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Kotak Mahindra Asset Management
(Singapore) Pte. Limited

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Directors' Report

DIRECTOR'S STATEMENT

The directors are pleased to present their statement to the member together with the audited financial statements of Kotak Mahindra Asset Management (Singapore) Pte. Ltd. (the "Company") for the year ended 31 March 2023.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the Company's accounts are drawn up in accordance with the provision of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards. The financial statements set out are presented in Indian Rupees prepared on the basis of the aforesaid accounts to comply with the requirements of section 129 of Companies Act, 2013 in India so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Nitin Tejpal Jain

Ruchit Puri

Gaurang Balkrishna Shah

Nileshkumar Dhirajlal Shah

Shyam Kumar Syamasundaran

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of director who held office at the end of the financial year had interests (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Direct Interest		Deemed interest	
	At beginning of financial year or date of appointment	At end of financial year	At beginning of financial year or date of appointment	At end of financial year
Holding Company: Kotak Mahindra Bank Limited (Ordinary shares)				
Nitin Tejpal Jain	205,948	205,948	—	—
Ruchit Puri	135,704	135,704	—	—
Gaurang Balkrishna Shah	858,428	837,700	—	—
Nileshkumar Dhirajlal Shah	228,138	223,322	—	—
Shyam Kumar Syamasundaran	69,115	69,115	2,000	2,000
(Options to subscribe for ordinary shares)				
Gaurang Balkrishna Shah	119,446	52,637	—	—
Nileshkumar Dhirajlal Shah	153,062	112,938	—	—

Neither at the end of, nor at any time during the year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the year, there were:

- (a) no options granted by the Company to any person to take up unissued shares in the Company; and
- (b) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the year, there were no unissued shares of the Company under option.

Results and dividend

The Company's profit for the financial year ended 31 March 2023 amounted to ₹ 386,637,463 (2022: ₹ 360,692,345).

The Company declared and paid a dividend of ₹ Nil (2022: ₹ Nil) during year.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors

Nitin Jain

Director & CEO

Shyam Kumar

Director

25th April, 2023

Independent Auditors' Report

To the Board of Directors of

KOTAK MAHINDRA ASSET MANAGEMENT (SINGAPORE) PTE LTD.

The financial statements of Kotak Mahindra Asset Management (Singapore) Pte Ltd (the "Company") as at 31st March, 2023, being a company registered in the Singapore, are audited by Ernst & Young, LLP, Public Accountants & Chartered Accountants, Singapore and we have been furnished with their audit report dated 21st April, 2023.

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with requirements of section 129 of Companies Act, 2013 ("the Act"). We give our report hereunder:

REPORT ON THE AUDIT OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS.

Opinion

We have verified the accompanying Special Purpose Financial Statements duly converted in Indian Rupees from audited accounts in USD of Kotak Mahindra Asset Management (Singapore) Pte Ltd ("the Company"), which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Special Purpose Financial Statements"). As explained in Note 2.1(i) to the Special Purpose Financial Statements, these Special Purpose Financial Statements include limited information and have been prepared by the management of Kotak Mahindra Asset Management (Singapore) Pte Ltd. for the purpose of Kotak Mahindra Bank Limited ("Ultimate Holding Company") to prepare its consolidated financial statements and for inclusion in the annual report of the Ultimate Holding Company for the year ended 31st March, 2023, under the requirements of section 129(3) of the Companies Act, 2013, in accordance with the accounting policies of the Ultimate Holding Company and in compliance with the recognition and measurement principles of the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, as applicable to the Ultimate Holding Company.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements give a true and fair view in all material respects in conformity with recognition and measurement principles of the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, as applicable to the Ultimate Holding Company, of the state of affairs of the Company as at 31st March, 2023, and its profit for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

We state that there are no key audit matters to communicate in our report.

Responsibilities of the Management and Those Charged with Governance for Special Purpose Financial Statements

The Company's Board of Directors is responsible with respect to the preparation of the Special Purpose Financial Statements in accordance with the recognition and measurement principles of Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, as applicable to the Ultimate Holding Company.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Special Purpose Financial Statements

Our responsibility is to express an opinion on these Special Purpose Financial Statements based on our verification.

As stated hereinabove we have relied upon the audit conducted by Ernst & Young, Public Accountants & Chartered Accountants, Singapore and based thereon we state that:

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.

As part of verification in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the verification. We also:

1. Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. As per Ultimate Holding Company's (Kotak Mahindra Bank Limited) instructions, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the Special Purpose Financial Statements in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Special Purpose Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
5. Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In view of the facts specified above, the requirements of reporting under section 143(3) of the Act, are not applicable.

Other Matters

The audited financial statements of the Company for the corresponding year ended 31st March, 2023 prepared in conformity with the accounting principles generally accepted in the Singapore, have been audited by the predecessor auditors whose audit report dated 21st April, 2023 expressed an unmodified opinion on those audited financial statements.

Our opinion is not modified in respect of this matter.

Restriction on distribution or use

This report is intended solely for the information of the Company's and its Ultimate Holding Company's Board of Directors and the Auditors of the Ultimate Holding Company and is not intended to be and should not be used by anyone other than specified parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's and Ultimate Holding Company's Board of Directors for our audit work, for this report, or for the opinions we have formed.

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

Place: Mumbai
Date : 25th April, 2023
UDIN : 23042649BGWKS8422

A. N. Shah
Partner
Membership No. 042649

Balance Sheet

as at 31st March 2023

(Amount in ₹)

Particulars	Note No.	As at 31 st March, 2023	As at 31 st March, 2022
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3.1	93,970,000	93,970,000
(b) Reserves and surplus	3.2	2,744,568,517	2,159,742,491
2 Non-current liabilities			
(a) Deferred tax liability		58,049	286,570
(b) Long-term provisions	3.3	11,380,113	14,571,411
3 Current liabilities			
(a) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises; and		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		117,335,314	97,637,548
(b) Other current liabilities	3.4	22,577,286	33,403,812
(c) Short-term provisions	3.5	68,983,756	75,240,047
TOTAL		3,058,873,035	2,474,851,879
II. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3.6	1,462,325	2,016,165
(b) Long-term loans and advances	3.8	1,906,494	1,633,246
(c) Non- Current Investments	3.7	193,705,586	117,258,577
2 Current assets			
(a) Current Investments	3.7	709,464,960	688,088,178
(b) Trade receivables	3.9	216,776,939	206,212,157
(c) Cash and Cash Equivalents	3.10	786,614,916	419,294,785
(d) Short-term loans and advances	3.11	1,088,752,500	1,004,250,625
(e) Other current assets	3.12	60,189,315	36,098,146
TOTAL		3,058,873,035	2,474,851,879
Significant Accounting Policies and Notes to Accounts	2 & 3		

In terms of our report of even date

For and on Behalf of the Board of Directors

For V . C. Shah & Co.

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Shyam Kumar

Director

Nitin Jain

Director & CEO

Mumbai

Dated: 25th April 2023

Dated: 25th April 2023

Statement of Profit and loss

for the year ended 31st March 2023

(Amount in ₹)

Particulars	Note No.	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
I. Revenues from operations			
Service Income (net)		647,369,852	655,788,310
II Income from investments (net)		34,635,318	22,404,038
III. Other income	3.13	48,103,330	8,431,474
Total Revenue		730,108,500	686,623,822
IV. Expenses:			
Employee benefit expenses	3.14	158,835,395	163,348,440
Finance cost	3.15	1,771,843	1,380,376
Depreciation and Amortisation expense	3.6	2,068,673	2,435,716
Other expenses	3.16	132,549,773	115,209,956
Total expenses		295,225,685	282,374,487
V. PROFIT / (LOSS) BEFORE TAX		434,882,815	404,249,334
VI. Tax expense			
(a) Current tax			
- Pertaining to profit/ (loss) for the current period		(46,889,850)	(43,958,971)
- Adjustment of tax relating to earlier periods		(1,602,670)	(65,124)
(b) Deferred tax		247,168	467,105
VII. PROFIT / (LOSS) FOR THE PERIOD		386,637,463	360,692,345
VIII. Earnings per equity share:			
Basic and Diluted	3.20	193.32	180.35
Significant Accounting Policies and Notes to Accounts	2 & 3		

In terms of our report of even date

For and on Behalf of the Board of Directors

For V . C. Shah & Co.

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Mumbai

Dated: 25th April 2023

Shyam Kumar

Director

Nitin Jain

Director & CEO

Dated: 25th April 2023

Cash Flow Statement

for the year ended 31st March 2023

(Amount in ₹)

Particulars	For the Year ended 31 st March, 2023	For the Year ended 31 st March, 2022
Cash Flow from Operating Activities		
Net Profit / (Loss) before taxation	434,882,815	404,249,334
Adjustments for:		
- Bad debts written off	561,797	-
- Provision for doubtful debts	1,558,523	1,887,935
- Depreciation & Amortization	2,068,673	2,435,716
- Exchange Adjustments (net)	130,316,502	42,694,560
- Interest Income on Loans	(37,111,767)	(8,346,958)
- Interest on deposits	(10,991,564)	-
- Interest Income on Debt instruments	(47,158,644)	(10,625,679)
- Mark to market on Investments	(1,449,403)	6,064,172
- Amortisation of premium/ accretion of discount on bonds and convertible bonds	13,972,729	18,709,417
- Foreign Exchange Loss (net)	2,415,896	2,756,165
Operating Profit / (Loss) before Working Capital Changes	489,065,557	459,824,664
Adjustments for:		
(Increase) / Decrease in Trade receivables	(12,685,102)	(46,459,255)
(Increase) / Decrease in Short-term loans and advances	(84,501,875)	-
(Increase) / Decrease in Long-term loans and advances	(273,249)	44,250
(Increase) / Decrease in Other current assets	(17,123,671)	2,238,845
Increase / (Decrease) in Trade payable	19,697,767	42,243,194
Increase / (Decrease) in Short-term provisions	(6,449,188)	(9,815,848)
Increase / (Decrease) in Other current liabilities	(10,826,526)	5,737,937
Increase / (Decrease) in Long-term provisions	(3,191,297)	(3,303,187)
Cash Generated / (Used in) from Operations	373,712,417	450,510,600
Direct taxes paid	(48,280,977)	(35,602,096)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES (A)	325,431,440	414,908,503
Cash Flow from Investing Activities		
Purchase of fixed assets	(1,360,826)	(274,068)
Fixed Deposits (placed)/matured during the year	(731,313,000)	-
Interest income on loan	37,111,767	8,346,958
Interest received on fixed deposits	3,399,757	-
Interest Income on debt instruments	48,012,735	10,855,461
Purchase of Investments	(783,374,885)	-
Redemption of investments	740,516,040	75,792,500
NET CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (B)	(687,008,413)	94,720,850
Cash Flow from Financing Activities		
Loan given to fellow subsidiaries	-	(419,370,625)
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (C)	-	(419,370,625)
Net Increase in Cash and Cash Equivalents (A + B + C)	(361,576,973)	90,258,729
Cash and Cash Equivalents at the beginning of the year	419,294,785	331,792,221
Effect of Foreign Exchange Loss (net)	(2,415,896)	(2,756,165)
Cash and Cash Equivalents at the end of the period	55,301,916	419,294,785
	(361,576,973)	90,258,729

This is the Cash Flow Statement referred to in our report of even date

Notes:

- 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 and other relevant provisions of the Companies Act, 2013.
- Figures in brackets indicate cash outflow.
- The previous year's figures have been re-grouped, wherever necessary in order to conform with this year's presentation.

In terms of our report of even date

For and on Behalf of the Board of Directors

For V . C. Shah & Co.

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Shyam Kumar

Director

Nitin Jain

Director & CEO

Mumbai

Dated: 25th April 2023

Dated: 25th April 2023

Schedules

Forming part of the Financial Statements as at 31st March, 2023

1 ORGANISATION AND NATURE OF BUSINESS

Kotak Mahindra Asset Management (Singapore) Pte. Ltd. ("the Company"), a company incorporated on 7th March, 2014 in Singapore, has its registered office at 16 Raffles Quay, #35-04A, Hong Leong Building, Singapore 048581.

The principal activity of the Company is fund management. The Company has obtained Capital Market Services License for fund management under the Securities and Futures Act (Chapter 289) from the Monetary Authority of Singapore (the "MAS") on 14th March, 2016. The immediate and ultimate holding company is Kotak Mahindra Bank Limited which is incorporated in India.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of Preparation

- (i) The Special Purpose financial statements of the Company are prepared under the historical cost convention. These Special Purpose financial statements are prepared for the purpose of the Ultimate Holding Company's consolidation and for inclusion in the annual report of the Ultimate Holding Company (Kotak Mahindra Bank Limited) under the requirements of section 129(3) of the Companies Act, 2013. The Special Purpose Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles in India as per the Accounting Standards (Indian GAAP) applicable to Kotak Mahindra Bank Limited (Ultimate Holding Company) as specified under section 133 of the Companies Act, 2013 (the Act).
- (ii) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the services and the time between the provision of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.2 Conversion to Indian Rupees

For the purpose of accounts, all income and expense items are converted at the average rate of exchange applicable for the period. All assets and liabilities (except Share Capital) are translated at the closing rate as on the Balance Sheet date. The Share Capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year end is transferred to Translation Reserve Account and the said account is being treated as "Reserves and Surplus".

2.3 Use of estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

2.4 Revenue Recognition

Revenue consists of investment management income, brokerage income, advisory fee income, and sundry income and is recognised as and when services are rendered. Revenue is measured at the fair value of consideration received or receivable.

Other income includes interest income on term deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

2.5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalent consists of cash in hand, bank balances and short-term, deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

2.6 Investments

Investments are classified into long term investments and current investments. Investments which are intended to be held for more than one year are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Long-term investments are stated at cost less other than temporary diminution. Current investments are valued at cost or market value / fair value whichever ever is lower.

Schedules

Forming part of the Financial Statements as at 31st March, 2023

2.7 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

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.

2.8 Taxes

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustments payable / refund received in respect of previous years.

Deferred Tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets arising mainly on account of carry forward of losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income against which such deferred tax assets can be realised. Deferred tax assets on account of other timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2.9 Provisions and Contingencies

Provision is recognised 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, in respect of which a reliable estimate can be made. Provisions are not discounted to its 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 unless the outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

2.10 Share options

During the year, there were:

- i) No options granted by the Company to any person to take up unissued shares in the Company; and
- ii) No shares issued by virtue of any exercise of option to take up unissued shares of the Company

As at the end of the year, there were no unissued shares of the Company under option.

2.11 Employee Share based payments

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expenses as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Share-based payment transactions (cash settled)

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 remeasured at each balance sheet date up to and including the settlement date with changes in intrinsic value recognised in the statement of profit and loss under 'Employee Benefit Expense'.

Schedules

Forming part of the Financial Statements as at 31st March, 2023

2.12 Property, Plant and Equipment

Property, Plant and Equipment are stated at acquisition cost inclusive of incidental expenses, net of accumulated depreciation and accumulated impairment losses, if any. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. The estimated useful lives of assets based on technical evaluation by management are as follows:

Furniture and Fittings	3 years
Computer & Software	3 years
Office Equipment	3 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting date.

Losses arising from the retirement of and gains or losses arising from disposal of Property, plant and Equipment which are carried at cost, are recognised in the Statement of Profit and Loss.

2.13 Leases

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit & Loss Account on a straight line basis over the lease term.

Schedules

Forming part of the Financial Statements as at 31st March, 2023

3 NOTES TO ACCOUNTS

3.1 (a) Share capital

(Amount in ₹)

Share Capital	As at 31 st March, 2023	As at 31 st March, 2022
Issued, Subscribed and fully Paid up		
2,000,000 (Previous year 2,000,000) Equity Shares of SGD 1 each	93,970,000	93,970,000
Total	93,970,000	93,970,000

(b) Equity shares

Reconciliation of equity share capital	As at 31 st March, 2023	As at 31 st March, 2023	As at 31 st March, 2022	As at 31 st March, 2022
	Quantity	₹	Quantity	₹
Share capital outstanding at the beginning of the year	2,000,000	93,970,000	2,000,000	93,970,000
Issued during the period	-	-	-	-
Share capital outstanding at the end of the year	2,000,000	93,970,000	2,000,000	93,970,000

(c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of SGD 1 per share. Each holder of equity shares is entitled to one vote per share. All shares rank equally with regard to the Company's residual assets.

The holder of the ordinary share is entitled to receive dividends as declared from time to time.

(d) Shares held by holding company and/or its subsidiaries/associates

Out of equity shares issued by the company, shares held by its holding company and its subsidiaries/ associates are as below:

Number of equity share	As at 31 st March, 2023	As at 31 st March, 2022
Kotak Mahindra Bank Limited	2,000,000	2,000,000

(e) Details of shareholders holding more than 5% shares in the company

Equity shares of SGD 1 fully paid up

	As at 31 st March, 2023		As at 31 st March, 2022	
	Number	% holding	Number	% holding
Kotak Mahindra Bank Limited	2,000,000	100.00%	2,000,000	100.00%

Schedules

Forming part of the Financial Statements as at 31st March, 2023

3.2 RESERVES AND SURPLUS

	(Amount in ₹)	
	As at 31 st March, 2023	As at 31 st March, 2022
a. Translation Reserve		
Opening Balance	160,591,059	86,134,489
Additions/(deductions) during the period	198,188,563	74,456,570
Closing Balance	358,779,621	160,591,059
b. Surplus in the statement of profit and loss		
Opening balance	1,999,151,433	1,638,459,088
Net Profit / (Loss) for the current year	386,637,463	360,692,345
Closing Balance	2,385,788,896	1,999,151,433
Total	2,744,568,517	2,159,742,491

3.3 LONG-TERM PROVISIONS

	(Amount in ₹)	
	As at 31 st March, 2023	As at 31 st March, 2022
Provision for employee benefits		
Stock Appreciation Rights (refer note 3.18)	8,054,960	11,157,892
Deferred Incentive	3,325,154	3,413,518
Total	11,380,113	14,571,411

3.4 OTHER CURRENT LIABILITIES

	(Amount in ₹)	
	As at 31 st March, 2023	As at 31 st March, 2022
Provision for expenses	19,581,213	31,288,615
Expenses payable to group companies	1,566,114	550,250
GST payable	1,429,958	1,564,947
Total	22,577,286	33,403,812

3.5 SHORT-TERM PROVISIONS

	(Amount in ₹)	
	As at 31 st March, 2023	As at 31 st March, 2022
Provision for employee benefits:		
Provision for Stock Appreciation Rights (refer note 3.18)	15,302,039	24,890,421
Deferred Incentive	6,788,330	3,772,823
Payable to statutory funds	704,500	580,812
Other Provisions:		
Provision for taxes (net of Advance tax of ₹ 52,687,545)	46,188,887	45,995,990
Total	68,983,756	75,240,047

Schedules

Forming part of the Financial Statements as at 31st March, 2023

3.6 PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 st April, 2022	Additions	Deduction / Adjustment*	Balance as at 31 st March, 2023	Balance as at 1 st April, 2022	Depreciation charge for the year	Deduction / Adjustment*	Balance as at 31 st March, 2023	Balance as at 31 st March, 2023	Balance as at 31 st March, 2022
Tangible Assets										
Computer & Software	5,430,433	1,360,826	487,039	7,278,298	4,201,632	1,233,515	380,826	5,815,973	1,462,325	1,228,801
Furniture and Fittings	3,032,507	-	255,168	3,287,675	2,352,966	720,780	213,929	3,287,675	-	679,541
Office equipment	2,150,449	-	180,948	2,331,397	2,042,627	114,378	174,392	2,331,397	-	107,822
Total	10,613,390	1,360,826	923,155	12,897,370	8,597,225	2,068,673	769,147	11,435,045	1,462,325	2,016,165
Previous Year	9,968,822	274,068	370,500	10,613,390	5,902,877	2,435,716	258,634	8,597,225	2,016,165	4,065,945

* Deduction / adjustments include effect of translation reserve of ₹ 923,165 /- [Previous year - ₹ 370,500/-] for gross block and ₹ 769,162 /- [Previous year - ₹ 258,634/-] for accumulated depreciation.

3.7 INVESTMENTS

(Amount in ₹)

Script Name	Quantity 31 st March, 2023	Amount as at 31 st March, 2023	Quantity 31 st March, 2022	Amount as at 31 st March, 2022
Investments				
Foreign Currency Bonds				
IOCLIN 5.75% 08/01/23	1,500,000	124,734,227	1,500,000	117,258,577
SBIIN 4.375 01/24/24 REGS	4,200,000	345,751,985	-	-
TTMTIN 5.75% 10/30/24	2,400,000	195,103,993	-	-
SHTFIN 4.4 03/13/24 REGS	405,000	32,534,539	-	-
MUTHIN 4.4 09/02/23 REGS	2,595,000	211,108,832	-	-
CBKIN 3.25% 08/10/22			1,000,000	75,834,944
POWER GRID CIL 3.875% 01/17/23			4,000,000	305,574,138
MUTHIN 6.125 10/31/22			2,500,000	191,758,815
MGFLIN 5.9 01/13/23			1,512,000	114,920,281
Total		909,233,576		805,346,754
Less: Provision for diminution		(6,063,030)		-
Total Bonds and Convertible Debentures		903,170,546		805,346,754
Total Current Investments		709,464,960		688,088,178
Total Non-Current Investments		193,705,586		117,258,577
Aggregate value of quoted investments		903,170,546		805,346,754
Aggregate market value of quoted investments		903,188,272		805,346,754
Aggregate value of unquoted investments		-		-

Schedules

Forming part of the Financial Statements as at 31st March, 2023

3.8 LONG TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured, considered good		
Security Deposits	1,775,264	1,633,246
Prepaid expenses	131,230	-
Total	1,906,494	1,633,246

3.9 TRADE RECEIVABLES

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months from date they are due for payment	-	-
Others	216,776,939	206,212,157
Considered doubtful	4,989,883	3,133,245
Less: Provision for doubtful debts	(4,989,883)	(3,133,245)
Total	216,776,939	206,212,157

3.10 CASH AND CASH EQUIVALENTS

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
a) Cash and cash equivalents		
Balances with banks: On Current accounts	55,301,916	419,294,785
Deposits with maturity for less than 12 months	608,058,000	-
b) Other bank balances		
Deposits with maturity for more than 12 months	123,255,000	-
Total	786,614,916	419,294,785

3.11 SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured, considered good		
Loan to fellow subsidiary	1,088,752,500	1,004,250,625
Total	1,088,752,500	1,004,250,625

3.12 OTHER CURRENT ASSETS

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured, considered good		
GST Input Credit	9,947,299	6,825,331
Prepaid expenses	30,083,516	19,195,253
Interest accrued on bonds	9,453,254	10,077,563
Interest accrued on term deposits	7,591,807	-
Other advances	3,113,439	-
Total	60,189,315	36,098,146

Schedules

Forming part of the Financial Statements as at 31st March, 2023

3.13 OTHER INCOME

(Amount in ₹)

	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
Interest income on loans	37,111,767	8,346,958
Interest income on fixed deposits	10,991,564	-
Miscellaneous income	-	84,517
Total	48,103,330	8,431,474

3.14 EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)

	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
Salaries, bonus and allowances	121,334,575	102,147,121
Contribution to provident and other funds	4,655,737	4,150,990
Deferred Incentive	7,578,479	13,821,596
Expenses on stock appreciation rights	16,607,921	36,086,890
Staff Training Expenses	260,942	169,651
Staff Welfare	8,397,742	6,972,191
Total	158,835,395	163,348,440

3.15 FINANCE COST

(Amount in ₹)

	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
Bank Charges	1,771,843	1,380,376
Total	1,771,843	1,380,376

Schedules

Forming part of the Financial Statements as at 31st March, 2023

3.16 OTHER EXPENSES

(Amount in ₹)

	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
Auditor's remuneration		
- Statutory fees	4,125,035	3,762,566
- Reimbursement of expenses	92,451	7,451
Foreign Exchange Loss (net)	2,415,896	2,756,165
Professional and legal fees	57,365,447	44,271,812
Licensing Expenses	625,547	337,563
Membership and subscription	4,751,753	2,742,223
Insurance	17,650,024	14,291,302
Advertising, business promotion and entertainment	1,920,839	1,365,094
Communication expenses	532,788	605,655
Dealing Expense	21,236,529	25,906,266
Rent	4,463,859	4,281,523
Repairs and maintenance	7,084,319	4,725,534
Miscellaneous expenses	186,043	246,646
Provision for doubtful debts	1,558,523	1,887,935
Bad debts written off	561,797	-
Electricity Expenses	118,076	42,440
Mark to market loss on investments	-	6,064,172
Royalty Charges	1,624,316	1,449,171
Custodial Charges	486,868	425,186
Travelling and Conveyance Expenses	5,749,663	41,251
Total	132,549,773	115,209,956

3.17 The transactions are in US Dollars, which have been converted into Indian Currency (Indian Rupees) for reporting and the rate applied is as per para 2.2 of the significant accounting policies.

Schedules

Forming part of the Financial Statements as at 31st March, 2023

3.18 OPERATING LEASES

At 31st March 2023, the Company was committed to making the following lease rental payments under a non-cancellable operating lease:

	(Amount in ₹)	
	2023	2022
Payable:		
- Within one year	4,663,557	1,437,585
- Between two and five years	6,218,075	-
	10,881,632	1,437,585

The lease relates to office premises and is generally for a period of three years, with renewal option available.

3.19 STOCK APPRECIATION RIGHTS (SARs)

At the General Meeting on 29th June, 2015 of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had passed Special Resolution to grant stock appreciation rights (SARs) to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 had been formulated and adopted. Subsequently, the SARs have been granted under this scheme. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 3.43 to 4.11 years.

The cost of cash-settled transactions, stock appreciation rights (SARs), having grant date on or before 31st March, 2021 is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. The Company has changed its accounting policy from intrinsic value method to fair value method for all share-linked instruments granted after 31st March, 2021. The fair value is estimated using Black-Scholes model.

The intrinsic / fair value is amortised on a straight-line basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the vesting date with changes in intrinsic / fair value recognised in the profit and loss account in Employee Benefit Expense.

Detail of activity under SAR is summarized below:

Particulars	No. of SARs	
	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
Outstanding at the beginning of the year	92,176	140,506
Granted during the year	19,000	24,200
Additions/Reduction due to transfer of employees	-	-
Exercised during the year	(56,038)	(72,530)
Expired/Forfeited during the year	-	-
Outstanding at the end of the year	55,138	92,176

Effect of share based payment to employees on the profit and loss account and on its financial position.

	(Amount in ₹)	
Year ended March 31,	2023	2022
Total Employee Compensation Cost pertaining to share-based payment plans	16,607,921	36,086,890
Closing balance of liability for cash-settled options	23,356,999	36,048,313

Had the company recorded the compensation cost computed on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been lower by ₹ 2,471,667 (Previous year - lower by ₹ 4,671,065) and the profit after tax would have been higher by ₹ 2,204,459 (Previous year - higher by ₹ 4,169,835).

Schedules

Forming part of the Financial Statements as at 31st March, 2023

3.20 EARNINGS PER EQUITY SHARE

(Amount in ₹)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Earnings / (loss) used in the computation of basic and diluted earnings per share (A)	386,637,463	360,692,345
Weighted average number of equity shares used in computation of basic earnings per share (B)	2,000,000	2,000,000
Nominal value of Equity shares	S\$ 1	S\$ 1
Basic and diluted earnings / (loss) per share (₹) A/B	193.32	180.35

3.21 DEFERRED TAX

(Amount in ₹)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Opening Balance	(286,570)	734,779
Additions/(deductions) during the period		
- due to expense of share based payment cash settled	(247,168)	(467,105)
- due to translation	475,690	(554,245)
Closing Balance	(58,049)	(286,570)

3.22 RELATED PARTY TRANSACTIONS

During the year ended 31 March 2023, the Company entered into transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

(Amount in ₹)

Particulars			Volume of transaction for the year ended		Receivable/(Payable) Balance as at	
Related Parties	Nature of relationship	Nature of transactions	31 st March, 2023	31 st March, 2022	31 st March, 2023	31 st March, 2022
Kotak Mahindra Bank Limited	Ultimate Parent Company	Outsourcing Costs	(40,624,185)	(36,263,873)	-	-
Kotak Mahindra Bank Limited	Ultimate Parent Company	Royalty Charges	(1,624,316)	(1,449,171)	-	-
Kotak Investment Advisors Limited	Fellow Group Entity	Investment advisory expense	(25,586,419)	(26,298,223)	(6,773,002)	(8,123,435)
Kotak Mahindra Inc	Fellow Group Entity	Service fees expenses	(104,780,662)	(91,131,426)	(10,870,334)	(1,455,216)
Kotak Mahindra UK Limited	Fellow Group Entity	Distribution fees	(818,312,055)	(828,842,021)	(37,886,330)	(25,778,084)
Kotak Mahindra Asset Management Company Ltd	Fellow Group Entity	Investment advisory expense	(52,313,000)	(26,298,223)	-	-
Kotak Mahindra UK Limited	Fellow Group Entity	Custody fee expense	(486,868)	(425,186)	-	-
Kotak Mahindra (International) Limited	Fellow Group Entity	Loans and advances	-	-	1,088,752,500	1,004,250,625
K Fixed Income Opportunities Fund	Investment Manager	Fund promotion expenses	(6,268,123)	(4,526,205)	-	-
Kotak Mahindra UK Limited	Fellow Group Entity	Portfolio Management Income	5,011,156	4,292,091	-	-
Kotak Mahindra (International) Limited	Fellow Group Entity	Portfolio Management Income	22,326,399	23,719,255	1,534,576	(10,615)
Kotak Mahindra Inc	Fellow Group Entity	Portfolio Management Income	939,804	236,096	-	-

Schedules

Forming part of the Financial Statements as at 31st March, 2023

(Amount in ₹)

Particulars			Volume of transaction for the year ended		Receivable/(Payable)	
Related Parties	Nature of relationship	Nature of transactions	Balance as at			
			31 st March, 2023	31 st March, 2022	31 st March, 2023	31 st March, 2022
Kotak Mahindra (International) Limited	Fellow Group Entity	Interest on loan	37,111,767	8,346,958	-	-
K Fixed Income Opportunities Fund	Investment Manager	Investment management Income	37,287,781	36,799,274	2,369,719	6,328,174
Kotak Advantage Fund - 1 - Cayman Fund	Investment Manager	Investment management Income	-	42,723	-	-
Kotak Advantage Fund IV Segregated Portfolio	Investment Manager	Investment management Income	1,881,642	2,205,310	163,087	184,990
Kotak Advantage Fund V	Investment Manager	Investment management Income	198,226	3,725,315	-	334,799
Kotak Fixed Term Fund- VII Segregated Portfolio	Investment Manager	Investment management Income	-	-	-	277,691
Kotak Infinity Fund	Investment Manager	Investment management Income	36,249,623	26,064,312	29,836,187	20,838,445
Core India Infrastructure Fund Pte. Ltd	Investment Manager	Investment management Income	78,843,854	78,801,237	4,863,231	21,113,913
BIF India Cactus Pte Ltd	Investment Manager	Investment management Income	1,836,648	1,728,780	499,920	456,850
BIF India Holdings Pte Ltd	Investment Manager	Investment management Income	1,452,037	1,059,250	417,438	291,188
Kinetic Holdings 1 Pte. Ltd	Investment Manager	Investment management Income	8,281,703	7,641,354	2,262,369	2,059,265
Kotak Global Funds	Investment Manager	Investment management Income	684,821	2,856,710	111,751	249,930
Global Investment Opportunities Fund Limited	Investment Manager	Investment management Income	1,225,577	1,160,611	108,667	100,525
Kotak India Advantage Fund - III	Investment Manager	Investment management Income	163,265	-	6,179,744	1,899,019
Kotak Funds - India ESG Fund	Investment Manager	Investment management Income	102,861,932	110,074,158	8,312,952	8,781,127
Kotak Funds - India Midcap Fund	Investment Manager	Investment management Income	1,193,302,266	1,193,555,954	103,644,395	97,086,967
Kotak Funds - India Fixed Income Fund	Investment Manager	Investment management Income	4,133,083	5,135,390	434,059	(430,748)
K Debt Opportunities Fund Limited - I	Investment Manager	Investment management Income	24,998,067	19,889,057	1,980,833	2,452,902
Kotak India Consumption Fund Ltd	Investment Manager	Investment management Income	-	605,420	352,427	-
Kotak Investment Opportunities Fund Limited	Investment Manager	Investment management Income	26,592	(2,974)	(1,224)	(8,683)
KB Asset Management Company	Investment Manager	Investment management Income	-	37,095	-	-
K India Income Fund	Investment Manager	Investment management Income	61,919,194	98,120,137	5,073,421	5,989,574
Kotak Short Duration Fund Segregated Portfolio	Investment Manager	Investment management Income	21,143	-	70,913	-

Schedules

Forming part of the Financial Statements as at 31st March, 2023

(Amount in ₹)

Particulars			Volume of transaction for the year ended		Receivable/(Payable)	
			Balance as at			
Related Parties	Nature of relationship	Nature of transactions	31 st March, 2023	31 st March, 2022	31 st March, 2023	31 st March, 2022
Kotak Credit Opportunities Fund	Investment Manager	Investment management Income	2,023,635	-	1,551,674	-
Kotak Global Bond Fund Segregated Portfolio	Investment Manager	Reimbursement of Expenses	-	-	1,464,310	1,144,009
				-	-	-
	Investment Manager	Reimbursement of Expenses	572,784,588	610,859,187	1,198,344,453	1,138,033,211

During the year compensation to Key Managerial Personnel was ₹ 40.01 million (Previous year - ₹ 38.50 million).

3.23 Salaries, bonus and allowances includes contribution to PF amounting to ₹ 4,655,737

3.24 Going Concern

COVID-19, a global pandemic, affected the world economy over last two years. The revival of economic activity improved in financial year 2022 supported by relaxation of restrictions due to administration of the COVID vaccines to a large population in the country. The extent to which COVID-19 pandemic will impact the company's results going forward will depend on ongoing as well as future developments including the nature and severity of COVID-19

3.25 Previous year's figures have been regrouped and reclassified wherever necessary.

In terms of our report of even date

For and on Behalf of the Board of Directors

For V . C. Shah & Co.

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Mumbai

Dated: 25th April 2023

Shyam Kumar

Director

Nitin Jain

Director & CEO

Dated: 25th April 2023



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Company Website: www.kotakamc.sg
Kotak Mahindra Bank Website: www.kotak.com

Company Registration Number: 201406526Z