken up at the ensuing Annual General Meeting of the Company.

INTERNAL FINANCIAL CONTROLS

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

CONSOLIDATED FINANCIAL STATEMENTS

The audited Consolidated Financial Statements of the Company for FY 2017-18 forms a part of this Annual Report.

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 Note 33 of Notes to Accounts of the Consolidated financial statements and Note 36 of Notes to Accounts of the Standalone financial statements of your Company.

The Company's Policy on dealing with Related Party Transactions is available on the Company's website viz. [URL: http://www.kmil.co.in/policies.html](http://www.kmil.co.in/policies.html)

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

WHISTLE BLOWER POLICY & VIGIL MECHANISM

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

The same is also put up on the Company's website viz. [URL: http://www.kmil.co.in/policies.html](http://www.kmil.co.in/policies.html)

CORPORATE SOCIAL RESPONSIBILITY

Your Company has constituted a Board Corporate Social Responsibility Committee (CSR Committee). The CSR Committee presently consists of Mr. Chandrashekhhar Sathe (Chairman), Mr. Arvind Kathpalia and Mr. K.V.S. Manian.

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

- a. Education
- b. Vocational skills and livelihood
- c. Preventive healthcare and sanitation
- d. Reducing inequalities faced by socially and economically backward groups
- e. Sustainable development
- f. Relief and rehabilitation
- g. Clean India
- h. Sports

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

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

The average net profit u/s 198 of the Company for the last three financial years preceding 31st March, 2018 is ₹ 218.94 crore.

The prescribed CSR expenditure required u/s 135, of the Act for FY 2017-18 is ₹ 437.87 lakh.

The CSR expenditure incurred for the period 1st April, 2017 to 31st March, 2018 under Section 135 of Companies Act, 2013 amounts to ₹ 40 lakh as against ₹ 30 lakh CSR spend in the financial year 2016-17. The unspent amount for FY 2017-18 is ₹ 397.87 lakh.

CSR expenditure of ₹ 40 lakh in FY 2017-18 as a percentage of average net profit u/s 198 of the Company at ₹ 218.94 lakh is 0.18%.

Your Company has been spending CSR budgets on sectors and programmes, which have been approved by the Board CSR Committee and the Board. Your Company's CSR spending is guided by the vision of creating long-term benefit to the society. Your Company is building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years. Your Company identifies suitable NGO partners for carrying out its CSR programmes and undertakes CSR programmes that are scalable, sustainable and have the potential to be replicated across locations and create a sustainable and measurable impact in the communities that it is working with. Most of the CSR programmes are - in sectors such as education, health, livelihood and environmental to name a few, designed for medium to long term period and the full implementation of the programmes takes several years. Further, the CSR footprint – both sectorally and geographically, and expenditure have been consistently increasing over the years and the Company is committed to stepping-up its CSR programmes and expenditure in the years ahead. In FY 2016-17, your Company's CSR spend was ₹ 30 lakh, in FY 2015-16 it was ₹ 25 lakh. In FY 2017-18, the CSR expenditure was ₹40 lakh. Your Company does not consider "administrative overheads" as a part of its CSR spends.

The details of CSR activities and spends under Section 135 of the Companies Act, 2013 for FY 2017-18, are annexed to this report.

RISK MANAGEMENT POLICY

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

EMPLOYEES

The employee strength of your Company was Eighty Nine (89) as of 31st March, 2018.

7 employees employed throughout the year and 4 employees employed for part of the year were in receipt of remuneration of ₹1.02 crore or more per annum.

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

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

DEPOSITS

The Company did not accept any deposits from the public during the year. Also, there are no deposits due and outstanding as on 31st March, 2018.

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the financial year ended 31st March, 2018;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ANNEXURES

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

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Uday Kotak
Chairman

Place: Mumbai

Date: 14th May, 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	U65900MH1988PLC047986
ii) Registration Date	5 th July 1988
iii) Name of the Company	Kotak Mahindra Investments Ltd.
iv) Category/Sub-Category of the Company	Non Banking Financial Company
v) Address of the Registered office and contact details	27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Tel No. : (022) 61660001 Fax No.: (022) 67132403
vi) Whether listed Company (Yes/No)	Yes (Only non-convertible debentures are listed under the debt market segment)
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg Bhandup (West) Mumbai - 400078 Tel : (022) 25946970

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the company
1	Other Credit granting	64920	97%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Holding Company					
1	Kotak Mahindra Bank Ltd. 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051	L65110MH1985PLC038137	Holding	100.00	2(87)
Associate Companies					
2	Phoenix ARC Pvt. Ltd. 5 th Floor, Dani Corporate Park, 158, CST Road, Kalina, Santacruz (E), Mumbai - 400098	U67190MH2007PTC168303	Associate	30.00	2(6)
3	Matrix Business Services India Private Limited Shree Mahamadhi Towers, New No. 17, Arulambal Street, T. Nagar, Chennai - 600017	U74140TN2003PTC051482	Associate	19.77	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			% of total shares	No. of shares held at the end of the year			% of total shares	% Change during the year
	Demat	Physical	Total		Demat	Physical	Total		
A. Promoters									
1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks/FI	- 5,168,033	5,168,033	100.00	-	5,622,578	5,622,578	100.00	0.00	
f) Any Other	-	-	-	-	-	-	-	-	-
Sub total (A) (1)	- 5,168,033	5,168,033	100.00	-	5,622,578	5,622,578	100.00	0.00	

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	
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-
Overseas Bodies Corporate	-	-	-	-	-	-	-	-
Foreign Bank	-	-	-	-	-	-	-	-
Foreign Bodies	-	-	-	-	-	-	-	-
Foreign Bodies-DR	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-
HUF	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-
Sub-total(B)(2):-	0	0	0	0.00	0	0	0	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	- 5,168,033	5,168,033	100.00		- 5,622,578	5,622,578	100.00	

(ii) Shareholding of Promoters

Sl. 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 LTD.	5,167,913	100.00	0.00	5,622,458	100.00	0.00	0.00
2	NOMINEES OF KOTAK MAHINDRA BANK LTD. (JOINTLY HOLDING WITH KOTAK MAHINDRA BANK LTD.)							
	Mr. C Jayaram	10	0.00	0.00	10	0.00	0.00	0.00
	Mr. Narayan S.A	10	0.00	0.00	10	0.00	0.00	0.00

Sl. 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	
	Mr. K.V.S. Manian	20	0.00	0.00	20	0.00	0.00	0.00
	Mr. Dipak Gupta	20	0.00	0.00	20	0.00	0.00	0.00
	Ms. Shanti Ekambaram	20	0.00	0.00	20	0.00	0.00	0.00
	Mr. Gaurang Shah	10	0.00	0.00	10	0.00	0.00	0.00
	Mr. Jaimin Bhatt	20	0.00	0.00	20	0.00	0.00	0.00
	Mr. T.V. Raghunath	10	0.00	0.00	10	0.00	0.00	0.00
	Total	5,168,033	100.00	0.00	5,622,578	100.00	0.00	0.00

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

Sl. No		No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company
	At the beginning of the year	5,168,033	100.00	5,168,033	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.):				
1	KOTAK MAHINDRA BANK LIMITED Rights Issue - Allotment on 27 th February 2018	454,545		454,545	
	At the End of the year	5,622,578	100.00	5,622,578	100.00

(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		Increase/Decrease in Shareholding during the Year			Date of change	Cumulative Shareholding during the year	
		No. of share	% of total shares of the company	No. of shares Decrease	No. of shares Increase	Reason		No. of shares	% of total shares of the company
NIL									

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the Year			Date of change	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares Decrease	No. of shares Increase	Reason		No. of shares	% of total shares of the company
DIRECTORS									
(Holding shares as nominee of Kotak Mahindra Bank Ltd. jointly with Kotak Mahindra Bank Ltd.)									
1	Dipak Gupta	20	0.00	-	-	-	31-03-2017	20	0.00
							31-03-2018	20	0.00
2	K.V.S. Manian	20	0.00	-	-	-	31-03-2017	20	0.00
							31-03-2018	20	0.00
KEY MANAGERIAL PERSONNEL					NIL				

V. INDEBTEDNESS

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

(₹ in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits (Inter Corporate Deposits)	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	207,370.19	392,060.37	46,475.00	645,905.56
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,371.20	9,477.76	1,113.04	20,962.00
Total (i+ii+iii)	217,741.39	401,538.13	47,588.04	666,867.56
Change in Indebtedness during the financial year				
- Additions	101,048.57	919,651.20	334,215.00	1,354,914.76
- Reduction	118,858.27	877,025.27	290,190.00	1,286,073.54
Net Change	-17,809.70	42,625.93	44,025.00	68,841.23
Indebtedness at the end of the financial year				
i) Principal Amount	189,560.49	434,686.30	90,500.00	714,746.78
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9,526.16	11,291.44	2,549.85	23,367.45
Total (i+ii+iii)	199,086.64	445,977.74	93,049.85	738,114.23

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakh)

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager	
		Mr. Paritosh Kashyap (MD & CEO)	Total Amount
1	Gross salary *		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	262.40	262.40
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 @	118.79	118.79
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-

(₹ in Lakh)

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager	
		Mr. Paritosh Kashyap (MD & CEO)	Total Amount
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)		381.19	381.19
Ceiling as per the Act **			

Notes:

@ The perquisite value towards stock options includes the difference between exercise price & market price on the date of exercise. The same amounting to ₹ 118.39 lakh for Mr. Paritosh Kashyap is not paid by the Company.

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

** Remuneration payable to the Managing Director shall not exceed 5% of the net profit of the Company.

B. Remuneration to other directors

(₹ in Lakh)

Sl. No	Particulars of Remuneration	Name of the Directors		Total Amount in ₹
		Mr. Chandrashekhar Sathe	Ms. Padmini Khare Kaicker	
Independent Directors				
1	Fee for attending board / committee meetings	5.60	4.40	10.00
	Commission **	3.00	3.00	6.00
	Others, please specify			
Total (1)		8.60	7.40	16.00
2	Other Non-Executive Directors	NIL		
	Fee for attending board / committee meetings			
	Commission			
	Others - Remuneration			
Total (2)				
Total (B)=(1+2)				16.00
Total Managerial Remuneration				
Overall Ceiling as per the Act *				

Notes:

* Remuneration payable shall not exceed 1% of the net profit of the Company

** Commission pertaining to FY 2016-17 paid during FY 2017-18

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

(₹ in Lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Jignesh Dave, CS & Sr. VP - Legal	Mr. Pankaj Gupta, CFO **	Mr. Chandrahas Kuckian, CFO **	
1	Gross salary *				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	68.76	19.47	25.17	113.40
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.71	-	1.03
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	69.08	20.18	25.17	114.43

Notes:

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

**Mr. Pankaj Gupta resigned as a CFO w.e.f. 26th September 2017 and Mr. Chandrahas Kuckian was appointed as a CFO w.e.f. 26th September 2017.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

FORM MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018**

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

To,

The Members,

KOTAK MAHINDRA INVESTMENTS LIMITED

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Kotak Mahindra Investments Limited** for the financial year ended on 31st March, 2018, according to the provisions of, as may be applicable:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
4. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings;
5. The laws prescribed under Securities and Exchange Board of India Act, 1992 to the extent applicable:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

6. Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFC's;
7. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
8. Prevention of Money Laundering Act, 2002 and the rules thereunder.

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

- (i) Secretarial Standards issued pursuant to section 118(10) of the Act, by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the above 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 two associate companies namely - **Phoenix ARC Private Limited** and **Matrix Business Services (India) Private Limited**. However, the Company did not consolidate its accounts for FY17 pursuant to the provisions of Section 129(3) of the Companies Act, 2013 since they were not considered material and consolidation pursuant to materiality under Accounting Standards did not require the same.*

Further, the requirement of attaching along with its financial statement, a separate statement containing salient features of the financial statement of its associate companies is pursuant to first proviso of Sub- Section (3) of Section 129 of the Companies Act, 2013 and hence, in the opinion of the Company for FY17 the same was not required to be attached with the financial statements.

I further report that

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

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

Decisions at the meetings of the Board of Directors of the Company were carried out unanimously. There were no dissenting views by any member of the Board of Directors during the period under review.

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

I further report that during the audit period:

1. A Special Resolution was passed at the Annual General Meeting of the Company held on 12th June, 2017 by the members pursuant to Section 42 of the Companies Act, 2013 for approving private placement of Unsecured Non-Convertible Debentures on a preferential basis.
2. A Special Resolution was passed at the Extra- Ordinary General Meeting of the Company held on 28th December

2017 by the members pursuant to Section 14 of the Companies Act, 2013 for amending the Articles of Association of the Company.

3. A Special Resolution was passed at the Extra- Ordinary General Meeting of the Company held on 28th February, 2018 by the members pursuant to Section 180(1)(c) of the Companies Act, 2013 for approving borrowing limits of the Company for a sum not exceeding Rs. 10,000 crore.

Place: Mumbai
Date: 8th May, 2018

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

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

Annexure A

To,
The Members,

KOTAK MAHINDRA INVESTMENTS LIMITED

My 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. My responsibility is to express an opinion on these secretarial records based on the audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I 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. My 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: 8th May, 2018

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

DETAILS OF CSR ACTIVITIES AND SPENDS

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 from FY 2014-15 upto reporting period	Amount spent through implementing agency	
									(Amount in ₹)
1	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. The 'Mid-day Meal' programme catering to approximately 8293 students from 17 partner schools, provides nutritious meal to pre-primary, 9 th std and 10 th std school children who are excluded from Government's mid-day-meal programme. KEF has partnered with 44 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 40,636 beneficiaries. Livelihood training is provided at 6 centres spread across the poorest neighbourhoods of the city. In 2017-18, 1371 aspirants were trained and several of them were placed at an average monthly salary of ₹ 10,000/-	Promoting Education & Livelihood	Mumbai	4,000,000.00	3,263,000.00	643,000.00	10,500,000.00	4,000,000.00	
					(Out of this, Implemented through the Kotak Education Foundation has not utilised ₹ 91,000/- Foundation- KEF This will be used towards meeting expenses for FY 2018-19)				
TOTAL CSR SPEND U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2017-18								4,000,000.00	

The CSR Committee of the Board confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Paritosh Kashyap
Managing Director & CEO

Chandrashekhkar Sathe
Chairman - CSR Committee

INDEPENDENT AUDITORS' REPORT

To

The Members of

KOTAK MAHINDRA INVESTMENTS LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of Kotak Mahindra Investments 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 STANDALONE 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 standalone 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 standalone 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 standalone financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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.

OTHER MATTER

9. The financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated April 18, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. 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.
11. 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 standalone 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 made a provision as at March 31, 2018, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts - Note 19 to the financial statements. 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 Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Annexure A

TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Kotak Mahindra Investments Limited on the standalone 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 Mahindra Investments Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone 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, 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 Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

Mumbai
April 27, 2018

Sharad Vasant

Partner

Membership Number: 101119

Annexure B

TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Kotak Mahindra Investments Limited on the standalone 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 title deeds of immovable properties, as disclosed in Note 12A on fixed assets to the financial statements, are held in the name of 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 is a Non-Banking Finance Company registered with the Reserve Bank of India and engaged in the business of financing. Accordingly, the provisions of Section 185 is not applicable to the Company.

According to the information and explanations given to us, the Company has complied with the provisions of Section 186(1) of the Companies Act, 2013 in respect of the investments made. The other provisions of Section 186 are not applicable to the Company.

- 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, goods and service 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 as at March 31, 2018 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
Income Tax Act, 1961	Final Assessment order	32	April 1, 2013 to March 31, 2014	Commissioner of Income Tax (Appeals)

- 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 Section 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 required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non Banking financial institution.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

Mumbai
April 27, 2018

Sharad Vasant

Partner

Membership Number: 101119

Balance Sheet

as at 31st March 2018

	Note No.	As at 31 March 2018 ₹ in lakhs	As at 31 March 2017 ₹ in lakhs
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	(3)	562.26	516.80
(b) Reserves and Surplus	(4)	137,689.59	103,237.89
2. Non-current Liabilities			
(a) Long-Term Borrowings	(5)	85,704.46	121,753.38
(b) Other Long Term Liabilities	(6)	67.90	1,272.37
(c) Long-Term Provisions	(7)	1,234.54	1,042.04
3. Current Liabilities			
(a) Short-Term Borrowings	(8)	548,712.45	428,792.99
(b) Trade Payables	(9)		
(A) total outstanding dues of micro enterprises and small enterprises and		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		1,089.45	356.73
(c) Other Current Liabilities	(10)	104,314.96	115,503.76
(d) Short-Term Provisions	(11)	3,863.68	2,972.43
TOTAL		883,239.29	775,448.39
ASSETS			
1. Non-Current Assets			
(a) Property, Plant and Equipment	(12A)	74.80	141.30
(b) Intangible Assets	(12B)	21.11	6.60
(c) Non-Current Investments	(13)	9,778.80	22,901.66
(d) Deferred Tax Assets (net)	(30)	1,297.70	1,014.19
(e) Long-Term Loans and Advances	(14)	219,168.04	205,971.37
(f) Other non-current assets	(15)	114.78	2,136.21
2. Current Assets			
(a) Current Investments	(16)	68,413.00	44,012.56
(b) Trade Receivables	(17)	1,481.24	0.55
(c) Cash and Bank Balances	(18)	36,055.00	31,814.51
(d) Short-Term Loans and Advances	(19)	538,045.79	463,661.89
(e) Other current assets	(20)	8,789.03	3,787.55
TOTAL		883,239.29	775,448.39
Summary of significant accounting policies	2		

The accompanying notes forming part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership No. 101119

K.V.S Manian

Director

Paritosh Kashyap

Managing Director & CEO

Place : Mumbai

Dated : 27th April, 2018

Chandahas Kuckian

Chief Financial Officer

Jignesh Dave

Company Secretary

Statement of Profit and Loss

for the year ended 31st March 2018

	Note No.	For the year ended	For the year ended
		31 st March 2018	31 st March 2017
		₹ in lakhs	₹ in lakhs
REVENUE			
Revenue from Operations	(21)	80,008.27	68,596.43
Other Income	(22)	11,352.45	7,573.39
TOTAL REVENUE		91,360.72	76,169.82
EXPENSES			
Employee Benefits Expense	(23)	2,640.10	2,528.12
Interest and Finance Costs	(24)	49,137.37	41,404.62
Depreciation and Amortisation expense	(12A and 12B)	70.57	84.36
Other Expenses	(25)	2,848.35	3,141.54
TOTAL EXPENSES		54,696.39	47,158.64
Profit before Tax		36,664.33	29,011.18
Tax Expense :			
Current Tax			
- Pertaining to profit for the current year		(12,450.69)	(9,738.87)
- Adjustment of tax relating to earlier periods (net)		-	74.71
Deferred Tax		283.52	295.87
Profit after Tax		24,497.16	19,642.89
Earning per Share on Equity Shares of ₹10 each			
- Basic and Diluted (in ₹) - (Refer Note no. 32)		470.27	380.08
Summary of significant accounting policies	2		

The accompanying notes forming part of the financial statements

As per our attached report of even date

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership No. 101119

Place : Mumbai

Dated : 27th April, 2018

For and on behalf of the Board of Directors

K.V.S Manian

Director

Paritosh Kashyap

Managing Director & CEO

Chandrabhas Kuckian

Chief Financial Officer

Jignesh Dave

Company Secretary

Cash Flow Statement

for the year ended 31st March 2018

Particulars	For the year ended 31 st March 2018		For the year ended 31 st March 2017	
	Amount (₹. in lakhs)	Amount (₹ in lakhs)	Amount (₹ in lakhs)	Amount (₹ in lakhs)
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation and extraordinary items	36,664.33		29,011.18	
Adjustments for :				
Depreciation	70.57		84.36	
Profit on Long Term Investments	(4,740.87)		(2,651.03)	
Interest on Long Term Investments	(943.46)		(3,786.36)	
Interest on Current Investments	(2,168.70)		(104.37)	
Profit on Current Investments	(3,269.64)		(737.27)	
Discount Income on certificate of deposits	-		(55.16)	
Discount accreted on Corporate Bond Repo	-		(1.63)	
Dividend on Long Term Investments	(0.02)		(25.85)	
Profit on Sale of Property, Plant and Equipment	(9.09)		(4.49)	
Provision for standard assets	687.16		978.04	
Provision written back for doubtful receivables, loans and advances	(26.87)		226.63	
Provision for Diminution in Investments	-		2.63	
Operating Profit before Working Capital Changes	26,263.41		22,936.68	
(Increase) / Decrease in Loans and Advances	(87,365.30)		(223,202.09)	
(Increase) / Decrease in Trade Receivables	(1,480.69)		339.22	
(Increase) / Decrease in Other Non-Current Assets	(111.58)		786.81	
(Increase) / Decrease in Other Current Assets	(2,204.79)		11,005.86	
Increase / (Decrease) in Current Liabilities	3,082.92		349.78	
Increase / (Decrease) in Trade Payables	732.71		56.39	
Increase / (Decrease) in Other Long Term Liabilities	(1,204.47)		1.14	
Increase / (Decrease) in Provisions	6.48		14.27	
Cash used in Operations	(62,281.31)		(187,711.94)	
Income Taxes paid	(12,249.00)		(9,687.21)	
Cash Flows used in Operating Activities (A)		(74,530.31)		(197,399.15)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	(68,304.37)		(2,385,388.35)	
Sale of Investments	65,037.31		2,374,076.95	
Dividend on Long Term Investments	0.02		25.85	
Interest on Long Term Investments	2,468.29		1,880.24	
Purchase of Property, Plant and Equipment	(29.47)		(64.09)	
Sale of Property, Plant and Equipment	19.97		5.46	
Cash Flows used in Investing Activities (B)		(808.25)		(9,463.94)

Particulars	For the year ended 31 st March 2018		For the year ended 31 st March 2017	
	Amount (₹. in lakhs)	Amount (₹ in lakhs)	Amount (₹ in lakhs)	Amount (₹ in lakhs)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Equity Share Capital	9,999.99		-	
Increase / (Decrease) in Secured Loans	(18,864.54)		48,404.35	
Increase / (Decrease) in Unsecured Loans	88,463.38		169,433.13	
Cash Flows from Financing Activities (C)		79,598.83		217,837.48
Net Increase In Cash & Cash Equivalents (A + B + C)		4,260.27		10,974.39
Cash & Cash Equivalents At The Beginning Of The Year		21,455.22		10,480.83
Cash & Cash Equivalents At The End Of The Year		25,715.48		21,455.22

Notes :

- | | | |
|---|------------------|------------------|
| 1. Cash and cash equivalents include : | | |
| Bank Balances | 25,715.48 | 5,045.22 |
| Fixed Deposits with original maturity of less than 3 months | - | 16,410.00 |
| Total cash and cash equivalents | 25,715.48 | 21,455.22 |
- The Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - The previous year's figures have been re-grouped, wherever necessary in order to conform to this year's presentation.

As per our attached report of even date

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership No. 101119

Place : Mumbai

Dated : 27th April, 2018

For and on behalf of the Board of Directors

K.V.S Manian

Director

Chandrabhas Kuckian

Chief Financial Officer

Paritosh Kashyap

Managing Director & CEO

Jignesh Dave

Company Secretary

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

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

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

B. USE OF ESTIMATES

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

C. REVENUE RECOGNITION

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

D. PROPERTY, PLANT AND EQUIPMENT

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

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end. Estimated useful lives over which assets are depreciated are as follows:

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

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

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

E. INTANGIBLE ASSETS

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

Asset Type	Useful life in years
Software and System Development	3

F. INVESTMENTS

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

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

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

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

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

G. DISCOUNTED INSTRUMENTS

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

H. BORROWING COST

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

I. TAXES ON INCOME

The Income Tax expense comprises Current tax and Deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income tax Act, 1961. Deferred tax adjustments comprises of changes in the deferred tax assets and liabilities. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on account of timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted before the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the statement of profit and loss in the period of change. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writesdown the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realised.

J. EMPLOYEE BENEFITS

- a. Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to the statement of profit and loss when due.
- b. The Company contributes up to 10% of eligible employees salary per annum, to the New Pension Fund administered by a Pension Fund Regulatory and Development Authority (PFRDA) appointed pension fund manager. The Company recognizes such contributions as an expense in the year when an employee renders the related service.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

- c. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Company accounts for liability for future gratuity benefits based on actuarial valuation. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.
- d. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.
- e. The amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service. These benefits include performance incentives.
- f. The Company accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.
- g. As per the Company policy, employees of the Company are eligible for an award after completion of a specified number of years of service with the Company. The obligation is measured at the Balance Sheet date on the basis of an actuarial valuation using the projected unit credit method conducted by actuary of Life Insurance of fellow subsidiary.

K. EMPLOYEE SHARE BASED PAYMENTS

Cash-settled scheme:

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

L. ADVANCES

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

M. SEGMENTAL ACCOUNTING

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

N. EARNINGS PER SHARE

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

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

O. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

P. LEASES

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

Q. IMPAIRMENT OF ASSETS

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 3 - SHARE CAPITAL		
Authorised		
5,80,00,000 (Previous year 5,80,00,000) Equity Shares of ₹ 10/- each	5,800.00	5,800.00
1,200 (Previous year 1,200) Non Cumulative Redeemable Preference Shares of ₹ 1,00,000/- each	1,200.00	1,200.00
Total	7,000.00	7,000.00
Issued, Subscribed and Fully Paid up		
56,22,578 (Previous year 51,68,033) Equity Shares of ₹ 10/- each	562.26	516.80
Total	562.26	516.80

Reconciliation of number of Shares and Equity Share Capital

Particulars	31 st March 2018		31 st March 2017	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Outstanding at the beginning of the year	5,168,033	516.80	5,168,033	516.80
Add : Issued during the year	454,545	45.46	-	-
Outstanding at the end of the year	5,622,578	562.26	5,168,033	516.80

Terms/Rights attached to Equity Shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend

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

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

Kotak Mahindra Bank Limited, the holding company, holds 56,22,578 (Previous year 51,68,033) equity shares of ₹ 10/- each

Shareholders holding more than 5% of Equity Share Capital

Name of Shareholder	31 st March 2018		31 st March 2017	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Kotak Mahindra Bank Ltd. and its nominees	5,622,578	100%	5,168,033	100%
	5,622,578	100%	5,168,033	100%

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 4 - RESERVES AND SURPLUS		
Capital Redemption Reserve		
Balance as at the beginning and end of the year	1,003.85	1,003.85
Securities Premium Account		
Balance as at the beginning of the year	23,591.22	23,591.22
Add: Received during the year on account of issuance of equity shares	9,954.54	-
Balance as at the end of the year	33,545.76	23,591.22
General Reserve		
Balance as at the beginning and end of the year	431.10	431.10
Special Reserve		
Under Section 45 IC of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	15,250.20	11,320.20
Add: Transferred from Statement of Profit and Loss	4,900.00	3,930.00
Balance as at the end of the year	20,150.20	15,250.20
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	62,961.52	47,248.63
Add : Profit for the current year	24,497.16	19,642.89
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	4,900.00	3,930.00
Balance as at the end of the year	82,558.68	62,961.52
Total	137,689.59	103,237.89

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 5 -LONG TERM BORROWINGS		
Secured		
5,610 (Previous Year 6,040) Redeemable Non-Convertible Debentures fully paid, privately placed	56,100.00	60,400.00
720 (Previous Year 3,280) Deep Discount Non-Convertible Debentures privately placed	7,200.00	32,800.00
Less : Unamortised Discount on Debentures	95.54	3,696.62
	7,104.46	29,103.38
Unsecured		
2,000 (Previous Year 2,000) Redeemable Non-Convertible Subordinated Debt Bonds in form of Debentures fully paid, privately placed	20,000.00	20,000.00
Intercompany Deposits	2,500.00	12,250.00
Total	85,704.46	121,753.38

Note (i)

The Debentures are redeemable at par / premium. The Non-Convertible Debentures and Deep Discount Debentures are secured by way of a first and pari passu mortgage in favour of the Debenture Trustee on the Company's immovable property of ₹ 10.26 lakhs (gross value) and further secured by way of hypothecation / mortgage of charged assets such as receivables arising out of loan, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares)

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Interest and Re-payment terms of Long term borrowings -

	₹ in lakhs			₹ in lakhs		
	As at 31 st March 2018			As at 31 st March, 2017		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
1) Non Convertible Debentures						
Residual Maturity, Fixed Interest Rate; Repayable at Maturity Debentures						
Jan-20	7.99%	20,000.00	20,000.00	-	-	-
Apr-19	7.90%	4,000.00	4,000.00	-	-	-
Jul-19	7.71%	3,100.00	3,100.00	-	-	-
Oct-19	7.59%	29,000.00	29,000.00	-	-	-
Feb-19	-	-	-	7.99%	20,000.00	20,000.00
Sep-18	-	-	-	7.80%	10,000.00	10,000.00
Jun-18	-	-	-	8.73%	17,900.00	17,900.00
Jun-18	-	-	-	7.65%	10,000.00	10,000.00
May-18	-	-	-	8.63%	2,500.00	2,500.00
		56,100.00	56,100.00		60,400.00	60,400.00
2) Deep Discount Debentures						
Residual Maturity, Fixed Interest Rate; Repayable at Maturity						
Jun-21	8.60%	713.53	910.00	8.60%	651.87	909.99
Aug-20	7.95%	1,085.80	1,290.00	7.95%	998.82	1,289.99
May-19	7.85%	5,305.13	5,000.00	-	-	-
Nov-18	-	-	-	7.96%	10,363.67	11,699.90
Aug-18	-	-	-	8.03%	6,769.73	7,499.94
Jul-18	-	-	-	7.96%	10,319.29	11,400.18
		7,104.46	7,200.00		29,103.38	32,800.00
3) Non Convertible Debentures - Subordinated Debts						
Residual Maturity, Fixed Interest Rate; Repayable at Maturity						
Mar-27	8.55%	10,000.00	10,000.00	8.55%	10,000.00	10,000.00
Dec-26	8.35%	5,000.00	5,000.00	8.35%	5,000.00	5,000.00
Dec-25	9%	5,000.00	5,000.00	9%	5,000.00	5,000.00
		20,000.00	20,000.00		20,000.00	20,000.00
4) Intercorporate Deposits						
Nov 19	7.65%	2,500.00	2,500.00	-	-	-
Apr 20	-	-	-	6.75%	10,700.00	10,700.00
Mar 19	-	-	-	6.75%	1,550.00	1,550.00
		2,500.00	2,500.00		12,250.00	12,250.00
Total		85,704.46	85,800.00		121,753.38	125,450.00

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 6 - OTHER LONG TERM LIABILITIES		
Others		
Interest accrued but not due on borrowings	67.90	1,272.37
Total	67.90	1,272.37

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 7 - LONG TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity	135.60	130.82
Provision for Accumulated Compensated Absences	58.70	88.60
Provision for Stock Appreciation Rights	38.81	52.85
Provision for Long Service Awards	4.46	5.14
Provision- Others		
Contingent Provisions against Standard Assets	996.97	764.64
Total	1,234.54	1,042.04

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 8 -SHORT TERM BORROWINGS		
Secured		
Loan repayable on demand		
- Overdraft facility from Bank	34,981.08	22,000.00
Unsecured		
Commercial Paper	439,500.00	393,685.00
Less : Unamortised Discount	13,768.63	12,392.01
	425,731.37	381,292.99
Intercompany Deposits	88,000.00	25,500.00
Total	548,712.45	428,792.99

Note (i)

The Overdraft facilities are secured by way of First, pari pasu, non exclusive charge on receivables, book debts, current assets and investments of company in favour of the Trustees.

Commercial Paper and InterCompany Deposits are unsecured

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Interest and Re-payment terms of Long term borrowings -

	₹ in lakhs			₹ in lakhs		
	As at 31 st March 2018			As at 31 st March, 2017		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Loans from Banks						
Residual Maturity,						
Cash credit						
0-1 year	MCLR + spread upto 50 basis point	34,981.08	34,981.08	MCLR + spread upto 50 basis point	22,000.00	22,000.00
		34,981.08	34,981.08		22,000.00	22,000.00
Commercial Paper						
Mar-19	7.80%	2,322.08	2,500.00	-	-	-
Feb-19	8.10% to 8.20%	41,542.29	44,500.00	-	-	-
Jan-19	7.7% to 8.10%	52,249.29	55,500.00	-	-	-
Dec-18	7.70% to 7.90%	13,732.52	14,500.00	-	-	-
Oct-18	7.23% to 7.95%	27,416.93	28,500.00	-	-	-
Sep-18	7.05% to 7.95%	44,483.00	46,000.00	-	-	-
Aug-18	7.00% to 8.00%	58,457.72	60,000.00	-	-	-
Jul-18	7.00% to 7.90%	59,728.65	61,000.00	-	-	-
Jun-18	6.98% to 7.65%	42,881.77	43,500.00	-	-	-
May-18	7.01% to 7.60%	51,018.19	51,500.00	-	-	-
Apr-18	7.12% to 7.38%	31,898.93	32,000.00	-	-	-
Mar-18	-	-	-	7.30% to 7.60%	12,146.46	13,000.00
Feb-18	-	-	-	7.45% to 7.60%	26,770.23	28,500.00
Jan-18	-	-	-	7.25% to 7.60%	24,158.17	25,600.00
Dec-17	-	-	-	7.13% to 7.55%	38,484.05	40,500.00
Nov-17	-	-	-	6.83% to 7.90%	19,311.10	20,190.00
Oct-17	-	-	-	6.96% to 7.60%	39,623.29	41,120.00
Sep-17	-	-	-	7.35% to 7.90%	24,920.52	25,775.00
Aug-17	-	-	-	7.20% to 7.90%	42,190.36	43,400.00
Jul-17	-	-	-	7.30% to 8.40%	30,936.97	31,660.00
Jun-17	-	-	-	6.75% to 8.75%	30,948.89	31,500.00
May-17	-	-	-	6.75% to 8.59%	49,272.62	49,740.00
Apr-17	-	-	-	6.75% to 8.50%	42,530.33	42,700.00
		425,731.37	439,500.00		381,292.99	393,685.00

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	₹ in lakhs			₹ in lakhs		
	As at 31 st March 2018			As at 31 st March, 2017		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Loans from Banks						
Intercorporate Deposits						
Feb 19	8.15%	5,000.00	5,000.00	-	-	-
Jan 19	8.10%	500.00	500.00	-	-	-
Dec 18	7.81%	10,000.00	10,000.00	-	-	-
Nov 18	7.35%	500.00	500.00	-	-	-
Oct 18	7.45% to 7.85%	6,000.00	6,000.00	-	-	-
Sep 18	7.25% to 7.35%	14,000.00	14,000.00	-	-	-
May 18	7.25% to 7.35%	20,000.00	20,000.00	-	-	-
Apr 18	7.10% TO 7.35%	32,000.00	32,000.00	-	-	-
Oct 17	-	-	-	7.40%	1,000.00	1,000.00
Sep 17	-	-	-	7.25%	2,500.00	2,500.00
Aug 17	-	-	-	7.40%	1,500.00	1,500.00
Jul 17	-	-	-	7.30% to 8.40%	11,500.00	11,500.00
Jun 17	-	-	-	8.45% to 8.60%	6,000.00	6,000.00
May 17	-	-	-	6.75%	500.00	500.00
Apr 17	-	-	-	7.50% to 7.75%	2,500.00	2,500.00
		88,000.00	88,000.00		25,500.00	25,500.00
Total		548,712.45	562,481.08		428,792.99	441,185.00

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 9 -TRADE PAYABLES *		
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Trade Payables	951.40	165.19
Sundry Creditors	138.05	191.54
Total	1,089.45	356.73

* 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.

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 10 -OTHER CURRENT LIABILITIES		
Current maturities of long-term debt		
Secured Redeemable Non-Convertible Debentures fully paid, privately placed	65,400.00	53,350.00
Secured Deep Discount Non-Convertible Debentures privately placed	30,600.00	48,920.00
Less : Unamortised Discount on Debentures	959.51	1,682.80
	29,640.49	47,237.20
Intercorporate Deposits	-	8,725.00
Interest accrued but not due on borrowings	8,588.93	5,736.62
Income received in advance	0.60	5.52
Other Payables		
Employee Benefits Accrued	292.15	306.84
Statutory dues (including provident fund and tax deducted at source)	392.79	142.58
Total	104,314.96	115,503.76

Note (i)

The Debentures are redeemable at par / premium. The Non-Convertible Debentures and Deep Discount Debentures are secured by way of a first and pari passu mortgage in favour of the Debenture Trustee on the Company's immovable property of ₹ 10.26 lakhs (gross value) and further secured by way of hypothecation / mortgage of charged assets such as receivables arising out of loan, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares)

Interest and Re-payment terms of Long term borrowings (Current Maturities)

	₹ in lakhs			₹ in lakhs		
	As at 31 st March 2018			As at 31 st March, 2017		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Loans from Banks						
A) Non Convertible Debentures						
Fixed Interest Rate; Repayable at Maturity Secured Debentures						
Feb-19	8.63% - 8.73%	10,400.00	10,400.00	-	-	-
Sep-18	8.73%	6,000.00	6,000.00	-	-	-
Aug-18	8.73%	4,000.00	4,000.00	-	-	-
Jun-18	7.6487% - 7.99%	40,000.00	40,000.00	-	-	-
May-18	7.77%	5,000.00	5,000.00	-	-	-
Mar-18	-	-	-	8.06%	7,500.00	7,500.00
Jan-18	-	-	-	8.34%	2,500.00	2,500.00
Dec-17	-	-	-	8.67%	11,000.00	11,000.00

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	₹ in lakhs			₹ in lakhs		
	As at 31 st March 2018			As at 31 st March, 2017		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Loans from Banks						
Oct-17	-	-	-	8.64%	500.00	500.00
Sep-17	-	-	-	8.7% - 8.9%	7,500.00	7,500.00
Aug-17	-	-	-	8.70%	2,500.00	2,500.00
Jul-17	-	-	-	8.63% - 8.8592%	6,100.00	6,100.00
May-17	-	-	-	8.41% - 8.85%	3,500.00	3,500.00
Apr-17	-	-	-	8.70% - 8.86%	12,250.00	12,250.00
		65,400.00	65,400.00		53,350.00	53,350.00
B) Deep Discount Debentures						
Nov-18	8.03%	7,308.21	7,500.00	-	-	-
Aug-18	7.96%	11,194.61	11,700.00	-	-	-
Jul-18	7.96%	11,137.67	11,400.00	-	-	-
Feb 18	-	-	-	7.97% - 8%	10,305.76	11,000.00
Dec 17	-	-	-	7.50%	514.45	540.00
Oct 17	-	-	-	9.57%	3,384.29	3,530.00
Sep 17	-	-	-	8.61%	9,654.88	10,000.00
Jul -17	-	-	-	8.70%	14,604.32	15,000.00
May 17	-	-	-	8.72%	4,935.61	5,000.00
Apr 17	-	-	-	8.95%	3,837.89	3,850.00
		29,640.49	30,600.00		47,237.20	48,920.00
Total		95,040.49	96,000.00		100,587.20	102,270.00

Note (ii)

Inter Corporate Deposit

	₹ in lakhs			₹ in lakhs		
	As at 31 st March 2018			As at 31 st March, 2017		
	Interest Rate Range (%)	Balance Outstanding	Face value	Interest Rate Range (%)	Balance Outstanding	Face value
Loans from Banks						
Residual Maturity						
Fixed Interest Rate; Repayable at Maturity						
Feb-18	-	-	-	8.05-8.15	4,100.00	4,100.00
Jan-18	-	-	-	8.05	900.00	900.00
Apr-17	-	-	-	8.51-8.97%	3,725.00	3,725.00
		-	-		8,725.00	8,725.00

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 11 - SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity	42.82	14.96
Provision for Accumulated Compensated Absences	40.44	13.85
Provision for Stock Appreciation Rights	76.25	84.37

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Provision - Others		
Contingent Provisions against Standard Assets	2,105.95	1,651.12
Provision for Taxation	1,598.22	1,208.13
(Net of Advance Taxes ₹ 27,420.33 lakhs (Previous Year ₹24,753.73 lakhs))		
Total	3,863.68	2,972.43

NOTE 12A- PROPERTY, PLANT AND EQUIPMENT

(₹ In Lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance As at 1 April 2017	Additions during the year	Disposals during the year	Balance As at 31 March 2018	Balance As at 1 April 2017	Depreciation Charge For the year	On Disposals	Balance As at 31 March 2018	As at 31 March 2018
Premises	10.26	-	-	10.26	2.65	0.18	-	2.83	7.43
Office Equipment	12.17	-	0.43	11.75	6.25	1.50	0.43	7.33	4.42
Furniture and Fixtures	1.28	-	-	1.28	1.28	-	-	1.28	-
Computers	62.81	6.47	4.14	65.14	45.95	10.89	3.78	53.06	12.08
Vehicles	272.33	-	62.39	209.94	161.43	49.51	51.87	159.07	50.87
TOTAL	358.85	6.47	66.96	298.37	217.56	62.08	56.08	223.57	74.80

Previous year

(₹ In Lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance As at 1 April 2016	Additions during the year	Disposals during the year	Balance As at 31 March 2017	Balance As at 1 April 2016	Depreciation Charge For the year	On Disposals	Balance As at 31 March 2017	As at 31 March 2017
Premises	10.26	-	-	10.26	2.47	0.18	-	2.65	7.61
Office Equipment	5.78	6.39	-	12.17	4.82	1.43	-	6.25	5.93
Furniture and Fixtures	1.28	-	-	1.28	1.28	-	-	1.28	-
Computers	55.20	8.82	1.21	62.81	34.32	12.57	0.94	45.95	16.86
Vehicles	238.76	48.89	15.32	272.33	113.60	62.44	14.62	161.42	110.90
TOTAL	311.28	64.10	16.53	358.85	156.49	76.62	15.56	217.55	141.30

NOTE 12B- INTANGIBLE ASSETS

(₹ In Lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance As at 1 April 2017	Additions during the year	Disposals during the year	Balance As at 31 March 2018	Balance As at 1 April 2017	Depreciation Charge For the year	On Disposals	Balance As at 31 March 2018	As at 31 March 2018
Software and System Development	23.22	23.00	-	46.22	16.62	8.49	-	25.11	21.11
TOTAL	23.22	23.00	-	46.22	16.62	8.49	-	25.11	21.11

Previous year

(₹ In Lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance As at 1 April 2016	Additions during the year	Disposals during the year	Balance As at 31 March 2017	Balance As at 1 April 2016	Depreciation Charge For the year	On Disposals	Balance As at 31 March 2017	As at 31 March 2017
Software and System Development	23.22	-	-	23.22	8.88	7.74	-	16.62	6.60
TOTAL	23.22	-	-	23.22	8.88	7.74	-	16.62	6.60

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

NOTE 13 - NON CURRENT INVESTMENTS (NON TRADE)

	Face Value ₹	As at	As at	As at	As at
		31-03-2018 Quantity	31-03-2018 Amount (₹ in lakhs)	31-03-2017 Quantity	31-03-2017 Amount (₹ in lakhs)
(I) INVESTMENT IN EQUITY INSTRUMENTS					
(at cost less provision for other than temporary diminution:)					
Unquoted and fully paid up Equity shares in:					
In Associates					
Phoenix ARC Private Limited	10	50,400,000	6,100.50	50,400,000	6,100.50
Matrix Business Services India private Limited	10	82,680	185.49	90,000	201.91
			6,285.99		6,302.41
In Others					
DSP Merrill Lynch Limited	10	5	0.01	5	0.01
Business Standard Private Limited	10	1,000	0.20	1,000	0.20
AB Corp Limited	10	325,000	260.00	325,000	260.00
TAIB Capital Corporation Limited	10	245,000	15.54	245,000	15.54
Elbee Express Private Limited	10	400,000	225.00	400,000	225.00
Arun Processors Limited	10	643,125	0.00	643,125	0.00
Svasti Microfinance Private Limited	10	54,920	50.14	54,920	50.14
Less: Provision for Diminution other than temporary			(417.70)		(417.70)
			133.19		133.19
TOTAL INVESTMENTS IN EQUITY INSTRUMENTS (I)			6,419.18		6,435.60
(II) INVESTMENT IN DEBENTURES					
B. Unquoted and fully paid up Debentures in:					
(at cost)					
Jawala Real Estate Private Limited	50,000,000	-	-	4	2,000.00
Shriram Industrial Holdings Limited	1,000,000	-	-	900	9,000.00
Liquid Investment and Trading Company Private Limited	1,000,000	-	-	150	1,500.00
TOTAL INVESTMENTS IN DEBENTURES (II)					12,500.00
(III) OTHER INVESTMENTS					
(at cost less provision for other than temporary diminution:)					
A. Venture Funds					
Kotak India Real Estate Fund-I-Class B Units	-	-	-	290,141	2.90
Kotak Alternate Oppurtunities (India) Fund - Class B Units			2.63		2.63
Kotak India Venture Fund - Class B Units	0.10	926,030	0.93	926,030	0.93
Kotak India Growth Fund -II-Class B Units	1.00	500,000	5.00	500,000	5.00
Less: Provision for Diminution other than temporary			(2.63)		(2.63)
Sub-total (A)			5.93		8.83

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Face Value ₹	As at 31-03-2018	As at 31-03-2018	As at 31-03-2017	As at 31-03-2017
		Quantity	Amount (₹ in lakhs)	Quantity	Amount (₹ in lakhs)
B. Investment in Pass Through Certificates					
Magma Fincorp Limited Securitisation Trust XXXVIII	-	-	-	-	3,957.23
Magma Fincorp Limited Securitisation Trust Xxxviii-Series A4	-	-	847.73	-	-
Magma Fincorp Limited Securitisation Trust LVII-Series A1	-	-	2,505.96	-	-
Sub-total (B)			3,353.69		3,957.23
TOTAL OTHER INVESTMENTS (A + B) (III)			3,359.62		3,966.06
TOTAL INVESTMENTS (I+II+III)			9,778.80		22,901.66
Aggregate of Quoted Investments					
- at cost			-		-
- at market value			-		-
Aggregate of Unquoted Investments					
- at cost			9,778.80		22,901.66
Aggregate provision for diminution in value of investments			420.33		420.33

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 14 - LONG TERM LOANS AND ADVANCES		
Advance Taxes paid and tax deducted at source		
Unsecured, considered good (Net of Provision for Taxes NIL (Previous Year NIL))	191.94	3.54
Other loans and advances under financing activity		
Secured, considered good *	218,216.13	201,005.86
Unsecured, considered good (including debts due by officer of the company ₹NIL (Previous Year ₹ 4.77 lakhs))	759.97	4,961.97
Total	218,976.10	205,967.83
Total	219,168.04	205,971.37

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 15 - OTHER NON-CURRENT ASSETS		
Interest accrued but not due on loans and advances	79.54	3.21
Interest accrued on Investments	-	2,133.00
Others		
- Fixed Deposits with Banks with residual maturity of more than 12 months	35.24	-
Total	114.78	2,136.21

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

NOTE 16 - CURRENT INVESTMENTS (NON TRADE)

	Face Value ₹	As at	As at	As at	As at
		31-03-2018 Quantity	31-03-2018 Amount	31-03-2017 Quantity	31-03-2017 Amount
		(₹ in lakhs)		(₹ in lakhs)	
INVESTMENTS (at lower of cost and fair value)					
(I) INVESTMENT IN DEBENTURES					
Unquoted and fully paid up Debentures in:					
(including current portion of Long Term Investments)					
Liquid Investment and Trading Company Private Limited	1,000,000	-	-	150.00	1,500.00
Peninsula Land Limited	500,000	-	-	1,000.00	5,000.00
Jawala Real Estate Private Limited	50,000,000	-	-	4.00	2,000.00
Shriram Venture Limited (formerly known as Shriram Industrial Holdings Limited)	1,000,000	900.00	9,000.00	-	-
Star Health And Allied Insurance Company Limited	1,000,000	1,000.00	10,000.00	-	-
Quoted and fully paid up Debentures in:					
Sobha Limited	100,000.00	4,917.00	4,921.24	-	-
TOTAL INVESTMENTS IN DEBENTURES (I)			23,921.24		8,500.00
(II) INVESTMENT IN MUTUAL FUNDS					
Unquoted and fully paid up units in Mutual Fund of:					
Kotak Liquid Scheme Plan A (Institutional Premium) - Growth		-	-	606,696.792	20,000.00
UTI Liquid Cash Plan - Institutional - Direct Plan - Growth		-	-	375,580.464	10,000.00
Kotak Liquid Direct Plan - Growth	3516.5530	668,268.05	23,500.00	-	-
Kotak Floater Short Term Direct Plan Growth-249046/53	2847.9211	526,699.98	15,000.00	-	-
TOTAL INVESTMENTS IN MUTUAL FUNDS (II)			38,500.00		30,000.00
(III) OTHER INVESTMENTS					
A. Venture Funds					
Kotak Alternate Opportunities (India) Fund - Class A Units	-	-	54.26	-	75.77
Sub-total (A)			54.26		75.77
B. Investment in Pass Through Certificates					
(including current portion of Long Term Investments)					
Magma Fincorp Limited Securitisation Trust XXXVIII	-	-	-	-	5,436.79
Magma Fincorp Limited Securitisation Trust Xxxviii-Series A4	-	-	2,577.01	-	-

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Face Value ₹	As at 31-03-2018 Quantity	As at 31-03-2018 Amount	As at 31-03-2017 Quantity	As at 31-03-2017 Amount
			(₹ in lakhs)		(₹ in lakhs)
Magma Fincorp Limited Securitisation Trust LVII-Series A1	-	-	3,360.49	-	-
Sub-total (B)			5,937.50		5,436.79
TOTAL OTHER INVESTMENTS (A + B) (III)			5,991.76		5,512.56
TOTAL CURRENT INVESTMENTS (I+II+III)			68,413.00		44,012.56
Aggregate of Quoted Investments					
- at cost			-		-
- at market value			-		-
Aggregate of Investments					
- at cost			68,413.00		44,012.56
Aggregate provision for diminution in value of investments			-		-

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 17 - TRADE RECEIVABLES		
Outstanding for a period exceeding six months	-	-
Others		
Unsecured, considered good	1,481.24	0.55
Total	1,481.24	0.55

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 18 - CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks		
- in current accounts	25,715.48	5,045.22
- in Deposits with original maturity of less than 3 months	-	16,410.00
	25,715.48	21,455.22
Other Bank Balances		
- Deposits with residual maturity of less than 12 months	10,339.52	10,359.29
Total	36,055.00	31,814.51

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 19 - SHORT TERM LOANS AND ADVANCES		
Loans and advances to related parties		
Unsecured, considered good (including debts due by officer of the company NIL (Previous Year NIL))	22.14	15.90
Prepaid Expenses		
Unsecured, considered good	71.43	20.80
Other loans and advances under financing activity		
Secured, considered good *	488,503.91	424,834.35
Unsecured, considered good (including debts due by officer of the company ₹ NIL (Previous Year ₹ 0.32 lakhs))	49,319.28	38,790.84
GST Credit Receivable	129.03	-
Secured, considered doubtful	354.04	380.91
Less: Provisions for doubtful advances	(354.04)	(380.91)
Total	537,952.22	463,625.19
Total	538,045.79	463,661.89

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 20 - OTHER CURRENT ASSETS		
Interest Accrued but not due on loans and advances	5,125.86	2,899.73
Interest Accrued on Fixed Deposits	6.02	11.41
Interest Accrued on Investments	3,653.13	876.21
Others	4.02	0.20
Total	8,789.03	3,787.55

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

	For the year ended 31 st March 2018	For the year ended 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 21 - REVENUE FROM OPERATIONS		
Interest on Loans and Advances	77,474.59	66,161.00
Interest on banks deposits	1,444.08	1,994.87
Other Financial Services		
Recoveries in excess of cost of NPAs purchased	-	0.25
Fee Income	1,089.60	440.31
Total	80,008.27	68,596.43

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	For the year ended 31 st March 2018	For the year ended 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 22 - OTHER INCOME		
Income from Current Investments :		
- Profit on sale of Investments (net)	3,269.64	737.27
- Interest on Investments	2,168.70	104.37
- Discount accreted on Certificate of Deposits	-	55.16
- Discount accreted on Corporate Bond Repo	-	1.63
Income from Long Term Investments :		
- Profit on sale of Investments (net)	4,740.87	2,651.03
- Interest on Investments	943.46	3,786.36
- Dividend Income	0.02	25.85
Interest on Income Tax Refunds	-	-
Profit on trading in Commodity Futures (net)	-	-
Liabilities no longer required written back	-	-
Provision written back for doubtful receivables, loans and advances, investments	26.87	23.89
Bad Debts Recovered	-	4.54
Others	202.89	183.29
Total	11,352.45	7,573.39

	For the year ended 31 st March 2018	For the year ended 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 23 - EMPLOYEE BENEFIT EXPENSE		
Salaries, Allowances and Bonus	2,347.56	2,266.33
Contribution to Provident and Other Funds	155.17	104.53
Provision for Stock Appreciation Rights	113.07	135.61
Staff Welfare Expense	24.30	21.65
Total	2,640.10	2,528.12

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	For the year ended 31 st March 2018	For the year ended 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 24 - INTEREST AND FINANCE COSTS		
Interest expense on		
- Debentures	15,098.14	16,306.44
- Inter-Corporate Deposits	4,317.53	3,491.23
- Overdraft facility from bank	238.69	120.30
- Delayed payment of Income Tax	-	5.14
Other Borrowing Costs		
- Discount on Commercial Papers	29,092.18	21,109.00
- Arranger Fees	124.78	115.39
- Stamping Expense	265.93	256.68
- Bank Charges	0.12	0.44
Total	49,137.37	41,404.62

	For the year ended 31 st March 2018	For the year ended 31 st March 2017
	₹ in lakhs	₹ in lakhs
NOTE 25 - OTHER EXPENSES		
Travelling and Conveyance	81.76	115.30
Legal and Professional Charges	216.03	126.51
Business Promotion Expenses	26.63	16.50
Rent Expense	615.44	589.18
Common Establishment Expenses - Reimbursements	734.17	617.07
Electricity Expenses	3.68	44.51
Payments to Auditors:		
- As Statutory Audit Fees	19.00	9.00
- As Tax Audit Fees	-	1.00
- For Other services (Interim Audit, Certification work etc.)	12.91	4.15
- For Reimbursement of Expenses	-	0.71
Rates, Taxes and Fees	195.68	162.65
Remuneration to Directors:		
- As Sitting Fees	10.60	10.80
- As Commission	8.00	6.00
Insurance	4.61	3.77
Repairs and Maintenance	113.99	73.32
Communication Expenses	16.27	22.30
Contribution on Corporate Social Responsibility activities	40.00	30.00
Miscellaneous expenses	62.42	77.58
Provision for standard assets	687.16	978.04
Provision for doubtful receivables, loans and advances, investments	-	250.52
Provision for Diminution in value of Investments	-	2.63
Total	2,848.35	3,141.54

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

26. CONTINGENT LIABILITIES AND COMMITMENTS:

Contingent Liabilities:

(₹ in lakhs)

	As at 31 st March 2018	As at 31 st March 2017
	₹ in lakhs	₹ in lakhs
Contingent Liability in respect of demands from Income Tax authorities	NIL	3.54
Total	NIL	3.54

27. EXPENDITURE IN FOREIGN CURRENCY

(₹ in lakhs)

	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Conference & Travelling Expense	NIL	NIL

28. DISCLOSURE ON SPECIFIED BANK NOTES (SBN)*:

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

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

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

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

29. EMPLOYEE BENEFITS:

Gratuity

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of ₹ 20 lakhs. (Previous Year ₹ 10 lakhs).

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

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

	(₹ in lakhs)	
	As at 31 st March 2018	As at 31 st March 2017
Change in Unfunded benefit obligations		
Present value of unfunded benefit obligations (Opening)	145.78	142.74
Current Service cost	18.69	15.77
Interest cost	11.27	12.05
Actuarial (gain)/loss on obligations	27.00	7.43
Liability assumed on acquisition/(settled on Divestiture)	(1.78)	(1.39)
Past Service Cost	34.03	0.00
Benefits paid	(56.57)	(30.83)
Present value of unfunded benefit obligations	178.42	145.78

	(₹ in lakhs)	
	As at 31 st March 2018	As at 31 st March 2017
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets	-	-
Present value of unfunded benefit obligations	178.42	145.78
Net Liability	(178.42)	(145.78)

	(₹ in lakhs)	
	As at 31 st March 2018	As at 31 st March 2017
Cost recognized for the period		
Current service cost	18.69	15.77
Interest cost	11.27	12.05
Actuarial (gain)/loss	27.00	7.43
Net gratuity cost	56.96	35.25

Actuarial assumptions used :

	(₹ in lakhs)	
	As at 31 st March 2018	As at 31 st March 2017
Discount rate	7.90% p.a.	7.18% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Experience adjustments

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

(₹ in lakhs)

Particulars	Gratuity				
	Year ended 31 st March,				
	2018	2017	2016	2015	2014
Defined benefit obligation	178.42	145.77	142.74	137.48	112.39
Plan assets	-	-	-	-	-
Surplus / (deficit)	(178.42)	(145.77)	(142.74)	(137.48)	(112.39)
Experience adjustments on plan liabilities	18.41	4.94	(3.45)	8.22	14.52
Experience adjustments on plan assets	-	-	-	-	-

Provident fund

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognised provident fund and administered by a Board of Trustees. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The Company recognized ₹ 155.17 lakhs (Previous year. ₹ 103.19 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.

Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized Rs. 8.83 lakhs (Previous year. Rs. 11.12 lakhs) for Compensated Absences in the Statement of Profit and Loss.

Long Service Award

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

30. COMPONENTS OF NET DEFERRED TAX ASSET:

(₹ in lakhs)

	As at 31 st March 2018	As at 31 st March 2017
Deferred Tax Assets		
Expenses allowable on payment basis	166.84	133.38
Depreciation	49.79	44.75
Provision for doubtful advances	-	-
Provision for standard assets	1,081.07	836.05
Others	-	-
Total Deferred Tax Assets	1,297.70	1,014.18

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

31. EMPLOYEE SHARE BASED PAYMENTS :

A) Equity Settled Options:

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

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

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

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

Consequent to the above, the Bank has granted stock options to employees of the Company in accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share

based payments", the excess, if any, of the market price of the share, preceding the date of grant of the option under ESOSs over the exercise price of the option is amortised on a straight-line basis over the vesting period. The Company has reimbursed the Bank ₹ NIL (Previous year NIL) during the year on account of such costs and the same is forming part of 'Reimbursement of Expense on Employee Stock Option Scheme' under Employee benefits Expenses.

B) Cash Settled Scheme :

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

The contractual life (which is equivalent to the vesting period) of the outstanding SARs ranges from 1.13 year to 3.67 years.

Detail of activity under each SARs is summarized below:

	(₹ in lakhs)	
	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Outstanding at the beginning of the year	27,754	32,676
Granted during the year	10,160	12,320
Exercised during the year	8,911	16,670
Addition due to transfer of employees	2,518	--
Reduction due to transfer of employees	11,362	--
Expired during the year	1,498	572
Outstanding at the end of the year	18,661	27,754

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

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

	(₹ in lakhs)	
Year ended 31st March,	2018	2017
Total Employee Compensation Cost pertaining to employee share based payment	113.07	135.61
Closing balance of liability for cash-settled scheme	115.06	137.22

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 ₹ 70.85 lakhs (Previous year ₹ 88.50 lakhs) and the profit after tax would have been lower by ₹ 46.34 lakhs (Previous year ₹ 59.69 lakhs). Consequently the basic and diluted EPS would have been ₹ 469.38 (Previous year ₹ 378.93)

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

	(₹ in lakhs)	
Particulars	As at 31st March 2018	As at 31st March 2017
Profit attributable to the Equity Shareholders (₹ in lakhs) – (A)	24,497.16	19,642.89
Basic weighted average number of equity shares outstanding during the year – (B)	52,09,129	51,68,033
Nominal value of Equity Shares (₹)	10	10
Basic & Diluted Earnings per share (₹) – (A) / (B)	470.27	380.08

33. Rent Payments to holding/ fellow subsidiary company for sharing of premises are recognized in the Statement of Profit and Loss under the head 'Rent Expenses' ₹ 613.93 lakhs (Previous year. ₹ 588.31 lakhs).

34. SEGMENT REPORTING:

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

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

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Summary of the segments of the company are:

	₹ (In lakhs)	
	2017-18	2016-17
Segment Revenue		
Lending against Securities	39,560.61	32,446.51
Corporate and Other Lending	42,332.54	38,459.00
Treasury and Investments	9,458.48	5,264.31
Add: Inter Segment Revenue	150.07	9,608.55
Total	91,501.70	76,697.33
Less: Eliminations	(150.07)	(527.51)
Total	91,351.63	76,169.82
Add : Unallocated Revenue	9.09	-
Total Revenue	91,360.72	76,169.82
Segment Results		
Lending against Securities	10,114.01	8,477.10
Corporate and Other Lending	17,808.13	15,766.39
Treasury and Investments	9,181.14	5,292.87
Total	37,103.28	29,536.36
Less: Unallocable expenditure	(438.95)	(525.18)
Total profit before tax	36,664.33	29,011.18
Segment Assets		
Lending against Securities	4,19,581.32	378,418.45
Corporate and Other Lending	3,79,523.93	327,615.14
Treasury and Investments	81,908.78	68,384.92
Total	8,81,014.03	774,418.51
Add: Unallocated Assets	2,225.26	1,029.88
Total	8,83,239.29	775,448.39
Segment Liabilities		
Lending against Securities	2,147.92	1,440.03
Corporate and Other Lending	1,987.03	1,250.64
Treasury and Investments	7,38,154.19	666,902.24
Total	7,42,289.14	669,592.91
Add: Unallocated Liabilities	2,698.30	2,100.79
Total	7,44,987.44	671,693.70
Capital Expenditure		
Lending against Securities	-	14.22
Corporate and Other Lending	29.47	42.39
Treasury and Investments	-	7.48
Total	29.47	64.09
Depreciation		
Lending against Securities	16.11	23.67
Corporate and Other Lending	48.53	54.82
Treasury and Investments	5.93	5.87
Total	70.57	84.36

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

35. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR program is associated with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding Company. KMBL is building its CSR capabilities on a sustainable basis and the Company is committed to gradually increase its CSR spend in the coming years. The details are as below:-

Details of CSR Expenditure

(₹ in lakhs)

	In Cash	Yet to be paid in Cash	Total
a. Gross amount required to be spent during the year ₹ 437.87 lakhs (Previous year ₹ 313.08 lakhs)			
b. Amount spent during the year ending on 31 st March, 2018			
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	40.00	-	40.00
c. Amount spent during the year ending on 31 st March, 2017			
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	30.00	-	30.00

36. RELATED PARTY DISCLOSURES:

A. RELATED PARTIES WHERE CONTROL EXISTS:

Nature of relationship	Related Party
Holding Company	Kotak Mahindra Bank Limited (KMBL) (Holds 100% of the equity share capital)
	Uday S. Kotak along with relatives and entities controlled by him holds 30.04% (Previous year : 32.02%) of the equity share capital of Kotak Mahindra Bank Limited as on 31 st March, 2018.

B. OTHER RELATED PARTIES:

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Related Party Disclosures

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

	Amount (₹ In Lakhs) 2017-2018	Amount (₹ In Lakhs) 2016-2017
I. Holding Company		
- Kotak Mahindra Bank Limited		
Transactions during the year :		
FINANCE		
Equity Shares Issuance	9,999.99	-
Fixed Deposits Placed	4,07,848.51	2,79,076.77
Fixed Deposits Repaid	4,24,353.57	2,82,255.66
Interest Received on Fixed Deposits	1,444.08	1,994.87
Corporate Bond purchased	-	9,268.78
Corporate Bond matured	-	9,268.78
Interest Received on Corporate Bond	-	1.63
Purchase of debenture	-	-
OTHER RECEIPTS & PAYMENTS		
Demat Charges	3.50	3.41
Service Charges Received	50.40	50.40
Expense reimbursements paid	913.09	820.41
Expense reimbursements received	-	-
Licence Fees paid	609.62	579.45
Referral Fees	116.62	91.66
IPA Fees paid	1.00	1.00
ARD fees	-	0.03
Bank Charges	0.11	0.35
Employee Liability transfer out	32.46	1.19
Employee Liability transfer in	30.58	0.23
Asset transferred in	-	-
Asset transferred out	-	0.37
Balance outstanding as at the year end :		
FINANCE		
Balance in current account	25,700.05	5,036.60
Term Deposits Placed	10,374.76	26,769.29
Interest accrued on Term Deposits placed	6.02	11.41
OTHER RECEIPTS & PAYMENTS		
Service charges payable	13.48	70.00
Service charges receivable	4.54	4.41
Referral Fees payable	1.18	15.28
Demat Charges Payable	2.26	0.60
Deposit towards appointment of Director	-	1.00

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FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Amount (₹ In Lakhs) 2017-2018	Amount (₹ In Lakhs) 2016-2017
II. Fellow Subsidiaries		
Transactions during the year :		
FINANCE		
Non Convertible Debentures issued		
- Kotak Securities Ltd	-	13,000.00
Interest on Non Convertible Debentures		
- Kotak Securities Ltd	1,555.50	537.82
Inter Corporate Deposits issued		
- Kotak Mahindra Prime Ltd	18,200.00	15,000.00
Inter Corporate Deposits repaid		
- Kotak Mahindra Prime Ltd	18,200.00	15,000.00
Interest paid on Inter Corporate Deposits		
- Kotak Mahindra Prime Ltd	3.89	-
Inter Corporate Deposits Borrowing		
- Kotak Mahindra Prime Ltd	5,000.00	-
Inter Corporate Deposits Borrowing repaid		
- Kotak Mahindra Prime Ltd	5,000.00	-
Interest received on Inter Corporate Deposits		
- Kotak Mahindra Prime Ltd	3.75	8.22
Loan given		
- Kotak Infrastructure Debt Fund Ltd	-	400.00
Loan repaid		
- Kotak Infrastructure Debt Fund Ltd	-	400.00
Interest Income received		
- Kotak Infrastructure Debt Fund Ltd	-	2.30
INVESTMENTS		
OTHER SECURITIES		
Sales		
- Kotak Securities Ltd	9,921.89	7,408.52
OTHER RECEIPTS & PAYMENTS		
Service Charges Received		
- Kotak Mahindra Prime Ltd	128.40	128.40
Documentation charges received		
- Kotak Infrastructure Debt Fund Ltd	-	0.02
Sharing of Fee Income		
- Kotak Mahindra Capital Company Ltd	122.10	-
Brokerage paid		
- Kotak Securities Ltd	15.54	15.70
Demat Charges paid		
- Kotak Securities Ltd	0.27	0.31
Service Charges Paid		
- Kotak Securities Ltd	-	-

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Amount (₹ In Lakhs) 2017-2018	Amount (₹ In Lakhs) 2016-2017
License Fees Paid		
- Kotak Securities Ltd	8.61	8.86
Insurance premium paid		
- Kotak Mahindra General Insurance Company Ltd	3.53	3.40
Expense reimbursement from other company		
- Kotak Mahindra Prime Ltd	1.32	2.31
- Kotak Securities Ltd	-	-
- Kotak Infrastructure Debt Fund Ltd	36.48	-
Expense reimbursement to other company		
- Kotak Securities Ltd	0.19	0.06
- Kotak Mahindra Capital Company Ltd	4.26	-
Asset Transfer-in		
- Kotak Mahindra Prime Ltd	-	-
Employee Liability transfer in		
- Kotak Mahindra Prime Ltd	-	0.28
- Kotak Securities Ltd	-	-
Employee Liability transfer out		
- Kotak Securities Ltd	2.44	-
- Kotak Mahindra Prime Ltd	-	0.07
- Kotak Infrastructure Debt Fund Ltd	55.13	-
- Kotak Investment Advisors Ltd	3.40	-
Asset Transfer-out		
- Kotak Mahindra Prime Ltd	-	-
- Kotak Infrastructure Debt Fund Ltd	0.37	-
Balance outstanding as at the year end :		
FINANCE		
Non Convertible Debentures issued		
- Kotak Securities Ltd	18,000.00	18,000.00
Interest payable on Non Convertible Debentures		
- Kotak Securities Ltd	199.70	198.47
OTHER SECURITIES		
Outstanding Receivable		
- Kotak Securities Ltd	902.54	0.01
OTHER RECEIPTS & PAYMENTS		
Demat charges payable		
- Kotak Securities Ltd	0.13	0.58
Service charges Receivable		
- Kotak Mahindra Prime Ltd	-	11.33
- Kotak Infrastructure Debt Fund Ltd	16.20	-
Service charges Payable		
- Kotak Securities Ltd	1.61	1.51
- Kotak Mahindra Prime Ltd	-	-
- Kotak Infrastructure Debt Fund Ltd	0.38	-
- Kotak Investment Advisors Ltd	3.40	-

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

	Amount (₹ In Lakhs) 2017-2018	Amount (₹ In Lakhs) 2016-2017
Insurance premium paid in advance		
- Kotak Mahindra General Insurance Company Ltd	-	1.47
Insurance premium capitalised		
- Kotak Mahindra General Insurance Company Ltd	-	0.94
Receivable towards Insurance paid		
- Kotak Mahindra General Insurance Company Ltd	-	0.03
III. Associate Company		
Transactions during the year :		
OTHER RECEIPTS & PAYMENTS		
Dividend received on investments		
- Matrix Business Services India Pvt Ltd	-	25.85
Recruitment expenses		
- Matrix Business Services India Pvt Ltd	0.01	0.04
Sale of investments		
- Matrix Business Services India Pvt Ltd	16.42	-
Profit on sale of investments		
- Matrix Business Services India Pvt Ltd	53.85	-
Balance outstanding as at the year end :		
INVESTMENTS		
Investments - Gross		
- Phoenix ARC Pvt Ltd	6,100.50	6,100.50
- Matrix Business Services India Pvt Ltd	185.50	201.91
IV. Key Management Personnel (KMP)		
Transactions during the year :		
OTHER RECEIPTS & PAYMENTS		
Remuneration*		
- Mr. Paritosh Kashyap	264.35	246.56
OTHER RECEIPTS & PAYMENTS		
Fees on travel tickets purchased		
- Aero Agencies Limited	6.05	1.36
Balance outstanding as at the year end :		
INVESTMENTS		
Investments – Gross		
- Business Standard Private Limited	0.20	0.20
- Business Standard Private Limited	0.20	0.20
COMMODITY DERIVATIVES		
Outstanding receivable		
- Kotak Commodity Services Private Limited	0.31	0.31
OTHER RECEIPTS & PAYMENTS		
Outstanding Payable		
- Aero Agencies Limited	-	0.53

* Excludes provision for gratuity and accumulated compensated absences

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

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

Particulars	2017-18	2016-17
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/ companies in which directors are interested	-	-

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

37. CAPITAL

(Amount in ₹ lakhs)

Particulars	2017-18	2016-17
i) CRAR (%)	18.94%	16.84%
ii) CRAR - Tier I Capital (%)	16.20%	13.83%
iii) CRAR - Tier II Capital (%)	2.73%	3.01%
iv) Amount of subordinated debt raised as Tier-II capital	20,000.00	20,000.00
v) Amount raised by issue of Perpetual Debt Instruments	NIL	NIL

38. INVESTMENTS

(Amount in ₹ lakhs)

Particulars	2017-18	2016-17
(1) Value of Investments		
(i) Gross Value of Investments	78,612.14	67,334.56
(a) In India	78,612.14	67,334.56
(b) Outside India,	NIL	NIL
(ii) Provisions for Depreciation	420.33	420.33
(a) In India	420.33	420.33
(b) Outside India,	NIL	NIL
(iii) Net Value of Investments	78,191.80	66,914.23
(a) In India	78,191.80	66,914.23
(b) Outside India.	NIL	Nil
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	420.33	417.70
(ii) Add : Provisions made during the year	--	2.63
(iii) Less : Write-off / write-back of excess provisions during the year	NIL	NIL
(iv) Closing balance	420.33	420.33

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

39. DERIVATIVES

i. Forward Rate Agreement / Interest Rate Swap

(Amount in ₹ lakhs)

Particulars	2017-18	2016-17
i) The notional principal of swap agreements	NIL	NIL
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii) Collateral required by the NBFC upon entering into swaps	NIL	NIL
iv) Concentration of credit risk arising from the swaps \$	NIL	NIL
v) The fair value of the swap book @	NIL	NIL

ii. Exchange Traded Interest Rate (IR) Derivatives

(Amount in ₹ lakhs)

Particulars	2017-18	2016-17
i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	NIL	NIL
ii) Notional principal amount of exchange traded IR derivatives outstanding	NIL	NIL
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	N.A	N.A
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	N.A	N.A

iii. Disclosures on Risk Exposure in Derivatives

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

Quantitative Disclosures

(Amount in ₹ lakhs)

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

40. DISCLOSURES RELATING TO SECURITISATION

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

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

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

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

(Amount in ₹ lakhs)

Particulars	2017-18	2016-17
i) No. of accounts	NIL	NIL
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	NIL	NIL
iii) Aggregate consideration	NIL	NIL
iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
v) Aggregate gain / loss over net book value	NIL	NIL

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

2016-17 (Amount in ₹ lakhs)

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

*Includes Borrowing from Banks of ₹ 35,000.00 lakhs

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

42. EXPOSURES

A. Exposure to Real Estate Sector

(Amount in ₹ lakhs)

Category	2017-18	2016-17
a) Direct exposure		
i. Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	NIL	NIL
ii. Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	2,80,099.82**	2,80,200.95**
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	NIL	NIL
b. Commercial Real Estate.	NIL	NIL

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FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

(Amount in ₹ lakhs)

Category	2017-18	2016-17
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	NIL	NIL
Investment in Real Estate Venture Funds	NIL	81.30

**Includes Unsecured Loans to Real Estate Sector of ₹ 9,596.36 lakhs (Previous year. ₹ 29,020.00 lakhs)

B. Exposure to Capital Market

(Amount in ₹ lakhs)

Particulars	2017-18	2016-17
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	6,836.88	6,853.31
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals / corporates for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	2,22,821.55	203,495.76
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	1,78,377.61	1,37,371.48
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	NIL	NIL
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	94.87	123.23
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
vii) Bridge loans to companies against expected equity flows / issues;	NIL	NIL
viii) All exposures to Venture Capital Funds (both registered and unregistered)	6,023.22	87.23
Total Exposure to Capital Market	414,154.13	3,47,931.01

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

- C. Financing of parent company products : The company has not financed any parent company products during the financial year.
- D. Disclosure in respect of exposure where details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) has exceeded : The company has not exceeded the Single Borrower Limit (SGL) / Group Borrower Limit (GBL) in respect of exposures during the financial year.
- E. **Unsecured Advances:**
The amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral – ₹ NIL

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

43. REGISTRATION OBTAINED FROM OTHER FINANCIAL SECTOR REGULATORS : NIL

44. DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATORS : NIL

45. RELATED PARTY TRANSACTIONS :

- a. Details of all material transactions with the related parties :Refer note no. 36.
- b. Disclosure of Policy on dealing with Related Party transaction :

The Company has made a list of related parties after considering the requirements and based on the annual declaration received from individuals like Directors and Key Managerial Personnel (KMP). The Directors and KMP's are also required to inform the Company of any changes to such declaration during the year. All related party transactions are reported and referred for approval to the Audit Committee as per section 177 of the Companies Act, 2013. The Audit committee may grant general approval for repetitive related party transactions. Such general approval will be valid for a period of one year and a fresh approval shall be taken for every financial year.

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

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

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
CRISIL	Long Term Non-Convertible Debentures aggregating ₹32 billion	"CRISIL AAA/stable"	05-03-2018	till date
CRISIL	Long Term Rating for Bank Loan Facilities aggregating ₹15 billion	"CRISIL AAA/stable"	01-02-2018	till date
CRISIL	Long Term Rating for Subordinate Debt Issue aggregating ₹2 billion	"CRISIL AAA/stable"	05-03-2018	till date
ICRA	Long Term Rating for Subordinate Debt Issue aggregating ₹2 billion	ICRA AAA/stable"	05-03-2018	till date
CRISIL	Commercial Paper Programme for ₹ 55.0 billion	"CRISIL A1+"	05-03-2018	till date
CRISIL	Short Term Debt Issue for ₹ 10.0 billion	"CRISIL A1+"	22-09-2017	till date
ICRA	Commercial Paper Programme for ₹ 55.0 billion	" ICRA A1+"	05-03-2018	02-04-2018

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

47. REMUNERATION OF DIRECTORS :

The details of transaction with Non-Executive Independent Directors are as below:-

Particulars	(Amount in ₹ lakhs)	
	2017-18	2016-17
Directors' Sitting Fees	10.60	10.80
Commission to Directors	8.00	6.00

48. PROVISIONS AND CONTINGENCIES:

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

Particulars	(Amount in ₹ lakhs)	
	2017-18	2016-17
Provisions / (write back) for depreciation on Investment	NIL	(21.27)
Provision / (write back) for NPA	(26.87)	250.52
Provision made towards Income tax	12,167.17	9,368.29
Other Provision and Contingencies (with details)	NIL	NIL
Provision for Standard Assets	687.16	978.04

49. DRAW DOWN FROM RESERVES:

There was no draw down from reserves during the financial year.

50. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS

A. Concentration of Deposits (for deposit taking NBFCs)

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

B. Concentration of Advances

	(Amount in ₹ lakhs)
Total Advances to twenty largest borrowers	2,27,769.67
Percentage of Advances to twenty largest borrowers to Total (Gross) Advances of the company	29.16%

C. Concentration of Exposures**

	(Amount in ₹ lakhs)
Total Exposure to twenty largest borrowers / customers	2,44,425.00
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers	20.09%

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

D. Concentration of NPAs

(Amount in ₹ lakhs)

Total Exposure to top four NPA accounts	325.92
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E. Sector-wise NPAs

(Amount in ₹ lakhs)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector**
1	Agriculture & allied activities	-
2	MSME	-
3	Corporate borrowers	0.06%
4	Services	-
5	Unsecured personal loans	-
6	Auto loans	-
7	Other personal loans	0.05%

** represents Gross NPA to Gross Advances for respective sectors

F. Movement of NPAs

(Amount in ₹ lakhs)

Particulars	2017-18	2016-17
i) Net NPAs to Net Advances (%)	0.05%	0.07%
ii) Movement of NPAs (Gross)		
a) Opening balance	851.21	386.92
b) Additions during the year	216.22	532.02
c) Reductions during the year	(644.90)	(67.73)
d) Closing balance	422.53	851.21
iii) Movement of Net NPAs		
a) Opening balance	470.30	256.53
b) Additions during the year	117.68	258.76
c) Reductions during the year	(519.50)	(44.99)
d) Closing balance	68.48	470.30
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	380.91	130.39
b) Provisions made during the year	540.35	273.26
c) Write-off / write-back of excess provisions	(567.22)	(22.74)
d) Closing balance	354.04	380.91

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FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

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

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

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

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

51. CUSTOMER COMPLAINTS

a) No. of complaints pending at the beginning of the year	NIL
b) No. of complaints received during the year	2
c) No. of complaints redressed during the year	2
d) No. of complaints pending at the end of the year	NIL

52. DISCLOSURES UNDER LISTING AGREEMENT FOR DEBT SECURITIES

52.1 Disclosure under Regulation 53(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Debenture Trustees:

IDBI Trusteeship Services Ltd. Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001 Tel. : 022-40807000 Fax : 022-66311776 Email : itsl@idbitrustee.com	Axis Trustee Services Limited Axis House, ground Floor, Wadia International Centre, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 025 Contact No.:: 022 –62260085 Email:indraprakash.raai@axistrustee.com Website: www.axistrustee.com
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52.2 Disclosure under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Related Party transactions

	31-03-2018	31-03-2017
	₹ in lakh	₹ in lakh
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-
Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

52.3 Disclosure under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Asset cover

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's immovable property of ₹10.26 lakhs (gross value) and further secured by way of hypothecation/ mortgage of charged assets such as receivables arising out of loan, lease and hire purchase, book debts, current assets and investments (excluding strategic investments of the Company which are in the nature of equity shares) with an asset cover ratio of minimum 1.00 time value of the debentures during the tenure of the debentures.

53. SCHEDULE IN TERMS OF PARAGRAPH 13 OF NON BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 1998.

Particulars	Amount Outstanding	Amount Overdue
	Amount ₹ in lakhs	Amount ₹ in lakhs
Liabilities Side		
1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures: Secured #	1,64,023.96	NIL
Unsecured (other than falling within the meaning of public deposits *)	20,246.37	NIL
(b) Deferred Credits	NIL	NIL
(c) Terms Loans	-	NIL
(d) Inter-corporate loans and borrowing	93,030.93	NIL
(e) Commercial Paper	4,25,731.37	NIL
(f) Other Loans – Secured Overdraft facility from Bank	35,081.60	NIL
* Please see Note a) below		

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

Assets Side	Amount Outstanding
	Amount ₹ in lakhs
2 Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a) Secured	7,07,074.05
(b) Unsecured	50,079.25
3 Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Leased Assets including lease rentals under sundry debtors	
(a) Financial Lease	NIL
(b) Operating Lease	NIL

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Assets Side	Amount Outstanding
	Amount ₹ in lakhs
(ii) Stock on hire including hire charges under sundry debtors	
(a) Assets on hire	NIL
(b) Repossessed Assets	NIL
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	NIL
(b) Loans other than (a) above	NIL
4 Break-up of Investments:	
Current Investments:	
1 Quoted:	
(i) Shares: (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	4,921.24
(iii) Units of Mutual Funds	NIL
(iv) Government Securities	NIL
(v) Others (please specify)	NIL
2 Unquoted:	
(i) Shares: (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	19,000.00
(iii) Units of Mutual Funds	38,500.00
(iv) Government Securities	NIL
(v) Others – Pass through Certificates / Units of Venture Capital Fund	5,937.50
Long Term Investments:	
1 Quoted:	
(i) Shares: (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of Mutual Funds	-
(iv) Government Securities	NIL
(v) Others (please specify)	NIL

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FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

Assets Side	Amount Outstanding Amount ₹ in lakhs
2 Unquoted:	
(i) Shares: (a) Equity	6,419.18
(b) Preference	-
(ii) Debentures and Bonds	NIL
(iii) Units of Mutual Funds	NIL
(iv) Government Securities	NIL
(v) Others – Pass through Certificates / Units of Venture Capital Fund	3,413.87

(5) Borrower group-wise classification of assets financed as in (2) and (3) above :

Please see Note b) below

Category	Amount Net of provisions		
	Secured	Unsecured	Total
1 Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2 Other Than Related Parties	7,07,074.05	50,079.25	7,57,153.30
Total	7,07,074.05	50,079.25	7,57,153.30

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

Please see Note c) below

Category	Amount Net of provisions	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties **		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	6,285.99	6,285.99
(c) Other related parties	NIL	NIL
2 Other than related Parties	71,963.14	71,905.80
Total	78,249.13	78,191.79

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

NOTES

FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2018

(7) Other information:

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	422.53
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	68.49
(iii) Assets acquired in satisfaction of debt	NIL

Notes:

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

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

As per our attached report of even date

Price Waterhouse Chartered Accountants LLP

Firm Registration Number :012754N/N500016

Chartered Accountants

Sharad Vasant

Partner

Membership No. 101119

Place : Mumbai

Dated : 27th April, 2018

For and on behalf of the Board of Directors

K.V.S Manian

Director

Paritosh Kashyap

Managing Director & CEO

Chandrabhas Kuckian

Chief Financial Officer

Jignesh Dave

Company Secretary



Kotak Mahindra Bank Limited, 27BKC, C 27,
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Mumbai - 400 051

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

CIN: L65110MH1985PLC038137