

Kotak Mahindra Asset Management
(Singapore) Pte Limited

Annual Report 2016-17



**CHANGING
WITH INDIA.
FOR INDIA.**



DIRECTOR'S STATEMENT

We are pleased to submit the first annual report to the member of Kotak Mahindra Asset Management (Singapore) Pte. Ltd. (the Company) for the year ended 31 March 2017.

In our opinion:

- (a) The financial statements set out are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provision of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Mr. Nitin Jain

Mr. Ruchit Puri

Mr. Gaurang Shah

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), no 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, either at the beginning or at the end of the financial year.

Except as disclosed in this statement, no director who held office at the end of the year had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the year or at the end of the year.

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:

- (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.

Results and dividend

The loss for the financial year ended 31 March 2017 of ₹ 6,266,387 (2016: profit of ₹ 4,162,255) is primarily on account of net foreign exchange loss of ₹ 3,442,480 (2016: gain of ₹ 4,372,269).

The Company declared and paid a dividend of ₹ Nil (2016: ₹ Nil) during year.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Nitin Jain

Director & CEO

Ruchit Puri

Director

20 April, 2016

INDEPENDENT AUDITOR'S REPORT

To

The Members of

Kotak Mahindra Asset Management (Singapore) Pte Limited

The financial statements of **Kotak Mahindra Management (Singapore) Pte Limited (the "Company")** as at 31st March, 2017, being a company registered in Singapore, are audited by KPMG LLP, Public Accountants & Chartered Accountants, Singapore and we have been furnished with their audit report dated 18th April, 2017.

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 Financial Statements

We have verified the accompanying financial statements duly converted in Indian Rupees from audited accounts in USD of **Kotak Mahindra Asset Management (Singapore) Pte Limited ("the Company")**, which comprise the Balance Sheet as at 31st March 2017, 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.

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 Act with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In view of the facts specified in Para 1 and 2 herein above, the requirements of Companies (Auditor's Report) Order, 2016, report under section 143(3) of the Act, report on directors disqualification in terms of subsection (2) of section 164 of the Companies Act , 2013 are not applicable.

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

Place: Mumbai
Date: 21st April, 2017

A. N. Shah
Partner
M. No. 042649

BALANCE SHEET

AS AT 31ST MARCH, 2017

Particulars	Note No.	As at	As at
		31st March 2017	31st March 2016
		₹	₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3.1	93,970,000	93,970,000
(b) Reserves and surplus	3.2	(4,093,975)	4,042,079
2 Current liabilities			
(a) Trade payables		1,243,472	442,224
TOTAL		91,119,497	98,454,303
II. ASSETS			
1 Current assets			
(b) Cash and bank balances	3.3	90,926,914	97,486,608
(c) Short-term loans and advances	3.4	188,966	927,570
(d) Other current assets	3.5	3,617	40,125
TOTAL		91,119,497	98,454,303

Significant Accounting Policies and Notes to Accounts

2 & 3

In terms of our report of even date

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

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Mumbai

Dated: 21 April 2017

For and on Behalf of the Board of Directors

Nitin Jain

Director & CEO

Ruchit Puri

Director

Dated: 20 April 2017

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	Year ended	Year ended
		31st March, 2017	31st March, 2016
		₹	₹
I. Revenues from operations			
Income from services		-	-
II. Other income	3.6	160,760	4,607,930
III. Total Revenue		160,760	4,607,930
IV. Expenses:			
Other expenses	3.7	6,427,147	445,675
Total expenses		6,427,147	445,675
V. PROFIT / (LOSS) BEFORE TAX		(6,266,387)	4,162,255
VI. Tax expense:		-	-
VII. PROFIT / (LOSS) FOR THE PERIOD		(6,266,387)	4,162,255
VIII. Earnings per equity share:			
Basic and Diluted	3.10	(3.13)	3.59

Significant Accounting Policies and Notes to Accounts

2 & 3

In terms of our report of even date

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

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Mumbai

Dated: 21 April 2017

For and on Behalf of the Board of Directors

Nitin Jain

Director & CEO

Ruchit Puri

Director

Dated: 20 April 2017

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	For the Year ended	For the Year ended
	31st March, 2017	31st March, 2016
	₹	₹
Cash Flow from Operating Activities		
Net Profit / (Loss) before taxation	(6,266,387)	4,162,255
Adjustments for:		
- Exchange Adjustments	(1,869,667)	(120,176)
- Interest on deposits	(160,760)	(235,661)
Operating Profit / (Loss) before Working Capital Changes	(8,296,814)	3,806,418
Adjustments for:		
(Increase) / Decrease in Short-term loans and advances	738,604	(927,570)
(Increase) / Decrease in Other current assets	-	50
Increase / (Decrease) in Trade payable	801,248	442,224
Cash Generated / (Used in) from Operations	(6,756,962)	3,321,122
Direct taxes paid	-	-
NET CASH FLOW (USED IN)/ FROM OPERATING ACTIVITIES (A)	(6,756,962)	3,321,122
Cash Flow from Investing Activities		
Interest received	197,268	195,536
NET CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (B)	197,268	195,536
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	-	93,969,950
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (C)	-	93,969,950
Net Increase in Cash and Cash Equivalents (A + B + C)	(6,559,694)	97,486,608
Cash and Cash Equivalents at the beginning of the year	97,486,608	-
Cash and Cash Equivalents at the end of the period	90,926,914	97,486,608
	(6,559,694)	97,486,608

Notes:

- 1 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
- 2 Figures in brackets indicate cash outflow.
- 3 The previous year's figures have been re-grouped, wherever necessary in order to conform with this year's presentation.

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

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

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Mumbai

Dated: 21 April 2017

For and on Behalf of the Board of Directors

Nitin Jain

Director & CEO

Ruchit Puri

Director

Dated: 20 April 2017

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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, #35-02, Hong Leong Building, Singapore 048581.

The principal activity of the Company is investment 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 Company had not commenced operations during the year ended 31st March, 2017.

The immediate 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 financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting standards notified under Section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on accrual basis and 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 except for the change in accounting policies disclosed hereafter, if any.

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.

2.4 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment, excluding discounts, rebates and sales tax or duty.

Commission income is recognised when the services have been rendered or in accordance with the terms of the contracts.

2.5 Cash and cash equivalent

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 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.

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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.

2.7 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.

2.8 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.

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3 Notes to accounts

3.1 (a) Share capital

	As at 31 March 2017	As at 31 March 2016
	₹	₹
Issued, Subscribed and fully Paid up		
2,000,000 (Previous year 1) 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 March 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016
	Quantity	₹	Quantity	₹
Share capital outstanding at the beginning of the year	2,000,000	93,970,000	1	50
Issued during the period	-	-	1,999,999	93,969,950
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 March 2017	As at 31 March 2016
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 March 2017		As at 31 March 2016	
	number	% holding	number	% holding
Kotak Mahindra Bank Limited	2,000,000	100.00%	2,000,000	100.00%

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.2 RESERVES AND SURPLUS

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
a. Translation Reserve		
Opening Balance	(120,176)	-
Additions/(deductions) during the period	(1,869,667)	(120,176)
Closing Balance	(1,989,843)	(120,176)
b. Surplus in the statement of profit and loss		
Opening balance	4,162,255	-
Net Profit / (Loss) for the current year	(6,266,387)	4,162,255
Closing Balance	(2,104,132)	4,162,255
Total	(4,093,975)	4,042,079

3.3 CASH AND BANK BALANCES

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Cash and cash equivalent		
Balances with banks:		
On Current accounts	14,337,908	8,832,231
Deposits with original maturity of less than 3 months	76,589,006	88,654,377
Total	90,926,914	97,486,608

3.4 SHORT-TERM LOANS AND ADVANCES

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Unsecured, considered good		
Prepaid expenses	188,966	927,570
Total	188,966	927,570

3.5 OTHER CURRENT ASSETS

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Unsecured, considered good		
Interest accrued on deposit	3,617	40,125
Total	3,617	40,125

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.6 OTHER INCOME

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	₹	₹
Foreign Exchange Gain	-	4,372,269
Interest income on fixed deposits	160,760	235,661
Total	160,760	4,607,930

3.7 OTHER EXPENSES

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	₹	₹
Auditor's remuneration	819,283	436,901
- Statutory fees	809,505	436,901
- Reimbursement of expenses	9,778	-
Foreign Exchange Loss (net)	3,442,480	-
Professional and legal fees	356,435	-
Licensing Expenses	503,243	-
Membership and subscription	20,836	-
Insurance	1,274,615	-
Bank Charges	10,255	8,774
Total	6,427,147	445,675

3.8 The transactions are in local currency (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.

3.9 Employee

The company has not commenced its operations and has no employees at year end.

3.10 Earnings per equity share

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
Earnings / (loss) used in the computation of basic and diluted earnings per share (A)	(6,266,387)	4,162,255
Weighted average number of equity shares used in computation of basic earnings per share (B)	2,000,000	1,158,470
Nominal value of Equity shares	S\$ 1	S\$ 1
Basic and diluted earnings / (loss) per share (₹) A/B	(3.13)	3.59

NOTES

TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

3.11 Related Party Transaction

Remuneration of key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Directors of the Company are considered key management personnel of the Company.

3.12 Subsequent events

On 1 April 2017, the Company commenced its operations and was appointed as the investment manager for several funds.

In terms of our report of even date

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

Chartered Accountants

Firm Registration No.: 109818W

A.N. Shah

Partner

Membership No.: 042649

Mumbai

Dated: 21 April 2017

For and on Behalf of the Board of Directors

Nitin Jain

Director & CEO

Ruchit Puri

Director

Dated: 20 April 2017

