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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 2022.

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 2022 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	855,390	858,428	-	-
Nileshkumar Dhirajlal Shah	144,763	228,138	-	-
Shyam Kumar Syamasundaran	69,115	69,115	2,000	2,000
(Options to subscribe for ordinary shares)				
Gaurang Balkrishna Shah	157,134	119,446	-	-
Nileshkumar Dhirajlal Shah	202,437	153,062	-	-

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 2021 amounted to ₹ 36,06,92,345 (2021: ₹ 31,50,51,882).

The Company declared and paid a dividend of ₹ Nil (2021: ₹ 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

28 Apr, 2022

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, 2022, 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 25th April, 2022.

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 2022, 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 March 31, 2022, 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 March 31, 2022, 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, 2022 prepared in conformity with the accounting principles generally accepted in the Singapore, have been audited by the predecessor auditors whose audit report dated 25th April, 2022 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 : 28th April, 2022
UDIN : 22042649AIAUAQ3542

A. N. Shah
Partner
Membership No. 042649

Balance Sheet

as at 31st March 2022

(₹)			
Particulars	Note No.	As at 31 st March, 2022	As at 31 st March, 2021
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3.1	93,970,000	93,970,000
(b) Reserves and surplus	3.2	2,159,742,491	1,724,593,577
2 Non-current liabilities			
(a) Deferred tax liability		286,570	734,779
(b) Long-term provisions	3.3	14,571,411	17,874,597
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		97,637,548	55,394,354
(b) Other current liabilities	3.4	33,403,812	27,665,875
(c) Short-term provisions	3.5	75,240,047	76,652,862
TOTAL		2,474,851,879	1,996,886,045
II. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3.6	2,016,165	4,065,945
(b) Long-term loans and advances	3.8	1,633,246	1,677,496
(c) Non- Current Investments	3.7	117,258,577	800,258,949
2 Current assets			
(a) Current Investments	3.7	688,088,178	74,003,824
(b) Trade receivables	3.9	206,212,157	161,640,837
(c) Cash and Cash Equivalents	3.10	419,294,785	331,792,221
(d) Short-term loans and advances	3.11	1,004,250,625	584,880,000
(e) Other current assets	3.12	36,098,146	38,566,773
TOTAL		2,474,851,879	1,996,886,045
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: 28 April 2022

Shyam Kumar

Director

Nitin Jain

Director & CEO

Dated: 28 April 2022

Statement of Profit and loss

for the year ended 31st March 2022

Particulars	Note No.	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
I. Revenues from operations			
Service Income (net)		655,788,310	583,529,833
II Income from investments (net)		22,404,038	9,609,623
III. Other income	3.13	8,431,474	27,472,598
Total Revenue		686,623,822	620,612,054
IV. Expenses:			
Employee benefit expenses	3.14	163,178,789	180,701,383
Finance cost	3.15	1,380,376	1,375,686
Depreciation and Amortisation expense	3.6	2,435,716	2,695,295
Other expenses	3.16	115,379,607	86,936,252
Total expenses		282,374,487	271,708,617
V. PROFIT / (LOSS) BEFORE TAX		404,249,334	348,903,438
VI. Tax expense			
(a) Current tax			
- Pertaining to profit/ (loss) for the current period		43,958,971	37,633,453
- Adjustment of tax relating to earlier periods		65,124	(3,391,744)
(b) Deferred tax		(467,105)	(390,153)
VII. PROFIT / (LOSS) FOR THE PERIOD		360,692,345	315,051,882
VIII. Earnings per equity share:			
Basic and Diluted	3.20	180.35	157.53
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: 28 April 2022

Shyam Kumar

Director

Nitin Jain

Director & CEO

Dated: 28 April 2022

Cash Flow Statement

for the year ended 31st March 2022

Particulars	For the Year ended 31 st March, 2022	For the Year ended 31 st March, 2021
Cash Flow from Operating Activities		
Net Profit / (Loss) before taxation	404,249,334	348,903,438
Adjustments for:		
- Bad debts written off	-	1,195,584
- Provision for doubtful debts	1,887,935	(5,000,417)
- Depreciation & Amortization	2,435,716	2,695,295
- Exchange Adjustments (net)	42,694,560	(58,911,793)
- Interest Income	(8,346,958)	(1,182,841)
- Interest on deposits	-	(20,982,207)
- Interest Income on Debentures	(10,625,679)	(15,880,727)
- Mark to market on Investments	6,064,172	773,819
- Amortisation of premium/ accretion of discount on bonds and convertible bonds	18,709,417	6,576,022
- Realised loss/ (gain) on disposal of available-for-sale investments	-	(304,918)
- Foreign Exchange Loss (net)	2,756,165	4,890,643
Operating Profit / (Loss) before Working Capital Changes	459,824,664	262,771,899
Adjustments for:		
(Increase) / Decrease in Trade receivables	(46,459,255)	(10,495,550)
(Increase) / Decrease in Short-term loans and advances	-	(603,704,295)
(Increase) / Decrease in Long-term loans and advances	44,250	(124,395)
(Increase) / Decrease in Other current assets	2,238,845	-
Increase / (Decrease) in Trade payable	42,243,194	(8,313,318)
Increase / (Decrease) in Short-term provisions	(9,815,848)	609,876,094
Increase / (Decrease) in Other current liabilities	5,737,937	(100,067)
Increase / (Decrease) in Long-term provisions	(3,303,187)	6,454,517
Cash Generated / (Used in) from Operations	450,510,600	256,364,884
Direct taxes paid	(35,602,096)	(52,987,412)
NET CASH FLOW (USED IN)/ FROM OPERATING ACTIVITIES (A)	414,908,503	203,377,472
Cash Flow from Investing Activities		
Purchase of fixed assets	(274,068)	(834,857)
Fixed Deposits (placed)/matured during the year	-	1,448,965,834
Interest Income on Loan	8,346,958	1,182,841
Interest received	-	32,020,238
Interest Income on Debt instruments	10,855,461	5,573,382
Purchase of Investments	-	(904,326,417)
Redemption of investments	75,792,500	23,129,920
NET CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (B)	94,720,850	605,710,939
Cash Flow from Financing Activities		
Loan given to fellow subsidiaries	(419,370,625)	(584,880,000)
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (C)	(419,370,625)	(584,880,000)
Net Increase in Cash and Cash Equivalents (A + B + C)	90,258,729	224,208,411
Cash and Cash Equivalents at the beginning of the year	331,792,221	112,474,450
Effect of Foreign Exchange Loss (net)	(2,756,165)	(4,890,643)
Cash and Cash Equivalents at the end of the period	419,294,785	331,792,221
	90,258,729	224,208,411

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.

This is the Cash Flow Statement referred to in 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: 28 April 2022

Shyam Kumar

Director

Nitin Jain

Director & CEO

Dated: 28 April 2022

Notes

Forming part of the Financial Statements as at 31st March, 2022

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 which ever is lower.

Notes

Forming part of the Financial Statements as at 31st March, 2022

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'.

Notes

Forming part of the Financial Statements as at 31st March, 2022

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.

Notes

Forming part of the Financial Statements as at 31st March, 2022

3 NOTES TO ACCOUNTS

3.1 (a) Share capital

(₹)

Share Capital	As at 31 st March, 2022	As at 31 st March, 2021
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, 2022		As at 31 st March, 2021	
	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, 2022	As at 31 st March, 2021
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, 2022		As at 31 st March, 2021	
	Number	% holding	Number	% holding
Kotak Mahindra Bank Limited	2,000,000	100.00%	2,000,000	100.00%

Notes

Forming part of the Financial Statements as at 31st March, 2022

3.2 RESERVES AND SURPLUS

	As at 31 st March, 2022	As at 31 st March, 2021
(₹)		
a. Translation Reserve		
Opening Balance	86,134,489	145,113,063
Additions/(deductions) during the period	74,456,570	(58,978,574)
Closing Balance	160,591,059	86,134,489
b. Surplus in the statement of profit and loss		
Opening balance	1,638,459,088	1,323,407,206
Net Profit / (Loss) for the current year	360,692,345	315,051,882
Closing Balance	1,999,151,433	1,638,459,088
Total	2,159,742,491	1,724,593,577

3.3 LONG-TERM PROVISIONS

	As at 31 st March, 2022	As at 31 st March, 2021
(₹)		
Provision for employee benefits		
Stock Appreciation Rights (refer note 3.18)	11,157,892	16,770,417
Deferred Incentive	3,413,518	1,104,180
Total	14,571,411	17,874,597

3.4 OTHER CURRENT LIABILITIES

	As at 31 st March, 2022	As at 31 st March, 2021
(₹)		
Other payable	31,288,615	25,850,835
Expenses payable to group companies	550,250	297,710
GST payable	1,564,947	1,517,329
Total	33,403,812	27,665,875

3.5 SHORT-TERM PROVISIONS

	As at 31 st March, 2022	As at 31 st March, 2021
(₹)		
Provision for employee benefits:		
Provision for Stock Appreciation Rights (refer note 3.18)	24,890,421	37,516,267
Deferred Incentive	3,772,823	988,593
Payable to statutory funds	580,812	555,114
Other Provisions:		
Provision for taxes (net of Advance tax of Rs 37,486,418)	45,995,990	37,592,888
Total	75,240,047	76,652,862

Notes

Forming part of the Financial Statements as at 31st March, 2022

3.6 PROPERTY, PLANT AND EQUIPMENT

(₹)

	Gross Block			Accumulated Depreciation				Net Block		
	Balance as at 1 st April, 2021	Additions	Deduction / Adjustment*	Balance as at 31 st March, 2022	Balance as at 1 st April, 2021	Depreciation charge for the year	Deduction / Adjustment*	Balance as at 31 st March, 2022	Balance as at 31 st March, 2022	Balance as at 31 st March, 2021
Tangible Assets										
Computer & Software	4,969,304	274,068	187,061	5,430,433	2,821,962	1,254,472	125,198	4,201,632	1,228,801	2,147,342
Furniture and Fittings	2,925,179	-	107,329	3,032,507	1,294,626	993,684	64,656	2,352,966	679,541	1,630,553
Office equipment	2,074,339	-	76,110	2,150,449	1,786,289	187,559	68,779	2,042,627	107,822	288,050
Total	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
Previous Year	9,466,274	834,857	(332,309)	9,968,822	3,361,881	2,695,295	(154,300)	5,902,877	4,065,945	6,104,393

* Deduction / adjustments include effect of translation reserve of ₹ 370,500/- [Previous year - ₹ (332,309)/-] for gross block and Rs. 258,634 /- [Previous year -Rs. (154,299)/-] for accumulated depreciation.

3.7 INVESTMENTS

(₹)

Script Name	Quantity 31 st March, 2022	Amount as at 31 st March, 2022	Quantity 31 st March, 2021	Amount as at 31 st March, 2021
Investments				
Foreign Currency Bonds				
IOCLIN 5.75% 08/01/23	1,500,000	117,258,577	1,500,000	118,718,736
CBKIN 3.25% 08/10/22	1,000,000	75,834,944	1,000,000	74,268,622
POWER GRID CIL 3.875% 01/17/23	4,000,000	305,574,138	4,000,000	303,494,159
MUTHIN 6.125 10/31/22	2,500,000	191,758,815	2,500,000	188,943,859
MGFLIN 5.9 01/13/23	1,512,000	114,920,281	1,512,000	115,595,685
BPCLIN 4.375 01/24/22 EMTN	-	-	1,000,000	74,003,824
Total		805,346,754		875,024,884
Less: Provision for diminution		-		762,112
Total Bonds and Convertible Debentures		805,346,754		874,262,773
Total Current Investments		688,088,178		74,003,824
Total Non-Current Investments		117,258,577		800,258,949
Aggregate value of quoted investments		805,346,754		74,003,824
Aggregate market value of quoted investments		805,346,754		74,003,824
Aggregate value of unquoted investments		-		-

Notes

Forming part of the Financial Statements as at 31st March, 2022

3.8 LONG TERM LOANS AND ADVANCES

	As at 31 st March, 2022	As at 31 st March, 2021
Unsecured, considered good		
Security Deposits	1,633,246	1,586,804
Prepaid expenses	-	90,692
Total	1,633,246	1,677,496

3.9 TRADE RECEIVABLES

	As at 31 st March, 2022	As at 31 st March, 2021
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months from date they are due for payment	-	-
Others	206,212,157	161,640,837
Considered doubtful	3,133,245	2,620,847
Less: Provision for doubtful debts	(3,133,245)	(2,620,847)
Total	206,212,157	161,640,837

3.10 CASH AND CASH EQUIVALENTS

	As at 31 st March, 2022	As at 31 st March, 2021
Balances with banks:		
On Current accounts	419,294,785	331,792,221
Total	419,294,785	331,792,221

3.11 SHORT-TERM LOANS AND ADVANCES

	As at 31 st March, 2022	As at 31 st March, 2021
Unsecured, considered good		
Loan to fellow subsidiary	1,004,250,625	584,880,000
Total	1,004,250,625	584,880,000

3.12 OTHER CURRENT ASSETS

	As at 31 st March, 2022	As at 31 st March, 2021
Unsecured, considered good		
GST Input Credit	6,825,331	8,228,453
Prepaid expenses	19,195,253	20,030,975
Interest accrued on bonds	10,077,563	10,307,345
Total	36,098,146	38,566,773

Notes

Forming part of the Financial Statements as at 31st March, 2022

3.13 OTHER INCOME

	(₹)	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Interest income on loans	8,346,958	1,182,840
Interest income on fixed deposits	-	20,982,207
Miscellaneous income	84,517	5,307,551
Total	8,431,474	27,472,598

3.14 EMPLOYEE BENEFIT EXPENSE

	(₹)	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Salaries, bonus and allowances	102,147,121	97,050,445
Contribution to provident and other funds	4,150,990	4,820,611
Deferred Incentive	13,821,596	5,818,518
Expenses on stock appreciation rights	36,086,890	66,946,385
Staff Welfare	6,972,191	6,065,424
Total	163,178,789	180,701,383

3.15 FINANCE COST

	(₹)	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Bank Charges	1,380,376	1,375,686
Total	1,380,376	1,375,686

Notes

Forming part of the Financial Statements as at 31st March, 2022

3.16 OTHER EXPENSES

	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
		(₹)
Auditor's remuneration	3,770,016	3,416,370
- Statutory fees	3,762,566	3,379,253
- Reimbursement of expenses	7,451	37,117
Foreign Exchange Loss (net)	2,756,165	4,890,643
Professional and legal fees	44,271,812	38,396,270
Licensing Expenses	337,563	338,654
Membership and subscription	2,742,223	2,443,341
Insurance	14,291,302	9,156,683
Advertising, business promotion and entertainment	1,365,094	1,648,399
Communication expenses	605,655	616,207
Dealing Expense	25,906,266	17,592,711
Rent	4,281,523	4,221,904
Repairs and maintenance	4,725,534	5,005,822
Miscellaneous expenses	246,646	62,629
Provision for doubtful debts	1,887,935	(5,000,417)
Bad debts written off	-	1,195,584
Training Expenses	169,651	113,799
Electricity Expenses	42,440	31,679
Mark to market loss on investments	6,064,172	773,819
Royalty Charges	1,449,171	1,845,956
Custodial Charges	425,186	144,056
Recruitment Expenses	-	42,144
Travelling and Conveyance Expenses	41,251	-
Total	115,379,607	86,936,252

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.

Notes

Forming part of the Financial Statements as at 31st March, 2022

3.18 OPERATING LEASES

At 31 March 2021, the Company was committed to making the following lease rental payments under a non-cancellable operating lease:

	2022	2021
Payable:		
- Within one year	1,437,585	4,120,260
- Between two and five years	-	1,396,693
	1,437,585	5,516,954

(₹)

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, 2022	For the year ended 31 st March, 2021
Outstanding at the beginning of the year	140,506	167,308
Granted during the year	24,200	44,960
Additions/Reduction due to transfer of employees	-	-
Exercised during the year	72,530	71,762
Expired/Forfeited during the year	-	-
Outstanding at the end of the year	92,176	140,506

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

	2022	2021
Year ended March 31,		
Total Employee Compensation Cost pertaining to share-based payment plans	36,086,890	66,946,385
Closing balance of liability for cash-settled options	36,048,313	54,286,684

(₹)

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 ₹ 4,671,065 (Previous year - lower by ₹ 3,901,533) and the profit after tax would have been higher by ₹ 4,169,835 (Previous year - higher by ₹ 3,516,451).

Notes

Forming part of the Financial Statements as at 31st March, 2022

3.20 EARNINGS PER EQUITY SHARE

Particulars	(₹)	
	As at 31 st March, 2022	As at 31 st March, 2021
Earnings / (loss) used in the computation of basic and diluted earnings per share (A)	360,692,345	315,051,882
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	180.35	157.53

3.21 DEFERRED TAX

Particulars	(₹)	
	As at 31 st March, 2022	As at 31 st March, 2021
Opening Balance	734,779	1,158,137
Additions/(deductions) during the period		
- due to expense of share based payment cash settled	(467,105)	(390,153)
- due to translation	554,245	33,204
Closing Balance	(286,570)	734,779

3.22 RELATED PARTY TRANSACTIONS

During the year ended 31 March 2022, the Company entered into transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Particulars			Volume of transaction for the year ended		(₹)	
					Receivable/(Payable) Balance as at	
Related Parties	Nature of relationship	Nature of transactions	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Kotak Mahindra Bank Limited	Ultimate Parent Company	Outsourcing Costs	(36,263,873)	(30,359,337)	-	-
Kotak Mahindra Bank Limited	Ultimate Parent Company	Royalty Charges	(1,449,171)	(1,845,956)	-	-
Kotak Investment Advisors Limited	Fellow Group Entity	Investment advisory expense	(26,298,223)	(26,275,509)	(8,123,435)	-
Kotak Mahindra Inc	Fellow Group Entity	Service fees expenses	(91,131,426)	(41,620,569)	(1,455,216)	(709,971)
Kotak Mahindra UK Limited	Fellow Group Entity	Distribution fees	(828,842,021)	(763,334,981)	(25,778,084)	(11,154,304)
Kotak Mahindra Asset Management Company Ltd	Fellow Group Entity	Investment advisory expense	(26,298,223)	(25,412,371)	-	(2,108,333)
Kotak Mahindra UK Limited	Fellow Group Entity	Custody fee expense	(425,186)	(144,056)	-	-
Kotak Mahindra (International) Limited	Fellow Group Entity	Loans and advances	-	-	1,004,250,625	584,880,000
K Advantage Opportunities Fund	Investment Manager	Fund promotion expenses	-	(1,623,859)	-	-
K Fixed Income Opportunities Fund	Investment Manager	Fund promotion expenses	(4,526,205)	(10,744,696)	-	-
Kotak Mahindra UK Limited	Fellow Group Entities	Portfolio Management Income	4,292,091	3,618,634	-	-
Kotak Mahindra (International) Limited	Fellow Group Entities	Portfolio Management Income	23,719,255	19,419,423	(10,615)	953,559
Kotak Mahindra Inc	Fellow Group Entities	Portfolio Management Income	236,096	-	-	-
Kotak Mahindra (International) Limited	Fellow Group Entities	Interest on loan	8,346,958	1,182,841	-	-

Notes

Forming part of the Financial Statements as at 31st March, 2022

Particulars			Volume of transaction for the year ended		Receivable/(Payable)	
			Balance as at			
Related Parties	Nature of relationship	Nature of transactions	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
K Fixed Income Opportunities Fund	Investment Manager	Investment management Income	36,799,274	36,102,109	6,328,174	2,485,981
K Advantage Opportunities Fund	Investment Manager	Investment management Income	-	349,826	-	281,678
OMERS Administrator Corporation	Investment Manager	Investment management Income	37,834,024	28,185,065	20,091,399	22,917,945
Kotak Advantage Fund - 1 - Cayman Fund	Investment Manager	Investment management Income	42,723	29,132	-	2,179
Kotak Advantage Fund IV Segregated Portfolio	Investment Manager	Investment management Income	2,205,310	2,185,662	184,990	286,554
Kotak Advantage Fund V	Investment Manager	Investment management Income	3,725,315	3,706,572	334,799	1,252,381
Kotak Fixed Term Fund- VII Segregated Portfolio	Investment Manager	Investment management Income	-	-	277,691	219,628
Kotak Infinity Fund	Investment Manager	Investment management Income	26,064,312	5,566,629	20,838,445	(611,336)
Core India Infrastructure Fund Pte. Ltd	Investment Manager	Investment management Income	78,801,237	79,227,948	21,113,913	-
BIF India Cactus Pte Ltd	Investment Manager	Investment management Income	1,728,780	1,913,331	456,850	471,244
BIF India Holdings Pte Ltd	Investment Manager	Investment management Income	1,059,250	1,044,835	291,188	272,054
Kinetic Holdings 1 Pte. Ltd	Investment Manager	Investment management Income	7,641,354	7,653,116	2,059,265	1,937,737
Kotak Global Funds	Investment Manager	Investment management Income	2,856,710	1,904,273	249,930	617,828
Global Investment Opportunities Fund Limited	Investment Manager	Investment management Income	1,160,611	1,231,719	100,525	103,502
Kotak India Advantage Fund - III	Investment Manager	Investment management Income	-	9,615,480	1,899,019	-
Kotak Funds - India Growth Fund	Investment Manager	Investment management Income	110,074,158	104,286,995	8,781,127	9,166,690
Kotak Funds - India Midcap Fund	Investment Manager	Investment management Income	1,193,555,954	1,048,659,901	97,086,967	99,725,146
Kotak Funds - India Fixed Income Fund	Investment Manager	Investment management Income	5,135,390	9,355,183	(430,748)	592,403
K Debt Opportunities Fund Limited - I	Investment Manager	Investment management Income	19,889,057	50,056,137	2,452,902	2,533,441
Kotak India Consumption Fund Ltd	Investment Manager	Investment management Income	605,420	1,325,603	-	62,638
Kotak Investment Opportunities Fund Limited	Investment Manager	Investment management Income	(2,974)	52,560	(8,683)	(5,458)
KB Asset Management Company	Investment Manager	Investment management Income	37,095	2,789,519	-	543,044
K India Income Fund	Investment Manager	Investment management Income	98,120,137	123,066,001	5,989,574	10,515,025
Public Sector Pension Investment Board	Investment Manager	Investment management Income	19,572,346	-	6,106,008	-
Kotak Advantage Fund XI	Investment Manager	Reimbursement of Expenses	-	-	-	10,149

Notes

Forming part of the Financial Statements as at 31st March, 2022

Particulars			Volume of transaction for the year ended		Receivable/(Payable)	
					Balance as at	
Related Parties	Nature of relationship	Nature of transactions	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Kotak Global Bond Fund Segregated Portfolio	Investment Manager	Reimbursement of Expenses	-	-	1,144,009	951,166
Kotak India Advantage Fund - I	Investment Manager	Reimbursement of Expenses	-	-	1,364,514	-
Kotak Fixed Term Fund - X Segregated Portfolio	Investment Manager	Reimbursement of Expenses	-	-	50,005	-
Kotak Fixed Term Fund XV	Investment Manager	Reimbursement of Expenses	-	-	50,005	-
Kotak Advantage Fund XV Segregated Portfolio	Investment Manager	Reimbursement of Expenses	-	-	67,289	3,165
Kotak Advantage Fund XIV Segregated Portfolio	Investment Manager	Reimbursement of Expenses	-	-	50,005	3,165
*Kotak Fixed Term Fund - VIII Segregated Portfolio			-	-	34,661	33,435
	Investment Manager	Reimbursement of Expenses	668,265,557	641,167,159	1,165,847,096	726,232,337

During the year compensation to Key Managerial Personnel was ₹ 38.50 million (Previous year - ₹ 47.11 million).

3.23 Salaries, bonus and allowances includes contribution to PF amounting to ₹ 965,452

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

3.25 Going Concern

COVID-19 has had an extraordinary impact on macroeconomic conditions around the world post declaration of it as a pandemic by World Health Organisation in March 2020. Nation-wide lockdown in April-May 2020 followed by localised lockdown were imposed to restrict the spread in areas with significant number of cases. The restrictions were gradually lifted leading to improvement in economic activity. This was followed by two waves of COVID-19 with outbreak of new variants which led to the re-imposition of regional lockdowns which were subsequently lifted supported by administration of the COVID vaccines to a large population in the country.

The world is emerging from the Covid-19 pandemic. The extent to which any new wave of COVID-19 pandemic will impact the Company's/ Bank's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

Management have made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for a period of 12 months from the date of sign off of these financial statements. As part of management's assessment, consideration was given to the future profitability of the Company including stress testing profitability, assessment of balance sheet and recoverability of assets and regulatory capital requirement.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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: 28 April 2022

Shyam Kumar

Director

Nitin Jain

Director & CEO

Dated: 28 April 2022

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Kotak Mahindra Bank Website: www.kotak.com

Company Registration Number: 201406526Z