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Kotak Mahindra Asset Management Company Limited

ANNUAL REPORT 2014-15

#KonaKonaKotak

Directors' Report

To the Members of
Kotak Mahindra Asset Management Company Limited

The Directors present their Twenty First Annual Report together with the audited accounts of your Company for the year ended March 31, 2015. The Management Discussion and Analysis has also been incorporated into this report.

Kotak Mahindra Asset Management Company Limited (AMC) (CIN: U65991MH1994PLC080009) is the asset management company for the Schemes of Kotak Mahindra Mutual Fund. The Company also provides Portfolio Management Services. There has been no change in the nature of business of the company during the year.

1. FINANCIAL RESULTS AND OVERVIEW OF OPERATIONS

The financial results of the company for the year ended 31st March 2015 is as under:

	(₹ In Lakhs)	
	2014 – 2015	2013 – 2014
Gross income	12543	16612
Profit before Depreciation and Tax	(3269)	5214
Depreciation	322	259
Profit before Tax	(3590)	4955
Profit after Tax	(3618)	3339
Balance of Profit from previous years	4248	3065
Amount available for appropriation	630	6404
Appropriations		
Dividend on Preference Shares	72	72
Corporate Dividend Tax thereon	15	12
Interim Dividend on Equity Shares	-	990
Final Dividend on Equity Shares	-	495
Corporate Dividend Tax thereon	-	253
Transfer to General Reserves	-	334
Surplus carried forward to the Balance Sheet	543	4828

The AMC had seen a market share of 5% on the Net equity inflows during the year, backed by a very good performance of the equity funds. The company also have done exceedingly well in the equity arbitrage category and has seen a market share of around 19% on AAUM for FY 14-15. During the same period, the overall AAUM of the company increased from ₹ 35,689 crores in FY 14 to ₹ 38,587 crores in FY 15 a growth of 8%

This increase in the market share resulted in a substantive jump in the upfront brokerage and other distribution expenses. The business promotion, distribution and Mutual fund expenses increased by ₹ 37 crores as compared to the previous year.

A drop in the realization from the debt segment coupled with higher outflows on commissions on equities resulted in a loss during the year. It should be noted that the firm expects these assets to produce better revenues in coming years.

Your Company with the approval of SEBI and other regulatory authorities acquired the asset management rights of the Schemes of PineBridge Mutual Funds on January 31, 2015. The acquisition added an AUM of ₹ 507 crores. In total, 9 schemes of PineBridge Mutual Fund were acquired, which were a mix of equity as well as fixed income schemes. Out of the 9 schemes, 1 equity and 3 fixed income schemes were merged with existing schemes of KMMF. 3 schemes underwent name change and 2 schemes had change in fundamental attribute (including change of name) to accommodate them as differentiated schemes within the existing scheme basket.

2. MANAGEMENT DISCUSSION AND ANALYSIS

FY 15 was an eventful year for the Mutual fund industry, which saw healthy growth in Assets Under Management (AUM). The year witnessed an AUM increase of 31% ending FY 15 at ` 10.82 lakh crores from ` 8.24 lakh crores in FY 14 end. KMMF witnessed an AUM increase of 34% ending the year at ` 39587 crores against ` 35694 crores in FY 14 end.

Equity AUMs in the industry jumped a whopping 79% ending FY 15 at ` 3.79 lakh crores. The net inflow into equities in FY 15 was around ` 68000 crores against a net out flow of ` 14000 crores in FY 14. KMMF witnessed an increase in equity AUM of 180%, ending FY 15 with around ` 9800 crores against ` 3500 crores in FY 14.

Market sentiments were quite upbeat as visible in the performance of the key indices. S&P BSE Sensex and CNX Nifty registered a growth of 24.9% and 26.7% respectively, while the CNX Midcap index moved up 51%. This performance was largely driven by rerating of valuations and to some extent improvement in corporate earnings during the year. From a global perspective, Indian equities registered one of the strongest performances during the year.

On the fixed income front, expectations of monetary easing by the Reserve bank of India (RBI) led to easing across the yield curve. FY 15 saw the benchmark repo rate being cut by 50bps to end the year at 7.5%. The government also demonstrated its intent for fiscal consolidation, targeting a fiscal deficit of 3.9% for FY 16. Falling commodity prices led to benign inflationary expectations in most parts of the world. In India too, the headline Consumer Price Index (CPI) continued to head lower, ending FY 15 at 5.17%

The global scenario remained grim for most parts of the year. Over 20 central bankers across the globe eased interest rates to ward off deflationary pressures. Yields in the Euro zone went into the negative territory, with Switzerland auctioning its 10 year government security for the first ever time at -0.05%. Over 1/3rd of the Euro zone yields traded in the negative towards the end of the year

Data emanating from the US seemed to suggest that the worst was over for the world's largest economy. Unemployment rate was on the downward march, with the economy adding more jobs. Expectations of rate hike in the US continued to exist. Market participants expect that the US is likely to hike rates by the end of the year on its path to normalize the interest rates, which are currently accommodative in nature

Regulatory Updates:

During FY 15 SEBI has introduced following changes in Mutual Fund Regulations.

a) SEBI vide its notification dated May 6, 2014 has amended the SEBI Mutual Fund Regulations, 1996 has stipulated that:

A. Minimum Net Worth by AMC:

The AMC is required to maintain a minimum networth of ` 50 crores (previously 10 crores). Net worth of Kotak Mahindra Asset Management Company Ltd as on March 31, 2015 was ` 59.63 Crores.

B. Investment by Sponsor or AMC in open ended schemes of the Fund

- a) In case of New Fund Offers (NFOs,) the Sponsor or the asset management company shall invest not less than one percent of the amount which would be raised in the NFO or fifty lakh rupees, whichever is less, in the growth option of the scheme and such investment shall not be redeemed unless the scheme is wound up.

In case of existing open ended schemes of the Fund, the sponsor or the asset management company shall invest not less than one percent of the assets under management of the schemes as on May 6, 2014, or fifty lakh rupees, whichever is less, in the growth option of the scheme and such investment shall not be redeemed unless the scheme is wound up.

b) SEBI vide its circular dated June 20, 2014 has stipulated that:

- a) The minimum subscription amount of debt oriented and balanced schemes at the time of new fund offer shall be at least ` 20 crores and that of other schemes shall be at least ` 10 crores
- b) An average AUM of ` 20 crores on half yearly rolling basis shall be maintained for open ended debt oriented schemes.
- c) The existing open ended debt oriented schemes shall comply with point (b) stated above within one year from the date of issue of the circular.

- d) In case of breach of points (b) and (c) above, the AMC shall scale up the AUM of such scheme within a period of six months so as to comply with point (b) stated above, failing which the provisions of winding up of scheme under Regulation 39 (2) (c) of SEBI (Mutual Funds) Regulations, 1996 would become applicable.

Scheme Performance:

Kotak Mahindra Asset Management Company has strived to deliver consistent risk-adjusted return to the investors in the various schemes managed by them over the long term. The snapshot of the performance for FY 15 is as under:-

Equity Schemes	Benchmark	FY15 Returns (%)	Benchmark Returns (%)	Outperformance (%)
Kotak 50 Fund	CNX Nifty Index	42.21	26.65	15.56
Kotak Balance	Crisil Balanced Fund Index	26.69	22.45	4.24
Kotak Classic Equity	CNX 500 Index	34.55	33.55	1
Kotak Emerging Equity Fund	SandP BSE MID CAP	83.34	49.54	33.79
Kotak Equity Arbitrage	Crisil Liquid Fund Index	8.85	8.84	0.005
Kotak Midcap Fund	CNX Midcap	65.62	50.95	14.66
Kotak Opportunities Fund	CNX 500 Index	49.34	33.55	15.78
Kotak Select Focus Fund	CNX 200	51.45	31.46	19.98
Kotak Taxsaver Fund	CNX 500 Index	57.02	33.55	23.46

Debt Schemes	Benchmark	FY15 Returns (%)	Benchmark Returns (%)	Outperformance (%)
Kotak Gilt Investment Regular Plan	ISEC Composite Index	18.27	9.80	8.47
Kotak Banking and PSU Debt Fund	Crisil Liquid Fund Index	9.19	8.84	0.35
Kotak Bond Plan A	Crisil Composite Bond Fund Index	15.86	14.35	1.51
Kotak Bond Short Term Plan	Crisil Short Term Bond Fund Index	9.90	10.12	-0.22
Kotak Income Opportunities Fund	Crisil Short Term Bond Fund Index	10.74	10.12	0.61
Kotak Treasury Advantage Fund	Crisil Liquid Fund Index	9.29	8.84	0.44
Kotak Floater Short Term Scheme	Crisil Liquid Fund Index	9.05	8.84	0.20
Kotak Liquid	Crisil Liquid Fund Index	8.99	8.84	0.14
Kotak Flexi Debt Fund	Crisil Composite Bond Fund Index	9.77	14.35	-4.57

• Investor Awareness Programmes

During the last financial year, Kotak Mahindra Asset Management Company has undertaken around 502 Investment Awareness Programmes covering about 13,200 investors. This is expected to increase awareness about mutual funds as a long term lucrative investment option.

3. DIVIDEND

Your Directors recommend a dividend on the preference shares at the coupon rate i.e. 8.5% for the financial year ended on March 31, 2015.

Your Directors do not recommend dividend on equity shares for the current financial year.

4. RISK MANAGEMENT and INTERNAL FINANCIAL CONTROLS:

SEBI circular MFID/CIR/15/19133/2002 dated September 30, 2002 governs Mutual Funds on Risk management dated September 30, 2002. The said circular details guidelines in the areas of Fund management, Operations, Customer Service, Marketing and Distribution and other business risks. These practices are being audited by the Internal Auditors and the audit report on risk management is presented to the Boards of Kotak Mahindra Asset Management Company Limited and Kotak Mahindra Trustee Company Limited, every six months. Over and above this, SEBI has mandated a system audit for mutual funds to be conducted once every two years, by an independent auditor. The same has been implemented by your company.

Risk Management function is operational at two levels. The first level is an integral part of the concerned functions like Fund Management, Information Technology, Operations and Treasury; while the internal operational and regulatory functions like the investment positions are managed at a floor level.

The risks in Fund Management are managed by Investment Committee who are appointed by the Board and are responsible for monitoring the credit and interest rate risks, whereas, the Risk Management Committee oversees the operational risk function.

Your Company has robust risk management practices in all the above related areas of functioning.

Liquidity Management Policy of the Company:

RBI in its Circular No. DBOD.BP.NO.56/21.04.098/2012-13 dated November 7, 2012 had stipulated that Banks need to put in Place a framework for monitoring institution-wide Liquidity risk and for overseeing operating subsidiaries and foreign branches, Further, the RBI, in its Annual Financial Inspection report has directed the Bank to implement a Group wide Liquidity risk management framework.

Based on the above, Kotak Mahindra Bank Ltd and its group companies have adopted a Liquidity Risk Management Policy. The Board of Directors, have adopted Liquidity Risk Management Policy which is line with the Kotak Bank Policy.

The Company invests its surplus Funds in the Liquid schemes of the Kotak Mahindra Mutual Fund. The Company's surplus Funds were invested by the authorized personnel of the Company, as per the mandate of the Board of Directors. The Company also has Manual of Policies and Procedures for expenditure management (including capital and revenue). All expenses during the year were in accordance with the policy.

Whistle Blower Policy:

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.

5. SHARE CAPITAL

The Company increased its Authorised Share Capital by ` 5 crores at the shareholders meeting held on January 15, 2015. The Company also made a rights issue of one crores equity shares of ` 10 each, aggregating to a nominal value of ` 10 crores to the existing shareholders of the Company.

During the year under review, the Company has increased its Authorised Share Capital from ` 35,00,00,000 (Thirty Five Crores) divided into 25,00,00,000 (Two Crores Fifty Lakhs) Equity Shares of ` 10/- (Rupees ten only) each aggregating to ` 250,00,00,000 (Twenty Five crores) and 10,00,00,000 (one crores) Preference shares of ` 10/- (Rupees ten only) each aggregating to ` 100,00,00,000/- (Rupees ten crores only) to ` 400,00,00,000/- (Rupees Forty Crores only) divided into 30,00,00,000 (Three crores) Equity Shares of ` 10/- (Rupees ten only) each aggregating to ` 300,00,00,000/- (Rupees Thirty Crores only) and 10,00,00,000 (one crores) Preference shares of ` 10/- (Rupees ten only) each aggregating to ` 100,00,00,000/- (Rupees ten crores only) at the shareholders meeting held on January 15, 2015.

The Company also made a rights issue of one crores equity shares of ` 10 each, aggregating to a nominal value of ` 10 crores to the existing shareholders of the Company. The allotment of shares under the rights issue was made on January 23, 2015.

6. DIRECTORS and KEY MANAGERIAL PERSONNEL

➤ Directors retiring by rotation during the year

In accordance with the provisions of the Companies Act, 2013, Mr. Chengalath Jayaram will retire by rotation in the forthcoming Annual General Meeting (AGM) of the Company for the FY 15, and is eligible for re-appointment.

➤ Appointment of Directors during the year

The Board of Directors appointed Mr. Nilesh Shah as an Additional Director designated as Managing Director on the Board with effect from January 14, 2015. The appointment was approved by the shareholders in the EGM of the Company held on January 15, 2015, and the shareholders gave consent to designate him as the Managing Director of the Company, as per provisions of the Companies Act, 2013, for a period of 3 years with effect from January 15, 2015.

➤ **Appointment of Independent Directors**

The Company appointed the existing independent directors viz. Mr. Bipin R. Shah, Mr. Sukant Kelkar and Mr. Pranab Kumar Datta, as Independent Directors under the Companies Act, 2013, at the AGM of the Company held on July 11, 2014, to hold office for five consecutive years till the conclusion of AGM for the financial year 2018-2019.

➤ **Directors who have resigned during the year**

Mr. Romesh Chandra Khanna, Independent Director of the Company, retired from the Board of Directors with effect from May 26, 2014. Your Directors express deepest gratitude for the valuable contribution made by Mr. Khanna during his tenure.

➤ **Key Managerial Personnel appointed and resigned during the year**

At the meeting of the Board of Directors held on April 23, 2014, the Board had approved the following employees of the Company as Key Managerial Personnel of the Company under Section 203 of Companies Act, 2013 read with Rule 8 of the Companies (Appointment of Remuneration of Managerial Personnel) Rules, 2014:

1. Mr. Sandesh Kirkire – Chief Executive Officer (CEO)
2. Mr. Krishnan Ramchandran – Chief Financial Officer (CFO)
3. Mr. Hariharan R. – Manager
4. Ms. Jolly Bhatt – Company Secretary

Mr. Hariharan R. completed his tenure as Manager at the AGM held on July 11, 2014 and ceased to be a Key Managerial Personnel with effect from July 12, 2014. He was appointed as Manager in the EGM of the Company held on November 10, 2014. He served as the Manager from November 10, 2014 till January 13, 2015.

Mr. Sandesh Kirkire, resigned from the Company with effect from the close of business hours on September 30, 2014.

Mr. Nilesh Shah, Managing Director was appointed as a Key Managerial Personnel of the Company with effect from January 15, 2015.

➤ **Board Evaluation**

The Board discussed that pursuant to the provisions of Companies Act, 2013, for evaluating the performance of the Board and its Committees, it would formulate its criteria based on the criteria/ parameters adopted by the parent company i.e. Kotak Mahindra Bank Ltd. Since the Board of the Bank had not finalized the same, the Board of the AMC deferred the evaluation to be taken at the subsequent meetings.

➤ **Appointment and Remuneration Policy for Directors and Key Managerial Personnel**

The Company has Nomination and Remuneration Committee for appointment of Directors and Key Management Personnel. Prior approval of Nomination and Remuneration Committee is taken for appointment of Directors, and on case specific basis for appointment of Key Managerial Personnel. The Committee considers the qualifications, positive attributes as per the suitability of the role and independent status as may be required of the nominee before such appointment. For determination of remuneration, the Board has adopted a remuneration policy which is in line with the Kotak Group Remuneration Policy.

The Independent Directors are only in receipt of sitting fees from the Company. Remuneration to the Managing Director, Chief Financial Officer and Company Secretary, are as per the terms of their employment.

➤ **Number of Board Meetings and Audit Committee Meetings**

During the year five Board Meetings and five Audit Committee Meetings were convened and held.

➤ **Declaration from Independent Directors**

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

7. CONSTITUTION OF COMMITTEES

Pursuant to the provisions of Companies Act, 2013, the Company has constituted various Committees to focus on specific areas and to make informed decisions within their authority.

➤ **Audit Committee**

The Audit Committee was constituted in terms of Section 177 of Companies Act, 2013. The Audit Committee comprises of the following members:

1. Mr. Sukant Kelkar – Chairman (Independent Director)
2. Mr. Uday Kotak – Director
3. Mr. Bipin Shah – Director
4. Mr. Pranab Kumar Datta – Director

➤ **Nomination and Remuneration Committee***

The Nomination and Remuneration Committee was constituted in terms of Section 178 of Companies Act, 2013. The Nomination and Remuneration Committee comprises of the following members:

1. Mr. Sukant Kelkar – Chairman (Independent Director)
2. Mr. Bipin R. Shah - Director
3. Mr. C. Jayaram- Director
4. Mr. Gaurang Shah.- Director

* This Committee was constituted subsequent to dissolving of Appointment Committee and Remuneration Committee.

➤ **Corporate Social Responsibility (CSR) Committee**

The Company has constituted a Corporate Social Responsibility (CSR) Committee consisting of the following Directors:

- a. Mr. Pranab Kumar Datta - Chairman (Independent Director)
- b. Mr. C. Jayaram - Director
- c. Mr. Gaurang Shah - Director

The Committee had met once during year and all the members of the Committee were present during the meeting.

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

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

Pursuant to provisions of Section 135 of the Companies Act, 2013 (the 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 of the Company for the last three financial years preceding 31st March, 2015 is 2197.21 lakhs.
- CSR expenditure incurred for the period April 1, 2014 to March 31, 2015 under Section 135 of Companies Act, 2013 amounts towards contribution of ` 5 lacs to the Kotak Education Foundation.

- The Company has a Board approved CSR policy, charting out its CSR approach, and is available on the Company's website <http://www.kotak.com/corporate-responsibility.html>.

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 Company is working closely with KMBL, its holding company, in building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years.

Detailed report on CSR activities is enclosed to the Report as an annexure.

8. DEPOSITS

The Company does not accept fixed deposits from the public and shareholders.

9. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

All Related Party Transactions were approved by the Audit Committee.

10. PARTICULARS OF LOAN GUARANTEES OR INVESTMENTS U/S 186

During the year the company has not given any loans, guarantees or have made investments which attracts the provisions of Section 186 of Companies Act, 2013.

11. SUBSIDIARY

Kotak Mahindra Pension Fund Limited (KMPFL), subsidiary of your Company was appointed as a Pension Fund Manager (PFM) by the Pension Fund Regulatory and Development Authority (PFRDA), on April 30, 2009 which was initially for a period of three years for managing the funds under National Pension System Trust (NPS). Subsequently various term extensions were granted by PFRDA under Registration Guidelines 2012.

On January 16, 2014, PFRDA had issued revised guidelines for appointment of upto eight (8) Pension Fund Managers (PFM), for a period of 5 years, to manage the Pension Assets of the Private Sector NPS. Kotak Mahindra Asset Management Co. Ltd (KMAMC). PFRDA on July 23, 2014 approved appointment of KMAMC as a Sponsor of Pension Fund for managing the pension assets under NPS for private sector.

With reference to the 2012 Guidelines, Investment Management Fees for Tier I and Tier II schemes were charged @ 0.25% p.a. and 0.0102% p.a. for NPS Lite scheme on the Assets under management w.e.f. March 21, 2013 upto 31, July 2014 on a daily basis inclusive of brokerage except Custodian Charges, applicable taxes and any other charges permitted by PFRDA from time to time. As per the directive from PFRDA, Investment Management Fees for Tier I and Tier II schemes were reduced to 0.01% p.a. (No Changes in the 0.0102% p.a. charge for NPS Lite Scheme) w.e.f. 1st August 2014 as determined through the Request for proposal.

Kotak Mahindra Pension Fund Ltd manages seven schemes, and the combined assets under management on March 31, 2015 were ` 10,747.44 Lakhs (Previous year - ` 5,481.21 Lakhs). The private Sector industry NPS AUM has moved from 28,168.33 lakhs as on March 31, 2014 to 60,651.42 lakhs as on March 31, 2015. The pension fund management business is currently at a nascent stage and considering the low rates of management fees, the revenue generated from the investment management activity for the year ended March 31, 2015 is ` 4.59 lacs against ` 6.85 lacs in the previous year. The fees are lower on account of the lower rate of Investment Management fees as compared to the previous year. The net loss of the Company was ` 24.80 lacs as compared to ` 17.33 lacs in the previous year.

12. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Your Company's foreign exchange income during the year under review were ` 2,84,00,000/- (Previous year ` 2,30,00,000/-), while the outgo was ` 30,28,597/- (Previous year 5,34,487/-).

13. AUDITORS

M/s. S. R. Batliboi and Associates, LLP, Mumbai Statutory Auditors of your Company retire on the conclusion of the Twenty First Annual General Meeting. Your Company has received a letter from the Auditors to the effect that their re-appointment, if made, would be according to the terms and conditions prescribed under section 139 and 141 of the Companies Act, 2013 and rules framed there under.

14. EMPLOYEES

A statement giving the information required under Section with respect to Section 197 of the Companies Act read with Rules under Chapter XIII of the Companies Act, 2013, is annexed.

15. DIRECTORS RESPONSIBILITY STATEMENT

Based on representations from the management, the Directors state, in pursuance of Section 134 (3)(C) of the Companies Act, 2013, that:

- i. Your Company has, in the preparation of the annual accounts for the year ended 31st March 2015, 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 your Company as at 31st March 2015 and of Profit and Loss of your Company for the financial year ended 31st March 2015;
- iii. The Directors have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv. The Directors have prepared the annual accounts on a going concern basis.
- v. 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 statement/report is set out as Annexure to the Directors' Report:

- Extract Of Annual Return under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12 (1) of Companies (Management & Administration) Rules, 2014

ACKNOWLEDGEMENT

Your Directors would like to place on record their gratitude for the valuable guidance and support received from the Securities and Exchange Board of India, Reserve Bank of India and other Government and Regulatory agencies. Your Directors acknowledge and wish to place their appreciation of employees for their commendable efforts, teamwork and professionalism.

For and on behalf of the Board of Directors

**UDAY KOTAK
CHAIRMAN**

**Mumbai
Dated: April 21, 2015**

Form No. MGT-9

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

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U65991MH1994PLC080009
2.	Registration Date	August 2, 1994
3.	Name of the Company	Kotak Mahindra Asset Management Company Limited
4.	Category/Sub-Category of the Company	Public Company limited by shares
5.	Address of the Registered office and contact details	27 BKC, Plot No. C 27, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400051 Tel No. : (022) 66056825 Fax No.: (022) 66384455
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Management of Mutual Funds	66301	96.69%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Kotak Mahindra Bank Limited Address: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051	L65110MH1985PLC038137	Holding Company	100%	2(46)
2.	Kotak Mahindra Pension Fund Limited Address: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051	U67200MH2009PLC191144	Subsidiary Company	95.71%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Kotak Mahindra Asset Management Company is 100 % subsidiary of Kotak Mahindra Bank Ltd.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	1,98,00,000	1,98,00,000	100	-	2,98,00,000	2,98,00,000	100	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub total (A) (1)	-	1,98,00,000	1,98,00,000	100	-	2,98,00,000	2,98,00,000	100	-
2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub total (A) (2)	0	0	0	0	0	0	0	0	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	1,98,00,000	1,98,00,000	100	-	2,98,00,000	2,98,00,000	100	-
B. Public Shareholding									
1. Institutions									
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	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ` 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Bodies Corporate	-	-	-	-	-	-	-	-	-
Foreign Bank	-	-	-	-	-	-	-	-	-
Foreign Bodies	-	-	-	-	-	-	-	-	-
Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-	-
HUF	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total(B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,98,00,000	1,98,00,000	100	-	2,98,00,000	2,98,00,000	100	-

(ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	KOTAK MAHINDRA BANK LTD.	1,98,00,000	100	-	2,98,00,000	100	-	-

(iii) Change in Promoters' Shareholding

SI No.		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company
	At the beginning of the year	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat	-	-

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

SI No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		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	-	-	-	-
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year				

V. INDEBTEDNESS

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

(` in Lacs)

	Secured Loans excluding deposits	Unsecured Loans @	Deposits @@	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
• Addition	-	13,87,39,303	-	-
• Reduction	-	-	-	-
Net Change	-	13,87,39,303	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	13,87,39,303	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	13,87,39,303	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Remuneration details of Managing Director – Mr. Nilesh Shah and Mr. Hariharan R. Manager in their respective tenure

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Hariharan R. (Manager)	Mr. Nilesh Shah (Managing Director)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21,14,585	17,84,165	38,98,750
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 @	4,08,037	0	4,08,037
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	Cost included in 1(b) above		
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	25,22,622	17,84,165	43,06,787
	Ceiling as per the Act #			

Note: The remuneration shown above is for the period during which the Manager & Managing Director held office of KMP during the financial year 2014-15:

- Remuneration shown of Mr. Hariharan R. is for the period April 1, 2014 to July 11, 2014 and from November 10, 2014 to January 13, 2015, during which he was the Manager of the Company
- Mr. Nilesh Shah was appointed as Managing Director with effect from January 15, 2015. Remuneration shown of Mr. Nilesh Shah is for the period January 15, 2015 to March 31, 2015

@ The perquisite value towards stock options includes stock options amounting to ` 3,93,257 for Mr. Hariharan R.

The ceiling limit with respect to remuneration of Manager & Managing Director of the Kotak Mahindra Asset Management Company Limited is governed by Section 196, 197, 198 read with Schedule V of the Companies Act, 2013 and the Rules made thereunder.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Sukant Kelkar					
1.	Independent Directors	Board Meeting	Audit Committee	Nomination & Remuneration Committee	Remuneration Committee	Corporate Social Responsibility Committee	
	Fee for attending board / committee meetings	₹ 55,000	₹ 55,000	₹ 60,000	₹ 15,000	-	₹ 1,85,000
	Commission	NIL					
	Others, please specify						
		Mr. B.R. Shah					
2.	Independent Directors	Board Meeting	Audit Committee	Nomination & Remuneration Committee	Remuneration Committee	Corporate Social Responsibility Committee	
	Fee for attending board / committee meetings	₹ 1,50,000	₹ 90,000	₹ 60,000	₹ 15,000	-	₹ 3,15,000
	Commission	NIL					
	Others, please specify						
		Mr. Pranab Kumar Datta					
3.	Independent Directors	Board Meeting	Audit Committee	Nomination & Remuneration Committee	Remuneration Committee	Corporate Social Responsibility Committee	
	Fee for attending board / committee meetings	₹ 1,50,000	₹ 90,000	-	-	₹ 20,000	₹ 2,60,000
	Commission	NIL					
	Others, please specify						
	Total (1)						
4.	Other Non-Executive Directors	Board Meeting	Audit Committee	Nomination & Remuneration Committee	Remuneration Committee	Corporate Social Responsibility Committee	
	Fee for attending board / committee meetings	-	-	-	-	-	-
	Commission	NIL					
	Others, please specify						
	Total (2)						
	Total (B)=(1+2)	3,55,000	2,35,000	1,20,000	30,000	20,000	7,60,000
	Total Managerial Remuneration						
	Overall Ceiling as per the Act#						

Ceiling limit with respect to payment of sitting fees to directors is governed by sub-section 5 of Section 197 of Companies Act, 2013 read with the Rules made thereunder.

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,62,97,788	16,46,733	1,20,64,633	3,00,09,154
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	67,92,612	0	49,59,867	1,17,52,479
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option @	Cost included in 1(b) above			
3	Sweat Equity	0	0	0	0
4	Commission - as % of profit - others, specify...	0	0	0	0.00
5	Others, please specify	0	0	0	0
	Total	2,30,90,400	16,46,733	1,70,24,500	4,17,61,633

Notes:

@ The perquisite value towards stock options includes stock options amounting to ` 67,27,212 for the Chief Executive Officer (CEO), Nil for the Company Secretary & ` 49,20,267 for the Chief Financial Officer(CFO).

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

UDAY KOTAK
CHAIRMAN

CSR Report

Sl. No	CSR project/ activity identified	Sector in which the project is covered	Area of project implementation (Name of the District / s, State / s where project / programme was undertaken	Programme / project wise budgeted amount (in `)	Programme / project wise actual spend during the year – Direct expenditures (in `)	Programme / project wise actual spend during the year – Overheads (in `)	Cumulative Expenditure upto reporting period (in `)	Amount spent through implementing agency (in `)
1	Kotak Education Foundation - Kotak Education Foundation (KEF) was set up in FY 2006-07 with a purpose to support children and youth from underprivileged families through different education based interventions on a sustainable basis. The interventions are designed to empower recipients and provide employable skills which will enable them to lead a dignified life. KEF provides livelihood support to children and youth from Below the Poverty Line (BPL) families in Mumbai, Thane and Raigad regions.	Promoting Education	Kotak Education Programs are undertaken in Mumbai, Thane and Raigad regions	500,000.00	300,000.00	161,000.00	500,000.00 (Out of this, Kotak Education Foundation has not utilised ` 39,000/-. This will be used towards payment of future rental-'overheads' in coming years)	500,000.00
TOTAL CSR SPEND U/S 135 OF THE COMPANIES ACT, 2013, DURING FY 15								500,000.00

Nilesh Shah

Uday Kotak

Independent Auditors' Report

To the Members of Kotak Mahindra Asset Management Company Limited

Report on the Financial Statements

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

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 that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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.

Auditor's 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, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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, Statement of Profit and Loss, and 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 March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position as at March 31, 2015 – refer note 27 to the financial statements;
 - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2015 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. R. BATLIBOI & CO. LLP

ICAI Firm's Registration Number: 301003E

Chartered Accountants

per Viren H. Mehta

Partner

Membership No.: 048749

Mumbai

April 21, 2015

Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Kotak Mahindra Asset Management Company Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount	Period to which its relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demand payable	1,27,63,419	Assessment Year 2009-10	Commissioner of Income tax (Appeals)

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of the financial year and it has incurred cash losses in the current financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. BATLIBOI & CO. LLP

ICAI Firm's Registration Number: 301003E

Chartered Accountants

per Viren H. Mehta

Partner

Membership No.: 048749

Mumbai

April 21, 2015

Balance Sheet

as at 31st March, 2015

	Notes	As at 31st March, 2015 Rupees in Lacs	As at 31st March, 2014 Rupees in Lacs
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds:			
(a) Share Capital	3	3,830.00	2,830.00
(b) Reserves and Surplus	4	2,132.52	5,837.24
2. Non-current liabilities			
(a) Other Long Term Liabilities	5	202.49	28.39
(b) Long Term Provisions	6	553.03	475.34
3. Current liabilities			
(a) Short term borrowing	7	1,387.39	-
(b) Trade Payables	8	1,059.33	805.99
(c) Other Current Liabilities	9	358.19	402.47
(d) Short Term Provisions	10	805.41	1,377.52
Total		10,328.36	11,756.95
II. ASSETS			
1. Non-current assets			
(a) Fixed Assets	11		
(i) Tangible assets		510.39	486.04
(ii) Intangible assets		1,713.55	57.77
(b) Non current investments	12	2,750.00	2,680.00
(c) Deferred tax assets (net)	13	349.27	328.58
(d) Long term loans & advances	14	905.76	1,133.83
(e) Other non-current assets	15	2,631.48	2,632.41
2. Current assets			
(a) Current Investments	16	-	1,000.00
(a) Trade receivables	17	100.11	1,150.60
(b) Cash & Bank Balance	18	9.44	1,227.66
(c) Short term loans & advances	19	1,111.91	998.57
(d) Other current assets	20	246.45	61.49
Total		10,328.36	11,756.95
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For S. R. Batliboi & Co LLP

Firm Registration. No. 301003E

Chartered Accountants

Managing Director

Director

per Viren H. Mehta

Partner

Membership No.:048749

Chief Financial Officer

Company Secretary

Mumbai

Dated:

Statement of Profit and loss

for the period ended March 31, 2015

	Notes	For the Year Ended 31st March 2015 Rupees in Lacs	As at 31st March, 2014 Rupees in Lacs
Income			
Revenue from Operations	21	12,217.65	16,313.56
Other income	22	325.73	299.33
Total Income		12,543.38	16,612.89
Expenses			
Employee costs	23	4,830.28	4,497.08
Finance Cost	24	20.26	15.48
Depreciation	11	321.97	258.53
Other expenses	25	10,961.68	6,886.18
Total Expenses		16,134.19	11,657.27
Profit before tax		(3,590.81)	4,955.62
Tax expenses			
Current Tax		-	(1,613.98)
Mat Credit Entitlement			(27.48)
Deferred Tax		-	24.75
Income Tax Prior Years		(47.63)	-
Deferred Tax Prior Years		20.69	-
Profit for the year		(3,617.75)	3,338.91
Earnings per equity share [nominal value of share ` 10 (31 March 2014: ` 10)]	26		
Basic and Diluted		(17.10)	16.44
Summary of significant accounting Policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For S. R. Batliboi & Co LLP

Firm Registration. No. 301003E

Chartered Accountants

Managing Director

Director

per Viren H. Mehta

Partner

Chief Financial Officer

Company Secretary

Membership No.:048749

Mumbai

Dated:

Cash Flow Statement

for the period ended 31st March 2015

	For the Year Ended 31st March 2015	For the Year Ended 31st March 2014
	Rupees in Lacs	Rupees in Lacs
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation and extraordinary items	(3,590.81)	4,955.62
Add / (Less) Adjustments for:		
Provision for Wealth Tax	2.60	2.72
Depreciation	321.97	258.53
Profit on sale of Fixed Asset	(28.24)	(22.16)
Interest on Deposits	-	(0.38)
Provision for Gratuity, Leave Encashment & Long Service Award	108.37	8.28
Interest on Income tax refund	(103.74)	(60.58)
(Profit) / Loss on Sale of Long Term Investments	(150.23)	0.02
Dividend	(40.08) 110.65	(212.65) (26.22)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(3,480.16)	4,929.40
Movements in working capital :		
Increase/ (decrease) in Long Term liabilities	174.10	17.89
Increase/ (decrease) in trade payables	253.35	304.67
Increase / (decrease) in long-term provisions	(0.68)	(18.44)
Increase / (decrease) in short-term provisions	1.83	123.01
Increase/ (decrease) in other current liabilities	(44.29)	(188.43)
Decrease / (increase) in trade receivables	1,050.49	(170.76)
Decrease / (increase) in long-term loans and advances	223.06	9.33
Decrease / (increase) in short-term loans and advances	(113.35)	(18.28)
Decrease / (increase) in other current assets	(184.96)	(743.52)
Decrease / (increase) in other non-current assets	(14.01)	(1,044.86)
	1,345.54	(1,729.39)
CASH GENERATED FROM OPERATIONS	(2,134.62)	3,200.01
Payment of Taxes (Net of refund)	41.21	(1,695.32)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	(2,093.41)	1,504.69
B) CASH FLOW FROM INVESTING ACTIVITIES		
Interest on Deposits	-	0.38
Purchase of Fixed assets (owned)	(2,040.62)	(364.78)
Sale of Fixed assets (owned)	66.76	71.05
Purchase of Long Term Investments	(65.00)	-
Sale of Long Term Investment	-	-
Purchase of Current Investments	(12,449.52)	-
Sale of Current Investment	13,599.76	-
Maturity of Fixed Deposit	-	(16,964.65)
Dividend received	40.08 (848.54)	13.32 (1,280.04)
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(848.54)	(1,280.04)

Cash Flow Statement

for the period ended 31st March 2015

	For the Year Ended 31st March 2015	For the Year Ended 31st March 2014
	Rupees in Lacs	Rupees in Lacs
C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in share capital	1,000.00	-
Dividend paid on equity shares	(495.00)	-
Tax on equity dividend paid	(84.13)	-
Dividend paid on preference shares	(72.25)	(990.00)
Tax on preference dividend paid	(12.28) 336.34	(168.25) (1,158.25)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	336.34	(1,158.25)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(2,605.61)	(933.61)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,227.66	(805.50)
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	(1,377.95)	(1,739.10)
Components of cash and cash equivalents		
With banks- on current account	9.44	1,227.66
- Bank Overdraft	(1,387.39)	-
- on deposit account	-	-
Total cash and cash equivalents	(1,377.95)	1,227.66

- The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 "Cash Flow Statements" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014
- The corresponding amounts of previous year have been re-grouped, wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

For S. R. Batliboi & Co LLP

Firm Registration. No. 301003E

Chartered Accountants

Managing Director

Director

per Viren H. Mehta

Partner

Membership No.:048749

Chief Financial Officer

Company Secretary

Mumbai

Dated:

Notes forming part of the financial statements as at March 31, 2015.

1. CORPORATE INFORMATION

Kotak Mahindra Asset Management Company Limited "the Company" has been appointed as the asset management company, to provide management and administrative services to the Trust (Kotak Mahindra Mutual Fund) and to deploy the funds raised by the Kotak Mahindra Mutual Fund under the Schemes.

The Company also provides portfolio management and portfolio advisory services

2. BASIS OF PREPARATION

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. 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.

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

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting policies requires the management to make judgments, estimates and assumptions which are considered in the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates and assumptions in future period

B. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- Fees from mutual fund operations

Investment management fees are recognized net of service tax on an accrual basis after deducting actual and estimated expenses from total expense accruals in scheme books (adjusted for exclusions as required by SEBI guidelines), such that the total expenses including management fees does not exceed the rates prescribed within the provision of - the Securities and Exchange Board of India ("SEBI") (Mutual Fund) Regulations, 1996 (the 'SEBI Regulations') on an annual basis.

- Fees from rendering Portfolio Advisory Services

Fees from portfolio advisory services are recognized on an accrual basis, and are in accordance with the terms of agreement.

- Fees from rendering Portfolio Management Services

Fees from portfolio management services are recognized net of service tax on an accrual basis, and are in accordance with the terms of agreement between the Company and respective clients.

- Dividend income is accounted when the right to receive dividend is established.
- Purchase and sale of investments are recorded on trade date. The profit / loss on sale of investments are recognized in the statement of profit and loss on the trade date, using the weighted average cost method.
- Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Notes forming part of the financial statements as at March 31, 2015.

C. TANGIBLE AND INTANGIBLE ASSETS, DEPRECIATION AND AMORTISATION

Fixed assets (Tangible/ Intangible) are stated at acquisition cost inclusive of incidental expenses net of accumulated depreciation/ amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortization period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. 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 / amortised are as follows:

Asset	Useful life in years
Motor vehicles	4
Computers	3
Furniture and fixtures	6
Office equipment	5
Leasehold Improvements	Over the period of lease subject to a maximum of 6 years.
Intangible Assets – Software	3
Asset Management Rights	5

Assets costing less than ₹ 5,000 are depreciated at 100% in the year of purchase.

Gain or losses arising from the retirement or disposal of a fixed asset / 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 -

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

D. IMPAIRMENT

- 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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

E. INVESTMENTS

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

Notes forming part of the financial statements as at March 31, 2015.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

F. RETIREMENT AND OTHER EMPLOYEE BENEFITS

Defined contribution scheme

- a. Retirement benefit in the form of provident fund is a defined contribution scheme. Contribution as required by the Statute made to the Government Provident Fund is debited to the Statement of Profit and Loss - when incurred. The Company has no further obligations.
- b. The Company contributes a sum equivalent to 15% of basic subject to a maximum of ₹ 1 lakh per annum per employee, of eligible employees' eligible salary to a Superannuation Fund administered by trustees and managed by a life insurance company. The Company recognizes such contributions as an expense in the year they are incurred.

Defined benefit plan

- a. The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The gratuity obligation is unfunded. The net present value of the Company's obligation towards the same is determined based on the projected unit credit method as at the balance sheet date.
- b. Actuarial gains/losses are immediately recognised in the statement of profit and loss and are not deferred.

Other long-term employee benefit

- a. 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 Bank's obligation is determined based on the Projected Unit Credit Method as at the Balance Sheet date. Actuarial Gains / Losses are recognized in the Statement of Profit and Loss - in the year in which they arise.

Other employee benefits

- a. As per the Group policy, employees of the Group are eligible for an award after completion of a specified number of years of service with the Group. 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 fellow subsidiary.
- b. The undiscounted amount of employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include performance incentives.

G. TAXES ON INCOME

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets 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. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Notes forming part of the financial statements as at March 31, 2015.

The carrying amount of deferred tax assets is 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 deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

H. MINIMUM ALTERNATE TAX

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

I. OPERATING LEASE

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

J. BORROWING COSTS

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

K. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions and balances

(A) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(B) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(C) Exchange differences

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

L. Scheme expenses

Annual recurring expenses relating to schemes of Kotak Mahindra Mutual Fund which are in excess of internal expense limits are borne by the Company. The internal expense limits are within the overall expense limits prescribed by the SEBI. Further, scheme expenses also includes new fund offer expenses, and other expenses relating to the schemes which do not fall under regulation 52(4) of the SEBI (Mutual Funds) regulation 1996.

Notes forming part of the financial statements as at March 31, 2015.

M. REFERRAL FEES

The brokerage charges relating to Portfolio Management Services are charged to Statement of Profit and Loss net of service tax on an accrual basis.

N. EARNINGS PER SHARE

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. However for computing diluted earnings per share effect of preference share has not been taken into consideration since the conversion price is not determined as of Balance sheet date.

O. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

A provision is recognized when there is a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

P. EMPLOYEE STOCK OPTION SCHEME

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 a recognition of corresponding liability. This liability is re-measured 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 'Employee costs'.

Q. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and short-term investments with an original maturity of three months or less.

Notes forming part of the financial statements as at March 31, 2015.

	As at 31st March, 2015	As at 31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Note 3 : SHARE CAPITAL		
Authorised		
30,000,000 (Previous Year 25,000,000) equity shares of ` 10/- each	3,000.00	2,500.00
10,000,000 (Previous Year 10,000,000) Preference shares of ` 10/- each	1,000.00	1,000.00
Issued, subscribed and paid-up		
29,800,000 (Previous Year 19,800,000) equity shares of ` 10/- each, fully paid up	2,980.00	1,980.00
8,500,000 (Previous Year 8,500,000) 8.5% Compulsory convertible Preference shares of ` 10/- each, fully paid up. Conversion date 5th January 2019, at a valuation price, as determined by an independent valuer.	850.00	850.00
Total	3,830.00	2,830.00

(a) Reconciliation of number of shares

Equity Shares:	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	Amount (`)	Number of Shares	Amount (`)
Balance as at the beginning of the year	1,98,00,000	1,980.00	1,98,00,000	1,980.00
Issued during the year	1,00,00,000	1,000.00	-	-
Balance as at the end of the year	2,98,00,000	2,980.00	1,98,00,000	1,980.00

Preference Shares:	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	Amount (`)	Number of Shares	Amount (`)
Balance as at the beginning of the year	85,00,000	850.00	85,00,000	850.00
Issued During the year	-	-	-	-
Balance as at the end of the year	85,00,000	850.00	85,00,000	850.00

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of ` 10 per share. Each shareholder is eligible for one vote per share held.

8.5% Compulsory Convertible Preference shares :8.5% Redeemable preference shares of ` 10 each were issued in 2008 - 2009 to Kotak Securities Limited. These preference shares are convertible into equity shares on 5th January 2019, at a valuation price, as determined by an independent valuer.

Notes forming part of the financial statements as at March 31, 2015.

(c) Shares held by holding company and subsidiary of holding company

	31st March, 2015	31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Equity Shares:		
2,98,00,000 Shares (March 31, 2014: 1,98,00,000 Shares) held by Kotak Mahindra Bank Limited, the Holding Company and its nominees	2,980.00	1,980.00
Preference Shares:		
85,00,000 Shares (March 31, 2014: 85,00,000 Shares) held by Kotak Securities Limited, subsidiary of Kotak Mahindra Bank Limited	850.00	850.00

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	31st March, 2015	31st March, 2014
Equity Shares:		
Kotak Mahindra Bank Limited, the Holding Company and its nominees	2,98,00,000 (100%)	1,98,00,000 (100%)
Preference Shares:		
Kotak Securities Limited, subsidiary of Kotak Mahindra Bank Limited	85,00,000 (100%)	85,00,000 (100%)

	As at 31st March, 2015	As at 31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Note 4 : RESERVES AND SURPLUS		
Capital Redemption Reserve		
Opening Balance	420.00	420.00
Transfer from Statement of Profit and Loss	-	-
Closing Balance	420.00	420.00
General Reserve		
Opening Balance	1,169.25	835.25
Transfer from Statement of Profit and Loss	-	334.00
Closing Balance	1,169.25	1,169.25
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	4,247.99	3,064.99
Profit / (Loss) for the year	(3,617.75)	3,338.90
Less: Appropriations		
Interim dividend on Equity Shares for the year	-	990.00
Final dividend on Equity Shares for the year	-	495.00
Dividend distribution tax on Proposed dividend on Preference Shares	-	252.38
Proposed dividend on Preference Shares for the year	72.25	72.25
Dividend distribution tax on Proposed dividend on Preference Shares	14.72	12.28
Transfer to General Reserve	-	334.00
Balance in Statement of Profit and Loss	543.27	4,247.99
Total	2,132.52	5,837.24

Notes forming part of the financial statements as at March 31, 2015.

	As at 31st March, 2015	As at 31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Note 5 : OTHER LONG TERM LIABILITIES		
Rent Escalation	32.49	28.39
Others	170.00	
	202.49	28.39
Note 6 : LONG TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	319.00	268.43
Provision for compensated absences	152.32	144.54
Provision for Long Service Award	20.02	-
Employee Related Payable (SARs)	61.69	62.37
	553.03	475.34
Note 7 : SHORT TERM BORROWINGS		
From Bank - Unsecured		
Bank Overdraft	1,387.39	-
	1,387.39	-
Note 8 : TRADE PAYABLES		
Trade Payable	1,059.33	805.99
	1,059.33	805.99
Above includes payable to		
Kotak Mahindra Mutual Fund	655.98	-
Kotak Securities Limited	-	0.82
Note 9 : OTHER CURRENT LIABILITIES		
Other Liabilities		
Statutory Dues Payable	163.89	186.53
Unearned revenue	4.63	5.07
Employee Related Payable	3.34	0.97
Rent Escalation	10.31	17.45
Others	176.02	192.45
	358.19	402.47
Others includes		
Dues to		
Kotak Mahindra Bank Limited	24.27	13.41

Notes forming part of the financial statements as at March 31, 2015.

	As at 31st March, 2015	As at 31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Note 10 : SHORT TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity	67.06	38.00
Provision for compensated absences	26.30	25.36
Employee Related Payable	539.86	534.18
Other Provisions	-	-
Proposed Dividend on Equity Shares	-	495.00
Dividend distribution tax on proposed dividend on Equity Shares	-	84.13
Proposed Dividend on Preference Shares	72.25	72.25
Dividend distribution tax on proposed dividend on Preference Shares	14.71	12.28
Provisions for Expenses	51.48	55.33
Provision for Tax (Net of advance tax and Tax deducted at source of ₹ 1841.87 Lacs)(March 31, 2014: ₹ 482.42 Lacs)	27.50	57.66
Provision for Wealth Tax	6.25	3.33
	805.41	1,377.52

Note 11 : FIXED ASSET

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As on 01-04-2014	Additions	Deductions	As on 31-03-2015	As on 01-04-2014	For the year	Deductions	As on 31-03-2015	As on 31-03-2015
Tangible Assets									
Leasehold Improvement	270.43	49.69	38.37	281.75	193.46	25.74	36.87	182.33	99.42
Computers	482.92	81.26	70.31	493.87	380.96	63.98	70.31	374.63	119.24
Office Equipments	137.15	4.79	15.70	126.24	109.56	11.54	14.94	106.16	20.08
Furniture & Fixtures	44.65	2.20	7.04	39.81	42.34	2.51	7.00	37.85	1.96
Vehicles	500.04	138.69	130.40	508.33	222.83	109.99	94.18	238.64	269.69
Total	1,435.19	276.63	261.82	1,450.00	949.15	213.76	223.30	939.61	510.39
Intangible Assets									
Software	368.64	173.91	-	542.55	310.87	55.93	-	366.80	175.75
Asset Management Rights	-	1,590.08	-	1,590.08	-	52.28	-	52.28	1,537.80
Total	368.64	1,763.99	-	2,132.63	310.87	108.21	-	419.08	1,713.55

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As on 01-04-2013	Additions	Deductions	As on 31-03-2014	As on 01-04-2013	For the year	Deductions	As on 31-03-2014	As on 31-03-2014
Tangible Assets									
Leasehold Improvement	251.56	37.00	18.12	270.43	180.56	30.92	18.03	193.46	76.97
Computers	418.79	74.73	10.60	482.92	321.51	69.76	10.31	380.96	101.96
Office Equipments	132.58	11.91	7.34	137.15	101.42	12.42	4.29	109.56	27.59
Furniture & Fixtures	49.45	4.87	9.67	44.65	45.95	5.99	9.59	42.34	2.31
Vehicles	418.98	187.93	106.87	500.04	184.32	109.51	70.99	222.83	277.21
Total	1,271.36	316.43	152.59	1,435.20	833.76	228.59	113.21	949.15	486.04
Intangible Assets									
Software	331.26	48.34	10.96	368.64	282.38	29.93	1.44	310.87	57.77
Total	331.26	48.34	10.96	368.64	282.38	29.93	1.44	310.87	57.77

Notes forming part of the financial statements as at March 31, 2015.

	As at 31st March, 2015	As at 31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Note 12 : NON CURRENT INVESTMENTS		
Non - Trade Investments (valued at cost)		
Unquoted		
Investments in Equity Instrument:		
(a) Investments in subsidiary		
26,800,000 (31st March 2014:26,800,000) Equity shares of face value of ` 10/- each, fully paid of Kotak Mahindra Pension Fund Limited	2,680.00	2,680.00
(b) Others		
5,00,000 (31st March 2014:NIL) Equity shares of face value of ` 1/- each, fully paid of MF Utilities India Private Limited	5.00	-
Investments in Mutual Fund:		
Unquoted		
5,00,000 (31st March 2014: NIL) units of ` 10 each of Kotak Equity Savings Fund- Direct - Growth	50.00	-
Quoted		
7,975 (31st March 2014: NIL) units of ` 10 each of Kotak Mahindra Mutual Fund Banking ETF Dividend Payment Option	15.00	-
	2,750.00	2,680.00
Aggregate Amount of Quoted Investments (Market Value - ` 14.39 Lacs - PY : Nil)	15.00	-
Aggregate Amount of Unquoted Investments	2,735.00	2,680.00
Note 13 : Deferred Tax Asset		
Net Deferred Tax Asset	349.27	328.58
	349.27	328.58
Note 14 : LONG TERM LOANS & ADVANCES		
Unsecured ,considered good		
Advances recoverable in cash or in kind	804.93	1,043.77
Security Deposit	95.21	84.07
Other Loans & Advances		
Loans to employees	5.62	5.99
	905.76	1,133.83
Note 15 : OTHER NON CURRENT ASSETS		
Advance Tax (Net of Provision for Tax of ` 181.50 Lacs) (March 31, 2014: ` 5750 Lacs))	2,611.81	2,626.75
Prepaid Expenses	19.67	5.65
	2,631.48	2,632.41

Notes forming part of the financial statements as at March 31, 2015.

	As at 31st March, 2015	As at 31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Note 16 : CURRENT INVESTMENTS		
Investment in Mutual Fund - Unquoted		
Kotak Floater Short Term-Growth	-	1,000.00
NIL(March 31, 2014:46269.928 Units of ` 2029.6356 each)		
	-	1,000.00
Note 17 : TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others	100.11	1,150.60
Less: Provision for doubtful debts	-	-
	100.11	1,150.60
Trade receivables includes		
Due from Kotak Mahindra Mutual Fund	-	1,113.49
Due from Kotak Mahindra UK Limited	34.96	37.11
Note 18 : CASH & BANK BALANCES		
Cash & Cash equivalents		
Balances with Bank		
In current accounts	9.44	1,227.66
	9.44	1,227.66
Note 19 : SHORT TERM LOANS & ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind	1,083.25	958.59
Security Deposit	2.26	16.77
Other Loans & Advances		
Loans to employees	26.40	23.21
	1,111.91	998.57
Advances recoverable in cash or in kind includes		
Dues from		
Kotak Mahindra Old Mutual Life Insurance Limited	-	3.93
Note 20: OTHER CURRENT ASSETS		
Prepaid Expenses	144.38	46.89
Miscellaneous Receivable	8.62	14.60
Service Tax Receivable	93.45	-
	246.45	61.49
Miscellaneous Receivable includes		
Dues from		
Kotak Investment Advisors Limited	-	0.27
Kotak Mahindra Trustee Company Limited	4.93	-
Kotak Securities Limited	0.15	-
Kotak Commodity Services Limited	-	0.18

Notes forming part of the financial statements as at March 31, 2015.

	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Note 21 : REVENUE FROM OPERATIONS		
Management Fees	11,812.75	16,057.07
Portfolio Advisory Services	284.00	230.00
Portfolio Management Services	120.90	26.49
	12,217.65	16,313.56
Note 22 : OTHER INCOME		
Interest Income		
Bank Deposits	-	0.38
Others	2.73	2.96
Income-tax refunds	103.74	60.58
Dividend Income On		
Current Investments	40.08	212.65
Profit on sale of fixed assets (Net)	28.24	22.16
Profit on Sale of Current Investments (Net)	150.23	-
Other Non Operating Income	0.71	0.60
	325.73	299.33
Note 23 : EMPLOYEE COSTS		
Salaries, Wages and Bonus	4,461.86	4,252.16
Contribution to provident and other funds	204.96	203.45
Reimbursement of expense on ESOP Scheme	0.21	9.34
Gratuity	154.59	51.08
Compensated Absences	30.54	(3.79)
Staff welfare	30.53	32.12
	4,882.69	4,544.36
Less: Recovery of common establishment expenses	(52.41)	(47.28)
	4,830.28	4,497.08
Note 24 : FINANCE COST		
Interest and Other Expenses	2.43	-
Bank Charges	17.69	15.48
Exchange Loss (net)	0.14	0.00
	20.26	15.48

Notes forming part of the financial statements as at March 31, 2015.

Note 25 : OTHER EXPENSES

	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Rent	550.39	535.21
Rates and taxes	7.37	6.41
Insurance	77.63	81.57
Repairs and maintenance	-	-
Others	40.25	29.82
Legal and professional fees	117.07	97.94
Reimbursement of common administrative cost	330.17	261.51
Travel and conveyance	325.31	311.65
Communication expenses	181.47	166.41
Business promotion, Distribution and Mutual Fund expenses	8,182.50	4,480.33
Printing and stationery	35.59	28.88
Membership subscription	283.36	243.24
Electricity	110.81	96.80
Computer and software related expenses	275.51	205.37
Directors' sitting fees	7.60	5.10
Payment to Auditors		
As auditor:		
Audit Fees	15.50	14.00
Reimbursement of Expenses	0.24	-
Service tax on above services	1.92	1.73
Service tax input credit	(1.92)	(1.73)
	15.74	14.00
Loss on Sale of Short Term Investment	-	0.02
Entertainment Exps	159.59	108.86
Office upkeep expenses	196.37	175.30
Contribution towards Corporate Social Responsibility	5.00	-
Miscellaneous expenses	70.44	48.25
	10,972.17	6,896.67
Less: Recovery of common administrative expenses	(10.49)	(10.49)
	10,961.68	6,886.18

	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014
	Rupees in Lacs	Rupees in Lacs
Note 26 : EARNING PER SHARE		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Total operations for the year		
Profit/ (loss) after tax	(3,617.75)	3,338.93
Net profit/ (loss) for calculation of basic & diluted EPS	(3,617.75)	3,338.93
Less : dividends on convertible preference shares and tax thereon	86.96	84.53
Net profit/ (loss) for calculation of basic EPS	(3,704.72)	3,254.39
Weighted average number of equity shares used in calculating Basic and Diluted EPS	2,16,63,014	1,98,00,000
Basic and Diluted EPS	(17.10)	16.44

Notes forming part of the financial statements as at March 31, 2015.

27. Notes to Accounts

A. CONTINGENT LIABILITIES NOT PROVIDED FOR

Particulars	2015 (` In Lacs)	2014 (` In Lacs)
Contingent liability for income tax Demand	127.64	7.24
Contingent liability for service tax matters	710.97	710.97
Contingent liability towards property tax	132.41	132.41
Contingent liability Gold ETF- VAT	45.48	38.69

B. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for ` 43.09 Lacs (Previous year ` 25.68 Lacs).

C. EARNINGS & EXPENDITURE IN FOREIGN CURRENCY (Accrual Basis)

Expenditure in Foreign Currency:-

- Travelling Cost ` 30.29 lacs (Previous Year ` 22.55 Lacs)

Earnings in Foreign Currency:-

- Portfolio advisory services ` 284.00 Lacs (Previous Year ` 230.00 Lacs)

D. EMPLOYEE BENEFITS

GRATUITY

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

Particulars	2015 (` In Lacs)	2014 (` In Lacs)
Change in Unfunded benefit obligations		
Present value of unfunded benefit obligations, at the beginning of the year	306.43	287.99
Service cost	33.18	36.25
Interest cost	29.94	25.35
Actuarial (gain)/loss on obligations	90.64	(9.70)
Past Service cost	0.00	0.00
Liabilities assumed	1.87	5.49
Benefits paid	(76.01)	(38.95)
Present value of unfunded benefit obligations as at year end	386.05	306.43

Reconciliation of present value of the obligation and the fair value of the plan assets	2015 (` In Lacs)	2014 (` In Lacs)
Fair value of plan assets as at the beginning of the year	-	-
Present value of benefit obligations as at year end	386.05	306.43
Net asset/ (liability) as at year end	(386.05)	(306.43)
Cost recognised for the period		
Current service cost	33.18	36.25
Interest cost	29.94	25.35
Expected return on plan assets	-	-
Actuarial (gain)/loss	90.64	(9.70)
Past Service cost	-	-
Net gratuity cost	153.76	51.90

Notes forming part of the financial statements as at March 31, 2015.

Experience Adjustments for the current annual period and previous four annual periods:

Particulars	Year ended (` In Lacs)				
	2011	2012	2013	2014	2015
Defined Benefit Obligation	198.78	231.02	287.99	306.43	386.05
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(198.78)	(231.02)	(287.99)	(306.43)	(386.05)
Experience Adjustment on Plan Liabilities	13.26	4.77	(3.18)	25.50	44.58
Experience Adjustment on Plan Assets	-	-	-	-	-

Actuarial assumptions used

	March 2015	March 2014
Discount rate	7.98% p.a.	9.34% p.a.
Expected rate of return on Plan Assets	0%	0%
Salary escalation rate	8.50%	8.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

E. OPERATING LEASES:

The Company has taken office and residential premises under operating lease or leave and license agreements. These are generally cancelable in nature and range between 36 months to 72 months. These leave and license agreements are generally renewable or cancelable at the option of the Company. The lease payments (net of recoveries) recognised in the statement of profit and loss is ` 249.13 Lacs (Previous Year ` 258.52 Lacs). The future minimum lease payments under non-cancelable operating lease in accordance with agreement –

Particulars	Rupees In Lacs	
	Year Ending 31st March 2015	Year Ending 31st March 2014
Not later than one year	24.54	19.02
later than one year and not later than five years	Nil	Nil
later than five years;	Nil	Nil

F. EQUITY STOCK OPTIONS PLAN (ESOP)

Equity Settled Options

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

Consequent to the above, the Bank has granted stock options to employees of the Company in accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments", the excess, if any, of the market price of the share, preceding the date of grant of the option under ESOPs over the exercise price of the option is amortised on a straight-line basis over the vesting period. The Company has reimbursed the Bank ` 0.21 Lacs (Previous year ` 9.34 Lacs) during the year on account of such costs and the same is forming part of Employee costs and included under the head "Reimbursement of expense on ESOP Scheme" under Note 23 Employee Cost.

Notes forming part of the financial statements as at March 31, 2015.

Effect of grant of equity settled options to employees on the statement of profit and loss and on its financial position

Particulars	Rupees In Lacs	
	Year Ending	
	2015	2014
Employee Compensation	0.21	9.34
Cost pertaining to share-based payment plans		
Closing balance of liability for equity-settled options	Nil	Nil

Cash Settled Employee Stock Option Scheme - Stock appreciation rights (SARs):

During the year, the management had approved (SARs) to be granted to eligible employees as and when deemed fit based on underlying shares of the Holding Company. The SARs are to be settled in cash and will vest in the manner as provided in the scheme / grant letters to employees.

The contractual life (which is equivalent to the vesting period) of the SARs ranges from 0.56 year to 3.65 years.

Detail of activity under SARs is summarized below:

Particulars	No. of SARs	
	2015	2014
Outstanding at the beginning of the year	47,009	38,511
Granted during the year	33,530	43,090
Exercised during the year	41,572	32,888
Expired during the year	Nil	Nil
Transfer from during the year	675	Nil
Transfer to during the year	110	Nil
Forfeited during the year	18,770	1,704
Outstanding at the end of the year	20,762	47,009

Effect of grant of SARs to employees on the statement of profit and loss and on its financial position

Particulars	Rupees In Lacs	
	Year Ending	
	2015	2014
Employee Compensation	403.10	299.75
Cost pertaining to share-based payment plans		
Closing balance of liability for cash-settled options	174.06	216.41

The fair value of the cash-settled options and equity-settled options is estimated on the date of grant using Black-Scholes options pricing model taking into account the terms and conditions upon which the options were granted. The fair value of the cash-settled options is re-measured at the each Balance Sheet date.

The following table list the inputs to the model used for equity settled and cash settled options:

Particulars	Year ending 31st March, 2015		Year ending 31st March, 2014	
	Cash-settled	Equity-settled	Cash-settled	Equity-settled
Exercise Price (₹)	5 – 724	N.A	5 - 724	724
Expected Volatility	24.19% - 29.62%	N.A	26.05% - 34.00%	27.68% - 31.56%
Life of the options granted (Vesting period) in years	0.56 - 3.65 years	N.A	0.56 - 3.65 years	1.39 - 3.65 years
Risk-free interest rate	7.97% - 8.28%	N.A	8.62% - 8.72%	7.47% - 7.52%
Expected dividend yield	0.06%	N.A	0.09%	0.10%

Notes forming part of the financial statements as at March 31, 2015.

The above information has been prepared by the Company and relied upon by the auditors.

Had the Company recorded the total compensation cost computed on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 60.96 Lacs (Previous year ₹ 155.56 Lacs) and the profit before tax would have been lower by same amount. Consequently the basic and diluted EPS would have been lower by ₹ (0.68) (Previous year ₹ 0.79).

G. DEFERRED INCOME TAXES

Components of net deferred tax balances are as follows:

Particulars	2015 (₹ In Lacs)	2014 (₹ In Lacs)
Deferred Tax Assets		
Provisions for Employee Benefits	215.05	198.12
Depreciation on Fixed Assets	118.64	114.89
Lease Equalisation	15.58	15.58
Net Deferred Tax Asset	349.27	328.59

H. SEGMENT REPORTING

The Company's operations mainly relate to providing asset management services, advisory and portfolio management services. In the opinion of the management the risks and rewards attached to the business are similar in nature. Hence separate segments under Accounting Standard 17 on "Segment Reporting" is not required to be reported as the Company business is restricted to a single segment i.e. Asset Management and Advisory Services. Geographical segment reporting is not required as all activities of the Company are within India.

I. RELATED PARTY DISCLOSURES

Parties where control exist:

Holding Company	Kotak Mahindra Bank Limited holds 100% of equity share capital
	Uday S. Kotak along with relatives and entities in which I have beneficial interest hold 39.95 % of the equity share capital of Kotak Mahindra Bank Limited as on 31st March, 2015
Subsidiary Company	Kotak Mahindra Pension Fund Limited.

Other related parties:

Fellow Subsidiaries	Kotak Mahindra Trustee Company Limited Kotak Mahindra Trusteeship Services Limited Kotak Mahindra Investments Limited Kotak Investment Advisors Limited Kotak Mahindra (International) Limited Kotak Mahindra (UK) Limited Kotak Securities Limited Kotak Mahindra Capital Company Limited Kotak Mahindra Prime Limited. Kotak Mahindra Old Mutual Life Insurance Ltd Kotak Mahindra, Inc. Global Investment Opportunities Fund Ltd. Kotak Mahindra Financial Services Limited Kotak Forex Brokerage Ltd. Kotak Mahindra Asset Mgt (Singapore) PTE. Ltd. Kotak Mahindra General Insurance Limited (incorporated on 20th Dec, 2014)
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Notes forming part of the financial statements as at March 31, 2015.

Key Management Personnel	Mr. Uday S Kotak, Chairman Mr. Sandesh Kirkire, Chief Executive Officer (till 30th Sept,2014) Mr. Nilesh Shah, Managing Director (From 15th January 2015) Mr. Hariharan R, Manager (From 1st April,2014 to 11th July,2014 & From 10th November,2014 to 13th January,2015.)
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Others:

Enterprises over which Key Management Personnel / relatives have significant influence	Mr. Uday S Kotak- Aero Agencies Ltd Komaf Financials Services Ltd Kotak Commodity Services Limited
Mutual Fund managed by the Company	Kotak Mahindra Mutual Fund

Related Party Disclosure is as under:

Nature of Transaction	Holding Company	Fellow Subsidiaries	Key Management Personnel	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Mutual Fund	Kotak Mahindra Pension Fund Subsidiary
Balance in Current Account	(1,387)					
	(1,033.65)					
Subscription of Equity Shares	1,000.00					
Kotak Securities Ltd.		850.00				
		(850.00)				
Investments:						
Purchases / Subscriptions					12,474.45	
					(15,752.00)	
Sales					13,599.76	
					(15,964.63)	
Dividend					40.08	
					(212.63)	
Investment in Fixed Deposit						
Interest on Fixed Deposit	-					
	(0.38)					
Balance as on Year end						
Kotak Mahindra Prime Limited:Preference Shares						
Investments of Equity Shares						2,680.00
						(2,680.00)
Fixed Assets:						
Purchase of Fixed assets	-					

Notes forming part of the financial statements as at March 31, 2015.

Nature of Transaction	Holding Company	Fellow Subsidiaries	Key Management Personnel	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Mutual Fund	Kotak Mahindra Pension Fund Subsidiary
Kotak Securities Ltd.		(19.61)				
Other Receipts and Payments:						
Recovery of common establishment expenses -						
Kotak Mahindra Trustee Company Ltd.		52.42				
		(47.28)				
Recovery of common administrative expenses -		-				
Kotak Mahindra Trustee Company Ltd.		10.49				
		(10.49)				
Kotak Investment Advisors Ltd		1.23				
		(2.87)				
Miscellaneous Income -		-				
Kotak Mahindra Trustee Company Ltd.		0.58				
		(0.58)				
Reimbursement of Common administrative cost -	330.17					
	(261.51)					
Kotak Commodity Services Ltd.	-			1.26		
	-			(1.52)		
Other Expenses / Reimbursement of other expenses -	1,106.93					
	(906.67)					
Kotak Securities Ltd.		20.54				
		(15.38)				
Kotak Mahindra Old Mutual Life Insurance Limited		25.93				
		(33.55)				
Kotak Mahindra Prime Limited		0.22				
		(0.19)				
Kotak Mahindra (UK) Limited		18.49				
		(10.57)				
Management Fees (Net of Repaid)					11,812.75	
					(16,057.07)	
Payments to Mutual Fund for Expenses Borne					5,605.66	
					(1,491.33)	

Notes forming part of the financial statements as at March 31, 2015.

Nature of Transaction	Holding Company	Fellow Subsidiaries	Key Management Personnel	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Mutual Fund	Kotak Mahindra Pension Fund Subsidiary
Receipts from Mutual Fund-Brokerage Recovered					1,068.98	
					(277.87)	
Advance paid for Scheme						
License Fees Paid -	297.63					
	(274.13)					
Kotak Mahindra Capital Company Ltd.						
Kotak Mahindra Prime Limited		1.42				
		(1.42)				
Aero Agencies Limited Cost of travel tickets purchased (Net of Discount)				33.03		
				(41.29)		
Remuneration to Key Management Personnel						
Sandesh Kirkire part of the year			101.99			
			(241.30)			
Hariharan R part of the year			23.62			
			(44.27)			
Nilesh Shah part of the year			38.83			
			-			
Advisory Fees						
Kotak Mahindra (UK) Limited		224.00				
		(230.00)				
Kotak Mahindra Intl Ltd		60.00				
Miscellaneous Receipts	0.18					
	(12.27)					
Kotak Mahindra (UK) Limited		-				
		(17.26)				
Miscellaneous Payments -	269.08					
	(191.57)					
	-					
Dividend Paid	495.00					
	(990.00)					
Dividend Paid - Komaf Financial Services Ltd						
Dividend Paid - Kotak Securities Ltd.		72.25				

Notes forming part of the financial statements as at March 31, 2015.

Nature of Transaction	Holding Company	Fellow Subsidiaries	Key Management Personnel	Enterprises over which Director / relatives / Key Management Personnel have significant influence	Kotak Mahindra Mutual Fund	Kotak Mahindra Pension Fund Subsidiary
		(72.25)				
Other Miscellaneous						
Kotak Mahindra Old Mutual Life Insurance Limited		6.80				
Kotak Securities Limited		-				
Outstandings – Receivables					-	
					(1,113.49)	
Kotak Securites Ltd.		0.15				
		-				
Kotak Mahindra (UK) Ltd		34.96				
		(37.11)				
Kotak Mahindra Old Mutual Life Insurance Limited		-				
		(3.93)				
Kotak Commodity Services Ltd		-				
		-		(0.18)		
Kotak Mahindra Trustee Company Ltd.		4.93				
		-				
Kotak Investment Advisors Ltd		-				
		(0.27)				
Dividend - Payable						
Kotak Securities Ltd.		72.25				
		(72.25)				
Outstandings - Payables	24.27				655.98	
	(13.41)				-	
Kotak Securities Ltd.		-				
		(0.82)				
Kotak Mahindra Trustee Company Ltd.		-				
		(0.00)				
Aero Agencies Limited				-		
				(1.00)		
Note: Previous year figures are in brackets						

Notes forming part of the financial statements as at March 31, 2015.

J. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of the Section 135 of the Companies Act, 2013 the Company is required to contribute ₹ 43.94 lacs during the financial year. The Company has contributed ₹ 5.00 lacs to the Kotak Education Foundation in the current financial year. The Company's CSR program is associated with the CSR initiatives of Kotak Mahindra Bank Limited (KMBL), its holding Company. KMBL is building its CSR capabilities on a sustainable basis and the Company is committed to gradually increase its CSR spend in the coming years.

- K.** During the year, the Company and Kotak Mahindra Trustee Company Limited have jointly entered into a Scheme Transfer Agreement with PineBridge Investments Asset Management Company (India) Private Limited and Board of Trustees of PineBridge Investments Trustee Company (India) Private Limited to acquire the asset management rights of schemes of PineBridge Mutual Fund and the trusteeship of the schemes of PineBridge Mutual Fund respectively. The transaction is approved by Securities and Exchange Board of India and the Unit holders of the schemes of PineBridge Mutual Fund. The Purchase consideration thereon, is amortised over a period of 5 years from the date of acquisition i.e 31st January, 2015.
- L.** Based on information available with the Company, there are no amounts payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) as on the balance sheet date. This information has been relied upon by the statutory auditors.
- M.** The Company has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. Management is of the opinion that all the transactions are at arm's length so that the above legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision of taxes.
- N.** Figures of the previous year have been regrouped/ reclassified wherever necessary to conform to current year's presentation.

