



# MULTIPLYING BY ADDING

**Kotak Mahindra Investments Limited**

ANNUAL REPORT 2015 - 16

# DIRECTORS' REPORT

To the Members of,

## KOTAK MAHINDRA INVESTMENTS LIMITED

The Directors present their Twenty Eight Annual Report together with the audited accounts of the Company for the year ended 31st March 2016.

### FINANCIAL HIGHLIGHTS

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
	₹ in Lac	₹ in Lac
Gross income	60,371.15	39,087.05
Profit before tax	23,590.11	15,820.39
Provision for tax	8,200.01	5,185.72
Profit after tax	15,390.10	10,634.67
Balance of Profit from previous years	34,938.53	26,433.86
Amount available for appropriation	50,328.63	37,068.53
<b>Appropriations :</b>		
Special Reserve u/s 45IC of the RBI Act, 1934	3,080.00	2,130.00
Net Profit after tax carried to Balance Sheet	47,248.63	34,938.53

### 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 526,316 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 in April 2015. The shares were allotted on 27th June 2015. The object of the Rights issue is to augment the Company's resources and increase its capital adequacy.

### DEBENTURES

During the year, unsecured, redeemable non-convertible subordinated debt bonds in the form of debentures of face value of ₹10 lac each for an aggregate amount upto ₹50 crore were issued and allotted on private placement basis in December 2015.

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

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| <p>(i) IDBI Trusteeship Services Limited<br/>Asian Building, Ground Floor,<br/>17 R. Kamani Marg, Ballard Estate,<br/>Mumbai 400 001<br/>Contact No.: +91- 9870 544 151; 022 - 4080 7050<br/>Email: vaibhavi@idbitrustee.com   Website: www.idbitrustee.com</p> | <p>(ii) Axis Trustee Services Limited<br/>Axis House, 2nd Floor, Wadia International Centre,<br/>Bombay Dyeing Mills Compound, Pandurang Budhkar Marg,<br/>Worli, Mumbai – 400 025<br/>Contact No.: +91- 9819 655 717; 022 - 4325 5222<br/>Email: mithil.pattani@axistrustee.com   Website: www.axistrustee.com</p> |
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## **CAPITAL ADEQUACY**

The Capital to Risk Assets Ratio (CRAR) of your Company as on 31st March 2016 was at 18.20% (Tier I – 16.89%).

## **CREDIT RATING**

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

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

A1+ indicates highest-credit-quality rating and AAA indicates high-credit-quality rating with stable outlook assigned by ICRA and CRISIL. Instruments with 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 financial year, your Company witnessed decent growth in its Balance Sheet and the funding requirement was met through various instruments like Non- Convertible Debentures (NCDs), Commercial papers (CPs), Inter-corporate deposits (ICDs), etc. Your Company has been continuously diversifying its funding sources and has a pool of lenders comprising of Mutual Funds, Insurance companies, Banks and Corporates. As on 31st March 2016, your Company has adequate capital and healthy debt equity ratio. During the year, your Company got capital infusion of ₹ 70.00 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 business comprising of lending against securities, lending to real estate sector and corporates, structured financing apart from holding certain strategic Investments.

During the financial year, the Customer advances grew by about 47% to ₹ 4,795 crore as of March 2016 vis-à-vis ₹ 3,268 crore as of March 2015. Profit before tax for the year is ₹ 235.9 crore vis-a-vis ₹ 158.20 crore for previous year. Gross NPA ratio to overall advances was at 0.08% as of March 2016 vis-à-vis 0.23% as of March 2015.

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

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

### **Industry Developments & Outlook**

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

**Capital Market:** Stock markets witnessed a sharp correction in last quarter of FY16 largely due to global macroeconomic conditions, followed by a healthy bounce back in the beginning of FY17. Corporates have started reporting earnings for FY16 which are indicating sign of improvement in both growth and margins (barring corporates involved in the business linked to commodities, power, infrastructure etc.). Overall sentiments are positive and lot of corporates in the advance stages of raising capital through IPOs. Robust capital market conditions create multiple funding opportunities and bode well for your Company's product offerings in this segment.

**Real Estate:-** Last 2-3 years have been very sluggish for real estate sector. Your Company is anticipating FY17 as a starting point for muted revival of the real estate sector. Demand for commercial real estate is good and healthy absorptions of commercial spaces is happening. Residential real estate should start with a muted recovery in next 1-2 years. Pent-up demand of last 2-3 years, not much new inventory released by developers, softening interest rates, reduction in projects costs due to lower inputs costs and price corrections should play out from here on which should pave the way for recovery in residential real estate sector. Lot of reforms like enactment of The Real Estate (Regulation & Development) Act 2016, single window clearance for projects, increase in Floor Space Index (FSI) to ease out supply side constraints, focus on infrastructure development, correction in pay scale of government sector employees; will enhance customer confidence and will be game changing initiatives for the long term good of the sector.

**Structured Finance:** Your Company specializes in providing customized and structured financing solutions to varied requirements of its customer base both in public and private financial markets. As green shoots emerge in the economy, this segment of your Company's business shall be closely aligned to the growth plans of its clientele. As we evaluate the current business landscape, special situation funding opportunities are a core strength of your Company's business by providing holistic solutions to clients in their preparation for the next leg of growth. Your Company enjoys unique positioning of being present at the crossroads of public and private financial markets and is confident of leveraging its skills to deliver best-in-class results to its clients.

Overall your Company anticipates a fairly positive sentiment for all the three major lending businesses in which we are present.

### **Opportunities & Threats**

There will be opportunities for your Company to grow both in market share as well as book size in the lending business. Proposed Insolvency & Bankruptcy Code 2016 may be positive for overall lending community.

Key challenges going forward are (i) Margin pressure due to softening of interest rates (ii) Stiff competition because the financial sector is being opened up (new entrants in financial sector are PE promoted NBFCs, Small Finance Banks, On Tap bank licenses, and payments banks) and (iii) Global macroeconomic challenges are persistent and keep on bringing uncertainties to Indian economy.

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

### **Internal Controls**

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

### **Human Resources**

Your Company is professionally managed & it follows open, transparent & meritocratic policy to nurture the human resources. Human resources function is managed by the Group Human Resources part of its holding company, Kotak Mahindra Bank Limited. 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 its holding company, Kotak Mahindra Bank Limited. The loan management system CORE and Security Management application NLADs has capacity to scale based on business requirements. The modular nature of the system supports efficiency in operations coupled with strong systems and operational controls.

### **Cautionary Note**

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

## **DIRECTORS & KEY MANAGERIAL PERSONNEL**

### **Directors retiring by rotation during the year**

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

### **Change in Directors during the year**

Mr. Arvind Kathpalia (DIN:02630873) was appointed as an Additional Director of the Company with effect from 17th August 2015. Mr. Kathpalia 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 Mr. Kathpalia for his appointment as Director.

Mr. Arvind Kathpalia, B.A., MBA, aged 58 years is currently the Group Head – Risk of Kotak Mahindra Bank Limited with 35 years of banking experience both in India and overseas.

Ms. Shanti Ekambaram (DIN:00004889) resigned as a Director of the Company with effect from 17th August 2015. Your Directors place on record their appreciation for the valuable advice and guidance rendered by Ms. Ekambaram during her tenure as a Director of the Company.

### **Change in Independent Directors during the year**

Mr. Srikar Baljekar (DIN:01880087), an Independent Director of the Company resigned with effect from 17th August 2015. Your Directors place on record their appreciation for the valuable advice and guidance rendered by Mr. Baljekar during his tenure as an Independent Director of the Company.

Ms. Padmini Khare Kaicker (DIN:00296388), was appointed as an Independent Director of the Company with effect from 17th August 2015 pursuant to Section 149 of the Companies Act, 2013 for a five year term upto 16th August 2020. The Company has received declaration from her that she met the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

Ms. Padmini Khare Kaicker, BSc, FCA, aged 51 years is the Managing Partner of B K Khare & Co. (the Firm) one of the largest and reputed Indian Accounting Firms serving the profession for almost five decades. She has been extensively involved in Financial Services clients across banks, asset managers, brokers/dealers and insurance companies.

She has experience in auditing large Indian organizations and multinational companies operating in India across a cross section of industries including oil & gas, automotives, information technology, and capital goods. She has also handled assurance and compliance aspect of public offerings and private placements of shares and other securities. In addition she has led teams on corporate restructuring exercises such as amalgamations, demergers, due diligence and valuations. Her well rounded professional experience including tax advisory has also enabled her to help clients in structuring investments.

Ms. Kaicker is an Independent Director in Divgi Warner Pvt. Ltd., Tata Cleantech Capital Ltd., Maharashtra Natural Gas Ltd. and TAL Manufacturing Solutions Ltd. She is also involved in bettering Corporate Governance as Audit Committee Chairperson of Public companies. She has also served on Committees of the Institute of Chartered Accountants of India.

### **Board Evaluation**

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

A Board effectiveness assessment questionnaire was designed for the performance evaluation of the Board, its Committees, Chairman and individual directors in accordance with the criteria set and covering various aspects of performance including composition, relationship among directors, director competency, contribution to risk management compliance, roles and responsibility, board procedures, processes, functioning and effectiveness. The said questionnaire was circulated to all the directors of the Company for the annual performance evaluation.

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

### **Re-appointment of Manager during the year**

Mr. Paritosh Kashyap, Chief Executive Officer of the Company, was reappointed as a Manager of the Company for a period of two years with effect from 1st October 2015.

### **Key Managerial Personnel (KMPs)**

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

### **Appointment & Remuneration of Directors and KMPs**

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

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

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

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

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

Approval of shareholders for the payment of commission to the IDs of the Company is being sought at the ensuing Annual General Meeting of the Company.

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

### Number of Board Meetings

During the year, seventeen 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 (IDs) receive remuneration by way of sitting fees for attending meetings of the Board/Committees thereof. The Board of Directors of the Company has approved payment of annual commission to the IDs of the Company with effect from FY 2015-16, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.			
2	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<b>KMP</b>	<b>Title</b>	<b>% increase in remuneration</b>	<b>% increase in remuneration excluding SARs</b>
		Mr. Paritosh Kashyap	CEO	(18.55)%	0.84%
		Mr. Pankaj Gupta	CFO	15.32%	17.02%
		Mr. Jignesh Dave	CS & Sr. VP – Legal	14.23%	19.31%
3	Percentage increase in the median remuneration of employees in the financial year	10.84% considering employees who were in employment for the whole of FY 14-15 and FY 15-16			
4	Number of permanent employees on the rolls of Company at the end of the year	85			
5	Explanation on the relationship between average increase in remuneration and Company performance	Recommendation for increase in remuneration is based on the following factors: <ul style="list-style-type: none"> <li>• Compensation trends based on industry benchmarking</li> <li>• Compensation positioning vis-à-vis market trend</li> <li>• Alignment between risks and remuneration</li> <li>• Applicable regulatory guidelines</li> </ul> For employees who were in employment for the whole of FY 14-15 and FY 15-16, average increase in remuneration for FY15-16 is 4.80% and 15.12% excluding SARs.			

Sr. No.	Disclosure Requirement	Disclosure Details												
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	For the FY 2015-16, KMPs were paid approximately 1.46% 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	For employees other than managerial personnel who were in employment for the whole of FY 14-15 and FY 15-16 the average increase is 11.54% and 17.88% excluding SARs. Average increase for managerial personnel is (10.93)% and 6.29% excluding SARs.												
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 2015-16 %PBT</th> </tr> </thead> <tbody> <tr> <td>Mr. Paritosh Kashyap</td> <td>CEO</td> <td>1.03%</td> </tr> <tr> <td>Mr. Pankaj Gupta</td> <td>CFO</td> <td>0.17%</td> </tr> <tr> <td>Mr. Jignesh Dave</td> <td>CS &amp; Sr. VP – Legal</td> <td>0.26%</td> </tr> </tbody> </table>	Directors/KMP	Title	Remuneration FY 2015-16 %PBT	Mr. Paritosh Kashyap	CEO	1.03%	Mr. Pankaj Gupta	CFO	0.17%	Mr. Jignesh Dave	CS & Sr. VP – Legal	0.26%
Directors/KMP	Title	Remuneration FY 2015-16 %PBT												
Mr. Paritosh Kashyap	CEO	1.03%												
Mr. Pankaj Gupta	CFO	0.17%												
Mr. Jignesh Dave	CS & Sr. VP – Legal	0.26%												
10	Key parameters for any variable component of remuneration availed by the directors	Not Applicable												
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 the stock of Kotak Mahindra Bank Limited on specified value dates. Cash paid out during the year is included for the purposes of remuneration.

## COMMITTEES

### AUDIT COMMITTEE

The Audit Committee was re-constituted on 17th August 2015. It consists of three members viz. Ms. Padmini Khare Kaicker (Chairperson), Mr. Chandrashekhar 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**

The Corporate Social Responsibility Committee was re-constituted on 17th August 2015. The Committee consists of three members viz. Mr. Chandrashekhar Sathe (Chairman), Mr. Dipak Gupta and Mr. K.V.S. Manian with any two forming the quorum.

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

#### **NOMINATION & REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee was re-constituted on 17th August 2015. It consists of three members viz. Mr. Dipak Gupta (Chairman), Ms. Padmini Khare Kaicker and Mr. Chandrashekhar Sathe with any two forming the quorum.

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

#### **CREDIT COMMITTEE OF THE BOARD**

The Credit Committee of the Board was re-constituted with effect from 17th August 2015. It comprises of Mr. Dipak Gupta, Mr. Arvind Kathpalia 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.

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

#### **RISK MANAGEMENT COMMITTEE (RMC)**

RMC Board - Tier II, a supervisory Committee reviews the adequacy of the risk management process and up-gradation thereof. RMC Board Tier-II was re-constituted on 17th August 2015 and presently consists of Mr. Dipak Gupta, Mr. Arvind Kathpalia and Mr. KVS Manian. The quorum comprises of any two members.

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

#### **AUDITORS**

Your Company's Auditors, M/s. V.C. Shah & Co., Chartered Accountants, Mumbai, retire on the conclusion of Twenty Eight 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.

#### **INTERNAL FINANCIAL CONTROLS**

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

#### **RELATED PARTY TRANSACTIONS**

All Related Party Transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013, in form AOC-2.

All Related Party Transactions as required under Accounting Standards AS18 are reported in Notes to Accounts under clause no.36.

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**

Your Company has constituted a Corporate Social Responsibility (CSR) Committee and consists of the following Directors:

- Mr. Chandrashekhar Sathe (Chairman), Independent Director
- Mr. Dipak Gupta, Non-Executive Director
- Mr. KVS Manian, Non-Executive Director

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

- a. Promoting education
- b. Enhancing vocational skills and livelihood
- c. Promoting preventive healthcare and sanitation
- d. Reducing inequalities faced by socially and economically backward groups
- e. Sustainable development
- f. Relief and rehabilitation
- g. Clean India

The CSR policy is available on the Company's website viz. URL: <http://www.kmil.co.in/customer-services/index.html>

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

The average net profit u/s 198 of the Company for the last three financial years preceding March 31, 2016 is ₹88.62 crore.

The prescribed CSR expenditure required u/s 135, of the Act for FY 2015-16 is ₹177.23 lac.

The CSR expenditure incurred for the period 1st April 2015 to 31st March 2016 under Section 135 of Companies Act, 2013 amounts to ₹25 lac as against ₹10 lac CSR spend in the financial year 2014-15.

CSR expenditure of ₹25 lac in FY 2015-16 as a percentage of average net profit u/s 198 of the Company at ₹8861.74 lac is 0.28%.

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

The details of CSR activities and report under Section 135 of the Companies Act, 2013 for FY 2015-16, are annexed to this Report.

## **RISK MANAGEMENT POLICY**

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

## **EMPLOYEES**

The employee strength of your Company was eighty five (85) as of 31st March 2016.

Six (6) employees employed throughout the year and Four (4) employees employed for part of the year were in receipt of remuneration of ₹60 lac or more per annum.

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

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

**DEPOSIT**

Your Company did not accept any deposits from the public during the year. Also, there are no deposits due and outstanding as on 31st March 2016.

**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, your 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 2016 and of the profit of the Company for the financial year ended 31st March 2016;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**ANNEXURES**

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

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

**ACKNOWLEDGEMENTS**

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

**For and on behalf of the Board of Directors**

**Uday Kotak**  
**Chairman**

Place: Mumbai

Date: 27th April 2016

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31st March 2016**

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

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
<b>Holding Company</b>					
1	Kotak Mahindra Bank Ltd. 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	L65110MH1985PLC038137	Holding	100.00	2(87)
<b>Associate Companies</b>					
2	Phoenix ARC Pvt. Ltd. Dani Corporate Park, 7th floor, 158, CST Road, Kalina, Santacruz (E), Mumbai - 400 098	U67190MH2007PTC168303	Associate	30.00	2(6)
3	Matrix Business Services India Private Limited New No 10, Kuppaswamy Street, T. Nagar, Chennai - 600 017	U74140TN2003PTC051482	Associate	17.23	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	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks/FI		4,641,717	4,641,717	100.00		5,168,033	5,168,033	100.00	0.00
f) Any Other									
<b>Sub total (A) (1)</b>	<b>-</b>	<b>4,641,717</b>	<b>4,641,717</b>	<b>100.00</b>	<b>-</b>	<b>5,168,033</b>	<b>5,168,033</b>	<b>100.00</b>	<b>0.00</b>
<b>2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>-</b>	<b>4,641,717</b>	<b>4,641,717</b>	<b>100.00</b>	<b>-</b>	<b>5,168,033</b>	<b>5,168,033</b>	<b>100.00</b>	<b>0.00</b>
<b>B. Public Shareholding as per classification given by Depository</b>									
<b>1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 Lac	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Bodies Corporate	-	-	-	-	-	-	-	-	-
Foreign Bank	-	-	-	-	-	-	-	-	-
Foreign Bodies	-	-	-	-	-	-	-	-	-
Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-	-
HUF	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	-	<b>4,641,717</b>	<b>4,641,717</b>	<b>100.00</b>	-	<b>5,168,033</b>	<b>5,168,033</b>	<b>100.00</b>	

**(ii) Shareholding of Promoters**

SI No.	Shareholder's Name	Shareholding at the beginning of the year			No. of Shares held 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.	4,641,597	100.00	0	5,167,913	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
	<b>Total</b>	<b>4,641,717</b>	<b>100.00</b>	<b>0</b>	<b>5,168,033</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

**(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		4,641,717	100.00	4,641,717	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 27th June 2015	526,316		526,316	
	At the end of the year		5,168,033	100.00	5,168,033	100.00

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

SI No.	Category of Shareholders	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

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

SI No.	Name of the Shareholder	Shareholding at the beginning of the year		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of share	% of total shares of the company	No. of shares Decrease	No. of shares Increase	Reason		No. of shares	% of total shares of the company
	<b>DIRECTORS</b> (Holding shares as nominee of Kotak Mahindra Bank Ltd. jointly with Kotak Mahindra Bank Ltd.)								
1	Dipak Gupta	20	0.00	-	-	-	31-03-15	20	0.00
							31-03-16	20	0.00
2	K.V.S. Manian	20	0.00	-	-	-	31-03-15	20	0.00
							31-03-16	20	0.00
	<b>KEY MANAGERIAL PERSONNEL</b>	NIL							

## V. INDEBTEDNESS

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

(₹ in Lac)

	Secured Loans excluding deposits	Unsecured Loans	Deposits*	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,16,813.72	1,64,534.45	7,500.00	2,88,848.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,997.01	4,798.16	9.73	9,804.91
<b>Total (i+ii+iii)</b>	<b>1,21,810.72</b>	<b>1,69,332.62</b>	<b>7,509.73</b>	<b>2,98,653.08</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	1,07,518.20	4,67,730.87	76,725.00	6,51,974.07
• Reduction	65,566.00	4,06,834.48	39,000.00	5,11,400.47
<b>Net Change</b>	<b>41,952.20</b>	<b>60,896.39</b>	<b>37,725.00</b>	<b>1,40,573.59</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,58,765.92	2,25,430.84	45,225.00	4,29,421.76
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,415.24	7,792.13	956.55	19,163.92
<b>Total (i+ii+iii)</b>	<b>1,69,181.16</b>	<b>2,33,222.98</b>	<b>46,181.55</b>	<b>4,48,585.69</b>

\*Inter Corporate Deposits

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lac)

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	242.94	242.94
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 @	101.94	101.94
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	Cost included in 1(b) above	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit		
	- Others, specify...		
5.	Others, please specify	-	-
	<b>Total (A)</b>	<b>344.88</b>	<b>344.88</b>
	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 ₹ 101.54 lac 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:**

(₹ in Lac)

SI No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Chandrashekhar Sathe	Mr. Srikar Baljekar #	Ms. Padmini Khare Kaicker \$	
1	<b>Independent Directors</b>				
	Fee for attending board / committee meetings	8.60	2.20	3.40	14.20
	Commission **	2.00	1.00	1.50	4.50
	Others, please specify				
	<b>Total (1)</b>	<b>10.60</b>	<b>3.20</b>	<b>4.90</b>	<b>18.70</b>
2	<b>Other Non-Executive Directors</b>	<b>NIL</b>			
	Fee for attending board / committee meetings				
	Commission				
	Others - Remuneration				
	<b>Total (2)</b>				
	<b>Total (B)=(1+2)</b>				<b>18.70</b>
	Total Managerial Remuneration				
	Overall Ceiling as per the Act *				

Note:

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

\*\* Commission payable for FY 2015-16 is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

# Resigned as an Independent Director with effect from 17th August 2015

\$ Appointed as an Independent Director with effect from 17th August 2015

**C. Remuneration to key Managerial Personnel other than MD/Manager/WTD**

(₹ in Lac)

SI. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary & Sr. Vice President - Legal	CFO	
1.	Gross salary *	60.82	40.97	101.79
	(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	34.69	0.12	34.81
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option @	Cost included in 1(b) above	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- Others, specify...			
5.	Others, please specify	-	-	-
	Total	95.51	41.09	136.60

Notes:

@ The perquisite value towards stock options includes the difference between exercise price & market price on the date of exercise. The same amounting to ₹34.62 lac 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)
<b>A. COMPANY</b>	<b>NIL</b>				
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>	<b>NIL</b>				
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>	<b>NIL</b>				
Penalty					
Punishment					
Compounding					

**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

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

To,  
The Members,

**KOTAK MAHINDRA INVESTMENTS LIMITED**

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 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 2016, 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. The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
4. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings (Not Applicable);
5. The laws prescribed under Securities and Exchange Board of India Act, 1992 to the extent applicable:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014.
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
6. Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFC's;
7. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

8. Prevention of Money Laundering Act, 2002;
9. Other laws to the extent applicable to the Company as per the representations made by the Company;

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with the Stock exchanges.

During the period under review the Company has generally complied with the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations:

#### **Companies Act 2013**

1. *The Company has incurred a total expenditure of Rupees Twenty Five Lakh Only 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 24th April, 2015 by the members in pursuance to section 180(1)(c) of the Companies Act, 2013 for approving borrowing limits (exceeding the aggregate of paid-up capital and free reserves) and outstanding to the extent of an amount not exceeding Rs. 4,500 Crores.
2. A Special Resolution was passed at the Extra Ordinary General Meeting of the Company held on 16th June, 2015 by the members in pursuance to section 42 and 71 of the Companies Act, 2013 for making private placement offers and invitations for issuance of Non-Convertible Debentures.
3. A Special Resolution was passed at the Extra Ordinary General Meeting of the Company held on 9th November, 2015 by the members in pursuance to section 180(1)(c) of the Companies Act for approving borrowing limits (exceeding the aggregate of paid-up capital and free reserves) and outstanding to the extent of an amount not exceeding Rs. 5,500 Crores.
4. A Special Resolution was passed at the Extra Ordinary General Meeting of the Company held on 23rd December, 2015 by the members in pursuance to section 42 of the Companies Act, 2013 for approving private placement of offers and invitations for issuance of unsecured non - convertible debentures.

**Rupal Dhiren Jhaveri**

FCS No: 5441

Certificate of Practice No. 4225

Place: Mumbai

Date: 27th April, 2016.

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

**Annexure A**

To,  
The Members,  
**KOTAK MAHINDRA INVESTMENTS LIMITED**

Our report of even date is to be read along with this letter.

**'Annexure A'**

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Mumbai  
Date: 27th April, 2016.

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

## CSR REPORT

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. <a href="http://www.kmil.co.in/customer-services/index.html">http://www.kmil.co.in/customer-services/index.html</a></p>
2	The Composition of the CSR Committee.	<p>CSR Committee comprises of following Directors:</p> <ol style="list-style-type: none"> <li>1. Mr. Chandrashekhar Sathe – Chairman</li> <li>2. Mr. Dipak Gupta</li> <li>3. Mr. KVS Manian</li> </ol>
3	Average net profit of the company for last three financial years (Amount in crores)	₹88.62 crore
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above) (Amount in crores)	₹1.77 crore
5	Details of CSR spent during the financial year. (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 :	The Company has contributed an amount of ₹ 25 lac by contributing to initiatives of Kotak Education Foundation.

(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	Education and Livelihood- Implemented through Kotak Education Foundation (KEF), which was set up in 2007 with a purpose to support children and youth from underprivileged families through different education based interventions and skilling programmes. KEF takes a holistic and innovative approach to helping the urban poor break free from the vicious cycle of extreme poverty and generational disadvantages.  KEF has partnered with 36 schools, majority of which are Located in the poorest wards of Mumbai. Livelihood training is provided at 7 centres spread across the poorest neighbour hoods of the city. In 2015-16, KEF has touched nearly 50,000 youngsters through its nine interventions.	Mumbai	Promoting Education & Livelihood	25,00,000	1) 20,90,050  2) 3,47,725	35,00,000 (Out of this, Kotak Education Foundation has not utilised ₹ 62,225/-. This will be used towards meeting expenses for FY 2016-17)	25,00,000 (Implemented through the Kotak Education Foundation- KEF)
TOTAL CSR SPENDS U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 2015-16							25,00,000

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, 2016, 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. 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, 2016, 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the Internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) 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, 2016 on its financial position in its financial statements – Refer Note 26;
  - ii. The Company does not have any long term contracts including derivative contracts as at 31st March, 2016.
  - iii. There were no amounts as at 31st March, 2016 which are required to be transferred to the Investor Education and Protection Fund by the Company.

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

**V.C.Shah**  
Partner

Place: Mumbai

Date: 27th April, 2016.

Membership No.: 10360

# "ANNEXURE A"

## TO THE INDEPENDENT AUDITOR'S 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, 2016)**

- i. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, title deeds of immovable property as disclosed in Note 12 on fixed assets to the financial statements, are held in the name of the Company.
- 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 3 of the Order, are not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Hence, clause (iii) of paragraph 3 of the Order is not applicable to the Company during the year under report.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made, to the extent applicable to it. The Company has not provided any guarantees or security to parties covered in Section 185 and 186 of the Act.
- v. The Company is registered with Reserve Bank of India as systemically important non-deposit accepting or holding non-banking financial company. Accordingly, the Company has not accepted any deposits from the public.
- vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act, for any of the services rendered by the Company
- vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues where applicable to it. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at 31st March, 2016 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, service tax, duty of customs, duty of excise, or value added tax 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	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	50,69,688	2013-14	Commissioner of Income Tax (Appeals)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders. The Company did not have any borrowings from government during the year.
- ix. In our opinion and according to the information and explanation given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, clause (ix) of paragraph 3 of the Order is not applicable.

- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no instance of material fraud by the Company or on the Company by its officers or employees, has been noticed or reported during the course of our audit, nor have we been informed of any such case by the Management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014..
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is required to and has been registered under section 45-IA of the Reserve Bank of India Act, 1934 as a Systemically Important Non-deposit Accepting or Holding Non-Banking Financial Company.

**For V.C.Shah & Co.**

Chartered Accountants  
Firm Registration No.109818W

**V.C.Shah**

Partner  
Membership No.: 10360

Mumbai, 27th April, 2016.

# "ANNEXURE B"

## TO THE INDEPENDENT AUDITOR'S 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, 2016)**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of KOTAK MAHINDRA INVESTMENTS LIMITED ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For V.C.Shah & Co.**

Chartered Accountants  
Firm Registration No.109818W

Place: Mumbai

Date: 27th April, 2016.

**V.C.Shah**

Partner  
Membership No.: 10360

# 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, 2016, 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 vide our Independent Auditors' Report dated 27th April, 2016 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 45I(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, 2016, 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 Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, 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, 2016.
- 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, 2016.

### **B. Item 3(C) of the Directions:**

- i. The Board of Directors has passed a resolution dated 14th April, 2015 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, 2016 in terms of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
  - iv. In respect of Systemically Important Non-deposit taking NBFCs as defined in paragraph 2(1)(xxvi) of the Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015:
    - a) The Capital Adequacy Ratio (CRAR) of the Company as on 31st March, 2015 as disclosed in the Return submitted to the Bank in form NBS-7 is 18.32% 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 31st March 2015 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

Place: Mumbai

Date: 27th April, 2016.

# BALANCE SHEET

## AS AT 31ST MARCH, 2016

	Notes	As at 31st March, 2016 ₹ in Lac	As at 31st March, 2015 ₹ in Lac
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	(3)	516.80	464.17
(b) Reserves and Surplus	(4)	83,595.00	61,257.53
<b>2. Non-current Liabilities</b>			
(a) Long-Term Borrowings	(5)	53,650.93	61,244.98
(b) Other Long Term Liabilities	(6)	1,271.22	623.38
(c) Long-Term Provisions	(7)	668.05	551.44
<b>3. Current Liabilities</b>			
(a) Short-Term Borrowings	(8)	282,109.87	180,632.62
(b) Trade Payables	(9)		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		300.34	223.37
(c) Other Current Liabilities	(10)	112,102.08	56,826.81
(d) Short-Term Provisions	(11)	2,455.59	1,455.88
<b>TOTAL</b>		<b>536,669.88</b>	<b>363,280.18</b>
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
Tangible Assets	(12)	154.80	95.79
Intangible Assets	(12)	14.34	7.05
(b) Non-Current Investments	(13)	29,345.62	12,456.20
(c) Deferred Tax Assets (net)	(30)	718.32	494.97
(d) Long-Term Loans and Advances	(14)	119,291.06	91,457.55
(e) Other non-current assets	(15)	1,752.65	249.35
<b>2. Current Assets</b>			
(a) Current Investments	(16)	22,814.75	12,868.11
(b) Trade Receivables	(17)	339.77	25.78
(c) Cash and Bank Balances	(18)	32,557.88	15,621.59
(d) Short-Term Loans and Advances	(19)	327,445.16	229,663.71
(e) Other current assets	(20)	2,235.53	340.08
<b>TOTAL</b>		<b>536,669.88</b>	<b>363,280.18</b>
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 : 27th April, 2016

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 ACCOUNT

## FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
		₹ in Lac	₹ in Lac
<b>REVENUE</b>			
Revenue from Operations	(21)	55,570.87	36,431.34
Other Income	(22)	4,800.28	2,655.71
<b>TOTAL REVENUE</b>		<b>60,371.15</b>	<b>39,087.05</b>
<b>EXPENSES</b>			
Employee Benefits Expense	(23)	2,314.10	2,378.52
Finance Costs	(24)	32,406.92	19,134.68
Depreciation		83.99	42.82
Other Expenses	(25)	1,976.03	1,710.64
<b>TOTAL EXPENSES</b>		<b>36,781.04</b>	<b>23,266.65</b>
Profit before Tax		<b>23,590.11</b>	<b>15,820.39</b>
Tax Expense :			
(a) Current Tax		(8,509.81)	(5,505.32)
(b) Current Tax relating to prior years		86.45	387.44
(c) Deferred Tax		223.35	(67.84)
<b>Profit for the Year</b>		<b>15,390.10</b>	<b>10,634.67</b>
Earning per Share			
-Basic and Diluted		305.18	236.14

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 : 27th April, 2016

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 2016

	2015-2016		2014-2015	
	Amount (₹ in Lac)	Amount (₹ in Lac)	Amount (₹ in Lac)	Amount (₹ in Lac)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before taxation and extraordinary items</b>	23,590.11		15,820.39	
Adjustments for :				
Depreciation	83.99		42.82	
Profit on Long Term Investments	(42.19)		(134.83)	
Interest on Long Term Investments	(2,789.10)		(1,050.00)	
Interest on Current Investments	(68.27)		-	
Profit on Current Investments	(1,019.64)		(827.45)	
Discount Income on certificate of deposits	(82.97)		(2.21)	
Dividend on Long Term Investments	(17.26)		(3.28)	
Profit on Sale of Fixed Assets	(4.35)		(4.82)	
Provision for standard assets	621.67		416.72	
Provision written back for doubtful receivables, loans and advances	(200.10)		(453.11)	
Bad receivables, loans and advances written off (net of recovery)	-		30.73	
Provision for Diminution in Investments	23.89		0.20	
<b>Operating Profit before Working Capital Changes</b>	<b>20,095.78</b>		<b>13,835.16</b>	
Increase in Loans and Advances	(126,181.16)		(166,396.12)	
(Increase) / Decrease in Trade Receivables	(313.99)		86.38	
Increase in Other Non-Current Assets	(540.66)		(28.85)	
Increase in Other Current Assets	(13,882.10)		(10,733.72)	
Increase in Current Liabilities	1,966.45		1,958.59	
Increase / (Decrease) in Trade Payables	76.97		(77.94)	
Increase in Other Long Term Liabilities	647.85		230.01	
Increase in Provisions	589.34		484.71	
<b>Cash generated used in Operations</b>	<b>(117,541.52)</b>		<b>(160,641.78)</b>	
Income Taxes paid	(7,751.74)		(5,239.58)	
<b>Net Cash generated used in Operating Activities (A)</b>		<b>(125,293.26)</b>		<b>(165,881.36)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Investments	(3,805,094.91)		(2,245,385.09)	
Sale of Investments	3,779,379.75		2,230,785.57	
Dividend on Long Term Investments	17.26		3.28	
Interest on Long Term Investments	2,111.81		1,050.00	
Purchase of Fixed Assets	(150.54)		(80.99)	
Sale of Fixed Assets	4.60		7.92	
<b>Net Cash used in Investing Activities (B)</b>		<b>(23,732.03)</b>		<b>(13,619.31)</b>

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31ST MARCH 2016

	2015-2016		2014-2015	
	Amount (₹ in Lac)	Amount (₹ in Lac)	Amount (₹ in Lac)	Amount (₹ in Lac)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase in Equity Share Capital	7,000.00		7,498	
Increase in Secured Loans	45,689.77		65,220.90	
Increase in Unsecured Loans	101,502.24		103,743.87	
<b>Net Cash from Financing Activities (C)</b>		<b>154,192.01</b>		<b>176,462.38</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A + B + C)</b>		<b>5,166.72</b>		<b>(3,038.29)</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>5,314.11</b>		<b>8,352.40</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>10,480.83</b>		<b>5,314.11</b>
<b>(D)</b>		<b>5,166.72</b>		<b>(3,038.29)</b>

### Notes :

1. Cash and cash equivalents include :		
Bank Balances	2,640.83	1,124.11
Fixed Deposits with original maturity of less than 3 months	7,840.00	4,190.00
<b>Total cash and cash equivalents</b>	<b>10,480.83</b>	<b>5,314.11</b>

- 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 : 27th April, 2016

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

### 1. CORPORATE INFORMATION

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis to comply with the accounting standards specified under section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 / the Companies Act, 1956 as applicable and the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies. The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30th March 2016. The company is of the opinion that the said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 will be applicable to accounting periods commencing on or after the date of notification i.e. 1st April 2016. Hence, the said notification has not been considered in the preparation of these financial statements.

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

#### B. USE OF ESTIMATES

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

#### C. REVENUE RECOGNITION

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

#### D. 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

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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:

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.

### E. 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.

### F. 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.

### G. 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.

### H. 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.

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### I. EMPLOYEE BENEFITS

- a. Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to the statement of profit and loss when due.
- b. 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.

### J. 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.

### K. 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.

### L. 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.

# NOTES

## TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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 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.

### **M. 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.

### **N. 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

### **O. 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.

### **P. 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.

### **Q. 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.

### **R. 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 BALANCE SHEET AS AT 31ST MARCH, 2016

	As at 31st March, 2016	As at 31st March, 2015
	₹ in Lac	₹ in Lac
<b>Note 3 : SHARE CAPITAL</b>		
<b>Authorised</b>		
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
<b>Total</b>	<b>7,000.00</b>	<b>7,000.00</b>
<b>Issued, Subscribed and Fully Paid up</b>		
5,168,033 (P.Y.4,641,717) Equity Shares of ₹. 10/- each	516.80	464.17
<b>Total</b>	<b>516.80</b>	<b>464.17</b>

### Reconciliation of number of Shares and Equity Share Capital

Particulars	31 March 2016		31 March 2015	
	No. of shares	₹ in Lac	No. of shares	₹ in Lac
Outstanding at the beginning of the year	4,641,717	464.17	3,960,116	396.01
Add : Issued during the year	526,316	52.63	681,601	68.16
Less : Buy back during the year	-	-	-	-
Outstanding at the end of the year	5,168,033	516.80	4,641,717	464.17

### Terms/Rights attached to Equity Shares

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

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Kotak Mahindra Bank Limited, the holding company, holds 5,168,033 (P.Y. 4,641,717) equity shares of ₹ 10/- each

### Shareholders holding more than 5% of Equity Share Capital

Name of Shareholder	31 March 2016		31 March 2015	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Kotak Mahindra Bank Ltd. and its nominees	5,168,033	100%	4,641,717	100%
	5,168,033	100%	4,641,717	100%

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	As at 31st March, 2016	As at 31st March, 2015
	₹ in Lac	₹ in Lac
<b>NOTE 4 - RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>		
Balance as at the beginning and end of the year	1,003.85	1,003.85
<b>Securities Premium Account</b>		
Balance as at the beginning and end of the year	16,643.85	9,214.40
Add: Received during the year on issuance of equity shares	6,947.37	7,429.45
Balance as at the end of the year	<b>23,591.22</b>	<b>16,643.85</b>
<b>General Reserve</b>		
Balance as at the beginning and end of the year	431.10	431.10
<b>Special Reserve</b>		
Under Section 45 IC of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	8,240.20	6,110.20
Add: Transferred from Statement of Profit and Loss	3,080.00	2,130.00
Balance as at the end of the year	<b>11,320.20</b>	<b>8,240.20</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	34,938.53	26,433.86
Add : Profit for the current year	15,390.10	10,634.67
Less : Transferred to Special Reserve under section 45IC of Reserve Bank of India, Act 1934	3,080.00	2,130.00
Balance as at the end of the year	<b>47,248.63</b>	<b>34,938.53</b>
<b>Total</b>	<b>83,595.00</b>	<b>61,257.53</b>

		As at 31st March, 2016	As at 31st March, 2015
		₹ in Lac	₹ in Lac
<b>NOTE 5 -LONG TERM BORROWINGS</b>			
<b>Secured</b>			
3,375 (P.Y. 3,390) Redeemable Non-Convertible			
Debentures fully paid, privately placed	A	33,750.00	33,900.00
1,238 (P.Y. 3,119) Deep Discount Non-Convertible			
Debentures privately placed	B	12,380.00	31,190.00
Less : Unamortised Discount on Debentures		1,204.07	3,845.02
		<b>11,175.93</b>	<b>27,344.98</b>
<b>Unsecured</b>			
500 (P.Y. NIL) Redeemable Non-Convertible Subordinated Debt Bonds in form of			
Debentures fully paid, privately placed	C	5,000.00	-
Intercompany Deposits	D	3,725.00	-
<b>Total</b>		<b>53,650.93</b>	<b>61,244.98</b>

### Notes :

These debentures are redeemable at par. The Non Convertible Debentures and Deep Discount Debentures are secured by way of first pari-passu, non exclusive, charge on Immovable property and Current Assets /Movable Properties, Investments and Book debts of the company, in favour of the debenture Trustees.

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### Interest and Repayment Terms of Long Term Borrowings :-

#### A) Non-Convertible Debentures

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	(₹ in Lac)	(%)	(₹ in Lac)
Fixed Interest Rate ; Repayable at Maturity				
1-2 years	8.41 to 8.90	30,850.00	8.86 to 10.50	33,900.00
2-3 years	8.73	2,900.00	N.A.	-
<b>Total</b>		<b>33,750.00</b>		<b>33,900.00</b>

#### B) Deep Discount Debentures

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	(₹ in Lac)	(%)	(₹ in Lac)
Fixed Interest Rate ; Repayable at Maturity				
1-2 years	8.72 to 9.57	11,175.93	8.85 to 9.85	21,291.34
2-3 years	N.A.	-	8.95 to 9.57	6,053.64
<b>Total</b>		<b>11,175.93</b>		<b>27,344.98</b>

#### C) Non-Convertible Debentures - Subordinated Debts

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	(₹ in Lac)	(%)	(₹ in Lac)
<b>Related Parties</b>				
Fixed Interest Rate ; Repayable at Maturity				
9-10 years	9.00	5,000.00	N.A.	-
<b>Total</b>		<b>5,000.00</b>		<b>-</b>

#### D) Inter-Corporate Deposit

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	(₹ in Lac)	(%)	(₹ in Lac)
Fixed Interest Rate ; Repayable at Maturity				
1-2 years	8.51 to 8.97	3,725.00	N.A.	-
<b>Total</b>		<b>3,725.00</b>		<b>-</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	As at 31st March, 2016	As at 31st March, 2015
	₹ in Lac	₹ in Lac
<b>NOTE 6 - OTHER LONG TERM LIABILITIES</b>		
<b>Others</b>		
Interest accrued but not due on borrowings	1,271.22	623.38
<b>Total</b>	<b>1,271.22</b>	<b>623.38</b>

	As at 31st March, 2016	As at 31st March, 2015
	₹ in Lac	₹ in Lac
<b>NOTE 7 - LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	128.97	118.43
Provision for Accumulated Compensated Absences	88.20	87.13
Provision for Stock Appreciation Rights	40.05	52.99
Provision for Long Service Awards	5.20	4.62
<b>Provision- Others</b>		
Contingent Provisions against Standard Assets	405.63	288.27
<b>Total</b>	<b>668.05</b>	<b>551.44</b>

		As at 31st March, 2016	As at 31st March, 2015
		₹ in Lac	₹ in Lac
<b>NOTE 8 - SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
Loan repayable on demand			
- Overdraft facility from Bank	A	13,000.00	3,000.00
NIL (P.Y. 80) Redeemable Non-Convertible			
Debentures fully paid, privately placed	B	-	800.00
<b>Unsecured</b>			
Commercial Paper	C	234,760.00	173,580.00
Less : Unamortised Discount		6,650.14	4,247.38
		<b>228,109.86</b>	<b>169,332.62</b>
Intercorporate Deposits	D	41,000.00	7,500.00
<b>Total</b>		<b>282,109.87</b>	<b>180,632.62</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### Notes :

- A) The Overdraft facilities 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.

#### Interest and Repayment Terms of Short Term Borrowings :-

##### Overdraft facility from Bank

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lac	(%)	₹ in Lac
Floating Interest Rate ; Repayable at any time				
0-1 year	Base Rate + spread upto 25 basis point	13,000.00	Base Rate + spread upto 25 basis point	3,000.00
<b>Total</b>		<b>13,000.00</b>		<b>3,000.00</b>

- B) These debentures are redeemable at par. The Non Convertible Debentures, are secured by way of of first, pari-passu, non exclusive charge on Immovable property and Current Assets /Movable Properties, Investments and Book debts of the company, in favour of the debenture Trustees.

##### Non-Convertible Debentures

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lac	(%)	₹ in Lac
Fixed Interest Rate ; Repayable at any time				
0-1 year	N.A.	-	9.45	800.00
<b>Total</b>		<b>-</b>		<b>800.00</b>

##### C) Commercial Paper

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lac	(%)	₹ in Lac
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	8.15 to 9.31	228,109.86	8.93 to 10.25	169,332.62
<b>Total</b>		<b>228,109.86</b>		<b>169,332.62</b>

##### D) Inter-Corporate Deposit

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lac	(%)	₹ in Lac
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	8.35 to 9.50	41,000.00	9.10 to 10.50	7,500.00
<b>Total</b>		<b>41,000.00</b>		<b>7,500.00</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	As at 31st March, 2016	As at 31st March, 2015
	₹ in Lac	₹ in Lac
<b>NOTE 9 -TRADE PAYABLES *</b>		
<b>Total outstanding dues of creditors other than micro enterprises and small enterprises</b>		
Trade Payables	180.10	67.05
Sundry Creditors	120.24	156.32
<b>Total</b>	<b>300.34</b>	<b>223.37</b>

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

		As at 31st March, 2016	As at 31st March, 2015
		₹ in Lac	₹ in Lac
<b>NOTE 10 -OTHER CURRENT LIABILITIES</b>			
<b>Current maturities of long-term debt</b>			
Secured Redeemable Non-Convertible	Notes		
Debentures fully paid, privately placed	A	54,900.00	43,800.00
Secured Redeemable Non-Convertible Gold Linked			
Debentures fully paid, privately placed	B	-	500.00
Less : Unamortised Discount on Debentures		-	14.24
		<b>-</b>	<b>485.76</b>
Secured Deep Discount Non-Convertible			
Debentures privately placed	C	52,710.00	9,300.00
Less : Unamortised Discount on Debentures		1,849.70	634.28
		<b>50,860.30</b>	<b>8,665.72</b>
Intercompany Deposits	D	500.00	-
Interest accrued but not due on borrowings		5,293.37	3,199.75
Income received in advance		67.53	-
<b>Other Payables</b>			
Employee Benefits Accrued		275.39	500.46
Embedded Options Value (Including Mark-to-Market)		-	71.80
Statutory Dues		205.49	103.32
<b>Total</b>		<b>112,102.08</b>	<b>56,826.81</b>

A) These debentures are redeemable at par. The Non Convertible Debentures, Deep Discount Debentures and Gold Linked debentures are secured by way of first, pari-passu, non exclusive charge on Immovable property and Current Assets /Movable Properties, Investments and Book debts of the company, in favour of the debenture Trustees.

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### Interest and Repayment Terms of Long Term Borrowings :-

#### Non-Convertible Debentures

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lac	(%)	₹ in Lac
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	8.67 to 10.50	54,900.00	8.78 to 10.65	43,800.00
<b>Total</b>		<b>54,900.00</b>		<b>43,800.00</b>

#### B) Gold Linked Debentures

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lac	(%)	₹ in Lac
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	N.A.	-	Linked to Mumbai standard gold - spot price	485.76
<b>Total</b>		<b>-</b>		<b>485.76</b>

#### C) Deep Discount Debentures

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lac	(%)	₹ in Lac
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	8.55 to 9.85	50,860.30	9.00 to 9.40	8,665.72
<b>Total</b>		<b>50,860.30</b>		<b>8,665.72</b>

#### D) Inter-Corporate Deposit

Residual Maturity	As at 31st March 2016		As at 31st March 2015	
	Interest Rate Range	Balance Outstanding	Interest Rate Range	Balance Outstanding
	(%)	₹ in Lac	(%)	₹ in Lac
Fixed Interest Rate ; Repayable at Maturity				
0-1 year	8.80	500.00	N.A.	-
<b>Total</b>		<b>500.00</b>		<b>-</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	As at 31st March, 2016	As at 31st March, 2015
	₹ in Lac	₹ in Lac
<b>NOTE 11 - SHORT TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	13.78	19.05
Provision for Accumulated Compensated Absences	12.55	13.25
Provision for Stock Appreciation Rights	87.57	113.17
<b>Provision - Others</b>		
Contingent Provisions against Standard Assets	1,032.08	527.77
Provision for Taxation	1,309.61	782.64
(Net of Advance Taxes ₹ 9,515.71 Lac (P.Y. ₹7,963.88 Lac))		
<b>Total</b>	<b>2,455.59</b>	<b>1,455.88</b>

### NOTE 12 - FIXED ASSETS

DESCRIPTION	GROSS BLOCK			Balance As at 31 March 2016	Balance As at 1 April 2015	DEPRECIATION			NET BLOCK		
	Balance As at 1 April 2015	Additions during the year	Disposals during the year			Depreciation Charge For the year	On Disposals	Balance As at 31 March 2016	As at 31 March 2016	As at 31 March 2015	
<b>Tangible Assets</b>											
Premises	10.26	-	-	10.26	2.30	0.18	-	2.48	7.78	7.96	
Office Equipment	5.06	0.73	-	5.79	4.40	0.42	-	4.82	0.97	0.66	
Furniture & Fixtures	1.28	-	-	1.28	1.28	0.00	-	1.28	-	0.01	
Computers	40.48	16.19	1.46	55.21	24.11	11.43	1.22	34.32	20.89	16.37	
Vehicles	123.26	118.59	3.09	238.76	52.46	64.22	3.08	113.60	125.16	70.79	
<b>Intangible Assets</b>											
Software and System Development	8.19	15.03	-	23.22	1.14	7.74	-	8.88	14.34	7.05	
<b>TOTAL</b>	<b>188.53</b>	<b>150.54</b>	<b>4.55</b>	<b>334.52</b>	<b>85.69</b>	<b>83.99</b>	<b>4.31</b>	<b>165.38</b>	<b>169.14</b>	<b>102.84</b>	
Previous Year	121.53	80.99	13.99	188.53	53.76	42.82	10.89	85.69	102.84	67.77	

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### NOTE 13 - NON CURRENT INVESTMENTS (Non Trade)

	Face Value ₹	As at	As at	As at	As at
		31-03-2016 Quantity	31-03-2016 Amount ₹ in Lac	31-03-2015 Quantity	31-03-2015 Amount ₹ in Lac
<b>(I) INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>(at cost less provision for other than temporary diminution;)</b>					
<b>Unquoted and fully paid up Equity shares in:</b>					
<b>In Associates</b>					
Phoenix ARC Private Limited	10	50400000	6,100.50	50400000	6,100.50
Matrix Business Services (India) Private Limited	10	90000	201.91	90000	201.91
			<b>6,302.41</b>		<b>6,302.41</b>
<b>In Others</b>					
DSP Merrill Lynch Limited	10	5	0.01	5	0.01
Business Standard Private Limited	10	1000	0.20	1000	0.20
Amitabh Bachchan Corporation Limited	10	325000	260.00	325000	260.00
TAIB Capital Corporation Limited	10	245000	15.54	245000	15.54
Elbee Express Private Limited	10	400000	225.00	400000	225.00
Arun Processors Limited	10	643125	0.00	643125	0.00
Svasti Microfinance Private Limited	10	54920	50.14	54920	50.14
Less: Provision for Diminution			417.70		417.70
			<b>133.19</b>		<b>133.19</b>
<b>TOTAL INVESTMENTS IN EQUITY INSTRUMENTS (I)</b>			<b>6,435.60</b>		<b>6,435.60</b>
<b>(II) INVESTMENT IN DEBENTURES</b>					
<b>(at cost less provision for other than temporary diminution;)</b>					
<b>A. Quoted and fully paid up Debentures in:</b>					
Rajesh Real Estate Developers Private. Limited	10000000	-	-	60	6,000.00
Muthoot Fincorp Limited *	100000	7000	6,889.42	-	-
<b>Sub-total (A)</b>			<b>6,889.42</b>		<b>6,000.00</b>
<b>B. Unquoted and fully paid up Debentures in:</b>					
Jawala Real Estate Private Ltd	50000000	8	4,023.89	-	-
Shriram Industrial Holdings Limited	1000000	900	9,000.00	-	-
Liquid Investment and Trading Company Private Limited	1000000	300	3,000.00	-	-
Less: Provision for Diminution			23.89		-
<b>Sub-total (B)</b>			<b>16,000.00</b>		<b>-</b>
<b>TOTAL INVESTMENTS IN DEBENTURES (A + B) (II)</b>			<b>22,889.42</b>		<b>6,000.00</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	Face Value ₹	As at	As at	As at	As at
		31-03-2016 Quantity	31-03-2016 Amount ₹ in Lac	31-03-2015 Quantity	31-03-2015 Amount ₹ in Lac
<b>(III) OTHER INVESTMENTS</b>					
<b>(at cost less provision for other than temporary diminution;)</b>					
Kotak India Real Estate Fund-I-Class B Units	1	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	0	2,696,700	2.70	2,696,700	2.70
Kotak India Growth Fund -II-Class B Units	1	500,000	5.00	500,000	5.00
<b>TOTAL OTHER INVESTMENTS (III)</b>			<b>20.60</b>		<b>20.60</b>
<b>TOTAL INVESTMENTS (I+II+III)</b>			<b>29,345.62</b>		<b>12,456.20</b>
Aggregate of Quoted Investments					
- at cost			6,889.42		6,000.00
- at market value			6,889.42		6,000.00
Aggregate of Unquoted Investments					
- at cost			22,456.20		6,456.20
Aggregate provision for diminution in value of investments			441.59		417.70

\* Quotes not available

	As at 31st March, 2016 ₹ in Lac	As at 31st March, 2015 ₹ in Lac
<b>NOTE 14 - LONG TERM LOANS AND ADVANCES</b>		
<b>Advance Taxes paid and tax deducted at source</b>		
Unsecured, considered good (Net of Provision for Taxes ₹ 5,548.71 Lac (P.Y. ₹30.01 Lac))	81.96	226.59
<b>Other loans and advances under financing activity</b>		
Secured, considered good *	119,207.88	91,226.50
Unsecured, considered good (including debts due by officer of the company ₹0.32 Lac (P.Y. NIL))	1.22	4.46
	<b>119,209.10</b>	<b>91,230.96</b>
<b>Total</b>	<b>119,291.06</b>	<b>91,457.55</b>

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

	As at 31st March, 2016 ₹ in Lac	As at 31st March, 2015 ₹ in Lac
<b>NOTE 15 - OTHER NON-CURRENT ASSETS</b>		
Interest accrued but not due on loans and advances	758.89	220.50
Interest accrued on Investments	962.63	-
<b>Others</b>		
- Fixed Deposits with Banks with residual maturity of more than 12 months	31.13	28.85
<b>Total</b>	<b>1,752.65</b>	<b>249.35</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### NOTE 16 - CURRENT INVESTMENTS

	Face Value ₹	As at	As at	As at	As at
		31-03-2016	31-03-2016	31-03-2015	31-03-2015
		Quantity	Amount	Quantity	Amount
			₹ in Lac		₹ in Lac
<b>INVESTMENTS (at lower of cost and fair value)</b>					
<b>(I) INVESTMENT IN DEBENTURES</b>					
<b>Unquoted and fully paid up Debentures in:</b>					
Godrej & Boyce Manufacturing Company Limited	50000000	20	10,000.00	-	-
<b>(II) INVESTMENT IN CERTIFICATE OF DEPOSITS</b>					
<b>Unquoted and fully paid up units in Certificate of Deposits of:</b>					
Bank of Baroda	100,000	-	-	7,500	7,392.73
Canara Bank	100,000	10,000	9,814.75	2,500	2,475.38
<b>(III) INVESTMENT IN MUTUAL FUNDS</b>					
<b>Unquoted and fully paid up units in Mutual Fund of:</b>					
Kotak Liquid Scheme Plan A (Institutional Premium) - Growth		97,695.405	3,000.00	105,728.057	3,000.00
<b>TOTAL CURRENT INVESTMENTS</b>			<b>22,814.75</b>		<b>12,868.11</b>
<b>Aggregate of Quoted Investments</b>					
- at cost			-		-
- at market value			-		-
<b>Aggregate of Unquoted Investments</b>					
- at cost			22,814.75		12,868.11
<b>Aggregate provision for diminution in value of investments</b>			-		-

	As at	As at
	31st March, 2016	31st March, 2015
	₹ in Lac	₹ in Lac
<b>NOTE 17 - TRADE RECEIVABLES</b>		
<b>Outstanding for a period exceeding six months</b>	-	-
<b>Others</b>		
Unsecured, considered good	339.77	25.78
<b>Total</b>	<b>339.77</b>	<b>25.78</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	As at 31st March, 2016 ₹ in Lac	As at 31st March, 2015 ₹ in Lac
<b>NOTE 18 - CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
- in current accounts	2,640.83	1,124.11
- in Deposits with original maturity of less than 3 months	7,840.00	4,190.00
	<b>10,480.83</b>	<b>5,314.11</b>
<b>Other Bank Balances</b>		
- Deposits with residual maturity of less than 12 months	22,077.05	10,307.48
<b>Total</b>	<b>32,557.88</b>	<b>15,621.59</b>

	As at 31st March, 2016 ₹ in Lac	As at 31st March, 2015 ₹ in Lac
<b>NOTE 19 - SHORT TERM LOANS AND ADVANCES</b>		
<b>Loans and advances to related parties</b>		
Unsecured, considered good (including debts due by officer of the company ₹17.36 Lac (P.Y. NIL))	33.17	38.20
<b>Initial Margin - Commodity Derivative</b>		
Unsecured, considered good	-	2.63
<b>Prepaid Expenses</b>		
Unsecured, considered good	16.66	14.84
<b>Other loans and advances under financing activity</b>		
Secured, considered good *	310,086.21	211,225.33
Unsecured, considered good (including debts due by officer of the company ₹1.83 Lac (P.Y. NIL))	17,309.12	18,382.71
Secured, considered doubtful	130.38	330.48
Less: Provisions for doubtful advances	(130.38)	(330.48)
	<b>327,395.33</b>	<b>229,608.04</b>
<b>Total</b>	<b>327,445.16</b>	<b>229,663.71</b>

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

	As at 31st March, 2016 ₹ in Lac	As at 31st March, 2015 ₹ in Lac
<b>NOTE 20 - OTHER CURRENT ASSETS</b>		
Interest Accrued but not due on loans and advances	2,066.90	2.88
Interest Accrued on Fixed Deposits	128.53	82.33
Interest Accrued on Investments	36.08	253.15
Others	4.02	1.72
<b>Total</b>	<b>2,235.53</b>	<b>340.08</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	<b>For the year ended 31 March 2016</b>	For the year ended 31 March 2015
	₹ in Lac	₹ in Lac
<b>NOTE 21 - REVENUE FROM OPERATIONS</b>		
Interest on Loans and Advances	52,427.98	33,621.28
Interest on banks deposits	1,998.31	699.66
<b>Other Financial Services</b>		
Recoveries in excess of cost of NPAs purchased	-	102.82
Fee Income	1,144.58	2,007.58
<b>Total</b>	<b>55,570.87</b>	<b>36,431.34</b>

	<b>For the year ended 31 March 2016</b>	For the year ended 31 March 2015
	₹ in Lac	₹ in Lac
<b>NOTE 22 - OTHER INCOME</b>		
Income from Current Investments :		
- Profit on sale of Investments (net)	1,019.64	827.45
- Interest on Investments	68.27	-
- Discount accreted on Certificate of Deposits	82.97	2.21
- Discount accreted on Corporate Bond Repo	32.49	-
Income from Long Term Investments :		
- Profit on sale of Investments (net)	42.19	134.83
- Interest on Investments	2,789.10	1,050.00
- Dividend Income	17.26	3.28
Interest on Income Tax Refunds	44.18	-
Profit on trading in Commodity Futures (net)	71.55	-
Liabilities no longer required written back	236.85	-
Provision written back for doubtful receivables, loans and advances	200.10	453.11
Bad Debts Recovered	11.33	-
Others	184.35	184.82
<b>Total</b>	<b>4,800.28</b>	<b>2,655.71</b>

	<b>For the year ended 31 March 2016</b>	For the year ended 31 March 2015
	₹ in Lac	₹ in Lac
<b>NOTE 23 - EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, Allowances and Bonus	1,992.18	1,972.05
Contribution to Provident and Other Funds	95.28	79.93
Reimbursement of Expense on Employee Stock Option Scheme	-	0.37
Provision for Stock Appreciation Rights	201.73	303.38
Staff Welfare Expense	24.91	22.78
<b>Total</b>	<b>2,314.10</b>	<b>2,378.52</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	For the year ended 31 March 2016	For the year ended 31 March 2015
	₹ in Lac	₹ in Lac
<b>NOTE 24 - FINANCE COSTS</b>		
Interest expense on		
- Debentures	13,493.39	6,966.35
- Inter-Corporate Deposits	1,849.02	236.40
- Overdraft facility from bank	25.96	53.58
- Delayed payment of Income Tax	18.20	-
Other Borrowing Costs		
- Discount on Commercial Papers	16,781.42	11,666.15
- Arranger Fees	70.44	104.12
- Stamping Expense	168.17	108.04
- Bank Charges	0.32	0.03
<b>Total</b>	<b>32,406.92</b>	<b>19,134.68</b>

	For the year ended 31 March 2016	For the year ended 31 March 2015
	₹ in Lac	₹ in Lac
<b>NOTE 25 - OTHER EXPENSES</b>		
Loss on trading in Commodity Futures (net)	-	30.26
Travelling and Conveyance	121.31	94.91
Legal and Professional Charges	129.47	60.10
Business Promotion Expenses	35.58	12.36
Rent Expense	176.51	150.38
Common Establishment Expenses - Reimbursements	502.21	635.14
Electricity Expenses	24.25	27.03
Demat Account Charges	7.19	7.91
Printing and Stationery	25.08	9.35
Payments to Auditors:		
- As Statutory Audit Fees	9.00	6.50
- As Tax Audit Fees	1.00	0.75
- For Other services (Interim Audit, Certification work etc.)	2.58	1.49
- For Reimbursement of Expenses	0.45	0.32
Rates, Taxes and Fees	111.05	94.38
Remuneration to Directors:		
- As Sitting Fees	14.20	-
- As Commission	4.50	-
Insurance	1.67	1.35
Repairs and Maintenance	68.92	70.00
Communication Expenses	21.25	18.15
Expenditure on Corporate Social Responsibility activities	25.00	10.00
Miscellaneous expenses	49.25	32.61
Bad receivables, loans and advances written off (net of recovery)	-	30.73
Provision for standard assets	621.67	416.72
Provision for Diminution in value of Investments	23.89	0.20
<b>Total</b>	<b>1,976.03</b>	<b>1,710.64</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### 26. CONTINGENT LIABILITIES AND COMMITMENTS:

#### Contingent Liabilities:

Particulars	(₹ in Lac)	
	<b>As at March 31, 2016</b>	As at March 31, 2015
Claims against the company not acknowledged as debt	-	2.41
Contingent Liability in respect of open positions of Derivative contracts outstanding as on balance sheet date	-	49.08
Contingent Liability in respect of demands from Income Tax authorities	58.97	58.97
<b>Total</b>	<b>58.97</b>	<b>110.46</b>

### 27. Open Interest in Derivative Contracts:

	Expiration Date	No. of Contracts	Open Long Position
			Quantity
<b>As at 31st March 2016</b>			
NIL	NIL	NIL	NIL
<b>As at 31st March 2015</b>			
FUTCOM GOLD	05-Jun-2015	2	200

The Company enters into derivatives for the purpose of hedging.

### 28. EXPENDITURE IN FOREIGN CURRENCY

Particulars	(₹ in Lac)	
	<b>As at 31st March 2016</b>	As at 31st March 2015
Conference & Travelling Expense	4.09	NIL

### 29. Employee Benefits:

#### Gratuity

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

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 Lac)	
	<b>As at 31st March, 2016</b>	As at 31st March, 2015
<b>Change in Unfunded benefit obligations</b>		
Present value of unfunded benefit obligations (Opening)	137.48	112.39
Current Service cost	15.72	12.18
Interest cost	11.47	10.93
Actuarial (gain)/loss on obligations	(3.02)	23.80
Liability assumed on acquisition/(settled on Divestiture)	9.86	3.31
Benefits paid	(28.77)	(25.13)
<b>Present value of unfunded benefit obligations</b>	<b>142.74</b>	<b>137.48</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### Actuarial assumptions used :

		(₹ in Lac)	
Reconciliation of present value of the obligation and the fair value of the plan assets	As at 31st March, 2016	As at 31st March, 2015	
Fair value of plan assets	-	-	
Present value of unfunded benefit obligations	142.74	137.48	
Net Liability	<b>(142.74)</b>	<b>(137.48)</b>	

		(₹ in Lac)	
Cost recognized for the period	As at 31st March, 2016	As at 31st March, 2015	
Current service cost	15.72	12.18	
Interest cost	11.47	10.93	
Actuarial (gain)/loss	(3.02)	23.80	
Net gratuity cost	<b>24.17</b>	<b>46.91</b>	

		(₹ in Lac)	
	As at 31st March, 2016	As at 31st March, 2015	
Discount rate	7.95% p.a	7.98% 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 Lac)				
		Gratuity				
		Year ended 31st March				
	2016	2015	2014	2013	2012	
Defined benefit obligation	142.74	137.48	112.39	48.86	33.71	
Plan assets	-	-	-	-	-	
Surplus / (deficit)	(142.74)	(137.48)	(112.39)	(48.86)	(33.71)	
Experience adjustments on plan liabilities	(3.45)	8.22	14.52	(1.14)	(0.99)	
Experience adjustments on plan assets	-	-	-	-	-	

### Provident fund

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognised provident fund and administered by a Board of Trustees. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The Company recognized ₹ 95.28 Lac (P.Y. ₹ 79.93 Lac) for Provident Fund contribution in the Statement of Profit and Loss.

### Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized ₹ 4.18 Lac (P.Y. ₹ 15.44 Lac) for Compensated Absences in the Statement of Profit and Loss.

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### Long Service Award

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

### 30. COMPONENTS OF NET DEFERRED TAX ASSET:

	As at 31st March, 2016	As at 31st March, 2015
(₹ in Lac)		
<b>Deferred Tax Assets</b>		
Interest provided on Debentures to be allowable on crystallisation of liability	-	19.63
Expenses allowable on payment basis	130.23	141.43
Depreciation	37.14	32.69
Provision for doubtful advances	45.12	114.37
Provision for standard assets	497.56	282.42
Others	8.27	-
<b>Total Deferred Tax Assets</b>	<b>718.32</b>	<b>590.54</b>
<b>Deferred Tax Liabilities</b>		
Interest Income accrued but not due on Debentures taxable on receipt basis	-	(95.57)
<b>Total Deferred Tax Liability</b>	<b>-</b>	<b>(95.57)</b>
<b>Net Deferred Tax Asset / (Liability)</b>	<b>718.32</b>	<b>494.97</b>

### 31. EMPLOYEE SHARE BASED PAYMENTS :

#### A) Equity Settled Options:

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

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

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

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

Consequent to the above, the Bank has granted stock options to employees of the Company in accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments", the excess, if any, of the market price of the share, preceding the date of grant of the option under ESOSs over the exercise price of the option is amortised on a straight-line basis over the vesting period. The Company has reimbursed the Bank ₹NIL (Previous year ₹0.37Lac) 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.

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### B) Cash Settled Scheme :

During the year, the management had approved SARs 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 letter to employees.

The contractual life (which is equivalent to the vesting period) of the outstanding SARs ranges from 1.400 year to 3.652years.

Detail of activity under each SARs is summarized below:

	Year Ended 31 March, 2016*	Year Ended 31 March, 2015*
Outstanding at the beginning of the year	38,866	57,744
Granted during the year	28,700	47,020
Additions / Reduction due to transfer of Employees	1,250	8,184
Exercised during the year	35,096	59,774
Expired during the year	1,044	14,308
Outstanding at the end of the year	<b>32,676</b>	<b>38,866</b>

\*Adjusted for issue of bonus shares – one share for every share allotted on 10th July, 2015. The effect of the bonus share has been given effect in computation for the previous periods.

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,	2016	2015
Total Employee Compensation Cost pertaining to employee share based payment	NIL	0.37
Closing balance of liability for cash-settled scheme	127.62	166.16

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 ₹ 75.06 Lac (Previous year ₹ 64.53 Lac) and the profit after tax would have been lower by ₹ 48.69 Lac (Previous year 42.25 Lac). Consequently the basic and diluted EPS would have been ₹304.26 (Previous year ₹ 235.20)

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

Particulars	31st March 2016	31st March 2015
Profit attributable to the Equity Shareholders (₹ in Lac) – (A)	15,390.10	10,634.67
Basic weighted average number of equity shares outstanding during the year – (B)	50,42,925	45,03,529
Nominal value of Equity Shares (₹)	10	10
Basic & Diluted Earnings per share (₹) – (A) / (B)	<b>305.18</b>	<b>236.14</b>

### 33. Rent Payments to holding/ fellow subsidiary company for sharing of premises are recognized in The statement of profit and loss under the head 'Rent Expenses' ₹174.39Lac (P.Y. ₹ 135.47 Lac).

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### 34. SEGMENT REPORTING:

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

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

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

Summary of the segments of the company are :

	(₹ in Lac)	
	2015-16	2014-15
<b>Segment Revenue</b>		
Lending against Securities	27,463.19	21,416.97
Corporate and Other Lending	29,244.19	16,040.03
Treasury and Investments	3,378.40	1,667.44
Add: Inter Segment Revenue	380.01	715.21
<b>Total</b>	<b>60,465.78</b>	<b>39,839.65</b>
Less: Eliminations	(380.01)	(715.21)
<b>Total</b>	<b>60,085.77</b>	<b>39,124.44</b>
Add : Unallocated Revenue	285.38	-
<b>Total Revenue</b>	<b>60,371.15</b>	<b>39,124.44</b>
<b>Segment Results</b>		
Lending against Securities	7,386.91	6,377.76
Corporate and Other Lending	12,915.09	8,142.60
Treasury and Investments	3,469.10	1,956.96
<b>Total</b>	<b>23,771.09</b>	<b>16,477.32</b>
Less: Unallocable expenditure	(180.98)	(656.93)
<b>Total profit before tax</b>	<b>23,590.11</b>	<b>15,820.39</b>
<b>Segment Assets</b>		
Lending against Securities	2,60,393.21	1,93,977.51
Corporate and Other Lending	2,23,441.54	1,33,485.77
Treasury and Investments	52,024.77	35,084.37
<b>Total</b>	<b>5,35,859.52</b>	<b>3,62,547.65</b>
Add: Unallocated Assets	810.37	732.53
<b>Total</b>	<b>5,36,669.88</b>	<b>3,63,280.18</b>
Less: Inter-segment Assets	30,876.54	28,054.45
<b>Total</b>	<b>5,05,793.34</b>	<b>3,35,225.72</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in Lac)

	2015-16	2014-15
<b>Segment Liabilities</b>		
Lending against Securities	915.21	512.49
Corporate and Other Lending	866.84	476.65
Treasury and Investments	4,48,617.30	2,98,784.54
<b>Total</b>	<b>4,50,399.35</b>	<b>2,99,773.68</b>
Add: Unallocated Liabilities	2,158.72	1,784.79
<b>Total</b>	<b>4,52,558.07</b>	<b>3,01,558.47</b>
Less: Inter-segment Liabilities	30,876.54	28,054.45
<b>Total</b>	<b>4,21,681.53</b>	<b>2,73,504.02</b>
<b>Capital Expenditure</b>		
Lending against Securities	39.36	25.95
Corporate and Other Lending	95.58	45.52
Treasury and Investments	15.59	9.52
<b>Total</b>	<b>150.53</b>	<b>80.99</b>
<b>Depreciation</b>		
Lending against Securities	30.29	17.57
Corporate and Other Lending	47.99	21.66
Treasury and Investments	5.71	3.59
<b>Total</b>	<b>83.99</b>	<b>42.82</b>

### 35. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

#### Details of CSR Expenditure

(₹ in Lac)

	In Cash	Yet to be paid in Cash	Total
a. Gross amount required to be spent during the year ₹177.23 Lac (Previous year ₹ 84.55 Lac )			
b. Amount spent during the year ending on 31st March, 2016			
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	25.00	-	25.00
c. Amount spent during the year ending on 31st March, 2015			
i. Construction / acquisition of any asset	-	-	-
ii. On purpose other than (i) above	10.00	-	10.00

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### 36. RELATED PARTY DISCLOSURES:

#### A. RELATED PARTIES WHERE CONTROL EXISTS:

Nature of relationship	Related Party
Holding Company	Kotak Mahindra Bank Limited (KMBL) (Holds 100% of the equity share capital) Uday S. Kotak along with relatives and entities controlled by him holds 33.64% (P.Y.39.95%) of the equity share capital of Kotak Mahindra Bank Limited as on 31st March, 2016.

#### B. OTHER RELATED PARTIES:

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

#### Related Party Disclosures

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

	Amount (₹ In Lac) 2015-2016	Amount (₹ In Lac) 2014-2015
<b>I. Holding Company</b>		
- Kotak Mahindra Bank Limited		
<b>Transactions during the year :</b>		
<b>FINANCE</b>		
Equity Shares Issuance	7,000.00	7,497.61
Fixed Deposits Placed	533,567.61	171,206.33
Fixed Deposits Repaid	518,145.76	163,880.00
Interest Received on Fixed Deposits	1,998.31	699.66
Corporate Bond purchased	80,671.23	-
Corporate Bond matured	80,671.23	-
Interest Received on Corporate Bond	32.49	-
Purchase of debenture	10,007.32	-
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Demat Charges	6.90	7.63
Service Charges Received	42.00	42.00
Expense reimbursements paid	696.83	802.52
Expense reimbursements received	0.10	61.06

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	Amount (₹ In Lac) 2015-2016	Amount (₹ In Lac) 2014-2015
Licence Fees paid	171.42	132.50
Arranger fees	-	68.75
Referral Fees	70.44	19.85
IPA Fees paid	1.00	1.00
ARD fees	1.00	-
Bank Charges	0.30	0.02
Other Expenses paid	-	0.31
Employee Liability transfer out	0.72	8.93
Employee Liability transfer in	64.77	61.23
Asset transferred in	20.72	22.29
Asset transferred out	0.01	0.21
Balance outstanding as at the year end :		
<b>FINANCE</b>		
Balance in current account	2,616.25	1,100.45
Term Deposits Placed	29,948.18	14,526.33
Interest accrued on Term Deposits placed	128.53	82.33
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Service charges payable	23.78	85.80
Service charges receivable	3.66	38.03
Referral Fees payable	16.74	2.87
Demat Charges Payable	0.51	1.42
<b>II. Fellow Subsidiaries</b>		
<b>Transactions during the year :</b>		
<b>FINANCE</b>		
Non Convertible Debentures issued		
- Kotak Securities Ltd	5,000.00	-
Interest on Non Convertible Debentures		
- Kotak Securities Ltd	113.11	
Inter Corporate Deposits Repaid		
- Kotak Mahindra Prime Ltd	-	15,000.00
Interest paid on Inter Corporate Deposits		
- Kotak Mahindra Prime Ltd	-	48.26
<b>OTHER SECURITIES</b>		
Purchases		
- Kotak Securities Ltd	-	0.58
Sales		
- Kotak Securities Ltd	5,696.20	6,856.62

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	<b>Amount (₹ In Lac) 2015-2016</b>	Amount (₹ In Lac) 2014-2015
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Service Charges Received		
- Kotak Mahindra Prime Ltd	138.00	138.00
Brokerage paid		
- Kotak Securities Ltd	10.42	13.79
Demat Charges paid		
- Kotak Securities Ltd	0.29	0.30
Service Charges Paid		
- Kotak Securities Ltd	0.80	1.20
License Fees Paid		
- Kotak Securities Ltd	2.97	2.97
Insurance premium paid		
- Kotak Mahindra General Insurance Company Ltd	0.08	-
Expense reimbursement from other company		
- Kotak Mahindra Prime Ltd	2.40	2.12
- Kotak Securities Ltd	0.00	-
Expense reimbursement to other company		
- Kotak Mahindra Prime Ltd	-	0.11
- Kotak Securities Ltd	-	-
Asset Transfer-in		
- Kotak Mahindra Prime Ltd	0.57	-
- Kotak Securities Ltd	-	-
Employee Liability transfer in		
- Kotak Mahindra Prime Ltd	-	-
- Kotak Securities Ltd	0.40	-
Employee Liability transfer out		
- Kotak Securities Ltd	32.88	0.21
- Kotak Mahindra Prime Ltd	0.45	-
Asset Transfer-out		
- Kotak Securities Ltd	-	-
- Kotak Mahindra Prime Ltd	0.23	-
Insurance premium paid in advance		
- Kotak Mahindra General Insurance Company Ltd	0.29	-
<b>Balance outstanding as at the year end :</b>		
<b>FINANCE</b>		
Non Convertible Debentures issued		
- Kotak Securities Ltd	5,000.00	-

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	Amount (₹ In Lac) 2015-2016	Amount (₹ In Lac) 2014-2015
Interest payable on Non Convertible Debentures		
- Kotak Securities Ltd	113.11	-
<b>OTHER SECURITIES</b>		
Outstanding Receivable		
- Kotak Securities Ltd	323.74	23.93
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Demat charges payable		
- Kotak Securities Ltd	0.27	0.01
Service charges Receivable		
- Kotak Mahindra Prime Ltd	12.12	-
Service charges Payable		
- Kotak Mahindra Prime Ltd	0.57	-
<b>III. Associate Company</b>		
<b>Transactions during the year :</b>		
<b>INVESTMENTS</b>		
Subscription to Right Issue		
- Phoenix ARC Pvt Ltd	-	2,835.00
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Dividend received on investments		
- Matrix Business Services India Pvt Ltd	17.23	-
Professional fees paid		
- Matrix Business Services India Pvt Ltd	0.07	-
<b>Balance outstanding as at the year end :</b>		
<b>INVESTMENTS</b>		
Investments - Gross		
- Phoenix ARC Pvt Ltd	6,100.50	6,100.50
- Matrix Business Services India Pvt Ltd	201.91	201.91
<b>IV. Key Management Personnel (KMP)</b>		
<b>Transactions during the year :</b>		
<b>FINANCE</b>		
Interest paid on Loan		
- Mr. Paritosh Kashyap	-	0.46
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Remuneration*		
- Mr. Paritosh Kashyap	244.90	299.54
<b>Balance outstanding as at the year end :</b>		
<b>FINANCE</b>		
Advance salary		
- Mr. Paritosh Kashyap	17.36	-

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

	Amount (₹ In Lac) 2015-2016	Amount (₹ In Lac) 2014-2015
<b>V. Entities over which relative of director has significant influence</b>		
<b>Transactions during the year :</b>		
<b>COMMODITY DERIVATIVES</b>		
Purchases		
- Kotak Commodity Services Private Limited	27.11	873.11
Sales		
- Kotak Commodity Services Private Limited	79.45	1,058.25
Brokerage and other charges paid		
- Kotak Commodity Services Private Limited	0.05	0.84
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Fees on travel tickets purchased		
- Aero Agencies Limited	2.15	1.12
<b>Balance outstanding as at the year end :</b>		
<b>INVESTMENTS</b>		
Investments – Gross		
- Business Standard Private Limited	0.20	0.20
<b>COMMODITY DERIVATIVES</b>		
Outstanding receivable		
- Kotak Commodity Services Private Limited	0.31	1.86
<b>OTHER RECEIPTS &amp; PAYMENTS</b>		
Outstanding Payable		
- Aero Agencies Limited	0.05	0.16

\* Excludes provision for gratuity and accumulated compensated absences

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

Particulars	2015-16	2014-15
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/ companies in which directors are interested	-	-

### 37. CAPITAL

Particulars	2015-16	2014-15
		(₹ in Lac)
i) CRAR (%)	18.20%	18.32%
ii) CRAR - Tier I Capital (%)	16.90%	18.07%
iii) CRAR - Tier II Capital (%)	1.30%	0.25%
iv) Amount of subordinated debt raised as Tier-II capital	5,000.00	NIL
v) Amount raised by issue of Perpetual Debt Instruments	NIL	NIL

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### 38. INVESTMENTS

	(₹ in Lac)	
	2015-16	2014-15
<b>(1) Value of Investments</b>		
(i) Gross Value of Investments	52,601.96	25,742.01
(a) In India	52,601.96	25,742.01
(b) Outside India,	NIL	NIL
(ii) Provisions for Depreciation	441.59	417.70
(a) In India	441.59	417.70
(b) Outside India,	NIL	NIL
(iii) Net Value of Investments	52,160.37	25,324.31
(a) In India	52,160.37	25,324.31
(b) Outside India.	NIL	NIL
<b>(2) Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	417.70	417.50
(ii) Add : Provisions made during the year	23.89	0.20
(iii) Less : Write-off / write-back of excess provisions during the year	NIL	NIL
(iv) Closing balance	441.59	417.70

### 39. Derivatives

#### i. Forward Rate Agreement / Interest Rate Swap

	(₹ in Lac)	
Particulars	2015-16	2014-15
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

	(₹ in Lac)	
Particulars	2015-16	2014-15
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 BALANCE SHEET AS AT 31ST MARCH, 2016

### iii. Disclosures on Risk Exposure in Derivatives

#### Qualitative Disclosure

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

The Company had open interest in derivative contracts involving gold futures during the year. However during the year, the same was squared off and there are no outstanding at the end of the year. The risk management team was 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 used 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. 2Kand 2L respectively.

#### Quantitative Disclosures

			(₹ in Lac)	
Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives	
i)	Derivatives (Notional Principal Amount)			
ii)	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

### 40. DISCLOSURES RELATING TO SECURITISATION

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

Sr. No.	Particulars	No. / Amount in Lac
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 BALANCE SHEET AS AT 31ST MARCH, 2016

Sr. No.	Particulars	No. / Amount in Lac
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	₹ in Lac	
	2015-16	2014-15
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	₹ in Lac	
	2015-16	2014-15
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 BALANCE SHEET AS AT 31ST MARCH, 2016

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

A. Details of non-performing financial assets purchased :

		(₹ in Lac)	
Particulars		2015-16	2014-15
1.	(a) No. of accounts purchased during the year	NIL	NIL
	(b) Aggregate outstanding	NIL	NIL
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 :

		(₹ in Lac)	
Particulars		2015-16	2014-15
1.	No. of accounts sold	NIL	NIL
2.	Aggregate outstanding	NIL	NIL
3.	Aggregate consideration received	NIL	NIL

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

(₹ in Lac)									
Particulars	Up to 30 / 31 days	Over 1 month upto 2 Month	Over 2 months upto 3months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances	71,123.86	59,249.85	73,026.86	56,073.07	67,698.15	1,11,625.98	7,686.12	252.32	4,46,736.22
Investments	3,000.00	NIL	9,814.75	10,000.00	NIL	22,889.42	NIL	6,456.20	52,160.37
Borrowings	61,193.09*	57,225.29	61,050.35	82,320.98	1,26,580.45	48,650.93	NIL	5,000.00	4,42,021.09
Foreign Currency assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Currency liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

\*Includes Borrowing from Banks of ₹ 13,000.00 Lac

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

### 42. EXPOSURES

#### A. Exposure to Real Estate Sector

		(₹ in Lac)	
Category		2015-16	2014-15
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 BALANCE SHEET AS AT 31ST MARCH, 2016

		(₹ in Lac)	
Category		2015-16	2014-15
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;	1,93,726.03**	1,12,515.36**
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 ₹ 6,105.95 Lac (P.Y. ₹ 2,015.78 Lac)

### B. Exposure to Capital Market

		(₹ in Lac)	
Particulars		2015-16	2014-15
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	6,853.31
ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals / corporates for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	1,19,658.61	1,27,158.65
iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	1,37,623.17	70,677.90
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;	360.39	417.78
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	20.60
<b>Total Exposure to Capital Market</b>		<b>2,64,516.08</b>	<b>2,05,128.23</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

- C. Financing of parent company products : The company has not financed any parent company products during the financial year.
- D. Disclosure in respect of exposure where details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) has exceeded : The company has not exceeded the Single Borrower Limit (SGL) / Group Borrower Limit (GBL) in respect of exposures during the financial year.
- E. Unsecured Advances:  
The amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral – ₹ NIL  
For other Unsecured Advances, refer Note No.14 and Note No.19

### 43. Registration obtained from other financial sector regulators : NIL

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

### 45. RELATED PARTY TRANSACTIONS :

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

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

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

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

Rating Agency	Instrument	Rating	Effective Date	Valid Upto
CRISIL	Long Term Non-Convertible Debentures aggregating ₹15 billion	"CRISIL AAA/stable"	28-01-2015	29-04-2015
CRISIL	Long Term Non-Convertible Debentures aggregating ₹20 billion	"CRISIL AAA/stable"	30-04-2015	23-09-2015
CRISIL	Long Term Non-Convertible Debentures aggregating ₹32 billion	"CRISIL AAA/stable"	24-09-2015	till date
CRISIL	Long Term Rating for Bank Loan Facilities aggregating ₹10 billion	"CRISIL AAA/stable"	08-06-2015	till date
CRISIL	Long Term Rating for Subordinate Debt Issue aggregating ₹1 billion	"CRISIL AAA/stable"	22-12-2015	till date
CRISIL	₹ 750 million Long Term Principal-Protected Market-Linked Debentures	"CRISIL PP-MLD AAA/ Stable"	05-08-2014	10-11-2015
CRISIL	Short Term Debt Programme (including Commercial Paper) for ₹ 20.0 billion	"CRISIL A1+"	22-12-2014	08-07-2015
CRISIL	Short Term Debt Programme (including Commercial Paper) for ₹ 35.0 billion	"CRISIL A1+"	09-07-2015	till date
ICRA	Short Term Debt Programme for ₹ 1150 Crores	"[ICRA] A1+"	12-10-2010	30-06-2015
ICRA	Long Term Rating for Subordinate Debt Issue aggregating ₹1 billion	ICRA AAA/stable"	22-12-2015	till date

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

**47. Remuneration of Directors :** The details of transaction with Non-Executive Independent Director are as below:-

Particulars	(₹ in Lac)	
	2015-16	2014-15
Directors Sitting Fees	14.20	NIL
Commission to Directors	4.50	NIL

**48. PROVISIONS AND CONTINGENCIES:**

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

Particulars	(₹ in Lac)	
	2015-16	2014-15
Provisions for depreciation on Investment	23.89	0.20
Provision for NPA written back	(200.10 )	(453.11)
Provision made towards Income tax	8,423.35	5,117.89
Other Provision and Contingencies (with details)	NIL	NIL
Provision for Standard Assets	621.67	416.72

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

**50. Concentration of Deposits, Advances, Exposures and NPAs**

**A. Concentration of Deposits (for deposit taking NBFCs)**

	(₹ in Lac)	
	2014-15	
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**

	(₹ in Lac)	
	2014-15	
Total Advances to twenty largest borrowers	1,68,327.67	
Percentage of Advances to twenty largest borrowers to Total (Gross) Advances of the company	35.09%	

**C. Concentration of Exposures\*\***

	(₹ in Lac)	
	2014-15	
Total Exposure to twenty largest borrowers / customers	1,80,192.61	
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the company on borrowers / customers	23.39%	

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

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### D. Concentration of NPAs

	(₹ in Lac)
	2014-15
Total Exposure to top four NPA accounts	366.55

### E. Sector-wise NPAs

S r . No.	Sector	Percentage of NPAs to Total Advances in that sector**	(₹ in Lac)
1	Agriculture & allied activities	-	
2	MSME	-	
3	Corporate borrowers	0.08%	
4	Services	-	
5	Unsecured personal loans	-	
6	Auto loans	-	
7	Other personal loans	0.07%	

\*\* represents Gross NPA to Gross Advances for respective sectors

### F. Movement of NPAs

S r . No.	Particulars	2015-16	2014-15	(₹ in Lac)
i)	Net NPAs to Net Advances (%)	0.05%	0.13%	
ii)	Movement of NPAs (Gross)			
a)	Opening balance	751.55	1,502.23	
b)	Additions during the year	23.84	317.24	
c)	Reductions during the year	(388.47)	(1,067.92)	
d)	Closing balance	386.92	751.55	
iii)	Movement of Net NPAs			
a)	Opening balance	421.06	718.64	
b)	Additions during the year	21.04	240.69	
c)	Reductions during the year	(185.57)	(538.26)	
d)	Closing balance	256.53	421.06	
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
a)	Opening balance	330.49	783.59	
b)	Provisions made during the year	38.72	76.56	
c)	Write-off / write-back of excess provisions	(238.82)	(529.65)	
d)	Closing balance	130.39	330.49	

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

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

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

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

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

### 51. CUSTOMER COMPLAINTS

a) No. of complaints pending at the beginning of the year	NIL
b) No. of complaints received during the year	7
c) No. of complaints redressed during the year	7
d) No. of complaints pending at the end of the year	NIL

### 52. Disclosures under Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. Credit Rating and Change in Credit Rating (if any)	For Credit Rating on the various instruments and changes, if any, made during the year ended March 31, 2016, refer note No. 46
2. Debt – Equity Ratio	5.26 :1
3. i. Previous due date for the payment of interest / repayment of principal of non-convertible debt securities; and ii. whether the same has been paid or not	Note A
4. i. next due date for the payment of interest / principal; along with ii. the amount of interest payable and the redemption amount :	Note B
5. Outstanding Redeemable Preference Shares (quantity and Value)	NIL
6. Capital Redemption Reserve / Debenture Redemption Reserve	₹ 1003.85 Lac / N.A. since the company is registered as NBFC with Reserve Bank of India
7. Net worth	₹ 84,111.80 Lac
8. Net Profit after Tax	₹ 15,390.10 Lac
9. Earnings Per Share	₹ 305.18
10. Asset Cover Available for Secured Non-Convertible Debentures	The Debenture are secured by way of first, pari-passu, non-exclusive charge on Immovable property and Current Assets / Movable Properties, Investments & Book debts 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.

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

### Note A:-Previous due date and status for payment of interest/ principal on Non-Convertible Debentures :

Sr. No.	Series	Previous due date for payment of Interest on Non-Convertible Debentures	Previous due date for payment of Principal on Non-Convertible Debentures	Status
1	KMIL/2013-14/05	13-Apr-15	13-Apr-15	Paid
2	KMIL/2013-14/02	17-Apr-15	17-Apr-15	Paid
3	KMIL/2013-14/09	30-Apr-15	30-Apr-15	Paid
4	KMIL/2014-15/009	04-Jun-15	04-Jun-15	Paid
5	KMIL/2014-15/008	29-Sep-15	N.A**	Paid
6	KMIL/2014-15/011	16-Oct-15	N.A**	Paid
7	KMIL/2014-15/003-A	13-Nov-15	13-Nov-15	Paid
8	KMIL/2014-15/003-B	13-Nov-15	13-Nov-15	Paid
9	KMIL/2014-15/003-C	13-Nov-15	13-Nov-15	Paid
10	KMIL/2014-15/003-D	13-Nov-15	13-Nov-15	Paid
11	KMIL/2014-15/010	N.A*	17-Nov-15	Paid
12	KMIL/2013-14/03	27-Nov-15	N.A**	Paid
13	KMIL/2013-14/04	27-Nov-15	N.A**	Paid
14	KMIL/2013-14/06	04-Dec-15	N.A**	Paid
15	KMIL/2013-14/07	04-Dec-15	N.A**	Paid
16	KMIL/2013-14/08	04-Dec-15	N.A**	Paid
17	KMIL/2014-15/015	11-Dec-15	11-Dec-15	Paid
18	KMIL/2014-15/016	23-Dec-15	23-Dec-15	Paid
19	KMIL/2013-14/10	18-Jan-16	N.A**	Paid
20	KMIL/2013-14/11	18-Jan-16	N.A**	Paid
21	KMIL/2014-15/018	01-Feb-16	01-Feb-16	Paid
22	KMIL/2013-14/12	08-Mar-16	08-Mar-16	Paid
23	KMIL/2014-15/011	15-Mar-16	15-Mar-16	Paid
24	KMIL/2014-15/021	N.A*	22-Mar-16	Paid

(\*) Represents Deep Discount Debentures issued at Discount and maturity at Face Value.

(\*\*) Represents Debentures whose principal was not due for payment during the year.

### Note B:-Next due date and amount for payment of interest/ principal on Non-Convertible Debentures :

Sr. No.	Series	Next due date for payment of Interest on Non-Convertible Debentures	Next due date for payment of Principal on Non-Convertible Debentures	Amount of Interest Payable (₹ in Lac)	Redemption (₹ in Lac)
1	KMIL/2013-14/03	25-Nov-16	25-Nov-16	261.07	2,500.00
2	KMIL/2013-14/04	25-Nov-16	25-Nov-16	261.07	2,500.00
3	KMIL/2013-14/06	02-Dec-16	02-Dec-16	104.43	1,000.00
4	KMIL/2013-14/07	02-Dec-16	02-Dec-16	156.64	1,500.00
5	KMIL/2013-14/08	02-Dec-16	02-Dec-16	261.07	2,500.00
6	KMIL/2013-14/10	17-Jan-17	17-Jan-17	410.87	4,000.00

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

Sr. No.	Series	Next due date for payment of Interest on Non-Convertible Debentures	Next due date for payment of Principal on Non-Convertible Debentures	Amount of Interest Payable (₹ in Lac)	Redemption (₹ in Lac)
7	KMIL/2013-14/11	17-Jan-17	17-Jan-17	410.87	4,000.00
8	KMIL/2013-14/13	23-Feb-17	23-Feb-17	201.93	600.00
9	KMIL/2013-14/14	02-Jun-16	02-Jun-16	1,220.84	5,000.00
10	KMIL/2014-15/001	N.A*	02-Aug-16	N.A*	7,300.00
11	KMIL/2014-15/002	N.A*	09-Aug-16	N.A*	1,210.00
12	KMIL/2014-15/004	N.A*	03-Oct-17	N.A*	2,600.00
13	KMIL/2014-15/005	N.A*	10-Oct-16	N.A*	1,200.00
14	KMIL/2014-15/006	N.A*	17-Oct-17	N.A*	930.00
15	KMIL/2014-15/007	N.A*	27-Sep-16	N.A*	750.00
16	KMIL/2014-15/008	29-Sep-16	10-Oct-16	95.70	1,000.00
17	KMIL/2014-15/012	N.A*	31-Oct-16	N.A*	960.00
18	KMIL/2014-15/013	N.A*	31-Oct-16	N.A*	2,390.00
19	KMIL/2014-15/014	10-Nov-16	10-Nov-16	59.22	300.00
20	KMIL/2014-15/017	N.A*	27-Apr-16	N.A*	10,000.00
21	KMIL/2014-15/019	N.A*	18-Apr-17	N.A*	3,250.00
22	KMIL/2014-15/020	N.A*	04-Apr-17	N.A*	600.00
23	KMIL/2014-15/022	23-Jun-16	23-Jun-16	112.92	1,000.00
24	KMIL/2014-15/023	20-Mar-17	20-Mar-17	556.10	3,000.00
25	KMIL/2014-15/24 - A/B/C	20-Mar-17	20-Mar-17	641.04	3,500.00
26	KMIL/2014-15/25 - A/B	20-Mar-17	20-Mar-17	274.73	1,500.00
27	KMIL/2015-16/001A	04-Apr-17	04-Apr-17	221.57	1,250.00
28	KMIL/2015-16/001B	10-Apr-17	10-Apr-17	250.42	1,400.00
29	KMIL/2015-16/001C	27-Apr-17	27-Apr-17	1,119.11	6,100.00
30	KMIL/2015-16/002	23-May-16	22-May-17	88.74	1,000.00
31	KMIL/2015-16/003	N.A*	13-Jun-16	N.A*	11,000.00
32	KMIL/2015-16/004	06-Jul-17	06-Jul-17	934.23	5,100.00
33	KMIL/2015-16/005	16-Aug-16	11-Aug-17	219.29	2,500.00
34	KMIL/2015-16/006	16-Aug-18	16-Aug-18	820.75	2,900.00
35	KMIL/2015-16/007	31-Aug-16	28-Feb-17	440.00	5,000.00
36	KMIL/2015-16/008	31-Aug-16	28-Feb-17	88.00	1,000.00
37	KMIL/2015-16/009	31-Aug-16	28-Feb-17	176.00	2,000.00
38	KMIL/2015-16/010	31-Aug-16	28-Feb-17	220.00	2,500.00
39	KMIL/2015-16/011	N.A*	28-Feb-17	N.A*	5,700.00
40	KMIL/2015-16/012	N.A*	07-Nov-16	N.A*	2,200.00
41	KMIL/2015-16/013	08-Sep-16	08-Sep-17	87.00	1,000.00
42	KMIL/2015-16/014	12-Sep-16	11-Sep-17	223.11	2,500.00
43	KMIL/2015-16/015	12-Sep-16	11-Sep-17	223.11	2,500.00
44	KMIL/2015-16/016	12-Sep-16	11-Sep-17	133.87	1,500.00
45	KMIL/2015-16/017	26-Sep-16	18-Apr-17	222.71	2,500.00

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

Sr. No.	Series	Next due date for payment of Interest on Non-Convertible Debentures	Next due date for payment of Principal on Non-Convertible Debentures	Amount of Interest Payable (₹ in Lac)	Redemption (₹ in Lac)
46	KMIL/2015-16/018	26-Sep-16	18-Apr-17	89.09	1,000.00
47	KMIL/2015-16/019	26-Sep-16	23-Dec-16	43.59	500.00
48	KMIL/2015-16/020	03-Nov-16	03-May-17	210.27	2,500.00
49	KMIL/2015-16/021	N.A*	09-Jan-17	N.A*	10,000.00
50	KMIL/2015-16/022	27-Jan-17	27-Jan-17	964.02	10,000.00
51	KMIL/2015-16/023	31-Dec-16	31-Dec-25	0.90	5,000.00
52	KMIL/2015-16/024	N.A*	30-May-17	N.A*	5,000.00

(\*) Represents Deep Discount Debentures issued at Discount and maturity at Face Value.

### 53. Schedule in terms of paragraph 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

Particulars	Amount Outstanding	Amount Overdue
	(₹ in Lac)	(₹ in Lac)
Liabilities Side		
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	
(a)	Debtures:	
	Secured #	1,56,169.82
	Unsecured	5113.11
	(other than falling within the meaning of public deposits *)	
(b)	Deferred Credits	NIL
(c)	Terms Loans	-
(d)	Inter-corporate loans and borrowing	46,181.55
(e)	Commercial Paper	2,28,109.86
(f)	Other Loans – Secured Overdraft facility from Bank	13,011.34
	* Please see Note a) below	
	#Secured by way of pledge of securities and/or mortgage of property and/ or hypothecation of receivables and/ or undertaking to create a security.	
	Amount Outstanding	
	(₹ in Lac)	
Assets Side		
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a)	Secured	4,29,294.09
(b)	Unsecured	17,310.34
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 BALANCE SHEET AS AT 31ST MARCH, 2016

		Amount Outstanding (₹ in Lac)
(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	10,000.00
(iii)	Units of Mutual Funds	3,000.00
(iv)	Government Securities	NIL
(v)	Others – Certificate of Deposits	9,814.75
	Long Term Investments:	
1	Quoted:	
(i)	Shares: (a) Equity	NIL
	(b) Preference	NIL
(ii)	Debentures and Bonds	6,889.42
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	NIL
(v)	Others (please specify)	NIL
2	Unquoted:	
(i)	Shares: (a) Equity	6,435.60
	(b) Preference	-
(ii)	Debentures and Bonds	16,000.00
(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	Net of provisions (₹ in Lac)		
	Secured	Unsecured	Total
1	Related Parties **		
(a)	Subsidiaries	NIL	NIL
(b)	Companies in the same group	NIL	NIL
(c)	Other related parties	NIL	NIL
2	Other Than Related Parties	4,29,294.09	17,310.34
	<b>Total</b>	<b>4,29,294.09</b>	<b>17,310.34</b>
		<b>4,46,604.43</b>	<b>4,46,604.43</b>

# NOTES

## FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

(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	Net of provisions (₹ in Lac)	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties **		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	6,302.41	6,302.41
(c) Other related parties	NIL	NIL
2 Other than related Parties	45,857.96	45,857.96
<b>Total</b>	<b>52,160.38</b>	<b>52,160.38</b>

\*\* As per Paragraph 3 of Accounting Standard of ICAI

(7) Other information:

Particulars	(₹ in Lac)
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	386.92
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	256.53
(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.

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

As per our attached report of even date

**For V. C. Shah & Co.**

Chartered Accountants

**V. C. Shah**

Partner

Membership No. 10360

Place : Mumbai

Dated : 27th April, 2016

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