

**KOTAK MAHINDRA INVESTMENTS LIMITED**

Regd. Office : 27BKC, C 27, G Block, Bandra Kurla Complex, Bandra ( E ), Mumbai - 400 051  
CIN : U65900MH1988PLC047986

**Statement of audited financial results for the period ended 30th September 2015**

Sr.No.	Particulars	Amount (Rs. in Lakhs)			
		6 months ended (30/09/2015) (Audited)	Corresponding 6 months ended in the previous period (30/09/2014) (Audited)	Year to date figures for period ended (30/09/2015) (Audited)	Previous Accounting Year ended (31/03/2015) (Audited)
1	Interest earned (a)+(b)+(c)+(d)	25,374.69	14,417.63	25,374.69	35,408.34
(a)	Interest/disc.on advances/bills	23,204.74	13,691.57	23,204.74	33,658.68
(b)	Income on Investments	1,183.03	523.56	1,183.03	1,050.00
(c)	Interest on balance with Reserve Bank of India and other inter bank funds	-	-	-	-
(d)	Others	986.92	202.50	986.92	699.66
2	Other Income	1,312.76	1,572.31	1,312.76	3,716.10
3	Total Income (1+2)	26,687.45	15,989.94	26,687.45	39,124.44
4	Interest Expended	14,305.25	7,512.87	14,305.25	19,026.64
5	Operating Expenses (i)+(ii)+(iii)+(iv)+(v)+(vi)+(vii)+(viii)+(ix)	1,967.17	1,816.56	1,967.17	3,829.77
(i)	Employees Cost	1,231.21	1,143.06	1,231.21	2,378.51
(ii)	Rent Expense	88.06	73.21	88.06	150.38
(iii)	Legal and Professional Charges	58.92	74.05	58.92	95.74
(iv)	Common Establishment Expenses - Reimbursements	253.15	293.23	253.15	635.14
(v)	Repairs and Maintenance	35.13	32.33	35.13	70.00
(vi)	Stamping Expense	89.81	47.17	89.81	112.50
(vii)	Depreciation	40.42	20.21	40.42	42.82
(viii)	Electricity Expenses	14.88	13.35	14.88	27.03
(ix)	Other Operating Expenses	155.59	119.95	155.59	317.65
6	Total Expenditure ( 4 + 5) excluding provisions and contingencies	16,272.43	9,329.43	16,272.42	22,856.41
7	Operating Profit before Provisions and Contingencies (3 - 6)	10,415.02	6,660.51	10,415.03	16,268.03
8	Provisions (other than tax) and Contingencies (net of recovery / write backs)	289.83	283.05	289.83	447.64
9	Exceptional Items	-	-	-	-
10	Profit (+)/Loss (-) from Ordinary Activities before tax( 7 - 8 - 9)	10,125.20	6,377.46	10,125.20	15,820.39
11	Tax Expense	3,587.90	2,192.26	3,587.90	5,185.72
12	Net Profit (+)/Loss (-) from Ordinary Activities after tax (10 - 11)	6,537.30	4,185.20	6,537.30	10,634.67
13	Extraordinary Items (net of tax expense)	-	-	-	-
14	Net Profit (+) / Loss (-) for the period (12 - 13)	6,537.30	4,185.20	6,537.30	10,634.67
15	Paid up equity share capital (Face value of Rs. 10/- each)	516.80	464.17	516.80	464.17
16	Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	-	-	-	61,257.53
17	Analytical Ratios				
(i)	Capital Adequacy Ratio	18.40%	22.66%	18.40%	18.32%
(ii)	Earning per Share (EPS) - Basic & Diluted	132.93	95.86	132.93	236.14
18	NPA Ratios				
(a)	Gross NPA	423.58	1,152.10	423.58	751.55
(b)	Net NPA	263.57	576.55	263.57	421.06
(c)	% of Gross NPA/ Gross Advances	0.11%	0.48%	0.11%	0.23%
(d)	% of Net NPA/ Net Advances	0.07%	0.24%	0.07%	0.13%
(e)	Return on Assets (average) (not annualised)	1.59%	1.95%	1.59%	3.96%

**Notes:**

- The above results were reviewed by the Audit Committee and were taken on record by the Board of Directors at its meeting held on 26th October, 2015
- Previous period / year figures have been regrouped / recast wherever necessary.

For and on behalf of the Board of Directors



Dipak Gupta  
Director



K.V.S. Manian  
Director

Place: Mumbai  
Date : 26th October, 2015



**V. C. SHAH & CO.**  
**CHARTERED ACCOUNTANTS**

Rajgir Chambers, 3<sup>rd</sup> Floor, 12-14, Shahid Bhagat Singh Road, Opp. Old Custom House, Mumbai 400 001. Tel.: 43440123 Fax : 22662667 e-mail- vcshahco@vsnl.com

**Independent Auditors' Report  
To the Board of Directors of  
Kotak Mahindra Investments Limited**

**Report on the Condensed Financial Statements**

We have audited the accompanying condensed financial statements of Kotak Mahindra Investments Limited (the "Company"), which comprise the Condensed Balance Sheet as at 30th September, 2015, the Condensed Statement of Profit and Loss for the half year ended on that date and the Condensed Cash Flow Statement for the half year then ended and a summary of the significant accounting policies and the Selected Explanatory Notes.

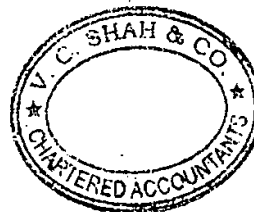
**Management's Responsibility for the Condensed Financial Statements**

The Company's Board of Directors is responsible for the preparation of these condensed financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standard 25 (Interim Financial Reporting), specified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 ("AS 25") and other accounting principles generally accepted in India. 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 condensed 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 condensed financial statements based on our audit. 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 condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the condensed financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the condensed 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 condensed financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An



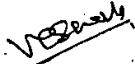
audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the condensed financial statements.

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

#### Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid condensed financial statements give a true and fair view in conformity with AS 25 and the accounting principles generally accepted in India, of the state of affairs of the Company as at 30<sup>th</sup> September, 2015, and its profit and its cash flows for the half year ended on that date.

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



V. C. Shah  
Partner  
Membership No.: 10360

Place: Mumbai

Date: 26<sup>th</sup> October, 2015



KOTAK MAHINDRA INVESTMENTS LIMITED

CONDENSED BALANCE SHEET AS AT 30TH SEPTEMBER 2015

EQUITY AND LIABILITIES

1. Shareholders' Funds  
 (a) Share Capital  
 (b) Reserves and Surplus
2. Non-current Liabilities  
 (a) Long-Term Borrowings  
 (b) Other Long Term Liabilities  
 (c) Long-Term Provisions
3. Current Liabilities  
 (a) Short-Term Borrowings  
 (b) Trade Payables  
 (c) Other Current Liabilities  
 (d) Short-Term Provisions

TOTAL

ASSETS

1. Non-Current Assets  
 (a) Fixed Assets  
     Tangible Assets  
     Intangible Assets  
 (b) Non-Current Investments  
 (c) Deferred Tax Assets (net)  
 (d) Long-Term Loans and Advances  
 (e) Other non-current assets
2. Current Assets  
 (a) Current Investments  
 (b) Trade Receivables  
 (c) Cash and Bank Balances  
 (d) Short-Term Loans and Advances  
 (e) Other current assets

TOTAL

	As at 30th September 2015 (Audited) Rs. in lakhs	As at 31st March 2015 (Audited) Rs. in lakhs
	516.80	464.17
	74,742.20	61,257.53
	87,719.35	61,244.98
	955.37	623.38
	701.71	551.44
	2,08,760.24	1,80,632.62
	90.94	67.05
	84,283.08	56,883.13
	2,478.50	1,455.88
<b>TOTAL</b>	<b>4,60,248.19</b>	<b>3,63,280.18</b>
	174.57	95.79
	16.44	7.05
	35,369.51	12,456.20
	673.38	494.97
	1,18,515.52	1,09,536.51
	1,025.52	28.85
		12,868.11
	357.20	25.78
	47,552.73	15,621.59
	2,55,289.57	2,11,584.75
	1,273.75	560.58
<b>TOTAL</b>	<b>4,60,248.19</b>	<b>3,63,280.18</b>


See accompanying Notes forming part of the Condensed Financial Statements

As per our attached report of even date  
 For V. C. Shah & Co.  
 Chartered Accountants

V. C. Shah  
 Partner  
 Membership No. 10360  
 Mumbai  
 Dated : 26th October, 2015

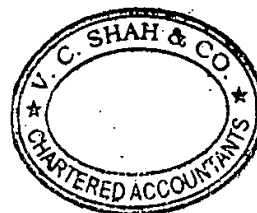
For and on behalf of the Board of Directors

  
 Pankaj Gupta  
 Chief Financial Officer

  
 Jignesh Dave  
 Company Secretary

  
 Dipak Gupta  
 Director

  
 KVS Manlan  
 Director



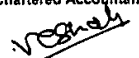
**KOTAK MAHINDRA INVESTMENTS LIMITED**

**CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30TH SEPTEMBER 2015**

	For the six months ended 30th September 2015 (Audited) Rs. in lakhs	For the six months ended 30th September 2014 (Audited) Rs. in lakhs
<b>REVENUE</b>		
Revenue from Operations	24,268.54	14,563.15
Other Income	2,420.91	1,426.78
<b>TOTAL REVENUE</b>	<b>26,687.45</b>	<b>15,989.94</b>
<b>EXPENSES</b>		
Employee Benefits Expense	1,231.21	1,143.06
Finance Costs	14,305.25	7,512.87
Depreciation	40.42	20.21
Other Expenses	985.37	936.34
<b>TOTAL EXPENSES</b>	<b>16,562.25</b>	<b>9,612.48</b>
<b>Profit before Tax</b>	<b>10,125.20</b>	<b>6,377.46</b>
<b>Tax Expense :</b>		
(a) Current Tax	(3,786.31)	(2,243.26)
(b) Deferred Tax	176.41	51.00
<b>Profit for the Year</b>	<b>6,537.30</b>	<b>4,185.20</b>
<b>Earning per Share</b> -Basic and Diluted	<b>132.93</b>	<b>95.86</b>

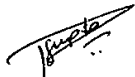
See accompanying Notes forming part of the Condensed Financial Statements

As per our attached report of even date  
For V. C. Shah & Co.  
Chartered Accountants



V. C. Shah  
Partner  
Membership No. 10360  
Mumbai  
Dated : 28th October, 2015

For and on behalf of the Board of Directors



Pankaj Gupta  
Chief Financial Officer



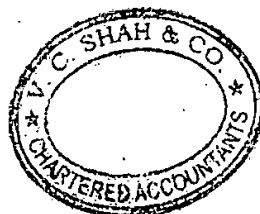
Jignesh Dave  
Company Secretary



Dipak Gupta  
Director



SWS Manian  
Director



KOTAK MAHINDRA INVESTMENTS LIMITED

CONDENSED CASH FLOW STATEMENT

Particulars	For the six months ended 30th September 2015	For the six months ended 30th September 2014
	(Audited)	(Audited)
	Amount (Rs. in lakhs)	Amount (Rs. in lakhs)
Cash flows used in Operating Activities (A)	(45,468.57)	(75,914.07)
Cash Flow used in Investing Activities (B)	(8,638.53)	(539.25)
Cash flows from Financing Activities (C)	86,804.56	75,087.80
Net Increase in Cash & Cash Equivalents (A + B + C)	32,697.46	(1,365.52)
Cash & Cash Equivalents At The Beginning Of The Year	5,314.11	8,352.40
Cash & Cash Equivalents At The End Of The Year	38,011.57	6,986.88
(D)	32,697.46	(1,365.52)

Notes :

Cash and cash equivalents include :		488.88
Bank Balances	729.02	6,500.00
Fixed Deposits with original maturity of less than 3 months	37,282.55	6,986.88
Total cash and cash equivalents	38,011.57	

2. 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.

3. 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*

V.C.Shah  
Partner  
Membership No. 10360  
Place : Mumbai  
Dated : 26th October, 2015

For and on behalf of the Board of Directors

*Pankaj Gupta*

Pankaj Gupta  
Chief Financial Officer

*Jignesh Dave*

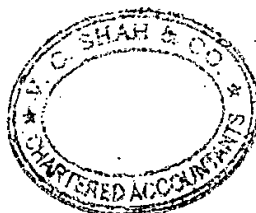
Jignesh Dave  
Company Secretary

*Dipak Gupta*

Dipak Gupta  
Director

*K.V.S Manian*

K.V.S Manian  
Director



**KOTAK MAHINDRA INVESTMENTS LIMITED**

**NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015.**

**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**

The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable and the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies..

**B. USE OF ESTIMATES**

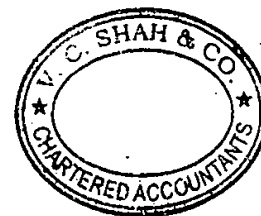
The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as at the date of the financial statements and the reported income and expenses during the reporting period. Management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

**C. CURRENT / NON-CURRENT CLASSIFICATION**

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

**D. REVENUE RECOGNITION**

- a. Interest income is recognised on accrual basis except in case of non-performing assets where it is recognised, upon realisation, as per RBI guidelines. Overdue/ penal interest is recognised as income on realisation.
- b. Income on discounted instruments is recognised over the tenure of the instruments so as to provide a constant periodic rate of return.
- 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.



**KOTAK MAHINDRA INVESTMENTS LIMITED**

**NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015.**

**E. FIXED ASSETS**

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

b. **Depreciation:**

The Company adopts the Straight Line Method of depreciation so as to write off 100% of the cost of the assets, based on the management's estimate of the useful lives of all assets, which are lesser than those prescribed under Schedule II to the Companies Act, 2013 in order to reflect the actual usage of the assets. A rebuttable presumption that the useful life of an Intangible asset will not exceed 10 years from the date the asset is available for use is considered by the Management. Estimated useful lives over which assets are depreciated are as follows:

Asset Type	Useful life in years
Premises	58
Leasehold Improvements	Over the primary 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

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

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

**F. INVESTMENTS**

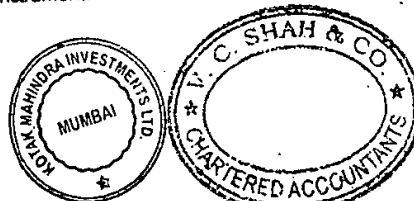
Investments are classified into long term investments and current investments. Investments which are intended to be held for more than one year from the date, on which investments are made, are classified as long term investments and investments which are intended to be held for less than one year from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

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

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.

**G. DISCOUNTED INSTRUMENTS**

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





**KOTAK MAHINDRA INVESTMENTS LIMITED**

**NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015.**

**H. BORROWING COST**

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

**I. TAXES ON INCOME**

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

**J. EMPLOYEE BENEFITS**

- a. Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to 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 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.



**KOTAK MAHINDRA INVESTMENTS LIMITED**

**NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015.**

**K. EMPLOYEE SHARE BASED PAYMENTS.**

**Cash-settled scheme:**

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

**L. STRUCTURED LIABILITIES**

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

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

**M. DERIVATIVES**

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

On final settlement or squaring up of contracts for derivative, the realised profit or loss after adjusting the unrealized loss already accounted, if any, is recognised in the statement of profit and loss under the head Other Income / Other Expenses.

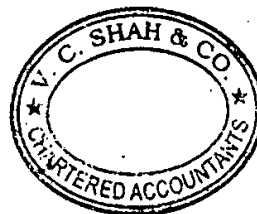
When more than one contract in respect of the relevant series of derivative contracts to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating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

Outstanding derivative contracts, including embedded derivatives, are measured at fair value as at each balance sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.

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

**N. ADVANCES**

Advances are classified into standard, sub-standard, doubtful and loss assets in accordance with the RBI guidelines and are stated net of provisions made towards non-performing assets. Provision for standard assets and non-performing assets comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines. Provision for standard assets are made at 0.2750%, progressively to reach 0.30% by the end of March, 2016.



**KOTAK MAHINDRA INVESTMENTS LIMITED**

**NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015.**

**O. SEGMENTAL ACCOUNTING**

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

**P. EARNINGS PER SHARE**

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

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

**Q. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS**

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

**R. LEASES**

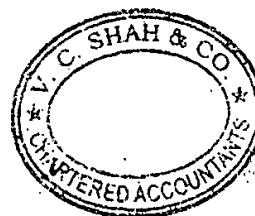
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

**S. IMPAIRMENT OF ASSETS**

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

**3. SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

Selected Explanatory Notes to Interim condensed financial statements for six months ended 30<sup>th</sup> September 2015. These Interim condensed financial statements should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> March 2015.



**KOTAK MAHINDRA INVESTMENTS LIMITED**

**NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015.**

**A. BASIS OF PRESENTATION**

These audited interim condensed financial statements have been prepared for Management purpose in accordance with the Accounting Standard 25 – Interim Financial Reporting issued by The Institute of Chartered Accountants of India, specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, it does not disclose all the information required by the Companies Act, 2013 nor does it disclose all the information required pursuant to other Accounting Standards issued by The Institute of Chartered Accountants of India, specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

**B. ACCOUNTING POLICIES**

The same accounting policies have been followed in these interim financial statements as are applied in the annual financial statements for the year ended 31<sup>st</sup> March 2015.

**C. ISSUANCE OF EQUITY SHARE**

The Company has issued and allotted 5,26,316 equity shares of Rs. 10/- each for cash at a premium of Rs. 1320 per share amounting to Rs. 7,000 lakhs under Rights Issue to the existing equity shareholder, Kotak Mahindra Bank Ltd. The shares were allotted on June 27, 2015 and accordingly, post allotment, the issued, subscribed and paid up capital of the company stands at 51,68,033 equity shares of Rs.10/- each amounting to Rs. 516.80 lakhs and the Securities Premium Account stands increased by Rs. 6,947.37 lakhs.

**D. CONTINGENT LIABILITIES AND COMMITMENTS:**

**Contingent Liabilities:**

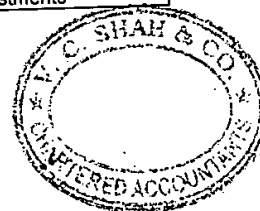
Particulars	As at September 30, 2015	As at March 31, 2015
	Amount (Rs. In lakhs)	Amount (Rs. In lakhs)
Claims against the company not acknowledged as debt	2.41	2.41
Contingent Liability in respect of open positions of Derivative contracts outstanding as on balance sheet date	-	49.08
Contingent Liability in respect of demands from Income Tax authorities	58.97	58.97
<b>Total</b>	<b>61.38</b>	<b>110.46</b>

E. Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934 is not considered since these are interim condensed financial statements for the six months ended 30<sup>th</sup> September, 2015.

**F. Segment Reporting:**

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

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

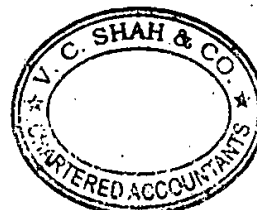


**KOTAK MAHINDRA INVESTMENTS LIMITED**

**NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015.**

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 :

	Rs. (In lakhs)	
Segment Revenue	For the period ended September 2015	For the period ended September 2015
Lending against Securities		12,339.48
Other Lending and Advisory		12,427.16
Treasury and Investments	1,679.61	
Add: Inter Segment Revenue	201.63	1,881.24
<b>Total</b>		<b>26,647.88</b>
Less: Eliminations		(201.63)
<b>Total</b>		<b>26,446.25</b>
Add: Unallocated Revenue		241.20
<b>Total Revenue</b>		<b>26,687.45</b>
<b>Segment Results</b>		
Lending against Securities		3,334.97
Other Lending and Advisory		5,084.59
Treasury and Investments		1,711.05
<b>Total</b>		<b>10,130.61</b>
Less: Unallocable expenditure		(5.41)
<b>Total profit before tax</b>		<b>10,125.20</b>
<b>Segment Assets</b>		
Lending against Securities		2,35,833.57
Other Lending and Advisory		1,68,713.51
Treasury and Investments		54,744.27
<b>Total</b>		<b>4,59,291.36</b>
Add: Unallocated Assets		956.83
<b>Total</b>		<b>4,60,248.19</b>
Less: Inter-segment Assets		20,983.65
<b>Total</b>		<b>4,39,264.54</b>
<b>Segment Liabilities</b>		
Lending against Securities		709.84
Other Lending and Advisory		662.90
Treasury and Investments		3,81,414.98
<b>Total</b>		<b>3,82,787.72</b>
Add: Unallocated Liabilities		2,201.47
<b>Total</b>		<b>3,84,989.19</b>
Less: Inter-segment Liabilities		20,983.65
<b>Total</b>		<b>3,64,005.54</b>



**KOTAK MAHINDRA INVESTMENTS LIMITED**

**NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015.**

<b>Capital Expenditure</b>		
Lending against Securities		39.04
Other Lending and Advisory		76.66
Treasury and Investments		12.91
<b>Total</b>		<b>128.61</b>
<b>Depreciation</b>		
Lending against Securities		15.85
Other Lending and Advisory		22.15
Treasury and Investments		2.42
<b>Total</b>		<b>40.42</b>

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

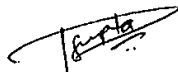
Particulars	For the six months ended 30 <sup>th</sup> September, 2015	For the six months ended 30 <sup>th</sup> September, 2014
Profit attributable to the Equity Shareholders (Rs. in lakhs) – (A)	6,537.30	4,185.20
Weighted average number of equity shares outstanding during the period – (B)	49,17,817	43,66,097
Nominal value of Equity Shares (Rs.)	10	10
Basic & Diluted Earnings per share (Rs.) – (A) / (B)	132.93	95.86

As per our attached report of even date  
For V. C. Shah & Co.  
Chartered Accountants

For and on behalf of the Board of Directors



V. C. Shah  
Partner  
Membership No. 10360  
Mumbai  
Dated : 26th October, 2015



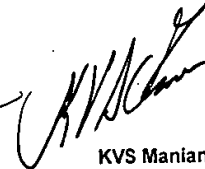
Pankaj Gupta  
Chief Financial Officer



Jignesh Dave  
Company Secretary



Dipak Gupta  
Director



KVS Manian  
Director

