

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Kotak Mahindra Investments Limited

Report on the Audit of Standalone Financial Results

Opinion

1. We have audited the statement of standalone financial results (the 'standalone financial results') of Kotak Mahindra Investments Limited (hereinafter referred to as the 'Company') for the year ended March 31, 2020 and the Standalone Balance Sheet as at and for the year ended on that date, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial results:
 - (i) are presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and
 - (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2020 and the standalone balance sheet as at and for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone financial results' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 5 to the standalone financial results, which explains the uncertainties and the management's assessment of the financial impact, due to the country-wide lock-downs and other restrictions imposed by the Government of India and other factors impacting the Company's operation due to the COVID-19 pandemic, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.



Price Waterhouse Chartered Accountants LLP, Nesco IT Building III, 8th Floor, Nesco IT Park, Nesco Complex Gate No. 3 Western Express Highway, Goregaon East, Mumbai – 400 063
T: +91 (22) 61198000, F: +91 (22) 61198799

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

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Report on the Standalone Financial Results

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Board of Directors' Responsibilities for the Standalone Financial Results

5. These Standalone financial results have been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Company and the standalone balance sheet in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. The Board of Directors of the Company are responsible for 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone financial results by the Directors of the Company, as aforesaid.
6. In preparing the standalone financial results, the Board of Directors of the Company are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

Auditors' Responsibilities for the Audit of the Standalone Financial Results

8. Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls. (Refer paragraph 12 below);



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
 - Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

11. The Financial Results include the results for the half year ended March 31, 2020 and March 31, 2019, which are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the half year ended September 30, 2019 and September 30, 2018 respectively. Our opinion is not modified in respect of this matter.
12. The standalone financial results dealt with by this report has been prepared for the express purpose of filing with BSE Limited . These results are based on and should be read with the audited standalone financial statements of the Company for the year ended March 31, 2020 on which we issued an unmodified audit opinion vide our report dated June 25, 2020. Our opinion is not modified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Sharad Vasant
Partner
Membership Number: 101119
UDIN: 20101119AAAACS4710

Mumbai
June 25, 2020

Kotak Mahindra Investments Limited

CIN : U65900MH1988PLC047986

Regd. Office : 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

Website: www.kmil.co.in Telephone: 91 22 62185303

Statement of Standalone Financial Results for the year ended March 31, 2020
Standalone Statement of Profit and Loss

(Rs. In lakhs)

Sr. No.	Particulars	Half year ended		Year ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		Unaudited	Unaudited	Audited	Audited
	REVENUE FROM OPERATIONS				
(i)	Interest Income	45,877.97	48,700.76	100,340.39	91,440.80
(ii)	Dividend Income	323.75	71.84	340.29	125.94
(iii)	Fees and commission income	29.37	213.27	427.81	327.89
(iv)	Net gain on fair value changes	1,330.69	1,555.57	2,827.40	3,728.04
(v)	Others	69.17	200.11	96.35	325.41
(I)	Total Revenue from operations	47,630.95	50,741.54	104,032.24	95,948.08
(II)	Other income	109.36	106.58	1,040.20	210.28
(III)	Total income (I + II)	47,740.31	50,848.13	105,072.44	96,158.36
	EXPENSES				
(i)	Finance Costs	26,382.96	29,943.04	59,897.09	57,113.96
(ii)	Impairment on financial instruments	4,018.19	1,022.32	5,580.46	2,614.31
(iii)	Employee Benefits expenses	1,379.25	1,394.06	3,026.04	2,726.57
(iv)	Depreciation, amortization and impairment	48.69	58.00	93.73	88.00
(vi)	Other expenses	1,637.92	1,573.24	3,116.06	2,775.94
(IV)	Total expenses	33,467.01	33,990.66	71,713.38	65,318.78
(V)	Profit/(loss) before tax (III - IV)	14,273.30	16,857.46	33,359.06	30,839.58
(VI)	Tax expense				
	(1) Current tax	(4,793.94)	(6,237.33)	(9,459.99)	(11,294.93)
	(2) Deferred tax	1,203.84	383.49	236.94	513.36
	Total tax expense (1+2)	(3,590.10)	(5,853.84)	(9,223.05)	(10,781.57)
(VII)	Profit/(loss) for the period (V - VI)	10,683.20	11,003.62	24,136.01	20,058.01
(VIII)	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit or loss				
	- Remeasurements of the defined benefit plans	(2.22)	(25.85)	(19.87)	(45.57)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.56	9.04	5.00	15.93
	Other comprehensive income	(1.66)	(16.81)	(14.87)	(29.64)
	(B) (i) Items that will be reclassified to profit or loss				
	- Debt Instruments through Other Comprehensive Income	-	(162.29)	(37.44)	(727.17)
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	55.80	13.09	254.10
	Total (B)	-	(106.49)	(24.35)	(473.07)
	Other comprehensive income (A + B)	(1.66)	(123.30)	(39.22)	(502.71)
(IX)	Total Comprehensive Income for the period (VII + VIII)	10,681.54	10,880.32	24,096.79	19,555.30
(X)	Paid-up equity share capital (face value of Rs. 10 per share)	562.26	562.26	562.26	562.26
(XI)	Earnings per equity share (not annualised):				
	Basic & Diluted	190.01	195.70	429.27	356.74
	See accompanying note to the financial results				



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Regd. Office : 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

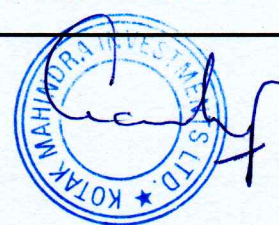
Website: www.kmil.co.in Telephone: 91 22 62185303

Statement of Standalone Financial Results as at March 31, 2020**Standalone Balance Sheet****(Rs. In lakhs)**

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
		Audited	Audited
	ASSETS		
1	Financial assets		
a)	Cash and cash equivalents	158,990.51	27,418.60
b)	Bank Balance other than cash and cash equivalents	1,497.07	22,798.78
c)	Receivables		
	Trade receivables	58.78	539.70
	Other receivables	382.25	181.56
d)	Loans	535,036.55	874,210.27
e)	Investments	83,185.13	100,948.93
f)	Other Financial assets	197.71	110.15
	Sub total	779,348.00	1,026,207.99
2	Non-financial assets		
a)	Current Tax assets (Net)	995.19	472.90
b)	Deferred Tax assets (Net)	2,911.86	2,656.84
c)	Property, Plant and Equipment	218.75	198.72
d)	Intangible assets under development	333.43	6.00
e)	Other intangible assets	18.82	16.23
f)	Other Non-financial assets	241.68	311.22
	Sub total	4,719.73	3,661.91
	Total Assets	784,067.73	1,029,869.90
	LIABILITIES AND EQUITY		
	LIABILITIES		
1	Financial liabilities		
a)	Derivative financial instruments	5,441.02	-
b)	Payables		
	Trade Payables		
	total outstanding dues of creditors other than micro enterprises and small enterprises	2,834.80	389.77
	Other Payables		
	total outstanding dues of creditors other than micro enterprises and small enterprises	1,440.75	517.95
c)	Debt Securities	306,140.54	297,777.68
d)	Borrowings (Other than Debt Securities)	263,996.56	549,826.27
e)	Subordinated Liabilities	20,241.93	20,239.09
	Sub total	600,095.60	868,750.76
2	Non-Financial liabilities		
a)	Current tax liabilities (Net)	852.90	1,651.85
b)	Provisions	676.18	696.94
c)	Other non-financial liabilities	755.02	1,310.30
	Sub total	2,284.10	3,659.09
3	EQUITY		
a)	Equity Share Capital	562.26	562.26
b)	Other equity	181,125.77	156,897.79
	Sub total	181,688.03	157,460.05
	Total Liabilities and Equity	784,067.73	1,029,869.90

Notes:

- The standalone financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Any application guidance/clarification/directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/applicable.
- The Company has elected to exercise the option permitted under Section 115BAA of the income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section. The full impact of Rs. 868.19 Lakh has been recognised in the Standalone Statement of Profit and Loss for the year ended March 31, 2020.
- Effective April 1, 2019, the Company has adopted Ind AS 116 - Leases and applied it to applicable lease contracts during the Financial Year 2019-20. Accordingly, rent payment to holding/fellow Subsidiary Company for sharing of Premises is considered as short term lease and recognized in Standalone Statement of Profit and Loss.
- During the quarter ended June 30, 2019, the holding company of the Company has received a communication dated June 12, 2019 from the Reserve Bank of India (the 'RBI') which advises the holding company to ensure that its subsidiaries immediately stop providing loan products as specified in para 2.3.1 of Master Circular – Loans and Advances – Statutory and Other restrictions dated July 1, 2015. The Company has accordingly stopped providing fresh sanctions of loan products as specified above.



- 5 The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns and other factors. On March 24, 2020, the Indian government announced a 21-day lockdown which was extended twice, across the country to contain the spread of virus.

The Company, being a NBFC, is in the business of providing loans to real estate developers, loans against securities, corporate loans and makes investments. The Company has made an assessment of its liquidity position applying stress scenarios. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the standalone financial results/statements.

The Indian Government, the Reserve Bank of India and other regulators have announced various measures and relaxations acknowledging the current situation to ensure that there is enough liquidity in the hands of market participants and provided moratoriums to the borrowers in terms of their repayments to the financial institutions.

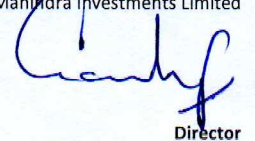
In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. In respect of accounts where moratorium benefit has been granted, days past due (DPD) status of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020. The granting of moratorium does not result in accounts becoming past due and automatically triggering forward movement to Stage 2 or Stage 3. However Company has assessed such accounts based on qualitative factors and wherever Company assessed, there may have been significant increase in credit Risk, financial assets have been classified to Stage II and accordingly impairment allowance for lifetime expected loss is provided. The Company continues to recognize interest income during the moratorium period in the absence of other credit risk indicators. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic in the measurement of impairment loss allowance and the total estimated provision recognized on this account in the last quarter is Rs. 2,311 lakhs in the standalone statement of profit and loss.

The Company has further assessed the recoverability and carrying value of its assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial results/statements, other than those already considered. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

- 6 The above results were reviewed by the Audit Committee and approved and taken on record by the Board of Directors at their respective meetings held on June 24, 2020.
- 7 These standalone financial results have been prepared in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 read with CIR/IMD/DF1/69/2016 dated August 10, 2016.
- 8 The figures for the six months ended March 31, 2020 and March 31, 2019 are the balancing figures between audited figures in respect of the full financial year and the year to date figures upto the first six months ended of the relevant financial year.
- 9 Figures for the previous period/year have been regrouped wherever necessary to conform to current period/year presentation.



For and on behalf of Board of Directors
Kotak Mahindra Investments Limited


Director

Mumbai, June 24, 2020