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Kotak Mahindra Investments Limited

ANNUAL REPORT 2014-15

#KonaKonaKotak

Directors' Report

To the Members of
KOTAK MAHINDRA INVESTMENTS LIMITED

The Directors present their Twenty Seventh Annual Report together with the audited accounts of the Company for the year ended 31st March 2015.

FINANCIAL HIGHLIGHTS

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
	₹ in lakhs	₹ in lakhs
Gross income	39,124.44	15,516.52
Profit before tax	15,820.39	6,439.83
Provision for tax	5,185.73	2,234.41
Profit after tax	10,634.67	4,205.42
Balance of Profit from previous years	26,433.86	23,070.44
Amount available for appropriation	37,068.53	27,275.86
Appropriations :		
Special Reserve u/s 451C of the RBI Act, 1934	2,130.00	842.00
Net Profit after tax carried to Balance Sheet	34,938.53	26,433.86

INTERNAL FINANCIAL CONTROLS

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

DIVIDEND

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

RIGHTS ISSUE

Your Company had come out with a Rights issue of 681,601 equity shares of ₹ 10 each for cash at a premium of ₹ 1090 per share aggregating to ₹ 74.98 crore to the existing equity shareholders of the Company in April 2014. The shares were allotted on 14th June 2014. Further, the Board of Directors of your Company at its meeting held on 24th April 2015 approved the issue of 5,26,316 equity shares of ₹ 10 each for cash at a premium of ₹ 1320 per share aggregating to ₹ 70 crore to the existing equity shareholders of the Company by way of Rights issue. The object of the Rights issue is to augment the Company's resources and increase its capital adequacy.

CAPITAL ADEQUACY

The Capital to Risk Assets Ratio (CRAR) of your Company as on 31st March 2015 was at 18.32% (Tier I – 18.07%).

CREDIT RATING

The Company's short-term borrowing program from ICRA Limited continued to enjoy the highest rating of "A1+". Further, the long-term borrowings have been upgraded by ICRA Limited and CRISIL limited from "AA+" to "AAA". A1+ indicates highest-credit-quality rating and AAA indicates high-credit-quality rating with stable outlook assigned by ICRA and CRISIL.

Instrument with this 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 FY 2014-15, your Company witnessed growth in balance sheet size and met its funding requirement through various instruments like Non-Convertible Debentures (NCDs), Commercial papers (CPs), Inter-corporate deposits (ICDs), etc. Company has diversified its funding sources and has

a pool of lenders comprising of Mutual Funds, Insurance Companies and Corporates. As on 31st March 2015, your Company has adequate Capital and healthy Debt Equity Ratio. During the year, your Company got capital infusion of ₹ 74.98 crore. Your Company with its strong treasury philosophies and practices are well geared to meet the challenges of a dynamic interest rate and liquidity environment in future.

MANAGEMENT DISCUSSION AND ANALYSIS

Company Business

Your Company is primarily into lending against securities, lending to Real Estate Sector, Corporate and other Loans.

During the financial year, the Customer advances more than doubled to ₹ 3268 crore as of March, 2015 vis-à-vis ₹ 1604 crore as of March, 2014. Profit before tax for the year is ₹ 158.20 crore vis-a-vis ₹ 64.40 crore for previous year. GNPA to overall advances were at 0.23% as of March, 2015 vis-à-vis 0.93% as of March, 2014.

Your Company enables its customers to pursue ambitious growth strategies and execute value-creating transactions for mutual growth. Your Company's strategy has been of relationship management & penetration, continuous product innovation coupled with tight control on credit quality and effective risk monitoring & management. Your Company is well positioned to harness all opportunities that may be offered in the current economic environment.

Industry Developments & Outlook

The Company has major lending business segments as, Loan against securities (LAS), lending to real estate sector and Corporate & other loans.

Post the change in government at the center there is already huge upswing in the capital market. LAS business is already showing higher growth due to this. Corporates are also looking at fund in the capital market through IPO/OFS and Divestment by government. LAS business is expected to maintain its positive growth going forward.

Real estate industry is passing through tough time. There is still a lag of 1.5-2 years for revival in the same. It is also depended upon the other industries and overall economy of the country. Higher interest rates, un-affordable property prices and regulatory issues in projects are key hindrances currently. Once interest rate start softening and general revival in the economy happens, this sector is also expected to move into positive growth trajectory.

Corporates have started looking at fresh investments in capacity expansion and diversification. Hence corporate vertical will focus on meeting the wholesale financing needs of corporates through all kinds of financial instruments customized to suit their fund requirements. With the increased economic activity this business has huge potential.

With the change in government in center business environment has become very positive. Capital markets have already started reflecting the same though corporate earnings are yet to reflect it.

Macroeconomic environment is also very favorable at this time (low crude prices, reducing trend in inflation WPI & CPI, beginning of softer interest rate cycle, and various policy reforms). These factors will create good business environment for the Company.

Opportunities & Threats

Considering the size of overall NBFC industry; there is huge opportunity for KML to grow big in size. It is largely focused on wholesale funding through various types of products.

Recently, in the Union Budget it has been announced that SARFAESI may be made applicable to NBFCs which may give good support to recover the bad accounts and may bring NBFCs at par with banks.

Lot of Private Equity Owned NBFC has been set up in past 2-3 years. The environment is becoming very competitive.

Lot of regulatory changes are happening for NBFC sector (mainly from RBI). Revisions in capital requirement, increase in standard provision and NPA guidelines at par with Banks in phased manner, are the few regulatory changes going forward.

Internal Controls

The Internal Audit department of 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

Your Company is professionally managed & it follows open, transparent & meritocratic policy to nurture the human resources. Your Company encourages and facilitates long term careers with the company and engaged workforce is a high priority goal for us, as we recognise people as our most valuable asset.

Information Technology

Your Company uses the technology platforms owned and managed by Kotak Mahindra Bank Limited and is also used for its retail assets division since 2003 and also uses "ORACLE" as its financial accounting system. The CORE system has the latest technology platform and also 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. Dipak Gupta (DIN:00004771), Director, retires by rotation at the Twenty Seventh Annual General Meeting and being eligible, has offered himself for re-appointment.

Change in Directors during the year

Mr. Arvind Kathpalia (DIN:02630873) and Mr. Jaideep Hansraj (DIN:02234625) resigned as Directors of the Company with effect from 30th March 2015. Your Directors place on record their appreciation for the valuable advice and guidance rendered by Mr. Kathpalia and Mr. Hansraj during their tenure as Directors of the Company.

Ms. Shanti Ekambaram (DIN:00004889) who had earlier resigned as a Director of the Company with effect from 21st April 2014, was appointed as an Additional Director of the Company with effect from 30th March 2015. Ms. Ekambaram holds office up to the date of the ensuing Annual General Meeting of the Company and is eligible to be appointed as Director. In terms of Section 160 of the Companies Act, 2013, the Company has received notice in writing from a member along with requisite deposit of ₹ 1,00,000 proposing the candidature of Ms. Ekambaram for her appointment as Director.

Ms. Shanti Ekambaram, A.C.A., A.I.C.W.A., aged 52 years is currently the President – Consumer Banking of Kotak Mahindra Bank Limited and has over 27 years of experience in the financial services sector.

Independent Directors appointed during the year

Mr. Srikar Baljekar (DIN:01880087) and Mr. Chandrashekhar Sathe (DIN:00017605) were appointed as Independent Directors of the Company pursuant to Section 149 of the Companies Act, 2013, for a five year term upto 29th March 2020. The Company had received declarations from the directors that they met the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

Mr. Srikar Baljekar, B.Com, CA & CS, aged 55 years, in a career spanning around 29 years has considerable experience in the field of accounts, finance, internal audit and information technology. He has worked with Voltas Ltd., Kotak Mahindra Group and Fidelity International Ltd.

Mr. Chandrashekhar Sathe, B. Tech. (Chemical Engineering) from IIT, Mumbai, aged 64 years, has over 35 years' experience in the banking and financial sector. Mr. Sathe has worked with Bank of Nova Scotia, Kotak Mahindra Bank Ltd. and Bank of Maharashtra and has wide ranging experience in Banking, Finance, Administration, Credit, Foreign Exchange and Money Markets. Mr. Sathe is a widely consulted expert on Foreign Exchange and Money Markets in India and is a frequent contributor to financial newspapers, magazines and TV News channels.

Key Managerial Personnels (KMPs)

Mr. Pankaj Gupta was appointed as Chief Financial Officer and Mr. Jignesh Dave was appointed as Company Secretary of the Company with effect from 23rd April 2014.

In terms of the provisions of Section 203 of the Companies Act, 2013, at the meeting of the Board of Directors of the Company held on 23rd April 2014, the appointment of the existing Chief Executive Officer of the Company, Mr. Paritosh Kashyap, and Mr. Pankaj Gupta, Chief Financial Officer and Mr. Jignesh Dave, Company Secretary as "Key Managerial Personnel" of your Company was confirmed and approved.

Appointment & Remuneration of Directors and KMPs

The Nomination and Remuneration Committee recommends to the Board the appointment of Directors. The Committee considers the qualifications, fit & proper status, positive attributes as per the suitability of the role and independent status 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 Group'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.

The Independent Directors of the Company receive remuneration only by way of sitting fees for attending meetings of the Board or Committees thereof. Remuneration to the KMPs i.e Chief Executive Officer, Chief Financial Officer and the Company Secretary, is in line with the Remuneration Policy of the Company.

Number of Board Meetings

During the year, thirty four meetings of the Board of Directors were held.

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.

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

Sr. No.	Disclosure Requirement	Disclosure Details															
1	Ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Not Applicable to the Company. There are no whole-time directors. None of the Directors of the Company except Independent Directors receive remuneration by way of sitting fees for attending meetings of the Board/Committees thereof.															
2	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Since the CEO, CFO and CS were in employment for the part of FY 13-14, increase in remuneration is not comparable.															
3	Percentage increase in the median remuneration of employees in the financial year	7.49% considering employees who were in employment for the whole of FY 13-14 and FY 14-15															
4	Number of permanent employees on the rolls of Company at the end of the year	80															
5	Explanation on the relationship between average increase in remuneration and Company performance	<p>Recommendation for increase in remuneration is based on the following factors:</p> <ul style="list-style-type: none"> • Compensation trends based on industry benchmarking • Compensation positioning vis-à-vis market trend • Alignment between risks and remuneration • Applicable regulatory guidelines <p>For employees who were in employment for the whole of FY 13-14 and FY 14-15, average increase in remuneration for FY14-15 is 20.77% and 13.54% excluding SARs</p>															
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	For FY 2014-15, KMPs were paid approximately 2.46% in aggregate of the Profit Before Tax of the Company.															
7	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the company came out with the last public offer	Not applicable to the Company since it is a debt listed company.															
8	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	<p>Since, the managerial personnel were in employment for part of FY 13-14, average increase in remuneration is not comparable.</p> <p>For employees who were in employment for the whole of FY 13-14 and FY 14-15, average increase in remuneration for FY14-15 is 20.77% and 13.54% excluding SARs</p>															
9	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	<table border="1"> <thead> <tr> <th>Directors/KMP</th> <th>Title</th> <th>Remuneration FY 2014-15</th> </tr> <tr> <td></td> <td></td> <th>%PBT</th> </tr> </thead> <tbody> <tr> <td>Mr. Paritosh Kashyap</td> <td>CEO</td> <td>1.89%</td> </tr> <tr> <td>Mr. Pankaj Gupta</td> <td>CFO</td> <td>0.23%</td> </tr> <tr> <td>Mr. Jignesh Dave</td> <td>CS & Sr. VP – Legal</td> <td>0.34%</td> </tr> </tbody> </table>	Directors/KMP	Title	Remuneration FY 2014-15			%PBT	Mr. Paritosh Kashyap	CEO	1.89%	Mr. Pankaj Gupta	CFO	0.23%	Mr. Jignesh Dave	CS & Sr. VP – Legal	0.34%
Directors/KMP	Title	Remuneration FY 2014-15															
		%PBT															
Mr. Paritosh Kashyap	CEO	1.89%															
Mr. Pankaj Gupta	CFO	0.23%															
Mr. Jignesh Dave	CS & Sr. VP – Legal	0.34%															
10	Key parameters for any variable component of remuneration availed by the directors	Not Applicable															

Sr. No.	Disclosure Requirement	Disclosure Details
11	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable
12	Affirmation that the remuneration is as per the remuneration policy of the Company	The Company is in compliance with its Remuneration Policy

Note:

Remuneration includes Fixed pay + Variable paid during the year + perquisite value as calculated under the Income Tax Act, 1961. Remuneration does not include value of Stock Options.

Stock Appreciation Rights (SARs) are awarded as variable pay. These are settled in cash and are linked to the average market price of Kotak Mahindra Bank's stock on specified value dates. Cash paid out during the year is included for the purposes of remuneration.

COMMITTEES

AUDIT COMMITTEE

In terms of the requirement of Section 177 of the Companies Act, 2013, the Audit Committee was re-constituted on 30th March 2015. It consists of three members viz. Mr. Srikar Baljekar (Chairman), Mr. Chandrashekar Sathe and Mr. Dipak Gupta, with any two members forming the quorum.

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of the requirement of Section 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee was constituted on 30th March 2015. The Committee consists of three members viz. Mr. Chandrashekar Sathe (Chairman), Mr. K.V.S. Manian and Ms. Shanti Ekambaram with any two forming the quorum.

NOMINATION & REMUNERATION COMMITTEE

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Nomination Committee and the Remuneration Committee was merged into one Committee and renamed as 'Nomination & Remuneration Committee' with effect from 30th March 2015, comprising of Mr. Dipak Gupta (Chairman), Mr. Chandrashekar Sathe and Mr. Srikar Baljekar, with any two forming the quorum.

During the year, three meetings of the Nomination Committee and one meeting of the Remuneration Committee were held.

CREDIT COMMITTEE OF THE BOARD

The Credit Committee of the Board was constituted with effect from 30th March 2015. It comprises of Mr. Dipak Gupta, Ms. Shanti Ekambaram and Mr. K.V.S. Manian, with any two forming the quorum. The Committee considers the credit proposals upto a limit specified by the Board.

ASSET LIABILITY COMMITTEE (ALCO)

ALCO was reconstituted on 30th March 2015. It presently consists of Mr. K. V. S. Manian (Chairman), Mr. Paritosh Kashyap, Mr. Manoj Gupta, Mr. Pankaj Gupta, Mr. Ravi Chugh and Mr. Narendra Jangir as members of the Committee with either of Mr. K.V.S. Manian or Mr. Paritosh Kashyap along with any other two members forming quorum. Members of ALCO meet regularly to discuss various issues for the effective management of the assets and liabilities of the Company.

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

RISK MANAGEMENT COMMITTEE

The Company has a two level structure for Risk Management and supervision. The Risk Management Committee-(RMC) Tier I -Operations was re-constituted by Board on 30th March 2015 and presently consists of four members, viz. Mr. Paritosh Kashyap, CEO, Mr. Pankaj Gupta, Mr. Narendra Jangir and Mr. Jignesh Dave. The quorum comprises of Mr. Paritosh Kashyap and any other two members. During the year, five meetings of the Tier I level Committee were held.

The Tier II (Board) level supervisory Committee reviews the adequacy of the risk management process and up-gradation thereof. RMC Tier-II was re-constituted on 30th March 2015 and presently consists of Mr. Dipak Gupta, Mr. KVS Manian and Ms. Shanti Ekambaram. The quorum comprises of any two members. During the year, five meetings of the RMC Board- Tier II Committee were held.

AUDITORS

The Company's Auditors, M/s. V.C. Shah & Co., Chartered Accountants, Mumbai, retire on the conclusion of Twenty Seventh Annual General Meeting and are eligible for re-appointment. You are requested to re-appoint them for the current financial year and to fix their remuneration.

SECRETARIAL AUDITOR

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 2015 is annexed to this Report.

DEBENTURE TRUSTEES

IDBI Trusteeship Services Limited, Axis Trustee Services Limited act as the Debenture Trustees for the redeemable non-convertible debentures issued by the Company. IL&FS Trust Company Limited act as the security trustees for the Overdraft facility from Bank.

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.

All Related Party Transactions as required under Accounting Standards AS18 are reported in Notes to Accounts under clause no.38.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

WHISTLE BLOWER POLICY & VIGIL MECHANISM

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

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

CORPORATE SOCIAL RESPONSIBILITY

The Company's CSR program is associated with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding Company. Pursuant thereto, the CSR policy implementation focus areas of the Company are:-

- a. Promoting Education - Primary Focus Area
- b. Enhancing vocational skills and livelihood projects
- c. Promoting preventive healthcare and sanitation
- d. Reducing inequalities faced by socially and economically backward groups
- e. Environmental Sustainability
- f. Contribution to the Prime Minister's National Relief Fund.

Pursuant to provisions of Section 135 of the Companies Act, 2013, the Company has contributed ` 10.00 lakhs to the Kotak Education Foundation during the financial year ended on 31st March 2015. The Company is working closely with KMBL, its holding company, in building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years.

Pursuant to Section 135(4)(a) of the Companies Act, 2013 read with Rule 9 of the Companies (Accounts) Rules, 2014, details of the CSR Policy of the Company is disclosed in the specified format as annexure 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 (80) as of 31st March 2015.

Six (6) employees employed throughout the year and Two (2) employees employed for part of the year were in receipt of remuneration of ` 60 lacs or more per annum.

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

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

DEPOSIT

The Company did not accept any deposits from the public during the year. Also, there are no deposits due and outstanding as on 31st March 2015.

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 2015 and of the profit of the Company for the financial year ended 31st March 2015;
- 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;

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- 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:

- 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).
- Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013 (Annexure – B).
- 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 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

Mumbai, 24th April 2015

Form No. MGT-9

Annexure - A

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2015**

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. 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 – 400 051	L65110MH1985PLC038137	Holding	100.00	2(87)
Associate Companies					
2.	Phoenix ARC Pvt. Ltd. Dani Corporate Park, 7th floor, 158, CST Road, Kalina, Santacruz (E), Mumbai - 400098	U67190MH2007PTC168303	Associate	30.00	2(6)
3.	Matrix Business Services India Private Limited New No 10, Kuppaswamy 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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks/Fl	-	3,960,116	3,960,116	100.00	-	4,641,717	4,641,717	100.00	0.00
f) Any Other	-	-	-	-	-	-	-	-	-
Sub total (A) (1)		3,960,116	3,960,116	100.00	-	4,641,717	4,641,717	100.00	0.00
2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / Fl	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub total (A) (2)	0	0	0	0	0	0	0	0	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	3,960,116	3,960,116	100.00	-	4,641,717	4,641,717	100.00	0.00
B. Public Shareholding as per classification given by Depository									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / Fl	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ` 1 lakh	-	-	-	-	-	-	-	-	-
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):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	3,960,116	3,960,116	100.00	-	4,641,717	4,641,717	100.00	

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% 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.	3,959,996	100.00	0	4,641,597	100.00	0.00	0.00
2	NOMINEES OF KOTAK MAHINDRA BANK LTD.							
	(JOINTLY HOLDING WITH KOTAK MAHINDRA BANK LTD.)							
	Mr. C Jayaram	10	0.00	0	10	0.00	0.00	0.00
	Mr. Narayan S.A	10	0.00	0	10	0.00	0.00	0.00
	Mr. K.V.S. Manian	20	0.00	0	20	0.00	0.00	0.00
	Mr. Dipak Gupta	20	0.00	0	20	0.00	0.00	0.00
	Mr. Zuber Kazi	20	0.00	0	20	0.00	0.00	0.00
	Mr. R. Sundarraman	10	0.00	0	10	0.00	0.00	0.00
	Mr. Jaimin Bhatt	20	0.00	0	20	0.00	0.00	0.00
	Mr. T.V. Raghunath	10	0.00	0	10	0.00	0.00	0.00
	Total	3,960,116	100.00	0	4,641,717	100.00	0.00	0.00

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

SI No.					Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year		3,960,116	100.00	3,960,116	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 LTD.	Rights Issue - Allotment on 14th June 2014	681,601		681,601	-
	At the End of the year		4,641,717	100.00	4,641,717	100.00

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

SI No.	Name of the Share Holder	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
DIRECTORS									
	(Holding shares as nominee of Kotak Mahindra Bank Ltd. jointly with Kotak Mahindra Bank Ltd.)								
1	Dipak Gupta	20	0.00	-	-	-	31/3/2014	20	0.00
							31/3/2015	20	0.00
2	K.V.S. Manian	20	0.00	-	-	-	31/3/2014	20	0.00
							31/3/2015	20	0.00
KEY MANAGERIAL PERSONNEL									
NIL									

V. INDEBTEDNESS

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

(` in Lacs)

	Secured Loans excluding deposits	Unsecured Loans @	Deposits @@	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	51,852.36	56,973.97	15,000.00	123,826.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	287.94	1,114.77	169.72	4,158.45
Total (i+ii+iii)	54,726.30	58,088.75	15,169.72	127,984.78
Change in Indebtedness during the financial year				
• Addition	81,513.71	390,727.71	20,000.00	492,241.42
• Reduction	16,552.36	283,167.23	27,500.00	327,219.59
Net Change	64,961.35	107,560.48	(7,500.00)	165,021.83
Indebtedness at the end of the financial year				
i) Principal Amount	116,813.72	164,534.45	7,500.00	28,848.16
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,997.00	4,798.16	9.73	9,804.91
Total (i+ii+iii)	121,810.72	169,332.61	7,509.73	298,653.07

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL –

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

(` in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Paritosh Kashyap (CEO & Manager)	
1	Gross salary* (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 @ (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	297.94 230.79 -	297.94 230.79 -
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)	528.73	528.73
	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 ` 229.99 lacs 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 Manager shall not exceed 5% of the net profit of the Company.

B. Remuneration to other directors:

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

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

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary & Sr. Vice President - Legal	CFO	
1	Gross salary * (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	53.31 1.89 -	35.63 - -	88.94 1.89 -
2	Stock Option @	Cost included in 1(b) above	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	55.20	35.63	90.83

Notes:

@ The perquisite value towards stock options includes the difference between exercise price & market price on the date of exercise. The same amounting to ₹ 1.89 lacs for Company Secretary & Sr. Vice President – Legal is not paid by the Company.

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Secretarial Audit Report

Annexure - B

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

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 **KOTAK MAHINDRA INVESTMENTS LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and 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 2015 generally 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 2015, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. Securities and Exchange Board of India Act, 1992
4. Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
5. Prevention of Money Laundering Act, 2002
6. Reserve Bank of India Act, 1934
7. The Employees Provident Fund Act, 1952;
8. Contract Labour Act, 1970
9. The Employees State Insurance Act, 1948;
10. Maternity Benefit Act, 1961;
11. Payment of Gratuity Act, 1972;
12. Employment Exchanges (Compulsory Notification of vacancies) Act, 1959;
13. Minimum Wages Act, 1948;
14. Equal Remuneration Act, 1976;
15. The Payment of Bonus Act, 1965;
16. Shops and Establishment Act;
17. Workmen's Compensation Act, 1923;
18. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013;
19. The Child Labour (Prohibition and Regulation) Act, 1986;
20. Information Technology Act, 2000
21. Service Tax Act
22. Income Tax Act, 1961

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

(l) The Listing Agreement entered into by the Company with The Bombay Stock Exchange pursuant to the listing of its debentures.

The Secretarial Standards issued by the Institute of Company Secretaries of India will become effective from July 1, 2015 and hence are not applicable for the period under review.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

The Company has incurred a total expenditure of Rupees Ten Lacs only towards corporate social responsibility activities. We further report that on the basis of the information available with us, the requisite disclosure pertaining to Corporate Social Responsibility is being made in the Directors' Report of the Company.

I further report that

The Board of Directors of the Company is constituted in accordance with the provisions of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

I further report that during the audit period:

1. A special resolution was passed at the Extra Ordinary General Meeting of the Company held on 14th July, 2014 for issuance of debentures on private placement basis pursuant to section 42 of the Companies Act, 2013.
2. A special resolution was passed at the Extra Ordinary General Meeting of the Company held on 12th November, 2014 and 29th December, 2014 for approving the borrowing limits under section 180(1)(c) of the Companies Act, 2013.

Place: Mumbai

Date: 24th April, 2015

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

CSR Report

Annexure - C

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

1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>CSR activities at Kotak Mahindra Investments Limited are carried out in association with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding company.</p> <p>CSR Projects / Programme undertaken through Kotak Education Foundation</p> <p>Kotak Education Foundation endeavors to enhance the accessibility and affordability of quality education for deserving underserved sections of society. Primary focus is on providing infrastructure to schools, scholarships for deserving children and supporting parents and teachers to provide holistic learning environment for children at school and home</p> <p>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013.</p> <p>http://www.kmil.co.in/customer-services/index.html</p>
2	The Composition of the CSR Committee.	<p>CSR Committee comprises of following Directors:</p> <ol style="list-style-type: none"> 1. Mr. Chandrashekhar Sathe – Chairman 2. Mr. KVS Manian 3. Ms. Shanti Ekambaram
3	Average net profit of the company for last three financial years (Amount in crores)	` 42.27 crore
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) (Amount in crores)	` 0.85 crore
5	<p>Details of CSR spent during the financial year.</p> <ol style="list-style-type: none"> (1) Total amount to be spent for the F.Y. (2) Amount unspent , if any; (3) Manner in which the amount spent during the financial year : 	<p>The Company has contributed an amount of ` 10 lakhs by contributing to initiatives of Kotak Education Foundation</p>

(Amount in `)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr No.	CSR project or activity identified	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Sector in which the project	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through Implementing agency
1	Kotak Education Foundation - Kotak Education Foundation (KEF) was set up in FY 2006-07 with a purpose to support children and youth from underprivileged families through different education based interventions on a sustainable basis. The interventions are designed to empower recipients and provide employable skills which will enable them to lead a dignified life. KEF provides livelihood support to children and youth from Below the Poverty Line (BPL) families in Mumbai, Thane and Raigad regions.	Kotak Education Programs are undertaken in Mumbai, Thane and Raigad regions	Promoting Educations	10,00,000	1) 6,00,000 2) 3,22,000	10,00,000 (Out of this, Kotak Education Foundation has not utilised ` 78,000/-. This will be used towards payment of future rental - 'overheads' in coming years)	10,00,000
TOTAL CSR SPEND U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2014-15							10,00,000

6. The Company is working closely with Kotak Mahindra Bank Limited, its holding company, in building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years.

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

Paritosh Kashyap
Chief Executive Officer

Chandrashekhar Sathe
Chairman CSR Committee

Independent Auditors' Report

To the members of

Kotak Mahindra Investments Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Kotak Mahindra Investments Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2015', 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 a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its financial statements – Refer Note 26;
 - ii. The Company did not have any long term contracts including derivative contracts as at 31st March, 2015.
 - 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, 2015.

Mumbai, 24th April, 2015.

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

V.C.Shah
Partner
Membership No.: 10360

Annexure to the Auditors' Report

(Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Kotak Mahindra Investments Limited for the year ended 31st March, 2015)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- ii. The Company did not have any inventory during the year. Hence, the requirements of sub-clauses (a), (b) and (c) of clause (ii) paragraph 4 of the Order, are not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Hence, clause (iii) of paragraph 3 of the Order is not applicable to the Company during the period under report.
- iv. In our opinion and according to the information and explanations given to us, the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business, with regards to purchase of fixed assets and services rendered. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us, 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 thereunder.
- vi. The provisions of section 148 (1) of the Companies Act in respect of maintenance of cost records as may be prescribed by the Central Government, are not applicable to the Company;
- vii. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, custom duty, excise duty, cess and other material statutory dues, if any, applicable to it. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute except as follows:

Name of Statute	Nature of dues	Amount `	Assessment Year	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	58,96,631	2010-11	As informed and explained to us, the company is in the process of filing an appeal against the demand

- (c) According to the information and explanations given to us, company is not required to transfer any amount to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii. There are no accumulated losses of the Company at the end of the financial year. The Company has also not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions or debenture holders.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion and according to the information and explanation given to us, the Company has not availed of any term loans during the year. Hence, clause (xi) of paragraph 3 of the Order is not applicable.

-
- xii. 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For V.C.Shah & Co.

Chartered Accountants
Firm Registration No.109818W

V.C.Shah

Partner
Membership No.: 10360

Mumbai, 24th April, 2015.

AUDITOR'S REPORT UNDER

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

To,
**The Board of Directors of
KOTAK MAHINDRA INVESTMENTS LIMITED**

1. We have audited the financial statements of **KOTAK MAHINDRA INVESTMENTS LIMITED**, which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information and issued our audit opinion dated 24th April, 2015 thereon. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these financial statements based on our audit. Our audit was conducted in the manner specified in paragraph 3 – 'Auditors' Responsibility' - of the said report.
2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 ('the Directions') issued by Reserve Bank of India ('RBI'), based on our audit referred to in paragraph 1 above and information, explanations and representations given to us, which to the best of our knowledge and belief were necessary for this purpose, we furnish hereunder our report on the matters specified in paragraphs 3 and 4 of the said Directions, to the extent applicable to the company:

A. Item 3(A) of the Directions:

- i. The Company is engaged in the business of a non-banking financial institution ('NBFI'), as defined in section 45(a) of the Reserve Bank of India Act, 1934 ('the Act'), requiring it to obtain a Certificate of Registration ('CoR') under section 45-IA of the Act. The Company is registered with the RBI as an NBFI without accepting public deposits vide CoR No.B-13.01356 dated 8th September, 2000.
- ii. Based on the asset and income pattern as determined in accordance with the audited financial statements for the year ended 31st March, 2015, computed in the manner laid down in RBI Circular No. DNBS (PD) C.C. NO. 81 / 03.05.002 /2006-07 dated 19th October, 2006, and paragraph 15 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time ('the Prudential Norms'), the Company is entitled to continue to hold the CoR.
- iii. Based on the criteria set forth by the RBI vide circular No.DNBS.PD CC No.85/03.02.089/2006-07 dated 6th December, 2006 for classification of NBFCs, the Company is not an Asset Finance Company as defined in the Non-Banking Financial Companies Acceptance of Public Deposit (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the financial year ended 31st March, 2015.
- iv. Based on the criteria set forth by the RBI vide circular No.DNBS.PD.No.236/CGM(US)-2011 dated 2nd December, 2011 for classification of NBFCs the Company is not a NBFC-MFI as defined in the Non-Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2011 with reference to the business carried on by it during the financial year ended 31st March, 2015.

B. Item 3(C) of the Directions:

- i. The Board of Directors has passed a resolution dated 14th April, 2014 for the non-acceptance of public deposits.
 - ii. The Company has not accepted any public deposits during the year under report.
 - iii. The Company has complied with the Prudential Norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts, as applicable to it during the financial year ended 31st March, 2015 in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
 - iv. In respect of Systemically Important Non-deposit taking NBFCs as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007:
 - a) The Capital Adequacy Ratio (CRAR) of the Company as on 31st March, 2014 as disclosed in the Return submitted to the Bank in form NBS-7 is 26.27% and the same has been correctly arrived at and is in compliance with the minimum CRAR prescribed by the Bank.
 - b) The Company has furnished to the Bank the annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS-7) for the year ended 31st March, 2014 within the stipulated period.
3. This report is issued solely for reporting on the matters specified in paragraphs 3 and 4 of the Directions, and is not intended to be used or distributed for any other purpose.

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

V.C.Shah
Partner
Membership No.: 10360

Mumbai, 24th April, 2015.

Balance Sheet

as at 31st March, 2015

	Note No.	As at 31st March 2015 in lakhs	As at 31st March 2014 in lakhs
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	(3)	464.17	396.01
(b) Reserves and Surplus	(4)	61,257.53	43,193.41
2. Non-current Liabilities			
(a) Long-Term Borrowings	(5)	61,244.98	35,763.43
(b) Other Long Term Liabilities	(6)	623.38	393.36
(c) Long-Term Provisions	(7)	551.44	299.65
3. Current Liabilities			
(a) Short-Term Borrowings	(8)	180,632.62	73,088.75
(b) Trade Payables	(9)	67.05	144.99
(c) Other Current Liabilities	(10)	56,983.13	19,085.19
(d) Short-Term Provisions	(11)	1,455.88	1,211.48
Total		363,280.18	173,576.27
ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	(12)	95.79	67.77
Intangible Assets	(12)	7.05	-
(b) Non-Current Investments	(13)	12,456.20	9,760.50
(c) Deferred Tax Assets (net)	(27)	494.97	562.81
(d) Long-Term Loans and Advances	(14)	109,536.51	32,444.10
(e) Other non-current assets	(15)	28.85	-
2. Current Assets			
(a) Current Investments	(16)	12,868.11	-
(b) Trade Receivables	(17)	25.78	112.16
(c) Cash and Bank Balances	(18)	15,621.59	8,352.40
(d) Short-Term Loans and Advances	(19)	211,584.75	122,142.19
(e) Other current assets	(20)	560.58	134.34
Total		363,280.18	173,576.27

See accompanying notes to the financial statements

As per our attached report of even date

For V.C. Shah & Co.

Chartered Accountants

V.C. Shah

Partner

Membership No. 10360

Place : Mumbai

Dated : 24th April, 2015

For and on behalf of the Board of Directors

Dipak Gupta

Director

Paritosh Kashyap

CEO & Manager

K.V.S. Manian

Director

Pankaj Gupta

Chief Financial Officer

Jignesh Dave

Company Secretary

Statement of Profit and Loss

for the year ended 31st March, 2015

	Note No.	For the year ended 31st March 2015 in lakhs	For the year ended 31st March 2014 in lakhs
REVENUE			
Revenue from Operations	(21)	36,468.74	14,626.79
Other Income	(22)	2,655.70	889.73
TOTAL REVENUE		39,124.44	15,516.52
EXPENSES			
Employee Benefits Expense	(23)	2,378.51	1,157.00
Finance Costs	(24)	19,026.64	6,747.02
Depreciation		42.82	35.43
Other Expenses	(25)	1,856.08	1,137.24
TOTAL EXPENSES		23,304.05	9,076.69
Profit before Tax		15,820.39	6,439.83
Tax Expense :			
(a) Current Tax		(5,505.32)	(2,188.74)
(b) Current Tax relating to prior years		387.44	81.00
(c) Deferred Tax		(67.84)	(126.67)
Profit for the Year		10,634.67	4,205.42
Earning per Share			
- Basic and Diluted		236.14	116.93

See accompanying notes to the financial statements

As per our attached report of even date

For V.C. Shah & Co.

Chartered Accountants

V.C. Shah

Partner

Membership No. 10360

Place : Mumbai

Dated : 24th April, 2015

For and on behalf of the Board of Directors

Dipak Gupta

Director

Paritosh Kashyap

CEO & Manager

K.V.S. Manian

Director

Pankaj Gupta

Chief Financial Officer

Jignesh Dave

Company Secretary

Cash Flow Statement

for the year ended 31st March, 2015

Particulars	2014-2015		2013-2014	
	Amount (` in lakhs)	Amount (` in lakhs)	Amount (` in lakhs)	Amount (` in lakhs)
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation and extraordinary items	15,820.39		6,439.83	
Adjustments for :				
Depreciation	42.82		35.43	
Profit on Long Term Investments	(134.83)		-	
Interest on Long Term Investments	(1,050.00)		(276.16)	
Profit on Current Investments	(827.45)		(305.94)	
Discount Income on certificate of deposits	(2.21)			
Dividend on Long Term Investments	(3.28)		(0.03)	
Profit on Sale of Fixed Assets	(4.82)		-	
Provision for standard assets	416.72		195.77	
Provision for doubtful receivables, loans and advances	-		299.65	
Provision written back for doubtful receivables, loans and advances	(453.11)		-	
Bad receivables, loans and advances written off (net of recovery)	30.73		18.21	
Provision for Diminution in Investments	0.20		-	
Operating Profit before Working Capital Changes	13,835.16		6,406.76	
Increase in Loans and Advances	(166,396.12)		(71,828.94)	
(Increase) / Decrease in Trade Receivables	86.38		(77.08)	
Increase in Other Non-Current Assets	(28.85)		-	
(Increase) / Decrease in Other Current Assets	(10,733.72)		1,704.98	
Increase in Current Liabilities	1,958.59		654.62	
Decrease in Trade Payables	(77.94)		(20.98)	
Increase / (Decrease) in Other Liabilities	230.01		(31.83)	
Increase in Provisions	484.71		241.19	
Cash generated used in Operations	(160,641.78)		(62,951.28)	
Income Taxes paid	(5,239.58)		(1,804.48)	
Net Cash generated used in Operating Activities (A)		(165,881.36)		(64,755.75)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	(2,245,385.09)		(870,306.15)	
Sale of Investments	2,230,785.57		864,610.94	
Dividend on Long Term Investments	3.28		0.03	
Interest on Long Term Investments	1,050.00		276.16	
Purchase of Fixed Assets	(80.99)		(39.35)	
Sale of Fixed Assets	7.92		22.32	
Net Cash used in Investing Activities (B)		(13,619.31)		(5,436.05)

Cash Flow Statement

for the year ended 31st March, 2015

Particulars	2014-2015		2013-2014	
	Amount (` in lakhs)	Amount (` in lakhs)	Amount (` in lakhs)	Amount (` in lakhs)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Equity Share Capital	7,497.61		9,000	
Increase in Secured Loans	65,220.90		31,901.78	
Increase in Unsecured Loans	103,743.87		30,655.13	
Net Cash from Financing Activities (C)		176,462.38		71,556.91
NET INCREASE IN CASH & CASH EQUIVALENTS (A + B + C)		(3,038.29)		1,365.11
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		8,352.40		6,987.29
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (D)		(3,038.29)		1,365.11

Notes :

- Cash and cash equivalents include :

Bank Balances	1,124.11	1,152.40
Fixed Deposits with original maturity of less than 3 months	4,190.00	7,200.00
Total cash and cash equivalents	5,314.11	8,352.40
- 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

For V.C. Shah & Co.

Chartered Accountants

V.C. Shah

Partner

Membership No. 10360

Place : Mumbai

Dated : 24th April, 2015

For and on behalf of the Board of Directors

Dipak Gupta

Director

Paritosh Kashyap

CEO & Manager

K.V.S. Manian

Director

Pankaj Gupta

Chief Financial Officer

Jignesh Dave

Company Secretary

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

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 have been prepared on accrual basis 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. 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 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable and the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies.

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. CURRENT / NON-CURRENT CLASSIFICATION

All assets and liabilities have been classified as current or non-current based on assumption of operating cycle with duration of 12 months.

D. REVENUE RECOGNITION

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

E. FIXED ASSETS

- a. Fixed assets are stated at cost inclusive of incidental expenses less accumulated depreciation. Gain or losses arising from the retirement or disposal of a fixed asset (including intangible asset) are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognized as income or expense in the Statement of Profit and Loss.

- b. **Depreciation:**

The Company adopts the Straight Line Method of depreciation so as to write off 100% of the cost of the assets, based on the management's estimate of the useful lives of all assets, which are lesser than those prescribed under Schedule II to the Companies Act, 2013 in order to reflect the actual usage of the assets. 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. The estimates of useful lives of the assets, based on a technical evaluation, have not undergone a change on account of transition to the Companies Act, 2013. Estimated useful lives over which assets are depreciated are as follows:

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

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
Software and System Development	3

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

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. 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. 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. Brokerage, stamping and additional charges paid are included in the cost of investments.

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.

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

- b. 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.
- c. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.
- d. 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.
- e. 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.
- f. 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. STRUCTURED LIABILITIES

The company has issued structured liabilities wherein the return on these liabilities is linked to non-interest benchmarks. Such structured liabilities have an embedded derivative which is the non-interest related return component. The embedded derivative is separated from the host contract and accounted separately (Refer accounting policy on Derivates as per 'M' below).

The resultant debt component of such structured liabilities is recognised in the Balance Sheet under the head "Secured loans" and is measured at amortised cost using yield to maturity basis.

M. DERIVATIVES

"Initial Margin – Commodity Derivative" representing the initial margin paid and /or additional margin paid over and above the initial margin, for entering into contracts for derivatives which are released on final settlement / squaring – up of the underlying contracts, are disclosed under Short-Term Loans and Advances.

On final settlement or squaring up of contracts for derivative, the realised profit or loss after adjusting the unrealized loss already accounted, if any, is recognised in the statement of profit and loss and shown as Profit / (Loss) on trading in Commodity Futures.

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

Outstanding derivative contracts, including embedded derivatives, are measured at fair value as at each balance sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.

The marked to market on derivative contracts is determined on a portfolio basis with net unrealized losses being recognised in the statement of profit and loss. Unrealized gains are not recognised in statement of profit and loss on grounds of prudence as enunciated in Accounting Standard – 1, Disclosure of Accounting Policies.

N. 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.

O. 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

P. 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.

Q. 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.

R. LEASES

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

S. 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 Balance Sheet

as at 31st March 2015

	As at 31st March 2015	As at 31st March 2014
	₹ in lakhs	₹ in lakhs
NOTE 3 - SHARE CAPITAL		
Authorised		
58,000,000 Equity Shares of ₹ 10/- each	5,800.00	5,800.00
1,200 Non Cumulative Redeemable Preference Shares of ₹ 1,00,000/- each	1,200.00	1,200.00
Total	7,000.00	7,000.00
Issued, Subscribed and Fully Paid up		
4,641,717 (P.Y.3,960,116) Equity Shares of ₹ 10/- each	464.17	396.01
Total	464.17	396.01

Reconciliation of number of Shares and Equity Share Capital

Particulars	31st March 2015		31st March 2014	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Outstanding at the beginning of the year	3,960,116	396.01	3,050,280	305.03
Add : Issued during the year	681,601	68.16	909,836	90.98
Less : Bought back during the year	-	-	-	-
Outstanding at the end of the year	4,641,717	464.17	3,960,116	396.01

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.

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 4,641,717 (P.Y. 3,960,116) equity shares of ₹ 10/- each

Shareholders holding more than 5% of Equity Share Capital

Name of Shareholder	31st March 2015		31st March 2014	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Kotak Mahindra Bank Ltd. and its nominees	4,641,717	100%	3,960,116	100%
	4,641,717	100%	3,960,116	100%

Notes forming part of the Balance Sheet as at 31st March 2015

	As at 31st March 2015 in lakhs	As at 31st March 2014 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 and end of the year	9,214.40	305.38
Add: Received during the year on issuance of equity shares	7,429.45	8,909.02
Balance as at the end of the year	16,643.85	9,214.40
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	6,110.20	5,268.20
Add: Transferred from Profit and Loss Account	2,130.00	842.00
Balance as at the end of the year	8,240.20	6,110.20
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	26,433.86	23,070.44
Add : Profit for the current year	10,634.67	4,205.42
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	2,130.00	842.00
Balance as at the end of the year	34,938.53	26,433.86
Total	61,257.53	43,193.41

	As at 31st March 2015 in lakhs	As at 31st March 2014 in lakhs
NOTE 5 - LONG TERM BORROWINGS		
	Notes	
Secured		
3,390 (P.Y. 3,530) Redeemable Non-Convertible Debentures fully paid, privately placed	A	33,900.00
NIL (P.Y. 500) Redeemable Non-Convertible Gold Linked Debentures fully paid, privately placed	B	500.00
Less : Unamortised Discount on Debentures		36.57
		463.43
3,119 (P.Y. NIL) Deep Discount Non-Convertible Debentures privately placed	C	31,190.00
Less : Unamortised Discount on Debentures		3,845.02
		27,344.98
Total		61,244.98
		35,763.43

Notes forming part of the Balance Sheet

as at 31st March 2015

Notes :

These debentures are redeemable at par. The Non Convertible Debentures, Deep Discount Debentures and Gold Linked debentures are secured by way of charge on company owned property of ` 10.26 lakhs and a charge on receivables, current assets and Investments of the company, in favour of the debenture Trustees.

A) The details of debentures are as under:

Description	Interest Rate	Amount ` in lakhs	Rate	Amount ` in lakhs (P.Y.)	Redemption Date
800 Debentures of ` 10,00,000 each	8.91%**	8,000.00	-	-	20-Mar-17
60 Debentures of ` 10,00,000 each	10.40%**	600.00	10.40%**	600.00	23-Feb-17
800 Debentures of ` 10,00,000 each	10.30%	8,000.00	10.30%	8,000.00	17-Jan-17
500 Debentures of ` 10,00,000 each	10.50%	5,000.00	10.50%	5,000.00	2-Dec-16
500 Debentures of ` 10,00,000 each	10.50%	5,000.00	10.50%	5,000.00	25-Nov-16
30 Debentures of ` 10,00,000 each	9.29%**	300.00	-	-	10-Nov-16
100 Debentures of ` 10,00,000 each	9.57%	1,000.00	-	-	10-Oct-16
100 Debentures of ` 10,00,000 each	8.86%**	1,000.00	-	-	23-Jun-16
500 Debentures of ` 10,00,000 each	10.40%**	5,000.00	10.40%**	5,000.00	2-Jun-16
200 Debentures of ` 10,00,000 each	-	-	10.40%**	2,000.00	8-Mar-16
70 Debentures of ` 10,00,000 each	-	-	10.05%**	700.00	30-Apr-15
400 Debentures of ` 10,00,000 each	-	-	10.65%**	4,000.00	17-Apr-15
500 Debentures of ` 10,00,000 each	-	-	10.65%**	5,000.00	13-Apr-15
Total		33,900.00		35,300.00	

** Annual Compounding

B) The details of Gold Linked debentures are as under:

Description	Interest Rate	Amount ` in lakhs	Rate	Rate	Redemption Date
500 Debentures of ` 1,00,000 each	-	-	**	500.00	10-Nov-15
Total		-		500.00	

** Linked to Mumbai standard gold - spot price

C) The details of Deep Discount Debentures are as under:

Description	Interest Rate	Amount ` in lakhs	Rate	Amount ` in lakhs (P.Y.)	Redemption Date
93 Debentures of ` 10,00,000 each	9.57%	930.00	-	-	17-Oct-17
260 Debentures of ` 10,00,000 each	9.57%	2,600.00	-	-	3-Oct-17
325 Debentures of ` 10,00,000 each	8.95%	3,250.00	-	-	18-Apr-17
60 Debentures of ` 10,00,000 each	8.95%	600.00	-	-	4-Apr-17
239 Debentures of ` 10,00,000 each	9.28%	2,390.00	-	-	31-Oct-16
96 Debentures of ` 10,00,000 each	9.28%	960.00	-	-	31-Oct-16
120 Debentures of ` 10,00,000 each	9.57%	1,200.00	-	-	10-Oct-16
75 Debentures of ` 10,00,000 each	9.57%	750.00	-	-	27-Sep-16
121 Debentures of ` 10,00,000 each	9.70%	1,210.00	-	-	9-Aug-16
730 Debentures of ` 10,00,000 each	9.85%	7,300.00	-	-	2-Aug-16
1000 Debentures of ` 10,00,000 each	8.85%	10,000.00	-	-	27-Apr-16
Total		31,190.00	-	-	

Notes forming part of the Balance Sheet as at 31st March 2015

	As at 31st March 2015 in lakhs	As at 31st March 2014 in lakhs
NOTE 6 - OTHER LONG TERM LIABILITIES		
Others		
Mark-to-Market Embedded Options Value	-	35.24
Interest accrued but not due on borrowings	623.38	358.12
Total	623.38	393.36
NOTE 7 - LONG TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity	118.43	97.39
Provision for Accumulated Compensated Absences	87.13	72.03
Provision for Stock Appreciation Rights	52.99	34.38
Provision for Long Service Awards	4.62	-
Provision- Others		
Contingent Provisions against Standard Assets	288.27	95.85
Total	551.44	299.65
NOTE 8 - SHORT TERM BORROWINGS		
	Notes	
Secured		
Loan repayable on demand		
- Overdraft facility from Bank	A	3,000.00
80 (P.Y.NIL) Redeemable Non-Convertible Debentures fully paid, privately placed	B	800.00
Unsecured		
Commercial Paper		173,580.00
Less : Unamortised Discount		4,247.38
		169,332.62
Loans and advances from related parties		
Intercompany Deposits		15,000.00
Others		
Intercompany Deposits		7,500.00
Total		180,632.62
		73,088.75

Notes :

- A) The Overdraft facility are secured by way of first, pari passu, non exclusive charge on receivables, book debts, current assets and investments of the company, in favour of the Trustees.
- B) These debentures are redeemable at par. The Non Convertible Debentures, are secured by way of charge on company owned property of ₹ 10.26 lakhs and a charge on receivables, current assets and Investments of the company, in favour of the debenture Trustees.

Notes forming part of the Balance Sheet

as at 31st March 2015

		As at 31st March 2015 ₹ in lakhs	As at 31st March 2014 ₹ in lakhs
NOTE 9 - TRADE PAYABLES			
Other than Acceptances		67.05	144.99
Total		67.05	144.99
NOTE 10 - OTHER CURRENT LIABILITIES			
	Notes		
Current maturities of long-term debt			
Secured Redeemable Non-Convertible Debentures fully paid, privately placed	A	43,800.00	11,800.00
Secured Redeemable Non-Convertible Gold Linked Debentures fully paid, privately placed	A	500.00	-
Less : Unamortised Discount on Debentures		14.24	-
		485.76	-
Secured Deep Discount Non-Convertible Debentures privately placed	A	9,300.00	5,340.00
Less : Unamortised Discount on Debentures		634.28	127.86
		8,665.72	5,212.14
Interest accrued but not due on borrowings		3,199.75	1,762.34
Income received in advance		-	5.75
Other Payables			
Sundry Creditors (Other than Micro, Small & Medium Enterprises)		156.32	77.73
Mark-to-Market Embedded Options Value		0.87	-
Other Liabilities including statutory dues		674.71	227.23
Total		56,983.13	19,085.19

- A) These debentures are redeemable at par. The Non Convertible Debentures, Deep Discount Debentures and Gold Linked debentures are secured by way of charge on company owned property of ₹ 10.26 lakhs and a charge on receivables, current assets and Investments of the company, in favour of the debenture Trustees.

		As at 31st March 2015 ₹ in lakhs	As at 31st March 2014 ₹ in lakhs
NOTE 11 - SHORT TERM PROVISIONS			
Provision for Employee Benefits			
Provision for Gratuity		19.05	14.99
Provision for Accumulated Compensated Absences		13.25	11.78
Provision for Stock Appreciation Rights		113.17	110.07
Provision- Others			
Contingent Provisions against Standard Assets		527.77	303.48
Provision for Taxation (Net of Advance Taxes ₹ 7963.88 lakhs (P.Y. ₹ 2,724.29 lakhs))		782.64	771.16
Total		1,455.88	1,211.48

Notes forming part of the Balance Sheet as at 31st March 2015

NOTE 12 - FIXED ASSETS

(` In Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance As at 1 April 2014	Additions during the year	Disposals during the year	Balance As at 31 March 2015	Balance As at 1 April 2014	Depreciation Charge For the year	On Disposals	Balance As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible Assets										
Premises	10.26	-	-	10.26	2.12	0.18	-	2.30	7.96	8.13
Office Equipment	4.87	0.19	-	5.06	4.01	0.39	-	4.40	0.66	0.87
Furniture & Fixtures	1.28	-	-	1.28	1.27	0.01	-	1.28	0.01	0.03
Computers	26.33	15.44	1.29	40.48	15.82	9.38	1.09	24.11	16.37	10.49
Vehicles	78.79	57.17	12.70	123.26	30.54	31.72	9.80	52.46	70.79	48.25
Intangible Assets										
Software and System Development	-	8.19	-	8.19	-	1.14	-	1.14	7.05	-
TOTAL	121.53	80.99	13.99	188.53	53.76	42.82	10.89	85.69	102.84	67.77
Previous Year	114.22	39.35	32.04	121.53	28.05	35.44	9.73	53.76	67.77	86.18

Notes forming part of the Balance Sheet

as at 31st March 2015

NOTE 13 - NON CURRENT INVESTMENTS (Non Trade)

	As at 31-03-2015 Quantity	As at 31-03-2015 Amount (` in lakhs)	As at 31-03-2014 Quantity	As at 31-03-2014 Amount (` in lakhs)
(I) INVESTMENTS IN EQUITY INSTRUMENT				
(at cost less provision for other than temporary diminution)				
A. Quoted and fully paid up Equity shares in:				
Aditya Birla Nuvo Limited	-	-	5	0.04
Axis Bank Limited	-	-	5	0.05
CRISIL Limited	-	-	5	0.06
City Union Bank Limited	-	-	5	0.00
Corporation Bank	-	-	5	0.02
Dewan Housing Finance Corporation Limited.	-	-	5	0.01
Development Credit Bank Limited.	-	-	5	0.00
Edelweiss Financial Services Limited.	-	-	50	0.02
The Federal Bank Limited.	-	-	25	0.01
Geojit BNP Paribas Financial Services Limited.	-	-	50	0.01
Godrej Properties Limited	-	-	400	1.13
Housing Development Finance Corporation Limited.	-	-	25	0.05
HDFC Bank Limited	-	-	25	0.11
ICRA Limited	-	-	5	0.06
Infrastructure Development Finance Company Limited.	-	-	5	0.01
ING Vysya Bank Limited	-	-	5	0.01
IDBI Bank Limited.	-	-	5	0.00
ICICI Bank Limited	-	-	6	0.05
IIFL Holdings Limited	-	-	30	0.01
Indiabulls Housing Finance Limited	-	-	5	0.01
IndiaBulls Real Estate Limited.	-	-	5	0.01
IndiaBulls Securities Limited.	-	-	5	0.01
Indiabulls Infrastructure and Power Limited	-	-	14	-
IndusInd Bank Limited.	-	-	5	0.01
The Jammu & Kashmir Bank Limited	-	-	5	0.04
J M Financial Limited.	-	-	125	0.02
The Karnataka Bank Limited.	-	-	5	0.01
Karur Vysya Bank Limited.	-	-	7	0.02
Lakshmi Vilas Bank Limited.	-	-	5	0.00
L & T Finance Holdings Limited	-	-	5	0.00
LIC Housing Finance Limited	-	-	25	0.01
Magma Fincorp Limited	-	-	5	0.01

Notes forming part of the Balance Sheet as at 31st March 2015

	As at 31-03-2015 Quantity	As at 31-03-2015 Amount (` in lakhs)	As at 31-03-2014 Quantity	As at 31-03-2014 Amount (` in lakhs)
Mahindra & Mahindra Financial Services Limited	-	-	25	0.03
Motilal Oswal Financial Services Limited.	-	-	5	0.01
Reliance Capital Limited	-	-	5	0.07
Religare Enterprises Limited	-	-	5	0.02
SREI Infrastructure Finance Limited	-	-	5	0.01
State Bank of India	-	-	5	0.11
Shriram Transport Finance Company Limited.	-	-	5	0.04
Sundaram Finance Limited	-	-	10	0.03
Dhanlaxmi Bank Limited.	-	-	5	0.01
The South Indian Bank Limited.	-	-	50	0.01
Yes Bank Limited.	-	-	5	0.02
Less: Provision for Diminution				
Sub-total (A)		-		2.17
B. Unquoted and fully paid up Equity shares in:				
In Associates				
Phoenix ARC Pvt. Limited.	50,400,000	6,100.50	31,500,000	3,265.50
Matrix Business Services (India) Pvt. Limited.	90,000	201.91	150,000	336.54
		6,302.41		3,602.04
In Others				
DSP Merrill Lynch Limited.	5	0.01	5	0.01
Business Standard Private Limited.	1,000	0.20	1,000	0.20
Amitabh Bachchan Corporation Limited.	325,000	260.00	325,000	260.00
TAIB Capital Corporation Limited.	245,000	15.54	245,000	15.54
Elbee Express Pvt. Limited	400,000	225.00	400,000	225.00
Arun Processors Limited.	643,125	0.00	643,125	0.00
Svasti Microfinance Pvt Limited	54,920	50.14	54,920	50.14
Less: Provision for Diminution		417.70		417.50
		133.19		133.39
Sub-total (B)		6,435.60		3,735.43
TOTAL INVESTMENTS IN EQUITY INSTRUMENTS (A+B) (I)		6,435.60		3,737.60
(II) INVESTMENT IN DEBENTURES				
(at cost less provision for other than temporary diminution)				
Quoted and fully paid up Debentures in:				
Rajesh Real Estate Developers Pvt. Limited	60	6,000.00	60	6,000.00
TOTAL INVESTMENTS IN DEBENTURES (II)		6,000.00		6,000.00

Notes forming part of the Balance Sheet as at 31st March 2015

	As at 31-03-2015 Quantity	As at 31-03-2015 Amount (` in lakhs)	As at 31-03-2014 Quantity	As at 31-03-2014 Amount (` in lakhs)
(III) OTHER INVESTMENTS				
(at cost less provision for other than temporary diminution)				
Kotak India Real Estate Fund-I-Class B Units	290,141	2.90	290,141	2.90
Kotak Alternate Opportunities (India) Fund - Class B Units		10.00		10.00
Kotak India Venture Fund - Class B Units	2,696,700	2.70	5,000,000	5.00
Kotak India Growth Fund -II-Class B Units	500,000	5.00	500,000	5.00
Less: Provision for Diminution				
TOTAL OTHER INVESTMENTS (III)		20.60		22.90
TOTAL NON-CURRENT INVESTMENTS (I+II+III)		12,456.20		9,760.50
Aggregate Amount of Quoted Investments				
- at cost		6,000.00		6,002.17
- at market value		6,000.00		6,002.35
Aggregate of Unquoted Investments				
- at cost		6,456.20		3,758.33
Aggregate provision for diminution in value of investments		417.70		417.50

	As at 31st March 2015 (` in lakhs)	As at 31st March 2014 (` in lakhs)
NOTE 14 - LONG TERM LOANS AND ADVANCES		
Security Deposit		
Unsecured, considered good	-	5.61
Advance Taxes paid and tax deducted at source		
Unsecured, considered good	226.59	93.40
(Net of Provision for Taxes ` 30.01 lakhs (P.Y. ` 601.20 lakhs))		
Other loans and advances under financing activity		
Secured, considered good	109,305.46	32,325.61
Unsecured, considered good	4.46	19.48
(including debts due by officer of the company NIL (P.Y. ` 11.72 lakhs))		
Unsecured, considered doubtful	-	91.16
Less: Provision for doubtful advances	-	(91.16)
Total	109,309.92	32,345.09
NOTE 15 - OTHER NON-CURRENT ASSETS		
Others		
- Deposits with residual maturity of more than 12 months	28.85	-
Total	28.85	-

Notes forming part of the Balance Sheet

as at 31st March 2015

NOTE 16 - CURRENT INVESTMENTS

	Face Value	As at 31-03-2015 Quantity	As at 31-03-2015 Amount (` in lakhs)	As at 31-03-2014 Quantity	As at 31-03-2014 Amount (` in lakhs)
INVESTMENTS (at lower of cost and fair value)					
(I) INVESTMENT IN CERTIFICATE OF DEPOSITS					
Unquoted and fully paid up units in Certificate of Deposits of:					
Bank of Baroda	100,000	7,500	7,392.73	-	-
Canara Bank	100,000	2,500	2,475.38	-	-
(II) INVESTMENT IN MUTUAL FUNDS					
Unquoted and fully paid up units in Mutual Fund of:					
Kotak Liquid Scheme Plan A (Institutional Premium) - Growth	2,837	105,728	3,000.00	-	-
TOTAL CURRENT INVESTMENTS			12,868.11		-
Aggregate of Quoted Investments					
- at cost			-		-
- at market value			-		-
Aggregate of Unquoted Investments					
- at cost			12,868.11		-
Aggregate provision for diminution in value of investments					-

	As at 31st March 2015 ` in lakhs	As at 31st March 2014 ` in lakhs
NOTE 17 - TRADE RECEIVABLES		
Outstanding for a period exceeding six months	-	-
Others		
Unsecured, considered good	25.78	112.16
Total	25.78	112.16
NOTE 18 - CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks		
- in current accounts	1,124.11	1,152.40
- in Deposits with original maturity of less than 3 months	4,190.00	7,200.00
	5,314.11	8,352.40
Other Bank Balances		
- Deposits with residual maturity of less than 12 months	10,307.48	-
Total	15,621.59	8,352.40

Notes forming part of the Balance Sheet

as at 31st March 2015

	As at 31st March 2015 in lakhs	As at 31st March 2014 in lakhs
NOTE 19 - SHORT TERM LOANS AND ADVANCES		
Loans and advances to related parties		
Unsecured, considered good	38.20	13.43
Initial Margin - Commodity Derivative		
Unsecured, considered good	2.63	12.67
Prepaid Expenses		
Unsecured, considered good	14.84	11.63
Other loans and advances under financing activity		
Secured, considered good	193,146.37	116,594.72
Unsecured, considered good	18,382.71	5,509.74
Secured, considered doubtful	330.48	692.43
Less: Provisions for doubtful advances	(330.48)	(692.43)
	211,529.08	122,104.46
Total	211,584.75	122,142.19
NOTE 20 - OTHER CURRENT ASSETS		
Interest Accrued on loans and advances	223.38	115.35
Interest Accrued on Deposits	82.33	18.14
Interest Accrued on Investments	253.15	-
Others	1.72	0.85
Total	560.58	134.34

Notes forming part of the Statement of Profit and Loss

for the year ended 31st March 2015

	For the year ended 31st March 2015 In lakhs	For the year ended 31st March 2014 In lakhs
NOTE 21 - REVENUE FROM OPERATIONS		
Interest on Deposits, Loans and Advances	34,358.34	14,249.29
Other Financial Services		
Recoveries in excess of cost of NPAs purchased	102.82	17.50
Fee Income	2,007.58	360.00
Total	36,468.74	14,626.79
NOTE 22 - OTHER INCOME		
Income from Current Investments :		
- Profit on sale of Investments (net)	827.45	305.94
- Discount Income on certificate of deposits	2.21	-
Income from Long Term Investments :		
- Profit on sale of Investments (net)	134.83	-
- Interest on Investments	1,050.00	276.16
- Dividend	3.28	0.03
Profit on trading in Commodity Futures (net)	-	71.64
Interest- Others	-	26.58
Liabilities / Provisions no longer required written back	-	94.09
Provision written back for doubtful receivables, loans and advances	453.11	-
Others	184.82	115.29
Total	2,655.70	889.73
NOTE 23 - EMPLOYEE BENEFIT EXPENSE		
Salaries, Allowances and Bonus	1,972.05	973.03
Contribution to Provident and Other Funds	79.93	48.87
Reimbursement of Expense on Employee Stock Option Scheme	0.37	2.56
Provision for Stock Appreciation Rights	303.38	109.94
Staff Welfare Expense	22.78	22.60
Total	2,378.51	1,157.00
NOTE 24 - FINANCE COSTS		
Interest on Debentures and Fixed Period Loans	7,256.34	3,117.54
Discount on Commercial Papers	11,666.15	3,562.96
Arranger Fees	104.12	66.50
Bank Charges	0.03	0.02
Total	19,026.64	6,747.02
NOTE 25 - OTHER EXPENSES		
Loss on trading in Commodity Futures (net)	30.26	-
Travelling and Conveyance	94.91	42.28
Legal and Professional Charges	95.74	81.79
Business Promotion Expenses	12.36	4.98

Notes forming part of the Statement of Profit and Loss for the year ended 31st March 2015

	For the year ended 31st March 2015 In lakhs	For the year ended 31st March 2014 In lakhs
Rent Expense	150.38	102.49
Common Establishment Expenses - Reimbursements	635.14	239.84
Electricity Expenses	27.03	17.98
Demat Account Charges	7.91	6.24
Printing and Stationery	9.35	6.21
Payments to Auditors:		
- As statutory audit fees	6.50	5.00
- As Tax Audit Fees	0.75	0.55
- For Other services (Interim Audit, Certification work etc.)	1.49	0.81
- For Reimbursement of Expenses	0.32	0.23
Rates, Taxes and Fees	89.92	2.69
Insurance	1.35	0.78
Repairs and Maintenance	70.00	49.56
Communication Expenses	19.91	16.19
Stamping Expenses	112.50	35.67
Expenditure on Corporate Social Responsibility activities	10.00	-
Miscellaneous expenses	32.61	10.32
Bad receivables, loans and advances written off (net of recovery)	30.73	18.21
Provision for doubtful receivables, loans and advances	-	299.65
Provision for standard assets	416.72	195.77
Provision for Diminution / Write offs in value of Investments (net)	0.20	-
Total	1,856.08	1,137.24

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

26. CONTINGENT LIABILITIES AND COMMITMENTS:

Contingent Liabilities:

(₹ in lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Claims against the company not acknowledged as debt	2.41	2.41
Contingent Liability in respect of open positions of Derivative contracts outstanding as on balance sheet date	49.08	253.58
Contingent Liability in respect of demands from Income Tax authorities	58.97	NIL
Total	110.46	255.99

27. OPEN INTEREST IN DERIVATIVE CONTRACTS:

	Expiration Date	No. of Contracts	Open Long Position Quantity
As at 31st March 2015			
FUTCOM GOLD	05-Jun-2015	2	200
As at 31st March 2014			
FUTCOM GOLD	05-Jun-2014	9	900

The Company enters into derivatives for the purpose of hedging.

28. EMPLOYEE BENEFITS:

Gratuity

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

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

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

(₹ in lakhs)

	As at 31st March, 2015	As at 31st March, 2014
Change in Unfunded benefit obligations		
Present value of unfunded benefit obligations (Opening)	112.39	48.86
Current Service cost	12.18	5.54
Interest cost	10.93	4.31
Actuarial (gain)/loss on obligations	23.80	2.49
Liability assumed on acquisition/(settled on Divestiture)	3.31	59.45
Benefits paid	(25.13)	(8.26)
Present value of unfunded benefit obligations	137.48	112.39

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

Actuarial assumptions used :

	(` in lakhs)	
Reconciliation of present value of the obligation and the fair value of the plan assets	As at 31st March, 2015	As at 31st March, 2014
Fair value of plan assets	-	-
Present value of unfunded benefit obligations	137.48	112.39
Net Liability	(137.48)	(112.39)

	(` in lakhs)	
Cost recognized for the period	As at 31st March, 2015	As at 31st March, 2014
Current service cost	12.18	5.54
Interest cost	10.93	4.31
Actuarial (gain)/loss	23.80	2.49
Net gratuity cost	46.91	12.33

	(` in lakhs)	
	As at 31st March, 2015	As at 31st March, 2014
Discount rate	7.98% p.a	9.34% p.a
Salary escalation rate	8.50% p.a	8.50% p.a

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

Experience adjustments

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

	(` in lakhs)				
	Gratuity				
	Year ended 31st March,				
	2015	2014	2013	2012	2011
Defined benefit obligation	137.48	112.39	48.86	33.71	31.08
Plan assets	-	-	-	-	-
Surplus / (deficit)	(137.48)	(112.39)	(48.86)	(33.71)	(31.08)
Experience adjustments on plan liabilities	8.22	14.52	(1.14)	(0.99)	10.19
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 investments of the funds are made according to rules prescribed by the Government of India.

Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation.

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

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 fellow subsidiary.

29. COMPONENTS OF NET DEFERRED TAX ASSET :

	As at 31st March, 2015	As at 31st March, 2014
		(` in lakhs)
Deferred Tax Assets		
Interest provided on Debentures to be allowable on crystallisation of liability	19.63	11.69
Expenses allowable on payment basis	141.43	115.79
Depreciation	32.69	33.26
Provision for doubtful advances	114.37	266.34
Provision for standard assets	282.42	135.73
Total Deferred Tax Assets	590.54	562.81
Deferred Tax Liabilities		
Interest Income accrued but not due on Debentures taxable on receipt basis	(95.57)	-
Total Deferred Tax Liability	(95.57)	-
Net Deferred Tax Asset / (Liability)	494.97	562.81

30. EMPLOYEE SHARE BASED PAYMENTS :

A) Equity Settled Options:

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, ("the Bank"), the shareholders of the Bank had unanimously passed Special Resolutions on 5th July, 2007 and 21st August, 2007 to grant options to the eligible Employees of the Bank and its subsidiaries. Pursuant to these resolutions, 'Kotak Mahindra Equity Option Scheme 2007' had been formulated and adopted.

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 `0.37 lakhs (Previous year `2.56 lakhs) 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 :

During the year, the management had approved Stock appreciation rights (SARs) of the holding company to be granted to eligible employees as and when deemed fit. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees.

The contractual life (which is equivalent to the vesting period) of the outstanding SARs ranges from 1.397 year to 3.652 years.

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

Detail of activity under each SARs is summarized below:

	Year Ended 31 March, 2015	Year Ended 31 March, 2014
		(` in lakhs)
Outstanding at the beginning of the year	28,872	6,119
Granted during the year	23,510	5,261
Transfer in from Holding Company / Fellow subsidiary	4,092	36,761
Settled during the year	29,887	18,010
Transfer out to Holding Company / Fellow subsidiary	-	551
Forfeited during the year	7,154	708
Outstanding at the end of the year	19,433	28,872

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

Year ended 31st March,	2015	2014
		(` in lakhs)
Total Employee Compensation Cost pertaining to employee share based payment	0.37	2.56
Closing balance of liability for cash-settled scheme	166.16	144.45

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 ` 64.53 lakhs (Previous year ` 58.71 lakhs) and the profit after tax would have been lower by ` 42.25 lakhs (Previous year ` 38.76 lakhs). Consequently the basic and diluted EPS would have been ` 235.20 (Previous year ` 115.85)

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

Particulars	31st March 2015	31st March 2014
		(` in lakhs)
Profit attributable to the Equity Shareholders (` in lakhs) – (A)	10,634.67	4,205.42
Basic weighted average number of equity shares outstanding during the year – (B)	45,03,529	35,96,653
Nominal value of Equity Shares (`)	10	10
Basic & Diluted Earnings per share (`) – (A) / (B)	236.14	116.93

32. 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' ` 135.47 lakhs (P.Y. ` 90.10 lakhs).

33. 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 Balance Sheet and Statement of Profit and Loss Account

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	Financing against securities
Other Lending and Advisory	Lending in commercial real estate and other loans / fee based services/ Debenture Investment
Treasury and Investments	Borrowings, Derivatives and Investments

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

Summary of the segments of the company are :

	2014-15		2013-14	
	(In lakhs)			
Segment Revenue				
Lending against Securities		21,416.97		11,727.22
Other Lending and Advisory		16,040.03		2,776.44
Treasury and Investments	1,667.44		885.99	
Add: Inter Segment Revenue	715.21	2,382.65	4,039.37	4,925.36
Total		39,839.65		19,429.02
Less: Eliminations		(715.21)		(4,039.37)
Total		39,124.44		15,389.65
Add : Unallocated Revenue		-		126.87
Total Revenue		39,124.44		15,516.52
Segment Results				
Lending against Securities		6,377.76		2,918.12
Other Lending and Advisory		8,142.60		1,457.03
Treasury and Investments		1,956.96		2,082.15
Total		16,477.32		6,457.31
Less: Unallocable expenditure		(656.93)		(17.48)
Total profit before tax		15,820.39		6,439.83
Segment Assets				
Lending against Securities		1,93,977.51		1,14,758.50
Other Lending and Advisory		1,33,485.77		45,991.28
Treasury and Investments		35,084.37		12,159.33
Total		3,62,547.65		1,72,909.10
Add: Unallocated Assets		732.53		667.17
Total		3,63,280.18		1,73,576.27
Less: Inter-segment Assets		28,054.45		32,351.29
Total		3,35,225.72		1,41,224.98
Segment Liabilities				
Lending against Securities		512.49		399.27
Other Lending and Advisory		476.65		240.28

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

	` (In lakhs)	
Segment Revenue	2014-15	2013-14
Treasury and Investments	2,98,784.54	1,28,098.25
Total	2,99,773.68	1,28,737.80
Add: Unallocated Liabilities	1,784.79	1,249.05
Total	3,01,558.47	1,29,986.85
Less: Inter-segment Liabilities	28,054.45	32,351.29
Total	2,73,504.02	97,635.56
Capital Expenditure		
Lending against Securities	25.95	3.32
Other Lending and Advisory	45.52	28.21
Treasury and Investments	9.52	7.82
Total	80.99	39.35
Depreciation		
Lending against Securities	17.57	24.67
Other Lending and Advisory	21.66	10.09
Treasury and Investments	3.59	0.67
Total	42.82	35.43

35. DISCLOSURE UNDER CLAUSE 16 OF THE LISTING AGREEMENT FOR DEBT SECURITIES

The Debentures are secured by way of charge on company owned property of ` 10.26 lakhs and a charge on receivables, current assets and Investments of the company with an asset cover ratio of minimum 1.00 times and having a value which is sufficient for the due repayment of the amount of debentures and interest thereon.

36. DISCLOSURE UNDER CLAUSE 28 OF THE LISTING AGREEMENT FOR DEBT SECURITIES

- With respect to Parent and Subsidiary companies

	(` in lakhs)	
Particulars	2014-15	2013-14
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 where there is :-		
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 372A of Companies Act	-	-
Loans and advances in the nature of loans to firms/ companies in which directors are interested	-	-

37. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of the Section 135 of the Companies Act, 2013 the Company is required to contribute ` 84.55 lakhs. The Company has contributed ` 10.00 lakhs to the Kotak Education Foundation in the current financial year. 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.

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

38. 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 39.95% (P.Y. 43.58%) of the equity share capital of Kotak Mahindra Bank Limited as on 31st March, 2015.
B. OTHER RELATED PARTIES:		
(i)	Fellow Subsidiaries:	Kotak Securities Limited Kotak Mahindra Capital Company Limited Kotak Mahindra Prime Limited
(ii)	Associate Company	Matrix Business Services India Private Ltd. Phoenix ARC Private Limited
(iii)	Key Management personnel (KMP):	Mr. Paritosh Kashyap, CEO and Manager
(iv)	Entities over which relative of Director has significant influence	Aero Agencies Limited Kotak Commodities Limited Business Standard Limited Infina Finance Private Limited

Related Party Disclosure

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

	Amount (` In Lakhs) 2014-2015	Amount (` In Lakhs) 2013-2014
I. Holding Company		
- Kotak Mahindra Bank Limited		
Transactions during the year :		
FINANCE		
Equity Shares Issuance	7,497.61	9,000.00
Fixed Deposits Placed	171,206.33	105,403.53
Fixed Deposits Repaid	163,880.00	106,281.46
Interest Received on Fixed Deposits	699.66	508.38
OTHER RECEIPTS & PAYMENTS		
Demat Charges	7.63	5.24
Service Charges Paid	-	-
Service Charges Received	42.00	38.80
Expense reimbursements paid	802.52	343.82
Expense reimbursements received	61.06	0.57
Licence Fees paid	132.50	87.13
Arranger fees	68.75	65.25
Referral Fees	19.85	1.25
IPA Fees paid	1.00	1.00
Bank Charges	0.02	-
Bank Charges recovered	-	0.02
Other Expenses paid	0.31	-
Employee Liability transfer out	8.93	3.38
Employee Liability transfer in	61.23	281.98

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

	Amount (` In Lakhs) 2014-2015	Amount (` In Lakhs) 2013-2014
Asset transferred in	22.29	54.17
Asset transferred out	0.21	-
Balance outstanding as at the year end :		
FINANCE		
Balance in current account	1,100.45	1,118.36
Term Deposits Placed	14,526.33	7,200.00
Interest accrued on Term Deposits placed	82.33	18.14
OTHER RECEIPTS & PAYMENTS		
Service charges payable	85.80	12.01
Service charges receivable	38.03	0.75
Arranger fees payable	-	30.31
Referral Fees payable	2.87	1.28
Demat Charges Payable	1.42	0.69
II. Fellow Subsidiaries		
Transactions during the year :		
FINANCE		
Inter Corporate Deposits borrowed		
- Kotak Mahindra Prime Ltd	-	15,000.00
Inter Corporate Deposits Repaid		
- Kotak Mahindra Prime Ltd	15,000.00	-
Interest paid on Inter Corporate Deposits		
- Kotak Mahindra Prime Ltd	48.26	188.59
INVESTMENTS		
Sales		
- Kotak Securities Ltd	-	-
Profit on Sale of Investment		
- Kotak Securities Ltd	-	-
OTHER SECURITIES		
Purchases		
- Kotak Securities Ltd	0.58	13.57
Sales		
- Kotak Securities Ltd	6,856.62	6,721.72
OTHER RECEIPTS & PAYMENTS		
Service Charges Received		
- Kotak Mahindra Prime Ltd	138.00	78.00
Brokerage paid		
- Kotak Securities Ltd	13.79	14.21
Demat Charges paid		
- Kotak Securities Ltd	0.30	1.18
Service Charges Paid		
- Kotak Securities Ltd	1.20	1.20
License Fees Paid		
- Kotak Securities Ltd	2.97	2.97
Expense reimbursement from other company		
- Kotak Mahindra Prime Ltd	2.12	1.64
- Kotak Securities Ltd	-	0.20

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

	Amount (` In Lakhs) 2014-2015	Amount (` In Lakhs) 2013-2014
Expense reimbursement to other company		
- Kotak Mahindra Prime Ltd	0.11	-
- Kotak Securities Ltd	-	0.73
Asset Transfer-in		
- Kotak Mahindra Prime Ltd	-	7.41
- Kotak Mahindra Capital Company Limited	-	0.44
- Kotak Securities Ltd	-	-
Employee Liability transfer in		
- Kotak Mahindra Prime Ltd	-	9.03
- Kotak Mahindra Capital Company Limited	-	11.96
- Kotak Securities Ltd	-	-
Employee Liability transfer out		
- Kotak Securities Ltd	0.21	18.61
Asset Transfer-out		
- Kotak Securities Ltd	-	12.58
Balance outstanding as at the year end :		
FINANCE		
Inter Corporate Deposits		
- Kotak Mahindra Prime Ltd	-	15,000.00
Interest payable on ICD		
- Kotak Mahindra Prime Ltd	-	169.73
OTHER SECURITIES		
Outstanding Receivable		
- Kotak Securities Ltd	23.93	112.16
OTHER RECEIPTS & PAYMENTS		
Demat charges payable		
- Kotak Securities Ltd	0.01	0.06
Service charges Receivable		
- Kotak Securities Ltd	-	-
Service charges Payable		
- Kotak Securities Ltd	-	-
III. Associate Company		
Transactions during the year :		
INVESTMENTS		
Subscription to Right Issue		
- Phoenix ARC Pvt Ltd	2,835.00	-
Balance outstanding as at the year end :		
INVESTMENTS		
Investments - Gross		
- Phoenix ARC Pvt Ltd	6,100.50	3,265.50
- Matrix Business Services India Pvt Ltd	201.91	336.54
IV. Key Management Personnel (KMP)		
Transactions during the year :		
FINANCE		
Interest paid on Loan		
- Mr. Paritosh Kashyap	0.46	0.63

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

	Amount (` In Lakhs) 2014-2015	Amount (` In Lakhs) 2013-2014
OTHER RECEIPTS & PAYMENTS		
Remuneration*		
- Mr. Paritosh Kashyap	299.54	102.25
Balance outstanding as at the year end :		
FINANCE		
Loan Payable		
- Mr. Paritosh Kashyap	-	11.72
V. Entities over which relative of director has significant influence		
Transactions during the year :		
COMMODITY DERIVATIVES		
Purchases		
- Kotak Commodities Ltd	873.11	12,274.35
Sales		
- Kotak Commodities Ltd	1,058.25	13,476.32
Brokerage and other charges paid		
- Kotak Commodities Ltd	0.84	10.72
OTHER RECEIPTS & PAYMENTS		
Fees on travel tickets purchased		
- Aero Agencies Limited	1.12	0.42
Asset Transfer-out		
- Infina Finance Private Ltd	-	12.54
Balance outstanding as at the year end :		
INVESTMENTS		
Investments – Gross		
- Business Standard Ltd	0.20	0.20
COMMODITY DERIVATIVES		
Outstanding receivable		
- Kotak Commodities Ltd	1.86	1.36
OTHER RECEIPTS & PAYMENTS		
Outstanding Payable		
- Aero Agencies Limited	0.16	0.08

* Excludes provision for gratuity and accumulated compensated absences

39. CAPITAL

Particulars	(Amount in ` lakhs)	
	2014-15	2013-14
i) CRAR (%)	18.32%	26.27%
ii) CRAR - Tier I Capital (%)	18.07%	26.02%
iii) CRAR - Tier II Capital (%)	0.25%	0.25%
iv) Amount of subordinated debt raised as Tier-II capital	NIL	NIL
v) Amount raised by issue of Perpetual Debt Instruments	NIL	NIL

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

40. INVESTMENTS

Particulars	(Amount in ` lakhs)	
	2014-15	2013-14
(1) Value of Investments		
(i) Gross Value of Investments	25,742.02	10,178.00
(a) In India	25,742.02	10,178.00
(b) Outside India,	NIL	NIL
(ii) Provisions for Depreciation	417.70	417.50
(a) In India	417.70	417.50
(b) Outside India,	NIL	NIL
(iii) Net Value of Investments	25,324.32	9760.50
(a) In India	25,324.32	9760.50
(b) Outside India.	NIL	NIL
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	417.50	417.50
(ii) Add : Provisions made during the year	0.20	NIL
(iii) Less : Write-off / write-back of excess provisions during the year	NIL	NIL
(iv) Closing balance	417.70	417.50

41. DERIVATIVES

i. Forward Rate Agreement / Interest Rate Swap

Particulars	(Amount in ` lakhs)	
	2014-15	2013-14
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

Particulars	(Amount in ` lakhs)	
	2014-15	2013-14
i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	NIL	NIL
ii) Notional principal amount of exchange traded IR derivatives outstanding	NIL	NIL
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	N.A	N.A
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	N.A	N.A

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

iii. Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

- a) the structure and organization for management of risk in derivatives trading :

The Company has open interest in derivative contracts involving gold futures. The risk management team is responsible for management, monitoring and measurement of risks in derivative trading.

- b) the scope and nature of risk measurement, risk reporting and risk monitoring systems:

The risk management team independently collates the trade and price data at periodic intervals and monitors them to ensure the position is within its prescribed risk limits. MIS is sent to Finance & Accounts Team on periodic basis

- c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants :

The company uses the derivative contracts to hedge the market risk on structured liabilities.

- d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation :

For accounting policy on Structured Liabilities and Derivatives, refer note no. 2L and 2M respectively.

Quantitative Disclosures

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

42. DISCLOSURES RELATING TO SECURITISATION

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

Sr. No.	Particulars	No. / Amount in 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

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

Sr. No.	Particulars	No. / Amount in lakhs
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.

Particulars	(Amount in ` lakhs)	
	2014-15	2013-14
i) No. of accounts	NIL	NIL
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	NIL	NIL
iii) Aggregate consideration	NIL	NIL
iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
v) Aggregate gain / loss over net book value	NIL	NIL

iii. Details of Assignment transactions undertaken by NBFCs

Particulars	(Amount in ` lakhs)	
	2014-15	2013-14
i) No. of accounts	NIL	NIL
ii) Aggregate value (net of provisions) of accounts sold	NIL	NIL
iii) Aggregate consideration	NIL	NIL
iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
v) Aggregate gain / loss over net book value	NIL	NIL

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

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

A. Details of non-performing financial assets purchased :

		(Amount in ` lakhs)	
Particulars		2014-15	2013-14
1.	(a) No. of accounts purchased during the year	NIL	NIL
	(b) Aggregate outstanding	NIL	91.16
2.	(a) Of these, number of accounts restructured during the year	NIL	NIL
	(b) Aggregate outstanding	NIL	NIL

B. Details of Non-performing Financial Assets sold :

		(Amount in ` lakhs)	
Particulars		2014-15	2013-14
1.	No. of accounts sold	NIL	NIL
2.	Aggregate outstanding	NIL	NIL
3.	Aggregate consideration received	NIL	NIL

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

(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	4,190.00	NIL	NIL	4,964.23	5,343.25	28.85	NIL	NIL	14,526.33
Advances	70,649.18	44,667.57	50,733.63	22,816.40	40,360.66	88,418.84	2,774.03	700.94	3,21,121.25
Investments	12,868.11	NIL	NIL	NIL	1,500.00	4,500.00	NIL	6,456.20	25,324.32
Borrowings	53,382.84	29,649.93	32,068.34	52,435.79	66,047.20	61,244.98	NIL	NIL	2,94,829.08
Foreign Currency assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Currency liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

44. EXPOSURES

A. Exposure to Real Estate Sector

(Amount in ` lakhs)

Category		2014-15	2013-14
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

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

Category	(Amount in ` lakhs)	
	2014-15	2013-14
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;	1,12,515.36**	41,486.88
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	NIL	NIL
b. Commercial Real Estate.	NIL	NIL
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	NIL	NIL
Investment in Real Estate Venture Funds	12.90	12.90

**Includes Unsecured Loans to Real Estate Sector of ` 2,015.78 lakhs (P.Y. ` 508.09 lakhs)

B. Exposure to Capital Market

Particulars	(Amount in ` lakhs)	
	2014-15	2013-14
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	6,853.31	4,155.11
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;	1,27,158.65	77,028.19
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;	70,677.90	37,366.42
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;	417.78	767.87
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)	20.60	22.90
Total Exposure to Capital Market	2,05,128.23	1,19,340.49

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

- 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

45. Registration obtained from other financial sector regulators : NIL

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

47. RELATED PARTY TRANSACTIONS :

- a. Details of all material transactions with the related parties : Refer note no. 38.
- 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.

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

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
ICRA	Long Term Non-Convertible Debenture Programme for ` 50 crore	"[ICRA] AA (stable)"	25-06-2013	12-06-2014
		"[ICRA] AA+ (stable)"	13-06-2014	05-08-2014
		"[ICRA] AAA (stable)"	06-08-2014	09-03-2015*
CRISIL	Long Term Non-Convertible Debentures aggregating ` 6.5 billion	"CRISIL AA+/stable"	02-01-2014	21-07-2014
CRISIL	Long Term Non-Convertible Debentures aggregating ` 9 billion	"CRISIL AA+/stable"	22-07-2014	03-08-2014
		"CRISIL AAA/stable"	04-08-2014	19-10-2014
CRISIL	Long Term Non-Convertible Debentures aggregating ` 12 billion	"CRISIL AAA/stable"	20-10-2014	27-01-2015
CRISIL	Long Term Non-Convertible Debentures aggregating ` 15 billion	"CRISIL AAA/stable"	28-01-2015	till date
CRISIL	` 750 million Long Term Principal-Protected Market-Linked Debentures	"CRISIL PP-MLD AA+r/ Stable"	19-01-2012	04-08-2014
		"CRISILPP-MLD AAAr/ Stable"	05-08-2014	till date
CRISIL	Short Term Debt Programme (including Commercial Paper) for ` 6.0 billion	"CRISIL A1+"	16-06-2014	16-09-2014

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
CRISIL	Short Term Debt Programme (including Commercial Paper) for ` 15.0 billion	"CRISIL A1+"	17-09-2014	21-12-2014
CRISIL	Short Term Debt Programme (including Commercial Paper) for ` 20.0 billion	"CRISIL A1+"	22-12-2014	till date
ICRA	Short Term Debt Programme for ` 1150 Crores	"[ICRA] A1+"	12-10-2010	30-06-2015

*Maturity of last instrument under the Programme

49. Remuneration of Directors : There was no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company

50. 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)	
	2014-15	2013-14
Provisions for depreciation on Investment	0.20	NIL
Provision towards NPA	(453.11)	299.65
Provision made towards Income tax	5,117.89	2,107.74
Other Provision and Contingencies (with details)	NIL	NIL
Provision for Standard Assets	416.72	195.77

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

52. 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	1,18,474.86
Percentage of Advances to twenty largest borrowers to Total (Gross) Advances of the Company	36.21%

C. Concentration of Exposures**

(Amount in ` lakhs)

Total Exposure to twenty largest borrowers / customers	1,36,624.58
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	24.06%

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

D. Concentration of NPAs

(Amount in ` lakhs)

Total Exposure to top four NPA accounts	731.02
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Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

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	0.13%
4	Services	-
5	Unsecured personal loans	-
6	Auto loans	-
7	Other personal loans	0.48%

** represents Gross NPA to Gross Advances for respective sectors

F. Movement of NPAs

(Amount in ` lakhs)

Particulars	2014-15	2013-14
i) Net NPAs to Net Advances (%)	0.13%	0.45%
ii) Movement of NPAs (Gross)		
a) Opening balance	1,502.23	1,886.04
b) Additions during the year	317.24	1,005.20
c) Reductions during the year	(1,067.92)	(1,389.01)
d) Closing balance	751.55	1,502.23
iii) Movement of Net NPAs		
a) Opening balance	718.64	1,402.09
b) Additions during the year	240.69	530.01
c) Reductions during the year	(538.26)	(1,213.45)
d) Closing balance	421.06	718.64
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	783.59	483.95
b) Provisions made during the year	76.56	475.19
c) Write-off / write-back of excess provisions	(529.65)	(175.56)
d) Closing balance	330.49	783.59

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

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

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

53. CUSTOMER COMPLAINTS

a)	No. of complaints pending at the beginning of the year	2
b)	No. of complaints received during the year	12
c)	No. of complaints redressed during the year	14
d)	No. of complaints pending at the end of the year	NIL

54. 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	1,18,809.86	NIL
	Unsecured	NIL	NIL
	(other than falling within the meaning of public deposits *)		
(b)	Deferred Credits	NIL	NIL
(c)	Terms Loans	NIL	NIL
(d)	Inter-corporate loans and borrowing	7,509.73	NIL
(e)	Commercial Paper	1,69,332.62	NIL
(f)	Other Loans – Secured Overdraft facility from Bank	3,000.86	NIL
	* Please see Note a) below		
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		3,02,451.83
(b)	Unsecured		18,387.17
3	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i)	Leased Assets including lease rentals under sundry debtors		
	(a) Financial Lease		NIL
	(b) Operating Lease		NIL
(ii)	Stock on hire including hire charges under sundry debtors		
	(a) Assets on hire		NIL
	(b) Repossessed Assets		NIL
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		NIL
	(b) Loans other than (a) above		NIL

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

			Amount Outstanding	
			Amount ` in lakhs	
4	Break-up of Investments:			
	Current Investments:			
	1	Quoted:		
	(i)	Shares:	(a) Equity	NIL
			(b) Preference	NIL
	(ii)	Debentures and Bonds		NIL
	(iii)	Units of Mutual Funds		NIL
	(iv)	Government Securities		NIL
	(v)	Others (please specify)		NIL
	2	Unquoted:		
	(i)	Shares:	(a) Equity	NIL
			(b) Preference	NIL
	(ii)	Debentures and Bonds		NIL
	(iii)	Units of Mutual Funds		3,000.00
	(iv)	Government Securities		NIL
	(v)	Others – Certificate of Deposits		9,868.11
	Long Term Investments:			
	1	Quoted:		
	(i)	Shares:	(a) Equity	NIL
			(b) Preference	NIL
	(ii)	Debentures and Bonds		6,000.00
	(iii)	Units of Mutual Funds		NIL
	(iv)	Government Securities		NIL
	(v)	Others (please specify)		NIL
	2	Unquoted:		
	(i)	Shares:	(a) Equity	6,345.60
			(b) Preference	NIL
	(ii)	Debentures and Bonds		NIL
	(iii)	Units of Mutual Funds		NIL
	(iv)	Government Securities		NIL
	(v)	Others - Units of Venture Capital Fund		20.60
(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	3,02,451.83	18,387.17	3,20,839.00
	Total	3,02,451.83	18,387.17	3,20,839.00

Notes forming part of the Balance Sheet and Statement of Profit and Loss Account

(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
	(b)	Companies in the same group	6,302.41
	(c)	Other related parties	NIL
2	Other than related Parties		19,021.91
	Total		25,324.32
	** As per Accounting Standard of ICAI (Please see Note 3)		
(7)	Other information:		
	Particulars		Amount
(i)	Gross Non-Performing Assets		
	(a)	Related parties	NIL
	(b)	Other than related parties	751.55
(ii)	Net Non-Performing Assets		
	(a)	Related parties	NIL
	(b)	Other than related parties	421.06
(iii)	Assets acquired in satisfaction of debt		NIL

Notes:

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

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

As per our attached report of even date

For V.C. Shah & Co.

Chartered Accountants

V.C. Shah

Partner

Membership No. 10360

For and on behalf of the Board of Directors

Dipak Gupta

Director

K.V.S. Manian

Director

Paritosh Kashyap

CEO & Manager

Pankaj Gupta

Chief Financial Officer

Jignesh Dave

Company Secretary

Place : Mumbai

Dated : 24th April, 2015

