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Directors' Report

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors present their report and the audited financial statements of Kotak Mahindra (International) Limited (the "Company") for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The Company acts as an investment manager to various funds which predominantly invest into equity and debt capital markets in India (including private equity strategies). It also carries on business in other financial services including dealing in securities on an execution-only basis, advisory services, distribution of various collective investment schemes and products of third parties. The Company also undertakes investments in shares, bonds and other securities for its own account.

MARKET AND BUSINESS UPDATE:

Being largely focused on India investments, the Company's activities are impacted by the performance of the Indian capital markets. This in turn is dependent on the economic growth in India along-with developments at the macro and micro level and those of other major global economies.

While the world is still in the recovery phase since FY2022 from COVID-19, global economy activity experienced a broad-based and sharper-than-expected slowdown in FY2023. Though China's reopening of the borders after three years was a positive for the markets, uncertainties fuelled by the turmoil in European and US banks, persisting inflation and continuing geopolitical tensions kept the stock markets on the edge.

Global shocks propagate to the Indian domestic economy through trade flows, commodity prices, capital flows, and financial sector. As global demand slows down, India is unlikely to be entirely immune with the trade and capital channel being the key risks and determinants of India's growth. The Reserve Bank of India's ("RBI") Monetary Policy Committee ("MPC") in total had hiked the key benchmark interest rates in the Country to 6.50%, while continuing to remain focused on the withdrawal of accommodation.

That said, even though India's external sector has faced significant headwinds due to surge in commodity prices, challenging external conditions and slower consumption growth due to rising borrowing costs and slow income growth, the Indian economy continues to show strong resilience to external shocks with current account deficit narrowing boosted by sharp growth in services exports. The silver lining in the Indian economic front has come at a time when there is a slowing across many parts of the world despite sustained inflationary pressures.

FUTURE OUTLOOK:

The Company expects that there are chances of economic slowdown globally due to slowing growth across the world and also reduction in inflation. India would be relatively better positioned in the coming years. However, the Company is cautiously optimistic across all its business verticals of investment management, investment advisory and dealing in securities. On proprietary activity, it will continue to build a low risk investment portfolio and ensure appropriate utilisation of its capital resources.

RESULTS AND DIVIDEND

The Company's profit for the financial year ended 31 March 2023 amounted to ₹ 124,072,530 (2022: ₹440,285,823).

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 March 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, 2001. The financial statements set out are presented in Indian Rupees prepared based on the aforesaid financial statements to comply with requirements of section 129 of the Companies Act, 2013 in India.

The Board of Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors has made an assessment of the Company's ability to continue as a going concern and has no reason to believe that the business will not be a going concern in the year ahead.

AUDITORS

The present auditors, Ernst & Young have indicated their willingness to continue in office as statutory auditors of the Company.

Independent Auditors' Report

To the Board of Directors of

KOTAK MAHINDRA (INTERNATIONAL) LIMITED.

The financial statements of Kotak Mahindra (International) Limited (the "Company") as at 31st March, 2023, being a company registered in the Mauritius, are audited by Ernst & Young, Mauritius and we have been furnished with their audit report dated 26th 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 (International) Limited ("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 (International) Limited 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, 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 March 31, 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, Mauritius 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 Mauritius, have been audited by the predecessor auditors whose audit report dated 26th 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 : 26th April, 2023
UDIN : 23042649BGWKYP1705

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	161,597,644	161,597,644
(b) Reserves and surplus	3.2	9,067,733,039	8,240,249,819
2 Non-current liabilities			
(a) Long-term provisions	3.3	9,132,328	10,285,057
(b) Deferred tax liability	3.25	-	28,807
3 Current liabilities			
(a) Short-term borrowings	3.4	1,828,282,500	1,440,057,500
(b) 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		56,163,984	50,281,244
(c) Other current liabilities	3.5	144,881	1,287,097
(d) Short-term provisions	3.6	10,214,756	11,304,865
TOTAL		11,133,269,132	9,916,552,341
II. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3.7	732,203	512,175
(b) Non-current investments	3.8	703,270,306	797,948,588
(c) Long-term loans and advances	3.9	26,383,466	24,334,573
(d) Deferred tax Assets	3.25	39,949	-
2 Current assets			
(a) Current investments	3.8	10,067,553,404	7,456,539,405
(b) Trade receivables	3.10	88,460,877	121,034,815
(c) Cash and cash equivalents	3.11	103,458,628	1,382,154,121
(d) Other current assets	3.12	143,370,299	134,028,662
TOTAL		11,133,269,132	9,916,552,341
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: 26th April 2023

Neeraj Malhotra

Director & CEO

Thirumagen Vaitilingon

Director

Dated: 26th 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			
(a) Income from Services (net)		127,389,084	557,528,273
(b) Income from Investments (net)		235,385,500	287,347,056
II. Other income	3.13	2,874,333	105,352,344
III. Total Revenue		365,648,916	950,227,674
IV. Expenses:			
Employee Benefit Expenses	3.14	87,734,254	92,103,937
Finance Costs	3.15	60,933,901	102,416,757
Depreciation and Amortisation expense	3.7	296,693	185,951
Other Expenses	3.16	83,093,987	61,556,426
Total Expenses		232,058,835	256,263,070
V. PROFIT/(LOSS) BEFORE TAX		133,590,081	693,964,604
VI. Tax expense:			
Current tax			
- Pertaining to profit/ (loss) for the current period		9,587,188	253,731,624
Deferred Tax		(69,636)	(52,844)
		9,517,552	253,678,780
VII. PROFIT/(LOSS) FOR THE YEAR		124,072,530	440,285,823
VIII. Earnings/(loss) per equity share (in ₹) :			
Basic & Diluted	3.23	30.40	107.87
Significant accounting policies and notes to the financial statements	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: 26th April 2023

Neeraj Malhotra

Director & CEO

Thirumagen Vaitilingon

Director

Dated: 26th 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 before taxation	133,590,081	693,964,604
Adjustments for:		
Depreciation and Amortisation Expense	296,693	185,951
Dividend Income	-	(21,751,934)
Interest Income	(414,443,489)	(487,379,412)
Interest and other Financial Charges	60,933,901	102,416,757
Exchange Adjustments	703,363,911	285,781,365
Amortisation of premium/ accretion of discount on bonds and convertible bonds	72,169,827	60,414,401
Realised loss/ (gain) on disposal of investments	2,363,952	(51,717,393)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	558,274,876	581,914,339
Adjustments for:		
(Increase) / Decrease in Loans and advances - Long term	(2,048,893)	218,496,016
(Increase) / Decrease in Trade receivables	32,573,938	25,954,232
(Increase) / Decrease in Current assets	15,982,491	172,614,635
Increase / (Decrease) in Trade payables	5,882,740	(1,520,489,271)
Increase / (Decrease) in Other current liabilities	(1,142,216)	(22,548,222)
Increase / (Decrease) in long term provision	(2,613,037)	919,883
Increase / (Decrease) in Short term provision	(111,755)	(6,160,847)
CASH GENERATED FROM OPERATIONS	606,798,146	(549,299,237)
Income taxes paid	(10,564,664)	(259,324,627)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	596,233,482	(808,623,863)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(8,112,323,417)	(3,040,726,399)
Disposal of investments	5,521,453,922	3,799,532,310
Purchase of fixed assets	(469,941)	(291,617)
Dividend Received	-	21,751,934
Interest Received	389,119,360	463,888,848
NET CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES (B)	(2,202,220,076)	1,244,155,075
CASH FLOW FROM FINANCING ACTIVITIES		
Movement in share capital		
Short term loan accepted	388,225,000	(515,992,702)
Interest and other Financial Charges Paid	(60,933,901)	(102,416,757)
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES (C)	327,291,099	(618,409,458)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(1,278,695,494)	(182,878,247)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,382,154,121	1,565,032,368
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	103,458,628	1,382,154,121
	(1,278,695,494)	(182,878,247)

Notes:

- The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the 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 to 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

Mumbai

Dated: 26th April 2023

Neeraj Malhotra

Director & CEO

Thirumagen Vaitilingon

Director

Dated: 26th April 2023

Schedules

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

1. ORGANISATION AND NATURE OF BUSINESS

Kotak Mahindra (International) Limited ("KMIL" or the "Company") which was incorporated on 29th March, 1994 in Mauritius as a private company with limited liability holds a Category 1 Global Business Licence and is regulated by the Financial Services Commission. The Company has by special resolution converted itself into a public company on 12th June, 2007.

The Company acts as an investment manager to various funds which invests predominantly into equity and debt capital markets in India (including private equity strategies). It also carries on business in other financial services including dealing in securities on an execution-only basis, advisory services, distribution of various collective investment schemes and products of third parties. The Company also undertakes investments in shares, bonds and other securities for its own account.

The Company operates a Representative office (the "Representative office") in Abu Dhabi, United Arab Emirates. The Company has an associate and fellow subsidiary in the United Kingdom, Kotak Mahindra (UK) Limited ("KMUK") and also an associate and fellow subsidiary in United Arab Emirates, Kotak Mahindra Financial Services Limited ("KMFSL"). These financial statements include the financial position, performance and cash flows of its Representative office.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

2. SUMMARY OF 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 and investment in subsidiaries and associates) are translated at the closing rate as on the Balance Sheet date. The Share Capital and investment in subsidiaries and associates are 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. Commission, fees and other revenues are invoiced and recognised on an accrual basis to the extent there is a reasonable certainty of its ultimate realization/corrections and the revenue can be reliably measured.

Interest income is recognised in statement of profit and loss, using effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not the future credit losses.

Dividend income is recognised in profit or loss on the date that the right to receive payment is established. For quoted securities this is usually the ex-dividend date. For unquoted equity securities, this is usually the date when the shareholders have approved the payment of a dividend.

2.5 Expenses

Expenses are accounted for in the profit and loss on the accrual basis.

Schedules

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

2.6 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.

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:

Office Equipment	3 years
Computers	3 years

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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

2.7 Investments

Investments in Associate/ fellow subsidiaries are stated at cost.

The Company has classified its investments in equity securities and debt securities as current investment. Investments are initially recognised at cost, including transaction costs. The equity securities are subsequently carried at cost or market value whichever is less. The market values are based on the quoted prices. When quoted prices are unavailable, the price of the most recent transaction is used. The debt securities are subsequently measured at amortized cost using the effective interest method or market value, whichever is less.

All derivative financial instruments are classified as held for trading. Derivative financial instruments are measured at fair value as at each Balance Sheet date.

Futures contracts are collateralised by cash and changes in the futures contracts values are settled with the exchange on a daily basis. The fair values of open positions in futures contracts are calculated as the difference between the contract prices and the settlement prices established each day by the exchange on which the contracts are traded.

All investment transactions are recognised using trade date accounting.

In case of unlisted open-ended investments funds, the net asset value per share as reported by the administrator of such funds is considered market value.

2.8 Employee benefits

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Provision for employees' end of service benefits represents the liability that would arise if the employment of all eligible staff of the Representative office were terminated as of the reporting date and is calculated in accordance with the UAE Federal Labour Law.

2.9 Leases

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease.

2.10 Taxes

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

Deferred tax is recognized, subject to the consideration of prudence, 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 losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of its realisation, supported by convincing evidence.

Schedules

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

2.11 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.

2.12 Provisions

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is measured based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the current best estimate. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2.13 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.

2.14 Employee Share based payments

Cash-settled scheme:

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.

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
Authorised shares		
4,081,650 (31 st March 2020: 4,081,650) equity shares of USD 1 each	\$4,081,650	\$4,081,650
	₹	₹
Issued, Subscribed and fully Paid up		
4,081,650 (31 st March 2020: 4,081,650) equity shares of USD 1 each	161,597,644	161,597,644
Total	161,597,644	161,597,644

(b) Equity shares

Reconciliation of number of shares	As at 31 st March, 2023	As at 31 st March, 2022	As at 31 st March, 2023	As at 31 st March, 2022
	Quantity	₹	Quantity	₹
Share capital outstanding at the beginning of the year	4,081,650	4,081,650	4,081,650	4,081,650
Issued during the period	-	-	-	-
Number of shares at the end	4,081,650	4,081,650	4,081,650	4,081,650

(c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of USD 1 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in USD. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

Number of shares	As at 31 st March, 2023	As at 31 st March, 2022
Kotak Mahindra Bank Limited, the holding company	2,081,650	2,081,650
Kotak Mahindra Capital Company Limited, subsidiary of 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 USD 1 fully paid up

	As at 31 st March, 2023		As at 31 st March, 2022	
	Number	% holding	Number	% holding
Kotak Mahindra Bank Limited, holding company	2,081,650	51	2,081,650	51
Kotak Mahindra Capital Company Limited, subsidiary of Kotak Mahindra Bank Limited	2,000,000	49	2,000,000	49

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

3.2 RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Translation reserve		
Opening Balance	1,858,837,975	1,573,040,407
Additions/(deductions) during the year	703,410,690	285,797,568
Closing Balance	2,562,248,665	1,858,837,975
Surplus in the statement of profit and loss		
Opening balance	6,381,411,844	5,941,126,021
(+) Net Profit/(Net Loss) for the year	124,072,530	440,285,823
Closing Balance	6,505,484,374	6,381,411,844
Total	9,067,733,039	8,240,249,819

3.3 LONG-TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Provisions for employee benefits		
Deferred Incentive	3,074,899	1,652,983
Provision for Stock-appreciation Rights (refer note 3.24)	4,112,063	5,725,209
Provision for gratuity	1,884,986	2,906,865
Provision for LTA	60,380	-
Total	9,132,328	10,285,057

3.4 SHORT-TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured		
Loan from fellow group entity	1,828,282,500	1,440,057,500
Total	1,828,282,500	1,440,057,500

3.5 OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
MTM provisions - Derivatives	144,881	1,287,097
Total	144,881	1,287,097

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

3.6 SHORT-TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Provision for employee benefits		
Deferred Incentive	1,791,981	1,460,308
Provision for Stock-appreciation Rights (refer note 3.24)	5,612,330	7,516,062
Other provisions		
Provision for income tax (net of advance tax ₹ 75,290,645 (Previous year ₹13,902,315))	2,810,446	3,788,803
Total	10,214,756	12,765,173

3.7 PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	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	For the Period	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										
Office Equipment	4,073,365	48,809	343,830	4,466,004	4,007,389	38,339	338,052	4,383,781	82,225	65,975
Computers	2,929,334	421,132	255,801	3,606,267	2,483,134	258,495	214,659	2,956,288	649,979	446,200
Total	6,468,677	469,941	599,631	8,072,271	6,078,371	296,835	552,711	7,340,069	732,203	390,306
Previous year	6,468,677	291,617	242,405	7,002,699	6,078,371	185,987	226,165	6,490,524	512,175	390,306

* Deductions/ adjustments include effect of Translation Reserve of ₹ 599,631 (2022: ₹ 242,406) under Gross Block and ₹552,711 (2022: ₹226,223) under Accumulated Depreciation

3.8 INVESTMENTS

(Amount in ₹)

Script Name	Quantity	Amount as at	Quantity	Amount as at
	31 st March, 2023	31 st March, 2023	31 st March, 2022	31 st March, 2022
Non-trade Investments (Fully paid, cost)				
Investment in equity instruments (unquoted)				
Associate				
Kotak Mahindra (UK) Limited	470,000	26,287,575	470,000	26,287,575
Kotak Mahindra Financial Services Limited	450,000	25,898,375	450,000	25,898,375
Fellow Subsidiary				
Kotak Mahindra, Inc	2	348	2	348
Total		52,186,298		52,186,298
Equity and other similar funds (unquoted) and deb funds (unquoted)				
Kotak India Venture Fund I	334	27,420	334	25,292
Seaf India Investment and Growth Fund	69,030	567,220	69,030	523,196
Kotak India Real Estate Fund I	999	82,088	999	75,717
Kotak India Private Equity Fund Ltd	1,000	82,170	1,000	75,793
Kotak India Private Equity Fund Ltd III - Class B	1,000	82,170	1,000	75,793
Core Infrastructure India Fund Pte. Ltd	4,894,006	402,140,473	7,267,629	550,831,771
Core Infrastructure India Pte. Fund Ltd- Class B	1,000	82,170	1,000	75,793
Supercraft3D PTE Limited	925,000	76,007,250	925,000	70,108,063
Bugworks Research Inc	363,953	82,169,776	-	-
Global Arbitrage Fund SPC	624	82,147,368	624	75,792,500
Kotak India Fixed Income Fund	38,064	41,854,158	74,729	75,792,500
Total		685,242,262		773,376,415
Less: Provision for diminution		34,158,233		27,614,125
Equity and other similar funds (unquoted) and debt funds (unquoted)		651,084,028		745,762,290
Total Non-current Investments		703,270,326		797,948,588

Schedules

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

(Amount in ₹)

Script Name	Quantity		Amount as at	
	31 st March, 2023	31 st March, 2023	31 st March, 2022	31 st March, 2022
Aggregate value of unquoted investments		703,270,326		797,948,588
Bonds and Convertible Bonds (Quoted)				
Foreign Currency Bonds				
ADSEZ 3.375 07/24/24 REGS	10,000,000	778,631,141	-	-
AXSBIN 3% 08/08/22	-	-	5,271,000	400,118,330
BHARTI 5.35% 05/20/24	7,906,000	659,090,628	-	-
BOBIN 3.5% 04/04/22	-	-	11,000,000	833,704,845
BOBIN 3.875 04/04/24 EMTN	8,600,000	711,061,876	2,000,000	157,908,240
BPCLIN 4.625% 10/25/22	-	-	3,000,000	230,060,100
CBKIN 3.25% 08/10/22	-	-	12,550,000	954,101,636
EXIMBK 3.875 03/12/24 GMTN	700,000	58,365,432	700,000	54,642,192
EXIMBK 6.2 03/20/24	4,000,000	328,671,116	-	-
HDFCB 5.686 03/02/26	5,000,000	411,268,856	-	-
ICICI FLOAT 02/25/24	1,500,000	122,793,906	-	-
IIBIN 3.875 04/15/22 EMTN	-	-	10,000,000	757,827,104
INRCIN 3.73 03/29/24 EMTN	8,961,000	736,686,720	-	-
IOCLIN 5.75% 08/01/23	-	-	2,800,000	221,990,834
JSTLIN 5.25 04/13/22	-	-	2,500,000	189,664,635
JSTLIN 5.95 04/18/24	5,000,000	407,998,115	-	-
MGFLIN 5.9 01/13/23	-	-	5,950,000	456,646,011
MUTHIN 4.4 09/02/23 REGS	9,905,000	805,024,354	-	-
MUTHIN 6.125 10/31/22	-	-	9,925,000	751,931,833
NTPCIN 3.75 04/3/24	1,300,000	108,975,412	1,300,000	102,460,142
NTPCIN 4.375% 11/26/24	6,700,000	552,885,913	-	-
NTPCIN 4.75% 10/03/22	-	-	400,000	30,732,546
OINLIN 5.375% 04/17/24	9,000,000	741,177,720	-	-
ONGCIN 3.75% 05/07/23	2,480,000	204,200,386	2,480,000	192,214,168
ONGCIN 4.625% 07/15/24	103,000	8,505,276	103,000	7,873,985
PERTIJ 5 5/8 05/20/43	4,000	308,414	4,000	284,018
POWER GRID CIL 3.875% 01/17/23	-	-	6,000,000	460,116,761
POWFIN 3.25 09/16/24	2,700,000	226,504,761	2,700,000	211,800,455
POWFIN 3.75 06/18/24 EMTN	3,000,000	252,425,723	3,000,000	237,247,368
RECLIN 4.75 05/19/23 REGS	4,400,000	362,339,850	4,400,000	339,756,848
RECLIN 5.25 11/13/23 REGS	5,700,000	472,308,335	-	-
SBIIN 4.375 01/24/24 REGS	7,800,000	641,753,100	-	-
SBIIN 4.875% 04/17/24	1,673,000	141,200,211	1,673,000	133,462,511
SHTFIN 4.4 03/13/24 REGS	4,204,000	337,983,234	-	-
SRILAN 6.2% 05/11/27	25,000	2,082,488	25,000	1,926,349
TATAIN 5.45% 01/24/28	1,000	80,796	1,000	74,304
TATAIN 5.95% 07/31/24	9,848,000	837,744,322	9,848,000	791,776,221
TTMTIN 5.75% 10/30/24	3,500,000	284,246,520	-	-
TTMTIN 5.875 05/20/25	300,000	24,170,306	-	-
Total Foreign Currency Bonds		10,218,484,805		7,518,321,436
Total		10,218,484,805		7,518,321,436
Less: Provision for diminution		150,931,422		61,782,031
Total Bonds and Convertible Debentures		10,067,553,383		7,456,539,405
Total Current Investments		10,067,553,383		7,456,539,405
Aggregate value of quoted investments		10,067,553,383		7,456,539,405
Aggregate market value of quoted investments		10,076,418,609		7,466,144,351
Aggregate value of unquoted investments		-		-
Total investments		10,770,823,709		8,254,487,993

Schedules

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

3.9 LONG TERM LOANS AND ADVANCES

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
a. Security Deposits		
Unsecured, considered good	1,732,466	1,596,823
	1,732,466	1,596,823
b. Loans and advances to related parties		
Unsecured, considered good	24,651,000	22,737,750
	24,651,000	22,737,750
Total	26,383,466	24,334,573

3.10 TRADE RECEIVABLES

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured, considered good, unless otherwise stated		
Trade receivables exceeding six months from the date they are due for payment	34,003,393	12,799,909
Others	54,457,484	108,234,906
Considered doubtful	34,003,393	12,799,909
Less: Provision for doubtful debts	(34,003,393)	(12,799,909)
Total	88,460,877	121,034,815

3.11 CASH AND CASH EQUIVALENTS

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Balances with banks:		
On current accounts	103,458,628	1,382,154,121
Total	103,458,628	1,382,154,121

3.12 OTHER CURRENT ASSETS

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Interest accrued on Bonds	122,319,017	100,421,932
Margin money for Derivatives	8,932,153	24,914,645
Prepaid expenses	12,119,128	8,692,085
Total	143,370,299	134,028,661

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

3.13 OTHER INCOME

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Interest income on Loans	638,877	103,957,280
Other income	2,235,455	1,395,064
Total	2,874,333	105,352,344

3.14 EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Salaries, bonus and allowances	76,307,590	69,024,349
Gratuity	846,055	821,995
Expenses on Stock appreciation rights	7,329,107	13,919,014
Deferred Incentive	2,028,748	6,385,558
Staff welfare expenses	1,222,754	1,953,022
Total	87,734,254	92,103,937

3.15 FINANCE CHARGES

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Interest on borrowings	58,832,583	90,923,868
Interest on overdraft	387,261	9,365,741
Bank charges	1,714,058	2,127,148
Total	60,933,901	102,416,757

3.16 OTHER EXPENSES

(Amount in ₹)

	As at 31 st March, 2023	As at 31 st March, 2022
Auditor's remuneration		
- Statutory fees	3,698,510	3,341,308
- Reimbursement of expenses	12,642	31,238
Communication expenses	3,667,918	3,336,022
Net custodial charges	1,725,486	1,543,734
Legal & professional charges	19,068,143	25,492,449
License Fees	1,560,485	1,577,251
Miscellaneous expenses	17,901,830	14,331,518
Membership Fees	4,504,148	4,319,773
Rent	2,158,383	2,005,561
Travel expenses	2,409,192	1,443,135
Insurance Charges	4,600,975	3,598,151
Other expenses	-	447,038
Provision on other receivables	19,690,919	(2,634,854)
Royalty Expenses	2,095,356	2,724,102
Total	83,093,987	61,556,426

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

3.17 The Company is a subsidiary of Kotak Mahindra Bank Limited ("KMBL"). The accounts have been prepared and audited to attach with the accounts of KMBL, the holding Company to comply with the provisions of the Indian Companies Act, 2013.

3.18 CONTINGENT LIABILITY

Guarantee secured against margin deposit in Dubai amounted to ₹1,118,745 (previous year ₹1,031,915)

3.19 CAPITAL COMMITMENT

The Company has made a total commitment of ₹821,700,000 (Previous year ₹75,79,25,000) of which ₹714,331,090 (Previous year ₹64,24,49,972) was called upon by Core Infrastructure India Fund Pte. Ltd. till 31st March 2023. The Company will be called upon at a later date to pay ₹10,73,68,909 (Previous year ₹11,54,75,027) to meet its total commitment in Core Infrastructure India Fund Pte. Ltd.

3.20 SHORT-TERM BORROWINGS

The loans from Julius Baer Bank Ltd., with terms of up to 30 days bear an interest rate of 2.41 % to 5.46 % (2022: 0.91 % to 1.60 %) per annum. The short term loans are secured against bonds held with Julius Baer Bank Ltd, having a fair value of ₹52,13,604,330. Loans from Kotak Mahindra Asset Management (Singapore) Pte. Ltd and Kotak Mahindra (UK) Limited are with term of up to 6 months and bear an interest of 1.66% to 5.36%

3.21 The Company monitors proposed and issued tax laws, regulations and cases to determine the impact on uncertain tax positions.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and India and may be subject to change.

Taxes in Mauritius:

The Company, being tax resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. As the Company has received its Category 1 Global Business Licence ("GBL") before 16th October 2017, it is grandfathered as per the provisions of the Financial Services Act 2007 issued by Financial Services Commission and would benefit from deemed tax credit regime up to 30th June 2021. As from 1st July 2021, the Company's GBL licence shall be deemed to be a Global Business Licence ("GBL").

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of tax actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its respective foreign sourced income resulting in an effective tax rate on net income of up to 3%. In computing its total actual foreign tax credit, the Company is allowed to either pool all of its foreign sourced income or calculate the amount of foreign tax credit on a source by source basis.

Post 30th June 2021 and under the new tax regime, the Company will be able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest or income derived by fund structure), subject to meeting pre-defined substance conditions and core income generating activity (CIGA) condition as laid out in the Financial Services Act of 2007, the Income Tax Act 1995 and the Income Tax Regulations 1996. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the actual foreign tax charged on the income in the foreign jurisdiction.

Gains or profits derived from sale of units, securities or a debt obligation by the Company are exempt from tax. Dividends and redemption proceeds paid by the Company to its shareholders do not attract withholding tax.

Taxes in India:

As a tax resident of Mauritius, the Company also expects to obtain benefits under the double taxation treaty between India and Mauritius ("DTAA"). In 2016, the governments of India and Mauritius revised the existing DTAA wherein certain changes were made to the existing tax benefits. The revised DTAA provides for capital gains arising on disposal of shares acquired by a Mauritius company on or after 1 April 2017 to be taxed in India. However, investments in shares acquired up to 31 March 2017 remains exempted from capital gains tax in India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 were taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in India provided the Company meets the prescribed Limitation of Benefits ("LOB") clause, which included a minimum expenditure level in Mauritius.

Disposal of investments made by the Company in Indian financial instruments other than shares (i.e. instruments such as limited partnerships, options, futures, warrants, debentures, units and other debt instruments) are not impacted by the change and will continue to be exempted from capital gains tax in India. As per the revised DTAA, interest arising in India to Mauritian residents will be subject to withholding tax in India at the rate of 7.5% in respect of debt claims or loans made after 31 March 2017 subject to fulfilment of certain conditions.

Based on the changes on the local tax laws made applicable with effect from financial year 2018-2019, the Company has to now pay long-term capital gains ("LTCG") on transfer of listed equity shares in an Indian company or a unit of equity-oriented mutual fund or a unit of a business trust ("specified securities"). Such LTCG exceeding INR 100,000, from notified purchases, is taxable at 10% (plus surcharge and cess). The cost of acquisition of specified security which is acquired before 1 February 2018, is the higher of (1) actual cost of acquisition and (2) lower of (a) the fair market value as at 31 January 2018 and (b) full value of the consideration received on the transfer of the security.

The Finance Act 2020 has abolished levy of the Dividend Distribution Tax and consequently the exemption under section 10(34) of dividend income earned by shareholders has been withdrawn with effect from 1 April, 2020.

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

There is a transition phase provision whereby dividend declared on or before 31 March 2020 but paid after 1 April 2020 should continue to be exempt from tax under Section 10(34) of the Act provided the Indian companies pay Dividend Distribution Tax. There is a transition phase provision whereby dividend declared on or before 31 March 2020 but paid after 1 April, 2020 should continue to be exempt from tax under Section 10(34) of the Act provided the Indian companies pay Dividend Distribution Tax

The dividends declared, distributed and paid on or after 1 April 2020 is chargeable to tax for the shareholders of Indian company. The rate of tax on such dividend income is 20% plus surcharge and cess as per section 115AD of the Act. The withholding tax on such dividend income is 20% plus applicable surcharge and cess as per section 196D of the Act.

The rate of tax as per the treaty between India and Mauritius is 15% on dividend earned by FPI in India. Any excess tax deducted on dividend income applying treaty rate between India and Mauritius is available for payment tax liability if any arising on any other Income by the Company. If there is no other tax payable by the Company, refund of taxes can be claimed while filing Income tax Return in India.

3.22 DERIVATIVES

Currency forwards

During the year, the Company has entered into various non-deliverable currency forwards in order to hedge its investments in Indian Rupee. The details of outstanding contracts as at 31 March 2023 and the corresponding fair values are shown below:

Non deliverable forwards

Currency Pair	Fair value	Notional Contract Value
USD-INR	USD	USD
31st March, 2023	(1,763)	Long: 500,000
31 st March, 2022	(9,482)	Long: 1,000,000

The details of outstanding Interest rate swap and the corresponding unrealised gain / (loss) are shown below:

Reporting period	Unrealised Gain/(Loss)	Notional Contract Value
	USD	USD
31st March, 2023	-	-
31 st March, 2022	(7,500)	(13,000,000)

Summary and total outstanding derivative financial instruments outstanding as at March 31, 2023

	As on 31 st March, 2023		As on 31 st March, 2022	
	Fair Value USD	Notional USD	Fair Value USD	Notional USD
Foreign Currency Forward Contracts	(1,763)	Long: 500,000	(9,482)	Long: 1,000,000
Interest Rate Swap	-	-	(7,500)	(13,000,000)
Total	(1,763)	1,000,000	873,823	10,128,219

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

3.23 EARNINGS PER EQUITY SHARE

(Amount in ₹)

Particulars	As on 31 st March, 2023	As on 31 st March, 2022
Earnings / (loss) used in the computation of basic and diluted earnings per share (A)	124,072,530	440,285,823
Weighted average number of equity shares used in computation of basic earnings per share (B)	4,081,650	4,081,650
Nominal value of Equity shares	\$1	\$1
Basic and diluted earnings / (loss) per share (₹) A/B	30.40	107.87

3.24 STOCK APPRECIATION RIGHTS (SARS)

At the General Meeting of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolution on 29th June, 2015 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 has been formulated and adopted. Subsequently, the SARs have been granted under this scheme and the existing SARs will continue.

The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 3.43 years to 4.11 years.

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	35,277	49,294
Granted during the year	10,230	12,230
Additions/Reduction due to transfer of employees	-	-
Exercised during the year	(20,851)	(26,217)
Expired/Forfeited during the year	-	(30)
Outstanding at the end of the year	24,656	35,277

Effect of cash-settled options 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 cash-settled options	7,329,107	13,919,014
Closing balance of liability for cash-settled options	9,724,393	13,241,272

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 ₹ 2,321,390 (Previous year- ₹ 1,761,531) and the profit after tax would have been higher by ₹ 2,232,804 (Previous year- ₹ 1,708,685).

3.25 DEFERRED TAX

(Amount in ₹)

Particulars	As on 31 st March, 2023	As on 31 st March, 2022
Opening Balance	(28,807)	(79,641)
Additions/(deductions) during the period		
- due to expense of share based payment cash settled	(69,636)	(52,844)
- due to translation reserve	138,392	103,678
Closing Balance	39,949	(28,807)

Schedules

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

3.26 Transactions and balances arising from the Participating Notes Programme ("Notes Programme") of the Company

During the year ended 31st March, 2022, According to the Offering Circular dated 05 August 2013 and the regulations of the Securities and Exchange Board of India ("SEBI"), the Company issues Participating Notes ("Notes") under the Notes Programme (also called Overseas Derivative Instruments ("ODI") as per SEBI) to clients who are regulated entities outside India seeking exposure of Indian capital markets. By way of the Notes, the economic benefits of the underlying securities bought by the Company in India are passed onto the clients.

The Company buys the security in the Indian capital market only after a firm order is received from the client for the security, against which a Note is issued to the client simultaneously. Similarly, it will dispose the underlying security following a firm instruction from the client and the Note will be redeemed simultaneously. All the gains and losses pertaining to the underlying security are paid to the client on Settlement Date, which is the date Notes are redeemed, less any applicable withholding taxes and transaction costs such as bank charges. The Company will charge the client a Fee income for this service. Throughout the whole cycle of the transaction, the Company holds the underlying security only on behalf and for the benefit of the client in return for an agreed fee income charged at the time of issuance and redemption of Notes.

The Directors have applied judgement and have concluded on the following:

- The business purpose of the Notes Programme for the Company is only to act as an agent for the client and to hold the underlying security on behalf of the client, on their instructions, in return for a fee income.
- All the significant risks and rewards associated with the underlying security rests with the client under the Notes Programme as stipulated under the Offering Circular dated 05 August 2013.
- The Company has no obligation to pay the client unless the Company has collected cash flows from the underlying securities and the Company is obliged to remit all of the cash flows collected to the client without material delay.
- The Company will not sell or pledge the underlying securities under the Notes programme.

Therefore, the underlying securities held at year end under the Notes Programme are not deemed to be part of the on-balance sheet assets of the Company.

The balance due from clients on account of unsettled issuance of Notes as at the reporting year end is included under trade receivables. The balance due to clients on account of unsettled exercise/redemption of notes and on account of monies payable to client on Notes exercised/redeemed during the year or due to income generated (other than change in fair value) on the underlying investment is included in trade payables. Similarly, amount due from or due to brokers as at the reporting year end on underlying investments have been included under trade receivables or trade payables respectively.

Details of the transactions and balances under the Notes Programme for the year are as follows:

	(Amount in ₹)	
	As on 31 st March, 2023	As on 31 st March, 2022
Fee income from dealing in securities	-	245,866,908
Amount due from clients	-	-
Amount due to clients	-	-
Amount due from broker	-	-

Schedules

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

3.27 RELATED PARTY TRANSACTIONS

(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 (UK) Limited	Associate	Custody fees	1,322,413	44,173	-	-
		Referral expenses	-	15,142	-	-
		Distribution fees Expenses	53,260,954	138,434,032	-	-
		Calculation agency expense	-	447,038	-	-
		Referral income	5,827,298	6,885,222	-	-
		Interest expense	14,596,122	4,018,806	-	-
		Short term loan	-	-	(739,530,000)	(435,806,875)
		Current account	-	-	(24,709,375)	(1,891)
		Payable	-	-	(1,600,562)	(5,911,105)
		Kotak Investment Advisors Limited	Fellow Group Entity	Advisory expense	13,258,699	12,030,593
Kotak Securities Limited	Fellow Group Entity	Equity & derivative brokerage expenses	-	326,724	-	-
Kotak Mahindra Financials Services Limited	Associate	Loan given	-	-	24,651,000	22,737,750
		Interest Income	482,351	447,038	-	-
		Upfront & referral fees expenses	-	-	-	-
Kotak Mahindra, Inc.	Fellow Group Entity	Loan	-	-	-	-
		Interest Income	-	593,927	-	-
		Service Fees	-	-	-	-
		Distribution Fees	-	-	-	-
		Referral expenses	26,818,532	91,672,585	(1,843,046)	(1,196,967)
		Referral income	2,890,457	3,574,942	-	-
		Outsourcing costs	12,201,251	10,878,489	-	(1,092,528)
Kotak Mahindra Bank Limited	Holding Company	Other expenses	6,356	-	-	-
		Custodial charges	-	1,127,029	-	-
		Royalty	2,095,356	2,724,102	-	-
		Intermediary trail fees	1,084,717	1,270,907	-	-
		Interest Expenses	-	-	-	-
		Bank Balances	-	-	-	-
		Investment advisory fees expenses	41,933,498	39,049,839	(3,500,000)	-
		Interest income	-	-	-	-
IQ EQ Fund Services (Mauritius) Limited	Administrator	Administration & payroll expense	1,424,142	1,331,725	-	-
Kotak Mahindra Asset Management (Singapore)Pte. Limited	Fellow Group Entity	Portfolio Advisory Expenses	22,326,399	23,719,232	(1,534,576)	10,617
		Loan	-	-	(1,088,752,500)	(1,004,250,625)
		Interest expense	37,111,760	8,346,957	-	-
Directors remuneration included in "Employee cost"			28,195,372	31,440,222	-	-

During the year compensation to Key Managerial Personnel was ₹ 27,692,923 (Previous year ₹ 3,22,35,800).

Schedules

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

3.28 Previous years figures have been regrouped, reclassified wherever necessary to conform with figures of the current year.

3.29 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.

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.

3.30 EVENTS AFTER REPORTING DATE

There have been no other subsequent events after the balance sheet date requiring disclosure.

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: 26th April 2023

Neeraj Malhotra

Director & CEO

Thirumagen Vaitilingon

Director

Dated: 26th April 2023



Kotak Mahindra (International) Limited
C/o IQ EQ Fund Services (Mauritius) Ltd,
33 Edith Cavell Street, Port Louis,
11324, Mauritius
Kotak Mahindra Bank Website: www.kotak.com

Company Registration Number: 12499/712